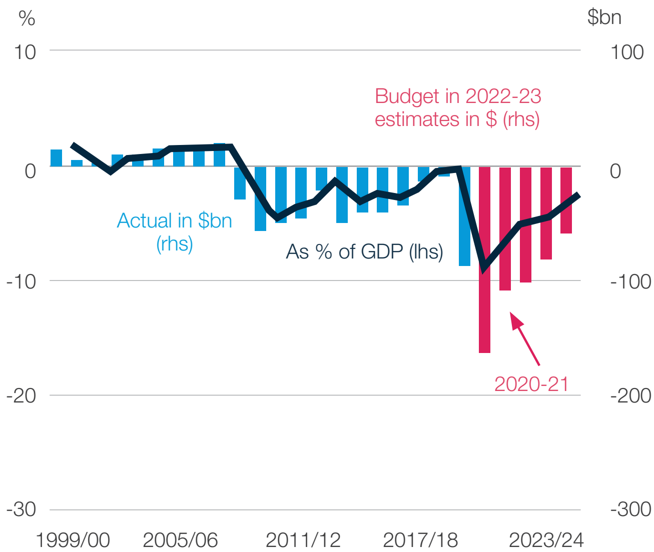
Economic commentary

Federal Budget 2022-23

Stronger Economy Delivers Budget Windfall

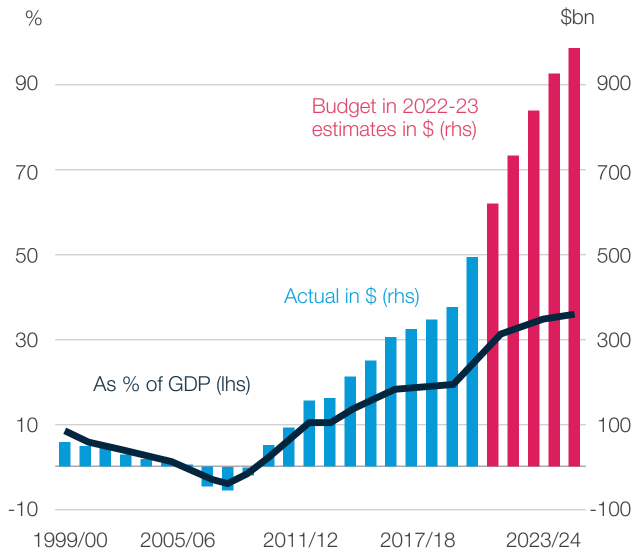
- The mix of a faster-than-anticipated economic recovery and booming commodity prices have delivered improvements in the budget bottom line. A deficit of $79.8 billion is projected for 2021-22. In 2022-23, a deficit of $78.0 billion is expected.
- A package to ease cost-of-living pressures and new spending on defence and disaster relief are key features in the Budget. Businesses have also shared in the spoils with incentives to encourage small businesses to go digital.
- With an election less than two months away, the Government has needed to strike a balance between budget repair and easing cost pressures for households without unduly fuelling inflation further. Whether the Government struck the right balance is contentious, but arguably the cash handouts are modest.
- Government debt is expected to peak earlier and at a lower share of GDP. Australia's debt position remains lower than other comparable countries and interest payments are projected to remain low as a share of GDP.
- Budget repair is important because it helps shield Australia in the next crisis or downturn. Over the longer term, the Federal Budget position is vulnerable to fiscal slippage.
- The pandemic gave rise to an opportunity to push forward sorely needed reforms to enhance productivity, including around innovation and tax, to support Australia's long-term growth. But this opportunity has largely been missed.

Australian Federal Budget
Underlying Cash Balance



Source: Federal Budget Papers

Australian Federal Budget
Net Debt



Source: Federal Budget Papers

What are the main themes?

- The mix of a faster-than-anticipated economic recovery and booming commodity prices have delivered a windfall to the budget bottom line. It has helped deliver improvements in the underlying cash deficit forecasts of $19.4 billion for 2021-22, $20.9 billion for 2022-23 and $103.6 billion over the five years to 2025-26. Government debt is expected to peak earlier and at a lower share of GDP than at the Mid-Year Economic and Fiscal Outlook (MYEFO).
- A decent chunk of the windfall has been banked. But some of the windfall has helped the government splurge, delivering $8.6 billion of relief to households for cost-of-living pressures. The cost-of-living package, together with spending for defence and disaster relief and recovery feature large in this Budget.
- Recent consumer surveys reveal higher prices, especially for fuel, are hurting households. With an election less than two months away, the Government has needed to strike a balance between budget repair and easing cost pressures for households without unduly fuelling inflation further. Whether the Government struck the right balance tonight is contentious, but arguably the cash handouts are modest.
- The economy is recovering with strong momentum, company profits are rising and the unemployment rate is at a 13½-year low and falling. Inflationary pressures and this momentum in the economy suggest the Reserve Bank will need to start hiking rates before too long. It also suggests fiscal settings no longer need to be as supportive.
- Most of the extra spending occurs in 2021-22 and 2022-23, with $8.9 billion and $17.2 billion of total spending and tax cuts, respectively. With a lot of momentum in the economy, this extra spending may further stoke inflation. Additionally, with over $250 billion of savings sitting on household balance sheets, a valid question to ask is whether households need significant support at this time. However, not all households are doing well and inflationary pressures typically affect those on lower incomes the most.
- The fast improvement in the economy has boosted the bottom line but these tailwinds will fade; there isn't much further recovery from COVID-19 left and the war in Ukraine has pushed up commodity prices, which should prove to be a temporary effect.
- Net debt is expected to stabilise at 33.1% of GDP in 2024-25 and 2025-26 – at $864.7 billion. This is still manageable, so long as there is a plan in place to slow down the growth and get the deficit under control.

Biggest winners

- The biggest winners are low-to-middle-income households with the Government's three-pronged cost-of-living package – featuring a one-off cost of living tax offset for income earners up to $125,000, a one-off cost of living payment for welfare recipients and a cut in the fuel excise.
- Households are winners, but businesses have also shared in some of the spoils with a $1.0 billion initiative to encourage small businesses to go digital. There is also continued investment in apprenticeships.
- Infrastructure spending featured heavily in recent Budgets and tonight's Budget is no exception. An additional $17.9 billion of spending on infrastructure projects has been committed over 10 years. This takes the total 10-year infrastructure pipeline to $120 billion. Additionally, $7.1bn has been allocated to transformational infrastructure (dams, roads and low emissions manufacturing hub).
- The war in Ukraine has pushed the issue of national security to the fore and defence spending has increased correspondingly. Defence spending will increase to more than 2% of GDP in 2021-22. This includes $38 billion to expand the Defence Force by over 18,500 personnel by 2040 and nearly $10 billion over 10 years for Australia's intelligence and cyber capabilities.

Where does the Budget fall short?

- Winston Churchill once famously remarked: "Never let a good crisis go to waste". Over the last few years, Australia has faced its largest economic crisis since the Great Depression. This provided the opportunity to undertake significant structural budget reform. That opportunity has largely been missed.
- Budget repair is important because it helps shield Australia in the next crisis or downturn. Over the medium to long term, the Federal Budget position is vulnerable to further fiscal slippage – that is, spending might be higher than forecast and revenues lower.
- And that's not to mention there could be election sweeteners involving more spending! The temptation could be too great for an incumbent government behind in the polls.
- The challenge is that the cost of running Australia is rising sharply, yet government revenues are limited by the Government's tax-to-GDP cap of 23.9%. Tax reform has also been slow. There will likely be a need for higher spending on the big areas of aged care, the NDIS, defence and disaster response.
- For sustainable budget repair, debt needs to grow slower than national income. Some might argue we can grow our way out of debt and higher spending. However, that assumes no downturns or new crises in the future and that the economy will evolve as expected. Also, whilst

growing your way out of debt works to some extent, a detailed review of spending and a re-prioritisation of spending is probably needed.

- More reforms around innovation, skills and training, and tax are required to promote economic growth over the longer term and lift productivity. Lifting productivity is ultimately what will help create jobs and deliver stronger real wages growth.
- The environment is another area where more could have been done. Government spending will be forced to increase to address the negative impacts of natural disasters, as they become more frequent. More could be done to accelerate the shift to renewable energy.

Deficits and Budget repair

- A stronger economic outlook, strong labour market, higher average wages, and higher-than-projected commodity prices have led to a sizable improvement in the budget balance.
- Over the forward estimates, 2021-22 to 2025-26, the budget deficit is projected to fall from $79.8 billion (3.5% of GDP) in 2021-22 (an improvement of $19.4 billion from the 2021-22 MYEFO deficit of $99.2 billion) to $43.1 billion (1.6% of GDP) in 2025-26. The sum of the budget deficits over the forward estimates is projected to total $304.5 billion.
- Since the 2021-22 MYEFO, the budget balance has improved by $103.6 billion over the five years to 2025-26. This is made up of $142.9 billion from the improved economic outlook and is partly offset by $39.3 billion of new policy decisions.
- A stronger labour market and higher average wages do much of the heavy lifting on the receipts side, with a $103.3 billion upgrade to individual and other withholding taxes over the five years to 2025-26.

When does the Budget return to surplus?

- Despite the improvement to the bottom line, the Budget is expected to remain in deficit throughout the forward estimates, falling to 0.7% of GDP by 2032-33 from 3.5% of GDP in 2021-22.
- Payments as a share of GDP are expected to decline from 27.8% of GDP in 2021-22 to 26.3% in 2025-26, before increasing slightly to 26.5% of GDP by the end of the medium term.
- Total receipts (including tax and non-tax receipts) as a share of GDP are more volatile, declining from 24.3% of GDP in 2021-22 to 23.8% of GDP in 2022-23, before moving higher and ending at 25.8% of GDP by the end of the medium term. The Government's self-imposed 23.9% tax-to-GDP cap kicks in from 2031-32.

What about the economic outlook?

- The Australian economy has weathered disruptions remarkably well over the past couple of years. In the December quarter of 2021, economic activity was already 3.4% higher than prior to the pandemic in real terms and 11.1% larger in nominal terms.
- Economic activity has bounced back faster than expected, even after considering various pandemic-related setbacks, notably the extended Delta lockdowns in the second half of 2021. Accordingly, the Government's key economic forecasts have been upgraded across the board since the last update in the December MYEFO.
- The Government expects solid real GDP growth of 4.25% in 2021-22. That strong momentum is expected to continue into 2022-23, with growth of 3.50%. Following the strong rebound, economic growth is expected to moderate to 2.50% in 2023-24 and remain at that level for the rest of the forward estimates. These forecasts appear reasonable, although we expect stronger outcomes for real GDP in 2021-22 and 2022-23.
- A key consideration for the Government is nominal GDP growth – or national income – which in turn is closely linked to tax revenue (rather than real GDP growth). Nominal GDP growth for 2021-22 was upgraded to 10.75%, from MYEFO's 6.50%, which is broadly in line with our forecast for 10.6% growth. Nominal GDP growth is then projected to slow sharply in 2022-23 to 0.5% as commodity prices fall. This is considerably lower than our projection of 6.8%, likely reflecting cautious assumptions around commodity prices and may point to a 'hollow log'.
- Demand for labour is strong and the jobs market has tightened faster than the Government previously projected. The unemployment rate hit 4.0% in February, and in the MYEFO the unemployment rate was forecast to remain at 4.25% out to 2024-25.
- The unemployment rate has not been consistently below 4.0% since 1974. The Budget forecasts now point to the unemployment rate declining to 3.75% in in the June quarter of 2022 and holding at that rate through to 2024-25, before increasing to 4.0%. We expect the unemployment rate will fall below 4.0% before the middle of this year.
- The Reserve Bank estimates an unemployment rate consistent with full employment is around the high 3s or low 4s. Similarly, the Budget assumes full employment is at 4.25%. At these levels, wages growth can be expected to pick up more materially. So far, official data shows wage gains have been slower to recover than the rest of the economy. But pressures are building alongside widespread reports of labour shortages. And the government's forecasts are for a stronger trajectory in wages growth.

- Commodity prices are currently much higher than projected at the MYEFO. The war in Ukraine has contributed to stronger commodity prices as worries about supply mount. Higher commodity prices boost national income and, in turn, tax receipts. This has been a key contributor to the improvement in the bottom line in 2022-23, but has less of an impact in other years.
- The iron ore price peaked around US$180 a tonne in the first half of 2021 and is currently trading around US$150 a tonne. In contrast, the MYEFO projected the iron ore price to decline to US$55 a tonne by the end of the June quarter 2022. Similarly, coal prices remain elevated relative to the Government's previous projections.
- Again, the Government based their revenue forecasts on a conservative set of commodity price assumptions – for example, assuming the iron ore price will decline to US$55 a tonne by September 2022. In turn, there is a good chance the bottom line will turn out better than forecast in this Budget. The Treasurer has defended this approach as "protecting the structural integrity of the budget" to prevent new spending being "baking in off the back of temporary revenue increases".
- Migration is expected to gradually recover now Australia's international border has reopened. After declining by 89,900 people in 2020-21, net overseas migration is projected to rise by 41,000 people in 2021-22 and shoot up to 180,000 in 2022-23. Net overseas migration is forecast to increase to 235,000 people in 2024-25 and 2025-26, in line with levels immediately before the pandemic.

Key Aggregates and Parameters*

	Actual	Forecasts				
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Budget Aggregates						
Underlying cash balance ($bn)	-134.2	-79.8	-78	-56.5	-47.1	-43.1
% of GDP	-6.5	-3.5	-3.4	-2.4	-1.9	-1.6
Net debt ($bn)	592	631.5	714.9	772.1	823.3	864.7
% of GDP	28.6	27.6	31.1	32.6	33.1	33.1
Major Economic Parameters						
Real GDP	1.50	4.25	3.50	2.50	2.50	2.50
Employment	6.50	2.75	1.50	1.50	1.00	1.00
Unemployment rate	5.10	4.00	3.75	3.75	3.75	4.00
Consumer price index	3.80	4.25	3.00	2.75	2.75	2.50
Wage price index	1.70	2.75	3.25	3.25	3.50	3.50
Nominal GDP	4.40	10.75	0.50	3.00	5.25	5.00

Source: Federal Budget 2022-23

*GDP data are percentage change on the previous year. The consumer price index, employment and wage price index are through the year growth to the June quarter. The unemployment rte is for the June quarter.

Projections point to lift in real wages

- Following the upgrade to forecasts for the jobs market, the projections also suggest more Australians should start seeing bigger pay rises. Wages growth (measured by the Wage Price Index) is expected to hit 2.75% in 2021-22 and 3.25% in 2022-23. The most recent data showed wages grew by 2.3% over the year to the December quarter of 2021.
- Real wages are shaping up as a key election issue with cost-of-living pressures in focus. Real wages have been going backwards as inflation heats up while wages have been slow to respond to the tightening in the labour market.
- One notable change in the forecasts is the government is now projecting real wage gains from 2022-23. In other words, nominal wages growth at 3.25% is projected to outpace growth in headline CPI at 3.00%.

Can we afford this deficit?

- In short, yes. During the COVID-19 pandemic, governments, including in Australia, enacted the largest and fastest fiscal policy response in peace-time history. This led to gross debt-to-GDP levels across the world increasing to around those seen at the end of World War II.
- This support was instrumental in helping countries get through the worst of the pandemic and to build a bridge to the other side. However, now that the worst of the pandemic is over, important questions are being asked about how sustainable the budget position is over the longer term.
- Gross debt is projected to peak at 44.9% of GDP at 30 June 2025, before stabilising and reducing to 40.3% of GDP by the end of the medium term. The peak in gross debt is 5.4 percentage points lower and four years earlier than was projected at MYEFO.
- Net debt is projected to stabilise at 33.1% of GDP in 2024-25 and 2025-26, before reducing to 26.9% of GDP by the end of the medium term.
- The Budget projects interest payments to remain low at around 0.7% of GDP over most of the forward estimates. As a point of comparison, as debt built up after the 1990s recession, net interest payments increased to 1.7% of GDP.
- Despite the large increase in debt levels, Australia's debt position remains lower than other comparable countries. Additionally, Australia is one of only nine countries which maintains a AAA credit rating from all three major credit rating agencies.
- A large portion of Australia's debt has been issued at long maturities and at low interest rates as central banks reduced interest rates to near zero and supported economies with unconventional monetary policies. As a result, the interest rate burden is expected to remain manageable into the future, although new debt issued will be at higher interest rates. The 10-year government bond, for example, is currently yielding around 2.90%, well up from the low of around 0.60% in early 2020.

Can we grow out of debt and higher spending?

- The Government's fiscal strategy is to focus on "growing the economy in order to stabilise and reduce debt" over the medium term. There are risks to implementing such a strategy.
- Firstly, this approach relies on the economic projections in the Budget papers. It means the underlying conclusions can be thrown off by a future recession and a subsequent need to increase debt to support the economy at that time.
- Secondly, high debt levels will require continued funding via interest payments on that debt. This reduces the funding available for other spending programs.
- Thirdly, high debt-to-GDP levels reduce the resilience of the government balance sheet and may lead to Australia's AAA credit rating being at risk during future recessions. A credit rating downgrade could lead to higher interest costs for the Australian Government, and subsequently, taxpayers.
- Finally, and arguably most importantly, high debt levels reduce the capacity for governments to provide support in times of economic stress in the future. Australia's strong budgetary position was a key pillar which assisted the Government to provide the level of support delivered during the pandemic.

The Budget and the RBA

- The normalisation in fiscal policy is coinciding with a normalisation in monetary policy. The Reserve Bank (RBA) has already pulled back a lot of its emergency support: quantitative easing, the three-year yield target and the term funding facility have all concluded. The key question now is when the RBA will hike the cash rate off the record low 0.10%.
- The Budget does not change our baseline scenario that the RBA will begin lifting the cash rate from August, although we wouldn't rule out a move in June or July, particularly in the context of additional inflationary pressures underpinned by higher commodity prices from the Ukraine conflict.
- The Government needs to strike a tricky balance between supporting consumers struggling with cost-of-living pressures and avoiding fuelling inflation. Cash handouts inevitably boost inflation. An aggressive boost to short-term demand risks forcing the RBA to lift interest rates faster and higher to curtail inflationary pressures.
- Interest-rate markets are fully priced for a 15 basis point rate hike to occur in June this year with six more 25 basis point rate hikes expected to follow before the end of this year. Our view is that the RBA will raise rates three times this year, taking the cash rate to 0.75%.

Budget Overview – Key Spending Measures

Cost of Living Package

- A centrepiece of this year's Budget was a broad cost-of-living package to support households as inflationary pressures rise across the economy.
- The total cost of the package is $8.6 billion over the forward estimates, with most of the cost falling in 2021-22 and 2022-23.

Cost of living tax offset

- The first element of this package is a $420 tax offset for low and middle-income taxpayers. This is an extension of the Low and Middle Income Tax Offset (LMITO). Australians earning under $126,000 will receive the additional $420 tax offset in the 2021-22 financial year.
- Those eligible for LMITO currently receive between $255 and $1,080 after they file their taxes. They will now receive between $675 and $1,500, paid out from 1 July 2022.
- More than 10 million taxpayers are expected to benefit from this offset, at a cost of $4.1b billion over the forward estimates.
- The LMITO is arguably one of the more controversial tax aspects of this Budget. The offset has been extended in the last two budgets. It was originally meant to be a temporary measure when it was introduced in 2019-20. The move to increase the offset follows pressure on the Government to provide relief to lower income earners from cost-of-living pressures. There was a lot of speculation in the lead up to the Budget as to whether the LMITO would be extended for a third time, meaning the funds will be received in 2023-24. However, a third extension did not materialise.

Cost of living payment

- The Budget delivered a one-off tax-exempt cash payment of $250 for eligible pensioners, welfare recipients, veterans and concession card holders. The payment will be made to around 6 million people at a cost of $1.5 billion.

Temporary fuel excise cut

- The final element of this package is a 50% cut to the rate of fuel excise, from 44.2 cents per litre to 22.1 cents per litre for six months (until 28 September 2022). This is expected to cost $3.0 billion over 2 years.
- The Treasurer indicated that the change will save a family with two cars who fill up once a week $30 per week or around $700 over the next six months. Petrol prices have spiked since the war in Ukraine began and increased by more than 30% over 2022. Average unleaded petrol prices rose from around 160 cents per litre over the week at the start of the year to over 200 cents per litre in the week ending 27 March.
- The Government has not frozen the rate of indexation of fuel excise, as was done by the Howard Government in 2001. This is a prudent call. Freezing the rate of indexation was widely viewed as a poor policy decision. It negatively impacted the structural budget balance and led to fuel excise revenue declining as a share of total revenue.
- Indirect taxes (such as fuel excise) are an efficient source of revenue for government. The fuel excise is effectively a consumption tax, which are more efficient than many other taxes (such as income taxes). Fuel excise also acts as a de-facto pollution tax, encouraging consumers to switch to more fuel-efficient vehicles and/or reduce how much they drive.

Aged Care

- An additional $458.1 million over 5 years will be provided to support older Australians in the aged care sector with managing the impacts of the pandemic. The major element of this package includes $215.3 million over 2 years to fund an $800 bonus payment for aged care workers. Under the scheme, workers providing care in government-subsidised home care or in residential aged-care facilities will receive the payment.
- Spending of $468 million over 5 years will be provided to further implement the Government's response to the Royal Commission into Aged Care Quality and Safety.

Business Initiatives

- Small businesses, with aggregated annual turnover less than $50 million, will be able to deduct a bonus 20% of the cost of business expenses and depreciating assets that support digital uptake, up to $100,000 of expenditure per year. The Technology Investment Boost will apply to eligible expenditure incurred between Budget night and 30 June 2023. It will support investment in digital items such as cloud computing, cyber security, accounting and e-invoicing software, and web page design.
- The Boost is estimated to provide $1.0 billion in tax relief, encouraging small businesses to invest more in digital products, accelerate digital transformation and create jobs.
- Small businesses will also have access to a bonus 20% deduction for the cost of external training courses delivered to their employees by providers registered in Australia. The Skills and Training Boost is estimated to provide $550 million in tax relief for small businesses, incentivising them to upskill their employees. This boost will apply to eligible expenditure incurred between Budget night and 30 June 2024.

Covid Response Package

- Spending of $2.6 billion will be directed towards the procurement and distribution of rapid antigen tests (RATs) and COVID-19 related personal protective equipment (PPE).
- An extra $1.0 billion over 2 years for the continued rollout of the COVID-19 vaccines.
- There will be an additional $892.1 million in funding over 2 years to support the continued health response, more

than half of which will be committed to pathology to improve detection of COVID-19.

- Funding of $146.5 million over three years to support the recovery of the tourism sector and $543.5 million over two years to support the aviation sector.

Climate Spending and Disaster Relief

- An additional $1.0 billion over nine years towards the protection of the Great Barrier Reef. The program will be focused on improving water quality, protecting the reef ecosystems, research and development, and strengthening partnerships with Traditional Owners.
- $446.1 million over five years to increase energy security, maintain affordable and reliable power, and reduce the cost of deploying emissions technologies. Funding will be targeted towards supporting private sector investment in low emissions technologies.
- The Government expects to spend more than $6 billion on disaster relief and recovery as a result of the recent flooding in Queensland and NSW. This support is provided both through direct Commonwealth expenditure, and jointly funded measures through the Australian Government-State Disaster Recovery Funding Arrangements.

Defence

- The war in Ukraine has pushed the issue of national security to the fore and will likely herald a new era of global defence spending. The conflict has illuminated escalating tensions in the Indo-Pacific region and underscored a nervous reaction to a recent pact between China and Solomon Islands. This will likely underpin a structural increase in Australia's defence outlay.
- $9.9 billion of funding over 10 years to establish a Resilience, Effects, Defence, Space, Intelligence, Cyber and Enablers (REDSPICE) package. REDSPICE will triple Australia's offensive cyber capabilities and protect our most critical systems by keeping pace with the cyber capabilities of potential adversaries. The package represents the largest ever investment in Australia's intelligence and cyber capabilities.

Education

- $3.7 billion to establish a new National Skills Agreement with the capacity to deliver an additional 800,000 training places. The package will increase investment in Australia's skill development and help address critical skill needs.
- $1.3 billion over 5 years towards a new Australian Apprenticeships Incentive System and other measures to support employers to engage and retain new apprentices.
- Investment of $988.2 million towards a university research reform package driving university-industry collaboration, workforce mobility and research translation and commercialisation.

Health

- New and amended listings will be added to the Pharmaceutical Benefits Scheme (PBS) at a total cost of $2.4 billion.
- The PBS safety net threshold will also be reduced from $1,542.10 to $1,457.10 for general patients and from $326.40 to $244.80 for concessional patients, at a total cost of $525.3 million. This will lower out-of-pocket medical expenses for around 2.4 million people.
- Agreement to co-fund the construction of the first mRNA vaccine manufacturing facility in the Southern Hemisphere. The project will be co-funded by the Federal Government, Victorian Government, and Moderna. The facility will be capable of producing 25 million vaccine doses per year and will have capacity to scale production up to 100 million doses per year.
- $547.0 million will be spent over five years to implement reforms through the National Mental Health and Suicide Prevention Plan.

Housing

- The Budget includes several policies to support home ownership, although they are unlikely to deliver a significant and widespread improvement to housing affordability and rent pressures. The policies add to housing demand and may contribute to further upward price pressure in certain segments of the market.
- The Family Home Guarantee will be extended with an extra 5,000 spots made available each year from July 2022 to June 2025. The guarantee helps single parents with a minimum 2% deposit avoid Lender's Mortgage Insurance because the government guarantees the loan.
- The First Home Guarantee (previously the First Home Loan Deposit Scheme) will be extended for a third year with places increasing from 10,000 to 35,000 each year from July. The scheme allows first-home buyers to build or buy a newly built house with a minimum deposit of 5%.
- A new Regional Home Guarantee that will support eligible citizens and permanent residents who have not owned a home for 5 years to purchase a new home in a regional location with a minimum 5 per cent deposits. There will be 10,000 spots available per year to June 2025.

Infrastructure

- The government has announced an additional $17.9 billion towards road, rail, and community infrastructure projects. This takes the rolling 10-year infrastructure spending pipeline to a record $120 billion.
- Some big-ticket items include $2.3 billion for the North-South corridor in South Australia, $1.6 billion towards the Beerwah-Maroochydore rail extension in Queensland, $1.2 billion on the Beveridge interstate freight terminal in Victoria and $1.0 billion on the Sydney to Newcastle and Tuggerah to Wyong rail upgrade in NSW.

- The Local Roads and Community Infrastructure program will be extended until 2025-26 at a cost of $501.7 million.
- A $6.9 billion dollar package to expand investment in transformation water infrastructure projects. This includes $5.4 towards the construction of Hells Gate Dam on the Upper Burdekin River in North Queensland.
- Spending of $1.3 billion over six years to improve regional telecommunications and internet access. Including $480 million to significantly upgrade NBN fixed wireless services in regional areas.

Manufacturing

- The government announced an extra $328.3 billion towards the Modern Manufacturing Strategy, including $250.0 million for the Integration and Translation Streams of the Modern Manufacturing Initiative to help manufacturers to translate ideas into commercial outcomes.
- This builds on the $1.5 billion Modern Manufacturing Strategy announced in 2020-21 Budget.

Regional Australia

- The government has announced the Regional Accelerator Program to drive economic growth and productivity in regional areas. This was announced alongside the significant additional infrastructure spending in regional areas.
- The program will cost $2.0 billion over 5 years and will provide funding to regional businesses and communities to access programs targeted to local priorities in areas including infrastructure, manufacturing, training, research and education.

Superannuation

- The Government extended the 50 per cent reduction in the superannuation minimum drawdown requirements for a further year to 30 June 2023. The policy reduces the amount pensioner's must withdraw from their superannuation accounts each year.

Women

- $1.3 billion of funding over 6 years from 2021-22 towards reducing all forms of family, domestic and sexual violence against women and children. Funding will be targeted across the full 'life-cycle' of violence including prevention, early intervention, response and recovery.

For more information

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