

October 2022 Budget Briefing

Summary

Treasurer Jim Chalmers has handed down a budget defined by the 'exercise of restraint' and targeted spending in the face of intensifying fiscal challenges and persistent structural deficit. With Australia's economy battling grave global headwinds, high inflation and rising interest rates, the Government has prioritised budget repair, modest cost-of-living relief, first-home buyers, new parents and skills in a budget that seeks to build a resilient economy and deliver on election commitments while exercising spending discipline. Highlights for the tech sector include a focus on skills, renewables and connectivity.

Key Economic Indicators

- The underlying **cash deficit** in 2022-23 is expected to be **\$36.9 billion**
- **Gross debt** as a share of the economy is expected to be **37.3%** of GDP
- **3¼% economic growth** in 2022-23, which will slow to **1½%** in 2023-24
- **Unemployment rate** forecast to rise to **4½%** by the June quarter of 2024
- **Inflation** forecast to peak at **7¾%** by end-2022, before easing over the following 2 years.
- Real wages not expected to start growing again until **2023-24**

Budget Highlights

\$42.2m



For additional Department of Home Affairs staff to clear **visa backlogs**.

\$2.4b



in NBNCo to extend fibre access to **1.5m more premises**.

\$921.7m

For the vocational sector including 480,000 fee-free **TAFE and community-based vocational education places** over five years and \$50m over two years to establish a TAFE Technology Fund to modernise IT infrastructure, workshops, laboratories, telehealth simulators, and other facilities.



\$20bn For the **Rewiring the Nation Fund** to expand and modernise Australia's electricity grids, unlocking new renewables and storage capacity including **\$800m** for subsidising electric cars, building national electric and hydrogen charging stations and solar battery storage for homes.



\$4.7bn in making **childcare** more affordable for 96% of families over 4 years.



\$1.2bn For the **Better Connectivity for Regional and Rural Australia Plan** including **\$400m** for mobile base stations, **\$200m** for the Regional Connectivity Program, **\$40m** for the Mobile Black Spot Program, **\$39.1m** for the Peri-Urban Mobile Program & **\$30m** for the On Farm Connectivity Program.



Budget Highlights

\$5.8m

for Women in Science, Technology Engineering and Mathematics (**STEM**) programs

\$4.8m

over 4 years to develop **quantum** technology, sponsoring up to 20 PhDs



\$531.6m

To expand Paid Parental Leave to 26 weeks by 2026



\$11.5m over 4 years for the Australian Public Service Commission to establish an **APS Digital Traineeship Program** to support early to mid-career transitions into digital roles



\$15bn National Reconstruction Fund to support a future made in Australia over 7 years through co-investments in resources; agriculture, forestry and fisheries sectors; transport; medical science; renewables and low emission technologies; defence capability; and enabling capabilities.



\$31.3m investment in government cyber resilience and security by extending the whole of government **Cyber Hubs** pilot.

\$13.5m

to strengthen coordinated policy capability to identify, assess and support Australian development of **critical and emerging technologies**



\$30m For a **Royal Commission** into the **Robodebt Scheme** inquiring into the establishment, design, implementation and outcomes of the scheme

\$141.1m over 10 years in **carbon capture technologies** prioritising technology development for hard-to-abate industrial sectors, accelerating **carbon dioxide removal** and **negative emissions** technologies.



\$59.9m over 4 years support the operations of the Australian Human Rights Commission, upgrade **ICT infrastructure** supporting Commonwealth prosecutions, and respond to the Optus data breach



\$12.9m over 4 years to establish **Jobs and Skills Australia** to provide national leadership and advice on Australia's labour market, and skills and training needs and work in concert with industry, employers, unions and governments

\$7.1m over 2 years for the Department of Finance to implement an interim policy and reporting framework as part of the Government's commitment that the **APS**, excluding security agencies, will commit to **net zero emissions** by 2030



\$20.3m over 4 years to establish an outreach program to empower Australian farmers and land managers to participate in carbon markets and integrate **low-emission technologies and practices**.



\$312.6m for essential **aged care information and communication technologies** system maintenance and enhancements



\$485.5m over 4 years (and \$563.8 million over 11 years) for **20,000 additional Commonwealth supported places** at universities and other higher education providers commencing in 2023 and 2024



\$12.9m over 4 years to establish **Jobs and Skills Australia** to provide national leadership and advice on Australia's labour market, and skills and training needs and work in concert with industry, employers, unions and governments

\$95.6m over 9 years to support **10,000 New Energy Apprenticeships** with a focus on targeted groups



Key Graphs

		Actual	Estimates				
		2021-22	2022-23	2023-24	2024-25	2025-26	Total (a)
		\$b	\$b	\$b	\$b	\$b	\$b
Underlying cash balance	\$b	-32.0	-36.9	-44.0	-51.3	-49.6	-181.8
	% of GDP	-1.4	-1.5	-1.8	-2	-1.8	
Gross Debt	% of GDP	39	37.3	40.8	42.5	43.1	
Net Debt	% of GDP	22.5	23	25.8	27.4	28.5	

(a) Total is equal to the sum of amounts from 2022-23 to 2025-26

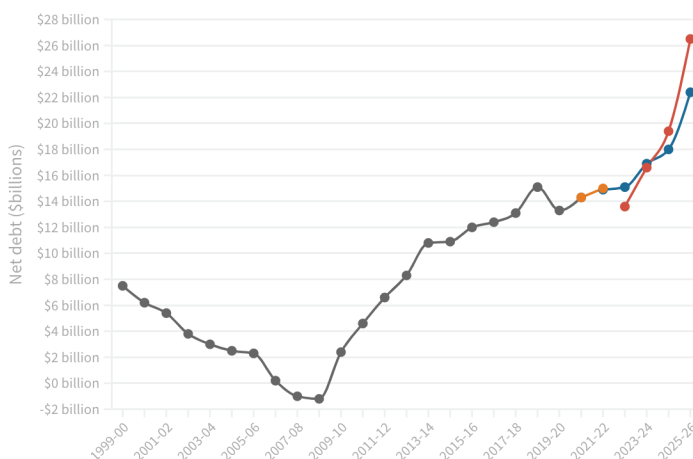
Top spends

Cheaper childcare	4,700,000,000
Fixing aged care	2,500,000,000
COVID-19 package	1,650,000,000
Foreign aid	1,400,000,000
Vocational education	852,000,000
Cheaper medicines	696,000,000
Affordable housing	645,000,000
Disaster Ready Fund	630,000,000
Emergency payments	599,000,000
Community sector payments	560,000,000

Source: TREASURY PAPERS

Net debt projections

- Net interest payments (\$billions)
- Net interest payments (projected in March budget) (\$billions)
- Net interest payments (latest data) (\$billions)
- Net interest payments (projected in October budget) (\$billions)

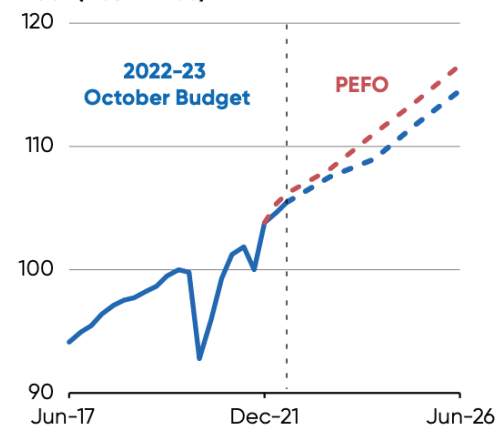


Data sources. Historical data - Australian Government Final Budget outcomes. March 2022 Federal Budget. October 2022 Federal Budget.

A Flourish chart

Real GDP

Index (Dec-19=100)



Source: ABS Australian National Accounts: National Income, Expenditure and Product, and Treasury.

Sources, from top: Budget Papers; Fairfax Media; Fairfax Media; Budget Papers

For more information: budget.gov.au

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