2021-2022 Federal Budget

Taxation and Accounting Overview

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Budget Overview

The Budget lists 'Increased support for unemployed Australians' as the single largest item of new spending in the Budget, with $697.4 million in new spending in 2020-1 and $9.46 billion over five years, including the four years of the Forward Estimates.

However the Budget splits Aged Care spending into two separate items – residential care and home care. Together these account for $18.25 billion in new spending over five years.

The Government's response to the Aged Care Royal Commission amounts to:

- $263 million in 2020-21 and $7.79 billion over five years on residential aged care and
- 0 in 2020-21 and $7.5 billion over five years on home care.

In his Budget speech the Treasurer Josh Frydenberg said, "Australia is coming back.

"In the face of a once-in-a-century pandemic, the Australian spirit has shone through."

He said, "Treasury feared unemployment could reach 15 per cent and the economy contract by more than 20 per cent.

"This would have meant 2 million Australians unemployed.

"It would have been the equivalent of losing the agriculture, construction, and mining sectors.

"Mr. Speaker, today the reality is very different.

"Ahead of any major advanced economy, Australia has seen employment go above its pre-pandemic levels.

"At 5.6 per cent, unemployment today is lower than when we came to government."

Deficit

The Budget deficit will reach $161 billion in 2020-21, before falling to $57 billion in 2024-25.

Mr Frydenberg said, "With more Australians back at work, this year's deficit is $52.7 billion lower than was expected just over 6 months ago in last year's Budget.

Net debt will increase to $617.5 billion or 30.0 per cent of GDP this year and peak at $980.6 billion or 40.9 per cent of GDP in June 2025.

Coronavirus

- The Budget includes a further $1.9 billion for the roll out of vaccines. It provides another $1.5 billion for COVID-related health services, including for testing and tracing, respiratory clinics and telehealth.

Personal tax

- The Budget extends for a further year The Low and Middle-Income Tax Offset, introduced as part of the Government's coronavirus response. Low- and middle-income earners will receive up to $1,080 for individuals or $2,160 for couples.

Business taxes

Business tax concessions

The Budget extends by one yea two business tax concessions announced in the 2020-21 Budget — temporary full expensing and temporary loss carry-back.

Together, temporary full expensing and temporary loss carry-back provide an incentive for businesses to bring forward investment to access the tax benefits before they expire.

Combined, the extension of the temporary full expensing and temporary loss carry-back measures is estimated to deliver a further $20.7 billion in tax relief to businesses over the forward estimates.

Housing

Ahead of the Budget the Government announced that more than 125,000 single parents would also be eligible to shift from long-term renting to owning a home with as little as a 2 per cent deposit, or just $8000, under a government-guaranteed home loan scheme to help women who are marginalised from the property market.

Treasurer Josh Frydenberg, "The Morrison Government is today announcing additional measures to help more Australians own their home sooner as part of the 2021-22 Budget.

"This follows the successful HomeBuilder program which is expected to support more than $30 billion in residential construction with more than 120,000 Australians applying for the grant.

"As part of the 2021-22 Budget, the Government will:

- Establish the Family Home Guarantee with 10,000 guarantees made available over four years to single parents with dependants. The Family Home Guarantee allows them to purchase a home sooner with a deposit of as little as two per cent;
- Expand the New Home Guarantee for a second year, providing an additional 10,000 places in 2021-22. First home buyers seeking to build a new home or purchase a newly built home will be able to do so with a deposit of as little as five per cent; and
- Increase the maximum amount of voluntary contributions that can be released under the First Home Super Saver Scheme from $30,000 to $50,000.

Superannuation

- The Budget Increases the amount that can be released under the First Home Super Saver Scheme from $30,000 to $50,000.
- It also removes the $450 per month minimum income threshold for the superannuation guarantee. The Treasurer said, "This will improve economic security in retirement for around 200,000 women."
- The Government has removed the work test on voluntary superannuation contributions to superannuation by people aged 67 to 74.
- It will also allow those aged over 60 to contribute up to $300,000 into their superannuation if they downsize their home, freeing up more housing stock for younger families.
- The Pension Loan Scheme has been expanded, providing immediate access to lump sums of around $12,000 for singles, and $18,000 for couples.

Small business – Tax disputes

- The Budget confirmed a pre-Budget announcement allowing small businesses to litigate tax disputes with the Australian Tax Office before Administrative

Appeals Tribunal, rather than the slower and more expensive litigation before the Federal Court, as at present.

Skills and training

- The Budget provides $2.7 billion for more than 170,000 new apprenticeships and traineeships.
- It provides 2,700 places in Indigenous girls academies to help them finish school and enter the workforce.
- And more STEM scholarships for women, in partnership with industry.

Higher education

- The Budget provides an extra 5,000 places in higher education short courses.

Childcare

- The Budget confirms the pre-Budget announcement of $1.7 billion investment in childcare.

Infrastructure

The Budget contains $15 billion for additional infrastructure projects including:

- the North-South Corridor in South Australia
- the Great Western Highway and Newcastle airport in New South Wales
- the new Melbourne Intermodal Terminal in Victoria
- the Bruce Highway in Queensland
- METRONET in Western Australia
- highway upgrades in the Northern Territory
- Light Rail Stage 2A in the Australian Capital Territory and
- Midland Highway upgrades in Tasmania.

It also contains:

- a further $1 billion in road safety and a further $1 billion in local road infrastructure projects.
- Through the Building Better Regions Fund, a further $250 million of regional community infrastructure projects, creating more jobs.

The Budget said "funding for these shovel-ready projects will be provided on a use it or lose it basis."

Digital infrastructure

The Budget contains $1.2 billion for a Digital Economy Strategy. It will

- Establish a new national network of Artificial Intelligence Centres to drive business adoption of these new technologies.
- Expand the Cyber Security Innovation Fund to train the next generation of cybersecurity experts.
- A digital skills cadetship trial which combines workplace and vocational training.

Manufacturing innovation

The Government has established a new "patent box" starting on 1 July 2022.

- Under the patent box, income earned from new patents that have been developed in Australia will be taxed at a concessional 17 per cent rate.
- The patent box will apply to the medical and biotech sectors and the Government said will consult on expanding it to the clean energy sector.

Health

The Budget provides new funding for endometriosis, research into pre-term birth and genetic testing for pregnant women, higher incentives to rural and regional GPs for

bulk billed services.

Mental health

The Budget includes a $2.3 billion commitment to mental health care and suicide prevention. It includes:

- More Headspace centres to support more young Australians.
- Expanding this model to those aged over 25, with a new Head to Health national
- network of 40 centres.
- Increased funding for the treatment of eating disorders.
- Greater access to psychiatrists, psychologists and GPs through Medicare.
- Universal access to care for people who have been discharged from hospital following a suicide attempt.
- A new National Suicide Prevention Office.

NDIS

- The Budget includes $13.2 billion over four years for the NDIS.

Aged care

The Budget commits an additional $17.7 billion for aged care including:

- 80,000 new home care packages, bringing the total to 275,000 home
- care packages available.
- Funds to increase the time nurses and carers are required to spend with residents.
- An additional payment of $10 per resident per day to enhance the viability and sustainability of the residential aged care sector.
- Over 33,000 new training places for personal carers, and a new Indigenous workforce.
- Retention bonuses to keep more nurses in aged care.
- Increased access for respite services for carers.
- Funding to increase the regulatory regime to monitor and enforce standards of care.
- Funds to upgrade essential aged care infrastructure in regional and remote areas.

Women's security

The Budget includes a further $1.1 billion for women's safety including:

- More emergency accommodation.
- More legal assistance.
- More counselling.
- More financial support, including cash payments for those escaping abusive relationships.

Budget outcome

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

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

Gross debt is expected to be 40.2 per cent of GDP at 30 June 2021, increasing to 50.0 per cent of GDP by the end of the forward estimates. Gross debt is projected to stabilise at around 51 per cent of GDP over the medium term.

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

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

Government debt

Table 3.1: Australian Government general government sector budget aggregates

	Actual	Estimates				
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	$b	$b	$b	$b	$b	$b
Underlying cash balance(a)	**-85.3**	**-161.0**	**-106.6**	**-99.3**	**-79.5**	**-57.0**
Per cent of GDP	-4.3	-7.8	-5.0	-4.6	-3.5	-2.4
Net operating balance	**-92.3**	**-154.5**	**-92.7**	**-90.2**	**-70.2**	**-55.7**
Per cent of GDP	-4.7	-7.5	-4.3	-4.1	-3.1	-2.3
Net debt(b)	**491.2**	**617.5**	**729.0**	**835.0**	**920.4**	**980.6**
Per cent of GDP	24.7	30.0	34.2	38.4	40.4	40.9
Gross debt(c)	**684.3**	**829.0**	**963.0**	**1,058.0**	**1,134.0**	**1,199.0**
Per cent of GDP	34.5	40.2	45.1	48.6	49.7	50.0

(a) Excludes net Future Fund earnings before 2020-21.
(b) Net debt is the sum of interest-bearing liabilities (which include Australian Government Securities (AGS) on issue measured at market value) minus the sum of selected financial assets (cash and deposits, advances paid and investments, loans and placements).
(c) Gross debt measures the face value of AGS on issue.

Budget balance

Table 1.1: Budget aggregates

	Actual	Estimates					
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	Total(a)
Underlying cash balance ($b)(b)	**-85.3**	**-161.0**	**-106.6**	**-99.3**	**-79.5**	**-57.0**	**-342.4**
Per cent of GDP	-4.3	-7.8	-5.0	-4.6	-3.5	-2.4	
Net operating balance ($b)	**-92.3**	**-154.5**	**-92.7**	**-90.2**	**-70.2**	**-55.7**	**-308.9**
Per cent of GDP	-4.7	-7.5	-4.3	-4.1	-3.1	-2.3	

(a) Total is equal to the sum of amounts from 2021-22 to 2024-25.
(b) Excludes net Future Fund earnings before 2020-21.

The same table – MYEFO – December 2021

Table 1.2: Budget Aggregates

	Estimates			
	2020-21		2021-22	
	Budget $b	MYEFO $b	Budget $b	MYEFO $b
Underlying cash balance	**-213.7**	**-197.7**	**-112.0**	**-108.5**
Per cent of GDP	-11.0	-9.9	-5.6	-5.3
Net operating balance	**-197.9**	**-185.2**	**-103.4**	**-98.2**
Per cent of GDP	-10.2	-9.2	-5.1	-4.8

	Estimates			
	2022-23		2023-24	
	Budget $b	MYEFO $b	Budget $b	MYEFO $b
Underlying cash balance	**-87.9**	**-84.4**	**-66.9**	**-66.0**
Per cent of GDP	-4.2	-4.0	-3.0	-3.0
Net operating balance	**-83.5**	**-81.0**	**-58.5**	**-57.1**
Per cent of GDP	-4.0	-3.8	-2.7	-2.6

Economic Outlook and Forecasts

Economic growth

After falling by 2.5 per cent in 2020, real Gross Domestic Product is expected to grow by 5¼ per cent in 2021, and by 2¾ per cent in 2022.

Employment and unemployment

Employment is expected to increase strongly by 6½ per cent in 2020-21, and continue to increase steadily by 1 per cent in both 2021-22 and 2022-23.

The unemployment rate is forecast to fall to 5½ per cent by the June quarter of 2021 and to continue to decline over the forecast period, with rapid falls in the near term expected to moderate as the economic recovery stabilises. The Budget Papers forecast, "Continued policy support and increasing momentum in the economy will see the unemployment rate return to its re-pandemic level in the December quarter of 2021. Beyond this, in line with continued growth in employment, the unemployment rate is expected to decline steadily, to reach 5 per cent in the June quarter of 2022, before falling further to 4¾ per cent in the June quarter of 2023."

The Papers say, "This would see the unemployment rate fall within the estimated band for the Non-Accelerating Inflation Rate of Unemployment (NAIRU) by the June quarter of 2022 and reach the bottom of the estimated band by the June quarter 2024.

The participation rate is expected to remain at around 66¼ per cent through to the June quarters of 2021 and 2022, before declining marginally to 66 per cent by the June quarter of 2023. "The high participation rate over 2021-22 reflects expectations that continued positive economic conditions will encourage workers to remain in the labour force. A slight decline in the participation rate beyond this reflects the softening cyclical strength in participation as the economy returns towards trend levels of output and employment."

Wages

The Budget Papers say that "Overall, the outlook for wage growth is expected to remain moderate over the forecast period. This reflects both the severe impacts of the pandemic and the continued spare capacity in the labour market in the near term. The wage growth outlook also reflects a modest downwards revision to Treasury's estimate of the NAIRU."

The Wage Price Index (wages) is forecast to grow by 1¼ per cent through the year to the June quarter of 2021 and by 1½ per cent through the year to the June quarter of 2022, before rising to 2¼ per cent through the year to the June quarter of 2023. "The near-term outlook is consistent with low wage increases in new federal enterprise bargaining agreements and state public sector wage caps that are expected to moderate the outlook for wage growth over the forecast period. Towards the end of the forecast period, the lower unemployment rate and broader economic strength should see wages begin to pick up."

Housing

The Budget papers say "Dwelling investment is forecast to grow by 2½ per cent in 2020-21 as the large pipeline of work supports construction activity over the next year.

Dwelling investment is expected to remain strong, with flat growth in 2021-22, before falling by 1½ per cent in 2022-23 as the elevated pipeline of work, which reflects some bring-forward in demand for residential construction, winds down. The near-term strength in dwelling investment is expected to be led by detached housing construction following record-high house approvals over late 2020 and early 2021."

Table 2.1: Domestic economy — detailed forecasts[a]

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

(a) Percentage change on preceding year unless otherwise indicated.
(b) Calculated using original data unless otherwise indicated.
(c) Excluding second-hand asset sales between the public and private sector.
(d) Percentage point contribution to growth in GDP.
(e) Through-the-year growth rate to the June quarter.
(f) Seasonally adjusted, through-the-year growth rate to the June quarter.
(g) Seasonally adjusted rate for the June quarter.
(h) The detailed forecasts are underpinned by price assumptions for key commodities: Iron ore spot price assumed to decline to US$55/tonne free on board (FOB) by the end of the March quarter 2022; metallurgical coal spot price assumed to remain at US$112/tonne FOB; and thermal coal spot price assumed to remain at US$93/tonne FOB.

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

Investment

Non-mining business investment is forecast to fall by 6½ per cent in 2020-21 before rising by 1½ per cent in 2021-22 and by a significant 12½ per cent in 2022-23. Investment in the non-mining sector rebounded by 3.0 per cent in the December quarter of 2020.

The Budget Papers say, "The Government's extension of the temporary full expensing and temporary loss carry-back measures announced as part of this Budget will also

provide significant continued support to non-mining business investment, particularly machinery and equipment spending, within the forecast period."

Mining investment is forecast to grow by ½ per cent in 2020-21, "although the latest ABS capital expenditure survey data suggests that some mining companies have reduced investment intentions in 2020-21, amid heightened uncertainty from the pandemic.

"Mining investment is then forecast to grow by 3 per cent in 2021-22 and by a further 3½ per cent in 2022-23. Early ABS survey data for investment intentions in 2021-22 are positive and while strong iron ore prices have not led to expanded investment intentions by major producers, investment to maintain large existing capital stocks and to bring minor iron ore projects online will support mining investment. Recent announcements also indicate that some companies are beginning to proceed with previously delayed projects as the global outlook improves. Santos has recently made a final investment decision to proceed with the US $3.6 billion Barossa gas project off the coast of northern Australia, with first gas production targeted for early 2025. This development flags the first green light on delayed LNG investment in Australia since the onset of the pandemic."

Prices

The Consumer Price Index (prices or inflation) is expected to peak at around 3½ per cent through the year to the June quarter of 2021 before moderating to 1¾ per cent through the year to the June quarter of 2022. CPI growth is then expected to rise to 2¼ per cent through the year to the June quarter of 2023. Growth in the near term reflects the rebound from the record fall in CPI inflation in the June quarter of 2020, alongside the continued recovery in global oil prices, with some strength being offset by the continued rollout of HomeBuilder grants. However, this near-term strength is expected to be transitory, and underlying inflation is expected to remain subdued, below the RBA's target band of 2-3 per cent in the near term. From the second half of 2021 onwards, CPI growth is expected to strengthen, reflecting a reduction in labour market slack and expected wage growth. Headline inflation is expected to approach the RBA's target band of 2-3 per cent in 2022-23, as the unemployment rate reaches the estimated NAIRU.

Taxes and revenue

Major tax and revenue changes

Personal income tax cuts

The Budget provides $7.8 billion in tax cuts by retaining the low and middle income tax offset (LMITO) in 2021-22. LMITO, which was introduced as a coronavirus measure was due to expire in June 2021.

An additional $25.1 billion in tax cuts announced in previous Budgets are expected to flow to households in 2021-22.

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

The Budget Papers said, "With the additional year of the LMITO, the Government's Personal Income Tax Plan will deliver total tax cuts of up to $7,020 for individuals and

up to $14,040 for couples, in total over the period 2018-19 to 2021-22.

Business tax concessions

The Budget extends by one year two business tax concessions announced in the 2020-21 Budget — temporary full expensing and temporary loss carry-back.

Together, temporary full expensing and temporary loss carry-back provide an incentive for businesses to bring forward investment to access the tax benefits before they expire.

Combined, the extension of the temporary full expensing and temporary loss carry-back measures is estimated to deliver a further $20.7 billion in tax relief to businesses over the forward estimates.

Major tax and revenue changes

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

(a) Impact on underlying cash balance. Figures are rounded to the nearest million and totals may not sum due to rounding.
(b) This measure is estimated to decrease receipts by $17.9 billion over the forward estimates period and $3.4 billion over the medium term.
(c) This measure is estimated to decrease receipts by $2.8 billion over the forward estimates period, with a net cost of $1.9 billion over the medium term.

Tax and revenue growth

As a result of the faster-than-expected recovery, tax receipts have been well above the levels expected both in the 2020-21 Budget and the upgraded estimates in the 2020-21 MYEFO (Chart 5.2).

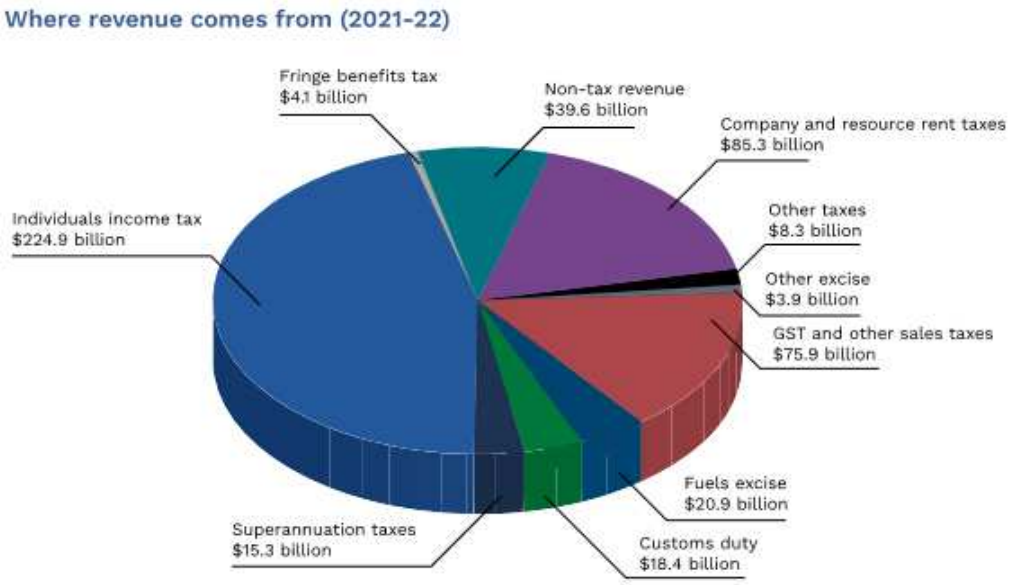
GST rebounded quickly as public health containment measures were lifted, increases in iron ore prices resulted in strong company tax instalments and increases in employment in recent months have resulted in stronger personal income tax receipts.

In total, 2020-21 taxation receipts at the end of March were $15.7 billion above the 2020-21 MYEFO forecast (Chart 5.2). Although some of this strength relates to one-off factors, such as stronger-than-expected on-assessment payments from 2019-20 tax returns and faster than expected recovery of outstanding tax liabilities, much of it reflects the improved outlook, particularly for the labour market, that is expected to continue through the remainder of the current year and over the forward estimates.

Including policy decisions, forecast tax receipts in 2020-21 have been revised up by $26.0 billion since the 2020-21 MYEFO and $34.8 billion since the 2020-21 Budget. The forecast is now 8.2 per cent higher than in the 2020-21 Budget. "This upgrade is broad-based and observed across almost all heads of revenue, with the largest upgrades in individuals and other withholding taxes, company tax, and goods and services tax(GST)," the Budget Papers said.

"Notwithstanding the faster-than-expected recovery and material upgrades, the forecast for total tax receipts in 2020-21 still remains 4.2 per cent below the level forecast in the 2019-20 MYEFO, prior to the onset of the COVID-19 pandemic. While this reflects the economic disruption caused by the pandemic, it is also partially a result of the significant tax relief provided by the Government."

Where the revenue comes from



Taxes and other revenue collections

Tax revenue – where it comes from

Budget 2021–22 | Budget Paper No.1

Table 5.7: Australian Government general government (cash) receipts

	Actual	Estimates				
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	$m	$m	$m	$m	$m	$m
Individuals and other withholding taxes						
Gross income tax withholding	214,426	216,500	216,500	224,500	236,000	236,900
Gross other individuals	43,713	47,500	45,200	50,200	53,900	58,800
less: Refunds	36,219	36,000	42,300	38,100	33,100	33,900
Total individuals and other withholding tax	221,920	228,000	219,400	236,600	256,800	261,800
Fringe benefits tax	3,850	3,900	3,960	4,160	4,330	4,500
Company tax	84,781	93,300	82,300	70,400	81,000	100,500
Superannuation fund taxes	6,267	11,670	15,260	14,510	15,260	16,210
Petroleum resource rent tax(a)	1,052	800	1,000	1,000	1,000	1,000
Income taxation receipts	**317,870**	**337,670**	**321,920**	**326,670**	**358,390**	**384,010**
Goods and services tax	60,263	69,782	71,941	75,231	78,570	82,400
Wine equalisation tax	959	1,050	1,030	1,060	1,090	1,140
Luxury car tax	570	800	680	610	610	640
Excise and customs duty						
Petrol	5,734	5,850	6,100	6,300	6,650	7,150
Diesel	12,046	12,530	13,140	13,740	14,340	15,390
Other fuel products	1,923	1,550	1,830	1,850	1,920	2,020
Tobacco	16,270	15,060	14,750	14,610	14,970	15,340
Beer	2,455	2,560	2,600	2,660	2,750	2,890
Spirits	2,648	3,070	2,720	2,800	2,900	3,030
Other alcoholic beverages(b)	1,059	1,270	1,070	1,100	1,140	1,200
Other customs duty						
Textiles, clothing and footwear	169	170	160	110	90	100
Passenger motor vehicles	369	340	310	70	70	80
Other imports	1,142	1,180	1,230	780	780	850
less: Refunds and drawbacks	669	790	650	650	650	650
Total excise and customs duty	43,147	42,790	43,260	43,370	44,960	47,400
Major bank levy	1,612	1,650	1,650	1,700	1,750	1,850
Agricultural levies	469	509	505	522	536	540
Other taxes	6,885	5,219	4,613	6,165	7,199	7,373
Indirect taxation receipts	**113,905**	**121,800**	**123,679**	**128,658**	**134,716**	**141,343**
Taxation receipts	**431,775**	**459,470**	**445,599**	**455,328**	**493,106**	**525,353**
Sales of goods and services	15,490	16,381	17,364	17,848	18,908	19,996
Interest received	3,244	2,995	3,063	3,080	3,363	3,721
Dividends	7,007	8,493	5,829	7,451	7,077	7,460
Other non-taxation receipts	11,883	12,494	10,198	10,293	10,401	15,439
Non-taxation receipts	**37,623**	**40,361**	**36,454**	**38,672**	**39,748**	**46,616**
Total receipts	**469,398**	**499,831**	**482,053**	**494,000**	**532,855**	**571,969**
Memorandum:						
Total excise	*23,352*	*23,980*	*24,840*	*25,780*	*26,950*	*28,820*
Total customs duty	*19,795*	*18,810*	*18,420*	*17,590*	*18,010*	*18,580*
Capital gains tax(c)	*16,100*	*16,600*	*17,400*	*18,600*	*19,300*	*20,500*

(a) This item includes an amount of MRRT receipts in 2019-20 which has not been separately disclosed owing to taxpayer confidentiality.
(b) 'Other alcoholic beverages' are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).
(c) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes. The 2019-20 reported figure is an estimate.

Tax and other revenue – Total and growth

Table 5.1: Australian Government general government receipts

	Actual	Estimates				
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	$b	$b	$b	$b	$b	$b
Total taxation receipts ($b)	**431.8**	**459.5**	**445.6**	**455.3**	**493.1**	**525.4**
Growth on previous year (%)	-3.7	6.4	-3.0	2.2	8.3	6.5
Per cent of GDP	21.7	22.3	20.9	20.9	21.6	21.9
Tax receipts excluding GST ($b)	**371.5**	**389.7**	**373.7**	**380.1**	**414.5**	**443.0**
Growth on previous year (%)	-3.1	4.9	-4.1	1.7	9.1	6.9
Per cent of GDP	18.7	18.9	17.5	17.5	18.2	18.5
Non-taxation receipts ($b)	**37.6**	**40.4**	**36.5**	**38.7**	**39.7**	**46.6**
Growth on previous year (%)	2.5	7.3	-9.7	6.1	2.8	17.3
Per cent of GDP	1.9	2.0	1.7	1.8	1.7	1.9
Total receipts ($b)	**469.4**	**499.8**	**482.1**	**494.0**	**532.9**	**572.0**
Growth on previous year (%)	-3.3	6.5	-3.6	2.5	7.9	7.3
Per cent of GDP	23.6	24.3	22.6	22.7	23.4	23.9

Spending

Major spending initiatives

The Budget lists 'Increased support for unemployed Australians' as the single largest item of new spending in the Budget, with $697.4 million in new spending in 2020-1 and $9.46 billion over five years, including the four years of the Forward Estimates.

However the Budget splits Aged Care spending into two separate items – residential care and home care. Together these account for $18.25 billion in new spending over five years.

The Government's response to the Aged Care Royal Commission amounts to:

- $263 million in 2020-21 and $7.79 billion over five years on residential aged care and
- 0 in 2020-21 and $7.5 billion over five years on home care.

On its unemployment spending ($697.4 million in new spending in 2020-1 and $9.46 billion over five years), the Government said, it was increasing current wage subsidies available through jobactive, Transition to Work and ParentsNext to all businesses to $10,000 from 1 July 2021. This includes subsidies for young people, parents and the long-term unemployed

The Government is also expanding the $1 billion JobTrainer Fund, to continue the delivery of low fee or free training places in areas of skills need. JobTrainer will help

ensure Australians can access critical skills and will include 10,000 additional digital skills training places and 33,800 additional training places in the aged care sector. The Government will provide an additional $500 million in funding, to be matched by state and territory governments.

Major new spending initiatives

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

The main areas of government spending

Table 6.3.1: Top 20 programs by expenses in 2021-22

			Estimates			
		2020-21	2021-22	2022-23	2023-24	2024-25
Program(a)	**Function**	$m	$m	$m	$m	$m
Revenue assistance to the States and Territories	Other Purposes	71,729	75,188	78,564	82,032	86,408
Support for Seniors	SSW	52,853	51,223	53,163	55,067	56,851
Medical Benefits	Health	28,497	29,124	29,867	31,461	32,975
National Disability Insurance Scheme	SSW	24,607	28,115	29,835	30,796	33,320
Assistance to the States for public hospitals	Health	22,646	25,463	26,649	28,238	29,916
Aged Care Services	SSW	22,533	24,159	27,621	29,817	31,136
Family Assistance	SSW	18,746	21,009	20,707	20,826	20,549
Job Seeker Income Support	SSW	31,266	18,099	15,135	14,694	14,493
Financial Support for People with Disability	SSW	18,411	17,763	18,073	18,596	18,923
Non Government Schools National Support	Education	13,010	14,710	15,509	16,200	16,752
Pharmaceutical Benefits	Health	13,942	14,406	14,578	15,013	15,319
Government Schools National Support	Education	9,052	9,727	10,423	11,002	11,447
Financial Support for Carers	SSW	9,906	9,709	10,154	10,642	11,046
Child Care Subsidy	SSW	8,968	9,492	10,644	11,180	11,970
Public Sector Superannuation - Benefits(b)	Other purposes; General public services	8,142	8,521	8,612	8,678	9,079
Fuel Tax Credits Scheme	Fuel and Energy	7,623	8,072	8,450	9,117	9,860
National Partnership Payments - Road Transport	Transport and Communication	7,119	7,645	10,935	10,091	7,414
Commonwealth Grants Scheme	Education	7,549	7,560	7,225	7,167	7,277
Army Capabilities	Defence	7,221	7,469	7,934	8,524	9,247
Air Force Capabilities	Defence	7,106	7,235	7,801	8,317	9,004
Sub-total		**390,928**	**394,687**	**411,878**	**427,459**	**442,988**
Other programs		268,510	194,647	183,500	187,206	190,707
Total expenses		**659,437**	**589,334**	**595,378**	**614,665**	**633,694**

(a) The entry for each program includes eliminations for inter-agency transactions within that program.
(b) This program is a combination of superannuation nominal interest and accrual expenses.

Aged care

The Budget contains $17.7 billion in new spending for aged care – across residential and home care and across five years to 2024-25.

In a media release accompanying the Budget Health Minister Greg Hunt and other ministers with aged care responsibilities said, "It is also the largest investment in aged care and the largest response to a Royal Commission in Australian history."

The Government said the Morrison Government is, therefore, responding to the Royal Commission with its five year – five pillar aged care reform plan addressing:

- Home care – at home support and care based on assessed needs
- Residential aged care services and sustainability – improving service suitability that ensures
- individual care needs and preferences are met
- Residential aged care quality and safety – improving access to and quality of

residential care
- Workforce – growing a bigger, more highly skilled, caring and values based workforce; and
- Governance – new legislation and stronger governance

The Ministers said, "In responding to the 148 recommendations, of which 123 were joint, and 25 were specific to the individual Commissioners requiring a decision by Government, the Morrison Government has accepted or accepted in principle 126 recommendations. In addition, the Government supports instead an alternative on four of the recommendations. Twelve recommendations were subject to further consideration or noted in the government response. Six were not accepted, including four which note the discordant views of the Commissioners.

The key elements of the Morrison Government's response include:

- Pillar 1 of the Royal Commission Response - Home Care: $7.5 billion towards supporting senior Australians who choose to remain in their home, including:
    - $6.5 billion for an additional 80,000 Home Care Packages – 40,000 released in 2021–22 and 40,000 in 2022–23, which will make a total of 275,598 packages available to senior Australians by June 2023 $10.8 million to design and plan a new support in home care program which better meets the needs of senior Australians
    - $798.3 million to support the 1.6 million informal carers, including additional respite services for 8,400 senior Australians each year, and
    - $272.5 million for enhanced support and face-to-face services to assist senior Australians accessing and navigating the aged care system.
- Pillar 2 of the Royal Commission Response – Residential aged care services and
  sustainability: $7.8 billion towards improving and simplifying residential aged care services and to ensure senior Australians can access value for money services, including:
    - $3.9 billion to increase the amount of front line care (care minutes) delivered to residents of aged care and respite services, mandated at 200 minutes per day, including 40 minutes with a registered nurse
    - $3.2 billion to support aged care providers to deliver better care and services, including food through a new Government-funded Basic Daily Fee Supplement of $10 per resident per day
    - 102.1 million to assign residential aged care places directly to senior Australians, and to support providers to adjust to a more competitive market
    - $49.1 million to expand the Independent Hospital Pricing Authority to help ensure that aged care costs are directly related to the care provided
    - $189.3 million for a new Australian National Aged Care Classification to deliver a fairer and more sustainable funding arrangements, and
    - $5.5 million to reform residential aged care design and planning to better meet the needs of senior Australians, particularly those living with dementia.
- Pillar 3 of the Royal Commission Response – Residential aged care quality and safety:
    - $942 million to drive systemic improvements to residential aged care quality and safety, including:
    - $365.7 million to improve access to primary care for senior

Australians, including the transition of senior Australians between aged care and health care setting and improved medication management
    - $262.5 million to ensure the independent regulator, the Aged Care Quality and Safety Commission (ACQSC), is well equipped to safeguard the quality, safety and integrity of aged care services and can effectively address failures in care
    - $7.3 million for additional resources to build capacity within residential aged care for the care of senior Australians living with dementia
    - $67.5 million for the Dementia Behaviour Management Advisory Service and the Severe Behaviour Response Teams to further reduce reliance on physical and chemical restraint (restrictive practices), and
    - $200.1 million to introduce a new star rating system to highlight the quality of aged care services, better informing senior Australians, their families and carers, including
    - $94.0 million to expand independent advocacy to support greater choice and
    - quality safeguards for senior Australians.
- Pillar 4 of the Royal Commission Response – Workforce: $652.1 million to grow a skilled, professional and compassionate aged care workforce, which will be the powerhouse of the Government's reform agenda, including:
    - upskilling the existing workforce and providing training for thousands of new aged care workers, including 33,800 subsidised Vocational Education and Training places
    - through JobTrainer.
    - $228.2 million to create a single assessment workforce to undertake all assessments that will improve and simplify the assessment experience for senior Australians as they enter or progress within the aged care system
    - $135.6 million to provide eligible Registered Nurses with financial support of $3,700 or full time workers, and $2,700 for part time workers, nursing scholarships and places in the Aged Care Transition to Practice Program; and
    - $9.8 million to extend the national recruitment campaign, to help increase the skilled and dedicated aged care workforce.
- Pillar 5 of the Royal Commission Response – Governance: $698.3 million to improve the governance across the aged care system. This will embed respect, care and dignity at the heart of the system, guaranteeing better choice, high quality and safe care for senior Australians, including:
    - $21.1 million to establish new governance and advisory structures, including a National Aged Care Advisory Council, and a Council of Elders, and to work towards establishment of an office of the Inspector-General of Aged Care
    - $630.2 million to improve access to quality aged care services for consumer in regional, rural and remote areas including those with First Nations backgrounds and special needs groups
    - $13.4 million to improve rural and regional stewardship of aged care, with Department of Health aged care officers embedded within eight of the 31 Primary Health Network regions, and
    - The drafting of a new Aged Care Act to enshrine the Government's reforms in legislation by mid-2023.

The Government said the initiatives outlined within the Morrison Government's five pillars response will be introduced through a five-year plan in response to the Royal Commission.

Table of Measures

Home Care	Funding
Home Care - Future Design and Funding	10.8 million
Home Care - Immediate Investment to Address Critical Need and Prepare for Home Care Reforms	6.5 billion
Home Care - Connecting Senior Australians to Aged Care Services	272.5 million
Home Care - Support for Informal Carers	798.3 million
Home Care - Higher Value for Money in Home Care Packages through enhanced Program Oversight	18.4 million
Home Care – Improving Aged Care Data and Tracking Quality	28.5 million
Total	**$7.5 billion**
Residential Aged Care Services and Sustainability	**Funding**
Residential Aged Care Services and Sustainability - Reforming Residential Care Funding to Drive Better Care and a Viable System	7.3 billion
Residential Aged Care Services and Sustainability - Reforming Accommodation Settings in Residential Aged Care	5.5 million

Residential Aged Care Services and Sustainability - Aged Care Structural Adjustment Strategy	102.1 million
Residential Aged Care Services and Sustainability - Temporary Financial Support	189.8 million
Governance - Independent Health and Aged Care Pricing Authority	49.1 million
COVID 19 – Viability Fund for Emergency Support to Residential Aged Care Providers – Extension	90 million
Refundable Accommodation Deposit Loan Scheme	2.3 million
Refundable Accommodation Deposit Reporting and Additional Services Fee	7.5 million
Total	**$7.8 billion**
Residential Aged Care Quality and Safety	**Funding**
Residential Aged Care Quality and Safety - Initial Response to the Royal Commission (Quality and Safety) - Strengthening Providers	62.1 million
Residential Aged Care Quality and Safety - Establishment of a New Independent Aged Care Quality and Safety Authority	2.8 million
Residential Aged Care Quality and Safety - Protecting Consumers by Strengthening Regulatory Powers and Capability	227.7 million
Residential Aged Care Quality and Safety- Empowering Consumers of Aged Care with Information to Exercise Choice	200.1 million
Residential Aged Care Quality and Safety - Improving Quality and Safety across the Aged Care Sector including SIRS	81.5 million
Residential Aged Care Quality and Safety - Improving Access to Primary Care and Other Health Services	365.7 million
Total	**$942 million**
Workforce	**Funding**
Workforce - Growing a Skilled and High Quality Workforce to Care for Senior Australians	216.7 million
Workforce - Extending the Care and Support Workforce National Campaign	9.8 million
Workforce - Single Assessment Workforce for Aged Care	228.2 million
Workforce - Growing a Skilled Aged Care Workforce to Provide Quality Home Care Services	91.8 million
Workforce - National Care and Support Worker Regulation	105.6 million

Workforce - Addressing workforce shortages in key areas – JobTrainer Fund extension for 33,800 Aged Care training places	NFP
Total	**$652.1 million**
Governance	**Funding**
Governance - Strengthening Regional Stewardship of Aged Care	13.4 million
Governance - New Aged Care Act	26.7 million
Governance - More Equitable Access to Aged Care for First Nations People and Special Needs Groups	630.2 million
Governance - Strengthening and Streamlining Current Institutional Governance Arrangements	21.1 million
Governance – Aged Care Reform Communication and Engagement	6.8 million
Total	**$698.3 million**
Total Investment in Aged Care Reform	**$17.7 billion**

Skills and training

The Budget lists 'Increased support for unemployed Australians' as the single largest item of new spending in the Budget, with $697.4 million in new spending in 2020-1 and $9.46 billion over five years, including the four years of the Forward Estimates.

However the Budget splits Aged Care spending into two separate items – residential care and home care. Together these account for $18.25 billion in new spending over five years.

The Government's response to the Aged Care Royal Commission amounts to:

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- 0 in 2020-21 and $7.5 billion over five years on home care.

jobactive, Transition to Work and ParentsNext

On its unemployment spending ($697.4 million in new spending in 2020-1 and $9.46 billion over five years), the Government said, it was increasing current wage subsidies available through jobactive, Transition to Work and ParentsNext to all businesses to $10,000 from 1 July 2021. This includes subsidies for young people, parents and the long-term unemployed

JobTrainer Fund

The Government is also expanding the $1 billion JobTrainer Fund, to continue the delivery of low fee or free training places in areas of skills need. JobTrainer will help ensure Australians can access critical skills and will include 10,000 additional digital skills training places and 33,800 additional training places in the aged care sector. The Government will provide an additional $500 million in funding, to be matched by state and territory governments.

Boosting Apprenticeship Commencements

The Government is extending the Boosting Apprenticeship Commencements (BAC) wage subsidy for a further six months to support new apprentices and trainees who commence by 31 March 2022. This additional $1.5 billion investment will support the employment of newly commencing apprentices and trainees, assisting school leavers and job seekers during the peak hiring period for key industries. The subsidy will be paid to employers for a full 12 months from commencement. The BAC extension will help support women by delivering 5,000 additional gateway services and guaranteeing in-training support services for women commencing in a non-traditional trade occupations.

New Enterprise Incentive Scheme

Job seekers wanting to start up their own businesses will have greater support and flexibility, with up to 12,000 places now on offer as part of New Business Assistance with the New Enterprise Incentive Scheme. The Government will invest an extra $129.8 million into the program.

The ministerial media release also says the Government will continue to negotiate a new National Skills Agreement with the states and territories.

Women's security

The Government announced $3.4 billion in new measures for women's safety, economic security, health and wellbeing in the 2021–22 Budget.

The package includes $1.1 billion for women's safety; $1.9 billion to support women's economic security including $1.7 billion to improve the affordability of child care and $351.6million in women's health and wellbeing measures.

"Our approach to developing this Women's Budget Statement has been informed by our values of respect, dignity, choice, equality of opportunity and justice – these are fundamental to the safety and economic security of women in Australia," Prime Minister Scott Morrison said.

Minister for Foreign Affairs and Minister for Women, Senator the Hon Marise Payne, said the package covered three key pillars —women's safety, economic security; and women's health and wellbeing.

"Everyone has a basic right to safety, equality and respect in our society, and we all have a responsibility to address gender imbalances in Australia to create real change and genuine advances for women and girls," Minister Payne said.

Women's safety

The package includes a new, two-year National Partnership Agreement in which the Morrison Government will provide up to $261.4 million to partner with states and territories to boost local frontline services and trial new initiatives during the transition to the next National Plan. States and territories will be asked to contribute funding to the agreement reflecting their primary role and responsibilities in the delivery of frontline services.

The Government will commit $164.8 million over three years to establish Escaping Violence Payments to provide up to $1,500 in immediate cash and a further $3,500 in kind for goods or direct payments of bonds, school fees or other items. The payments will be provided under a two-year trial through a domestic violence frontline service and include wrap around support for women and their children. The Safe Places emergency accommodation program will also be expanded with additional funding of $12.6 million to support women and children experiencing family and domestic violence.

The Government will build on its efforts to prevent violence with a $35.1 million investment including expanding national primary prevention campaigns to address new and emerging issues targeted at young people as well as continuing the award-winning campaign, Stop It At The Start. An additional $26.0 million will be provided to Family Violence Prevention Legal Services (FVPLS) to improve support services for Aboriginal and Torres Strait Islander women. Funding will be directed to improving the quality, capability and cultural safety of indigenous and non-indigenous family violence services.

The Government will also invest $31.6 million over five years to establish an Aboriginal and Torres Strait Islander Personal Safety Survey conducted by the Australian Bureau of Statistics (ABS). For the first time this will measure the prevalence of family, domestic and sexual violence experienced by Aboriginal and Torres Strait Islander women and girls. The Budget commits funding to establish a new Aboriginal and Torres Strait Islander Advisory Council.

The Government will invest $29.3 million over three years to improve migrant and refugee women's safety through early intervention, grass-roots programs, and social and economic inclusion support. The Government will also invest an additional $10.3 million over two years to extend the new pilot program supporting women on

temporary visas experiencing family violence for an extra year, making it a two-year trial ending in 2023. This will provide support for women who may be unable to access social services and welfare payments due to their visa status. It includes access to support through the Australian Red Cross, with women able to receive up to $3,000 to help them cover expenses such as food, accommodation, utilities and other essentials and medical care. Extended funding will also be provided to nine Community and Women's Legal Centres nationally to help women access legal assistance and migration support.

$26.2 million over four years will address the increasing use of technology facilitated abuse, improve online safety for women and girls and raise awareness of the Online Safety Bill. Under this investment, the Office of the eSafety Commissioner will pilot a program to develop software to better investigate cases of image- based abuse and provide targeted support for children. A further $4.9 million will also be invested in expanding support for men at risk of using violence and trialling new perpetrator interventions, including funding for No to Violence program and Men's Line, which provides advice and information to men about services available to them such as a men's behaviour change program.

Family and justice

The Budget commits more than $400 million across a range of measures to provide additional legal assistance funding for women, and to boost investment in Children's Contact Services to reduce safety risks and expand Family Advocacy Support Services.

The measures include $129.0 million in additional legal assistance funding to women's legal centres to help women access justice.

Sexual harassment

The Government will invest an additional $9.3 million to further implement recommendations made in the Respect@Work report. This includes funding to support the Respect@Work Council to implement a range of practical measures highlighted in the Roadmap for Respect, and driving amendments to improve legal and regulatory responses to workplace sexual harassment. It also includes interim funding to continue the targeted delivery of support for women experiencing workplace sexual harassment, while the Government consults with states and territories in line with its commitment in the Roadmap for Respect.

Increasing women's workforce participation

The Budget includes targeted measures to increase choice and flexibility for women by addressing barriers to working in the paid workforce, and supporting women to build financially secure futures.

The Government is investing an additional $1.7 billion in childcare.

The Government is investing an additional $12.2 million for the National Careers Institute Partnership Grants Program for projects that facilitate more career opportunities and supported career pathways for women.

The Budget establishes the Family Home Guarantee to assist 10,000 eligible single parents with dependent children, the vast majority of whom are women, to enter the housing market with a two per cent deposit.

The Government is also investing $42.4 million over seven years to support more than 230 women to pursue higher level STEM (science, technology, engineering and mathematics) qualifications.

Women's health

The Government is investing in new and amended PBS listings to treat a range of conditions, including breast cancer. The Government is also investing $148.0 million in women's preventive health measures to further reduce the personal and financial costs of ill-health.

Childcare

$1.7 billion childcare funding boost

Before the Budget the Treasurer Josh Frydenberg announced a $1.7 billion childcare subsidy package ahead of the Budget.

Under the Government's childcare changes, caps on childcare subsidies for higher-income earners would be removed and costs slashed for families with two or more children in care.

The policy appears aimed at softening Labor's attacks on the Government over child care, but the Opposition labelled the policy a "missed opportunity" for reform.

Subsidies for families with two or more children will increase significantly, to a maximum 95 per cent.

The subsidy boost will only apply to the second or subsequent child in care, with 30 per cent more applying to those children.

The policy was also criticised as not starting until July 2022, likely shortly before or shortly after the next election.

Announcing the policy Treasurer Josh Frydenberg said, "The Morrison government is making a $1.7 billion investment in the children of our future. We are ensuring that around 250,000 families will be better off as a result of this package and around half of those families have an income of $130,000 or less. The Morrison government has made significant progress in boosting female workforce participation, as well as narrowing the gender gap. But there is still a long way to go. That is why we are making today's investment."

He also said, "Today's measures are proportionate, they're targeted, and they are an investment in making our economy stronger and boosting female workforce participation. It is Treasury's estimate that the measures we are announcing today will help to boost GDP by about $1.5 billion a year. We will see up to 300,000 hours a week worked additional than what is today. That is the equivalent to 40,000 people working and extra day a week. These measures today are very much focused on making our economy stronger. The Morrison government is already investing more than $10 billion a year into child care. This is an additional investment, it is designed to give families choice and to make our economy stronger and to make child care more affordable.

Mr Frydenberg said he wanted parents who wanted to return to work, or lift their hours, to have that option. "Our focus has been on ensuring that families have choice," he said.

The aim of the policy is to reduce disincentives for parents to work more hours in a week.

Childcare subsidies are currently capped at $10,560, beyond which households with an income of more than $189,390 pay the full rate in childcare fees.

The Government said that if a family's first child in care is eligible for a 65 per cent subsidy and their second child enters care at the same time, the second child would be eligible for a 95 per cent subsidy.

It aims to stop the cost of childcare doubling, or potentially tripling, for families with multiple children in care.

The government suggests the change will benefit a quarter of a million families, by an average of $2,260 per year.

The changes are targeted at families with multiple children, based on an assessment that those families tend to bear proportionally higher childcare costs.

Mr Frydenberg said, “right now, without this package, there would not be as much choice for families where the parent would want to work that fourth or fifth extra day."

Treasury suggests the changes will boost GDP by up to $1.5 billion, through making it easier for parents to work more hours.

Labor says policy is 'too little'

The Opposition detailed a more generous childcare policy late last year. Their policy would similarly scrap the childcare subsidy cap, but would go further in boosting subsidy rates, offering subsidies for families earning up to $530,000.

The Coalition's budget proposal is more targeted at low-to-middle income earners.

Labor's spokesperson for Early Childhood Education, Amanda Rishworth, said the Government’s policy excluded too many families — particularly many with just one child in care.

"Families right across the country are struggling with the cost of childcare," she said.

Opposition leader Anthony Albanese defended the generosity of his party's policy for high-income earners, arguing the subsidies should not be considered welfare. "They've gone a step towards Labor's policy of cheaper childcare," he said.

"But, somewhat ironically, are saying that ours is too helpful to families who have children.

"That's because they don't understand that this is about economic reform — not about welfare policy."

The Government says the policy will primarily support families earning less than $150,000.

Housing

Ahead of the Budget the Government announced that more than 125,000 single parents would also be eligible to shift from long-term renting to owning a home with as

little as a 2 per cent deposit, or just $8000, under a government-guaranteed home loan scheme to help women who are marginalised from the property market.

On Saturday (8 May) Treasurer Josh Frydenberg announced in a press release, "The Morrison Government is today announcing additional measures to help more Australians own their home sooner as part of the 2021-22 Budget.

"This follows the successful HomeBuilder program which is expected to support more than $30 billion in residential construction with more than 120,000 Australians applying for the grant.

"As part of the 2021-22 Budget, the Government will:

- Establish the Family Home Guarantee with 10,000 guarantees made available over four years to single parents with dependants. The Family Home Guarantee allows them to purchase a home sooner with a deposit of as little as two per cent;
- Expand the New Home Guarantee for a second year, providing an additional 10,000 places in 2021-22. First home buyers seeking to build a new home or purchase a newly built home will be able to do so with a deposit of as little as five per cent; and
- Increase the maximum amount of voluntary contributions that can be released under the First Home Super Saver Scheme from $30,000 to $50,000.

"The Morrison Government is also providing an additional $124.7 million in funding which will allow the states and territories to bolster public housing stocks, or to meet their social and community housing responsibilities under the 2011 Fair Work decision on Social and Community Services wages.

"The Government understands the importance of owning your own home and the significant economic and social benefits home ownership provides.

"Supporting more Australians to own their own home is part of the Government's economic plan to secure Australia's recovery."

Further details were announced by the national Housing Finance and Investment Corporation, which said, "On 8 May 2021, under the 2021- 2022 Budget, the Australian Government announced the extension of the FHLDS (New Homes) and the establishment of a new program called the Family Home Guarantee.

Family Home Guarantee

The Australian Government has announced a new program called the Family Home Guarantee, which provides eligible single parents with dependants the opportunity to build a new home or purchase an existing home with a deposit of 2 per cent, subject to the individual's ability to service a home loan.

From 1 July 2021, 10,000 Family Home Guarantees will be made available over four financial years.

The Family Home Guarantee is aimed at single parents with dependants, regardless of whether that single parent is a first home buyer or previous owner-occupier. Applicants must be Australian citizens, at least 18 years of age and have an annual taxable income of no more than $125,000. A fact sheet with further information on eligibility criteria will be available on NHFIC's website next week.

FHLDS (New Homes) extended for 2021-22

An additional 10,000 FHLDS (New Homes) places will be available from 1 July 2021 to 30 June 2022. Find out more about the eligibility criteria for the FHLDS (New Homes).

An updated fact sheet on the 2021-22 extension will be available on NHFIC's website next week.

About the First Home Loan Deposit Scheme

The First Home Loan Deposit Scheme (FHLDS) is an Australian Government initiative to support eligible first home buyers to build or purchase a first home sooner. The Scheme is administered by the National Housing Finance and Investment Corporation (NHFIC).

Usually first home buyers with less than a 20 per cent deposit need to pay lenders mortgage insurance. Under the Scheme, eligible first home buyers can purchase or build a new home with a deposit of as little as 5 per cent (lenders criteria apply). This is because NHFIC guarantees to a participating lender up to 15 percent of the value of the property purchased that is financed by an eligible first home buyer's home loan.

10,000 First Home Loan Deposit Scheme places will be available for the 2021-22 financial year from 1 July 2021.

In the 2020-21 Federal Budget, the Australian Government announced an additional 10,000 FHLDS places for the 2020-21 financial year, specifically for eligible first home buyers building or purchasing new homes. These additional places are known as the First Home Loan Deposit Scheme (New Homes) or FHLDS (New Homes).

There are currently 27 participating lenders across Australia offering places under the First Home Loan Deposit Scheme.

Superannuation

The 2021-22 Budget makes the following changes to superannuation:

- Repeals the work test for voluntary non-concessional and salary sacrificed superannuation contributions for those aged 67 to 74
- Improving the Pension Loans Scheme
- Extends access to downsizer contributions
- Giving older Australians the choice to move out of legacy retirement products.

Repealing the work test

The Government will amend the work test rules to allow retirees to increase their voluntary contributions to superannuation.

From 1 July 2022, individuals aged 67 to 74 will no longer be required to meet the work test when making, or receiving, non-concessional superannuation contributions or salary sacrificed contributions. These individuals will also be able to access the non-concessional bring forward arrangement, subject to meeting the relevant eligibility criteria.

The existing $1.6 million cap on lifetime superannuation contributions will continue to apply (increasing to $1.7 million from 1 July 2021). The annual concessional and non-concessional caps will also continue to apply.

Access to concessional personal deductible contributions for individuals aged 67 to 74 will still be subject to meeting the work test.

Pension Loans Scheme

From 1 July 2022, the Government will introduce a 'No Negative Equity Guarantee' for

PLS loans and allow people access to a capped advance payment in the form of a lump sum.

A No Negative Equity Guarantee will mean that borrowers under the PLS, or their estate, will not owe more than the market value of their property, in the rare circumstances where their accrued PLS debt exceeds their property value. This brings the PLS in line with private sector reverse mortgages.

Eligible people will be able to receive a maximum lump sum advance payment equal to 50 per cent of the maximum Age Pension. Based on current Age Pension rates, this is around $12,385 per year for singles, while couples combined could receive around $18,670.

A maximum of two advances totalling up to the cap amount are permitted in a year, for those who do not want to take an advance in one instalment.

Extending access to downsizer contributions

From 1 July 2022, the minimum age for the downsizer contribution will be lowered from 65 to 60. This will allow Australians nearing retirement to make a one-off post-tax contribution of up to $300,000 per person (or $600,000 per couple) when they sell their family home.

Legacy product conversions

The Government will simplify our retirement system by providing consumers with a temporary option to transition from legacy retirement products to more flexible and contemporary retirement products, promoting efficiency and reducing costs in the superannuation system.

Currently, individuals are locked into certain products that restrict access to capital and flexibility of drawdowns, preventing them from effectively using their retirement savings for health, aged care, and other large expenses in retirement.

A two-year period will be provided for conversion of market-linked, life-expectancy and lifetime pension and annuity products. It will not be compulsory for individuals to take part.

Retirees with these products who choose to will be able completely exit these products by fully commuting the product and transferring the underlying capital, including any reserves, back into a superannuation fund account in the accumulation phase. From there they can decide to commence a new retirement product, take a lump sum benefit, or retain the funds in that account.

Personal Tax

Personal income tax cuts

The Government will deliver an additional $7.8 billion in tax cuts by retaining the low and middle income tax offset (LMITO) in 2021-22.

The Low and Middle Income Tax Offset was first introduced by the government in 2018 as part of the bigger seven-year, Personal Income Tax Plan. The offset was stage one of the plan and was originally intended to end last year. However, the government decided to keep it going during the pandemic and has now extended it for another

year.

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

With the additional year of the LMITO, the Government's Personal Income Tax Plan will deliver total tax cuts of up to $7,020 for individuals and up to $14,040 for couples, in total over the period 2018-19 to 2021-22.

It was brought in as an addition to the already-in-place low income tax offset (LITO), which is designed to help out earners with an annual salary below $37,000. The low and middle income tax offset extends this to earners with a taxable annual salary between $37,000 and $126,000.

Company and business tax

Business tax concessions

The Budget extends by one year two business tax concessions announced in the 2020-21 Budget — temporary full expensing and temporary loss carry-back.

Together, temporary full expensing and temporary loss carry-back provide an incentive for businesses to bring forward investment to access the tax benefits before they expire.

Combined, the extension of the temporary full expensing and temporary loss carry-back measures is estimated to deliver a further $20.7 billion in tax relief to businesses over the forward estimates.

Temporary full expensing

Temporary full expensing will now be available until 30 June 2023.

Temporary full expensing allows eligible businesses with aggregated annual turnover or total income of up to $5 billion to deduct the full cost of eligible depreciable assets. Assets must be acquired from 7:30pm AEDT on 6 October 2020 and first used or installed ready for use by 30 June 2023.

All other elements of temporary full expensing will remain unchanged, including the alternative eligibility test based on total income and a track-record of investment, which will continue to be available to businesses.

Temporary loss carry-back

Temporary loss carry-back will also be extended by one year. This will allow eligible companies to carry-back tax losses from the 2022-23 income year to offset previously taxed profits as far back as the 2018-19 income year.

Companies with aggregated annual turnover of up to $5 billion can apply tax losses incurred during the 2019-20, 2020-21, 2021-22 and now the 2022-23 income years to offset tax paid in 2018-19 or later years.

Excise – Small brewers and distillers

Craft breweries and small distilleries to benefit from excise cut

Before the Budget the Government announced a boost in the excise rebate aimed at craft breweries and small distilleries designed to bring the excise concession into line with the Wine Equalisation Tax.

From July this year, eligible brewers and distillers will be able to claim a refund on any excise they pay up to an annual cap of $350,000. Currently, they are entitled to a rebate of 60 per cent of the excise they pay, up to an annual cap of $100,000.

Treasurer Josh Frydenberg said, "Small brewers and distillers will benefit from $225 million in tax relief to support more jobs and investment as part of the 2021–22 Budget.

"Under our plan to support jobs in this growing sector, small brewers and distillers will benefit from a tripling of the excise refund cap for small brewers and distillers from $100,000 to $350,000 per year.

"From 1 July 2021 eligible brewers and distillers will be able to receive a full remission of any excise they pay, up to an annual cap of $350,000. Currently, eligible brewers and distillers are entitled to a refund of 60 per cent of the excise they pay, up to an annual cap of $100,000.

"This will align the benefit available under the Excise Refund Scheme for brewers

Treasury modelling expects that, on average, brewers and distillers will benefit by about $55,000 a year.

The change will benefit the 600 brewers and 400 distillers operating across Australia, about two-thirds of which operate in rural and regional areas. The sector employs about 15,000 Australians.

Australia's alcohol excise code is complicated and the tax on distilled spirits is the third-highest in the world, with about 57 per cent of the retail price for a bottle of whiskey or gin a tax.

Small and large-scale brewers have also been outspoken in the past year in their efforts to reduce the tax burden on both drafted and packaged beer, which is the fourth-highest in the world.

The change is expected to deliver small breweries and distillers about $15.5 million in tax relief in Victoria and $12.3 million in NSW in 2021-22. The increase in the threshold will align the benefit available under the Excise Refund Scheme for brewers and distillers with the Wine Equalisation Tax Producer Rebate.

Small business

ATO debt recovery

Ahead of the Budget the Government announced that as part of the Budget it will allow small businesses to apply to the Administrative Appeals Tribunal (AAT) to pause or modify ATO debt recovery actions where the debt is being disputed in the AAT.

Currently, small businesses are only able to pause or modify ATO debt recovery actions through the court system, which can be costly and time consuming.

"Applying to the AAT instead of the courts will save small businesses at least several

thousands of dollars in court and legal fees and as much as 60 days of waiting for a decision," the Government said in its announcement.

The changes will allow the Small Business Taxation Division of the AAT to pause or modify any ATO debt recovery actions, such as garnishee notices and the recovery of General Interest Charge or related penalties until the underlying dispute is resolved by the AAT.

"Taking these disputes out of the courts will let small businesses get on with what they do best," the Government said.

Small business entities (including individuals carrying on a business) with an aggregated turnover of less than $10 million per year will be eligible to use this streamlined approach. The change will bring Australia more into line with the tax systems of the United Kingdom and United States.

These new powers for the AAT will be available in respect of proceedings commenced on or after the date of Royal Assent of the legislation.

Manufacturing

Patent box

The Government is encouraging investment in, and the retention of, Australian medical and biotech technologies by introducing a 'patent box'.

Over twenty countries currently have patent boxes, including the UK and France.

From 1 July 2022 the patent box will tax income derived from Australian medical and biotech patents at a 17 per cent effective concessional corporate tax rate. Normally corporate income is taxed at 30 per cent or 25 per cent for small and medium companies.

Only granted patents, which were applied for after the Budget announcement, will be eligible.

The patent box encourages businesses to undertake their R&D in Australia and keep patents here.

The Government will follow the OECD's guidelines on patent boxes to ensure the patent box meets internationally accepted standards.

The Government will consult closely with industry on the design of the patent box and to determine whether a patent box is also an effective way of supporting the clean energy sector.

Employee share schemes

Employee Share Schemes

The Government is removing the cessation of employment taxing point for tax-deferred Employee Share Schemes (ESS) that are available for all companies.

By removing the cessation of employment taxing point, the measure will result in tax being deferred until the earliest of the remaining taxing points:

- in the case of shares, when there is no risk of forfeiture and no restrictions on disposal

- in the case of options, when the employee exercises the option and there is no risk of forfeiting the resulting share and no restrictions on disposal
- the maximum period of deferral of 15 years.

The Government is also:

- removing disclosure requirements, and exempting the offer from licensing, anti-hawking and advertising prohibitions for ESS, where employers do not charge or lend to the employees to whom they offer ESS
- increasing the value of shares that can be issued to an employee with simplified disclosure requirements, and exemptions from licensing, anti-hawking and advertising requirements, from $5,000 to $30,000 per employee per year (leaving unchanged the absence of such a value cap for listed companies), where employers do charge or lend for issuing employees shares in an unlisted company

Health

The Government is investing a record $121.4 billion in 2021–22 and $503 billion over the next four years in health.

The 2021–22 Budget includes:

- $1.1 billion to extend our COVID-19 health response to support Australians throughout the pandemic,
- $1.9 billion to drive the COVID-19 vaccine rollout
- Extending COVID-19 health measures by investing $204.6 million to extend telehealth arrangements until 31 December 2021, bringing total investment to date to $3.6 billion,

Other measures in the Budget include:

- $107.9 million for a new National Partnership Agreement (NPA) for Adult Dental Services, helping states and territories provide public dental services and $7.3 million for an extension of the Child Dental Benefits Schedule (CDBS) to children 2 years and younger
- $71.9 million providing an additional 12 months funding for the PHN's After Hours Program
- $2.5 million for workforce credentialing to guarantee access to high quality, Medicare-
  subsidised care for people with an eating disorder, as part of a $26.9 million investment in addressing eating disorders
- $50.7 million to continue to develop an ICT system that will enable a Voluntary Patient Registration Initiative, to be known as MyGP
- $301.8 million towards the next wave of My Health Record (MHR)
- $32.3 million for continued funding for the 2018–2022 Intergovernmental Agreement on National Digital Health, ensuring interoperability within Australia's national digital health infrastructure.

Mental health

National Mental Health and Suicide Prevention Plan

The Morrison Government will deliver the largest single mental health and suicide prevention investment in Australia's history, investing $2.3 billion to deliver structural reform.

This includes $1.4 billion in high quality and person-centred treatment, and specifically

the development of a national network including up to 57 additional mental health treatment centres and satellites for adults, youth and children, through Head to Health and headspace programs. This will address service gaps and provide accessible, stigma-free care, including in regional and rural areas.

Investments include:

- $248.6 million for prevention and early intervention
- $111.2 million in digital services, including the creation of a world-class, single digital platform under Head to Health that will provide online professional counselling, peer support, clinical support and referrals
- $47.4 million to support the mental health and wellbeing of new and expectant parents
- $77.1 million for the National Legal Assistance Partnership to support early resolution of legal problems for those experiencing mental illness, and for mental health workers in Domestic Violence Units and Health Justice Partnerships to support women who have experienced family violence
- $6.3 million to increase support services for fly-in fly-out and drive-in drive-out workers
- $5.7 million to build on the Individual Placement and Support program to assist people with mental illness to participate in the workforce, and
- $298.1 million towards suicide prevention:
- $26.9 million to provide support for people with eating disorders and their families,
- $79 million for key initiatives under a renewed National Aboriginal and Torres Strait Islander Suicide Prevention Strategy,
- $16.9 million mental health early intervention supports and preventive measures for migrants and multicultural communities, and address the cultural competence of the broader health workforce through the Program of Assistance for Survivors of Torture and Trauma, and Mental Health Australia for their Embrace Framework
- $202 million for strengthening workforce and governance arrangements:

NDIS

The Minister for the National Disability Insurance Scheme and Government Services Linda Reynolds said the Australian Government is providing an additional $13.2 billion up until 2023-24 for disability supports under the NDIS.

She said, "Labor's original NDIS framework makes it inflexible and administratively burdensome to make hundreds of individual decisions for hundreds of thousands of participants every year. The number of participants was also estimated well below the 530,000 Australians expected to access the scheme in coming years.

"The Commonwealth will continue to discuss with the states and territories how we can work together to guarantee the affordability of the NDIS to ensure it endures for many generations of Australians to come."

"The Government's measures to guarantee essential services to some of Australia's most vulnerable people will be bolstered by $12.3 million to enhance the workforce that cares for and supports them.

“This includes Australians working in disability support under the NDIS, as well as in aged care and veterans’ support.

“Better regulatory alignment across the aged care, disability and veterans’ care sectors will reduce red tape for providers and make it easier for care and support workers to work across disability, aged care and veterans’ care.

“A single code of conduct and improved information sharing will mean workers will need to meet the same standards of behaviour whether they are providing supports under the NDIS, aged care or veterans’ care programs and can be held to account across the sector where these standards are not met.”

Agriculture

$371 million biosecurity funding

Before the Budget the Government announced a $371 million biosecurity funding package ahead of the Budget, with the centrepiece $67.4 million to “support Australia’s biosecurity preparedness and response capabilities”, including building and maintaining a national surveillance information system on the national animal sector and equipment for molecular diagnostics testing.

The funding comes after the Government scrapped earlier plans for a biosecurity levy on rural exports, in the face of rural producers’ opposition.

Announcing the funding Prime Minister Scott Morrison said, Prime Minister Scott Morrison said “the Government is stepping up efforts to stop threats such as African swine fever, khapra beetle and foot and mouth disease entering Australia.

"Protecting our borders is as much about protecting our livestock, crops and environment from diseases that have the potential to devastate them and the livelihoods they support, as it does the health of Australians during COVID-19 or protecting Australia's national security," the Prime Minister said.

"This investment is about building a protective ring around Australia to safeguard our industry as well as the rural and regional communities that depend on it. There will never be zero risk but we are committed to reducing the risk where possible.

"We need to make sure agriculture continues to play a leading role in our national economic recovery."

The package is $29 million less than what the peak farmers’ group has said is needed to update Australia’s biosecurity.

Several programs in the package include updates to technology systems, and nearly a third of the money will go to dedicated biosecurity technology and research.

Agriculture Minister David Littleproud said the PM's announcement proves the government's commitment to the sector

There is almost $100 million for an offshore assurance program to identify freight containers for intervention, $35 million for research about how pests can enter Australia and $20 million for a pre-border passenger screening trial.

There is also $30 million to improve biosecurity management of international mail and a $3.9 million for community and business awareness campaign.

Despite COVID-19 restrictions closing Australian borders last year, primary producers have faced an onslaught of pest incursions, including the fall armyworm and white spot disease in prawns.

Even with the introduction of tough biosecurity laws in 2019, meat carrying African swine fever fragments has been detected in alarming quantities at Australian mail centres and airports, while last year khapra beetle was found in white goods imported by a major retailer.

Agriculture groups have been calling for increased biosecurity funding and today's announcement is likely to prove popular with farmers who were disappointed by the government's decision to axe plans for a biosecurity levy that would have taxed importers.

In 2018, Agriculture Minister David Littleproud announced that the government would raise $325 million over three years through the levy, which proposed to charge $10 per 20-foot shipping container and $1 per tonne on bulk imports.

The 2019 Budget saw that deadline postponed, but legislation for the levy was never introduced and last year a statement from the Department of Agriculture confirmed it would not go ahead.

Speaking as part of the pre-Budget announcement, Mr Littleproud said the funding demonstrated the government's "commitment to the agriculture sector and unique environment".

References

All Budget 2021 documents referred to in this summary can be found at the following official Budget 2021-22 website: Budget 2021-22.