



Federal Budget Highlights

The federal government has announced its Budget for the 2021–22 financial year. New spending initiatives are focused on a transition from broad-based support for the economy to a more targeted approach. This targeted approach supports a wide range of sectors in the economy and some policy areas where much-needed support is required.

For Businesses and Institutions



- The **tax rate for small and medium companies** has been ratcheted down for a number of years. From 1 July 2021 the tax rate will drop to 25% (from 30% in 2014/15)
- The temporary full expensing of **capex** and temporary loss carry-back provisions will be extended to include the 2022/23 financial year. These two measures are expected to provide an additional \$20.7bn in tax relief over the forward estimates
- Small **craft brewers and distillers** will receive up to \$250,000 in tax breaks
- There are provisions to reduce taxes on **R&D** and a tax offset for **digital game** development
- There is \$1.2bn in spending to support the **tourism and aviation sectors**. Measures include more than 800,000 half price air fares
- There is \$300m for support of the **creative and cultural sector**

For Individuals



- An extra \$1.7bn has been allocated to **child care**. Costs will fall for families with two or more children in child care, and the annual cap on the subsidy will be removed. These changes will come into effect from 1 July 2022
 - The **low and middle income tax offset (LMITO)**, due to expire 30 June 2021, has been extended for another year. This offset gives workers earning less than \$126,000 per year up to \$1,080 of tax relief. This extension is expected to cost \$7.8bn
 - The new **Family Home Guarantee program** will help single parents buy a home. This program allows single parents with a household income of less than \$125,000 to buy a home with a deposit of just 2%. The government guarantees the remainder of the deposit. There will be 10,000 places available from 1 July 2021
 - The existing **New Home Guarantee program** has been extended, with another 10,000 places added. This program allows first home buyers to build or buy a new home with a deposit of just 5% with the government guaranteeing the remainder of the deposit
 - The **First Home Super Saver Scheme (FHSSS)** has been tweaked. Currently, anyone seeking to save a deposit for their first home can make voluntary contributions to their superannuation fund, capped at \$15,000 a year, to take advantage of the special tax treatment of super. The maximum they can save under the scheme is \$30,000. That cap has been raised to \$50,000 in the Budget
 - The government already allows older Australians to make a post-tax **downsizer contribution** to super when they sell their family home. From 1 July 2022 the minimum age will be lowered from 65 to 60. This policy is designed to encourage downsizing and free up larger homes for families
 - The Budget scraps the \$450 per month **superannuation threshold** allowing super contributions to be paid on amounts less than this
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Key Focus Areas

Health

- The government has committed an extra \$13.2bn over four years to the **National Disability Insurance Scheme (NDIS)**. More health services will be included on the **Medicare Benefits Schedule**, and more medications will be included on the **Pharmaceutical Benefits Scheme**
- The Budget allows for \$2.3bn for the provision of **mental health** prevention and treatment services over the forward estimates



Women

- There is a \$1.1bn package of initiatives to support the **victims of domestic violence** and funding for **legal support for women**
- The government has set aside \$16.6m for programs that address **women's health**

Infrastructure

- Funding for **transport infrastructure** is a feature of the Budget, with an extra \$15.2bn of spending over 10 years
- **Infrastructure spending** of \$110bn is planned over the next decade



Aged Care

- The Budget has included an extra \$17.7bn for **aged care** over five years. The funding will train an additional 33,800 staff, provide support for the elderly to stay in their own homes and mean more resources for residential facilities

Education

- There is \$6.4bn earmarked in the Budget for **skills training** and subsidies for **apprenticeships**
- There is \$2bn set aside for spending from 2022 to 2025 for **pre-school** funding

ESG and Sustainability

- \$565.8m has been allocated for international **technology partnerships/initiatives** and co-funding research and demonstration projects
- \$275.5m will accelerate the development of four additional **clean hydrogen hubs** and implement a clean hydrogen certification scheme
- \$263.7m will support the development of **carbon capture, use and storage (CCS/CCUS)** projects
- \$316.7m is earmarked to help industry and businesses reduce their emissions through voluntary action and adopting **low emissions technology**