

2024-2025 Federal Budget Analysis

15 May 2024

Overview

The 2024-2025 Federal Budget delivered by Treasurer Chalmers on 14 May 2024, carefully navigated the inflationary environment of the Australian economy, whilst also delivering cost-of-living measures for many struggling Australian families.

A cynic would say that with a federal election looming, it is no surprise that every taxpayer will receive a tax cut, every household will receive a \$300 energy rebate, HECS indexation will change, and there will be a freeze on PBS medication prices.

But the budget goes beyond cynicism and attempts to address some of the biggest challenges facing Australia and the globe.

Following the USA's Inflation Reduction Act aimed at chasing investors in clean energy technology, the Albanese Government's Future Made in Australia (FMIA) plan is designed to address Australia's competitive future as we head towards a goal of net zero, compete with the US, and build our own sovereign manufacturing base. Flagged in a speech a few weeks ago, this budget now puts money and detail behind the FMIA announcement.

Funding allocations across health, aged care, infrastructure, energy and resources, defence and technology all signal policy priorities and imperatives for a Federal Government facing an election.

“These cost-of-living measures have been carefully designed to take pressure off Australians doing it tough and to directly reduce inflation.”



Future Made in Australia

FMIA is the centre piece policy for the Albanese Government with overall funding of around \$23 billion over the next decade to drive net zero focussed economic transformation and economic security and resilience.

The big winners are renewable energy (particularly renewable hydrogen) and critical minerals (largely through new production tax credit schemes), along with green metals and low carbon fuels.

There is also a range of enabling skills, workforce initiatives and geological mapping. The detail on how this will work will come with further consultation on the legislative vehicle - the Future Made in Australia Act.

The Government did not announce any changes allowing FMIA to leverage its major investment funds, or the superannuation system as previously hinted at by the Prime Minister and Treasurer.

There was no money for fossil fuels.



FMIA Details

Attracting and enabling investment - \$186.7 million, including:

- \$168.1 million for prioritising and streamlining approval decisions for renewables and foreign investment.
- Establishing a 'front door' concierge style service as an entry point for investors in major transformational projects under a new National Interest Framework.
- Application of Community Benefit Principles to ensure projects deliver social and workforce benefits.

Making Australia a renewable energy superpower - \$11.4 billion, including:

- An additional \$1.5 billion for ARENA to support commercialisation of net zero critical technologies and a new \$1.7 billion FMIA Innovation Fund for deployment of innovative technologies in green metals, batteries and low carbon liquid fuels.
- \$6.7 billion for a Hydrogen Production Tax Incentive (\$2 per kilogram of renewable hydrogen produced between 2027-28 and 2039-40).
- An additional \$1.3 billion top-up for Hydrogen Headstart.
- \$27.7 million for community renewable energy system grid integration.

Value-adding to resources and strengthening economic security – \$8.7 billion, including:

- \$7 billion for a Critical Minerals Production Tax Incentive valued at ten per cent of relevant processing and reefing costs for minerals produced between 2027-28 and 2039-40.
- \$1.5 billion to build capability in solar and battery manufacturing that strengthens supply chain resilience (Solar Sunshot and Battery Breakthrough Program).

Backing Australian Ideas - strengthening our innovation, digital and science capabilities - \$1 billion, including:

- \$466.4 million to build quantum computing capabilities.
- \$566.1 million for Geoscience Australia to map Australia's critical mineral endowments and groundwater systems.
- A strategic examination of Australia's R&D system.

Investing in people and places - \$637 million, including:

- \$91 million investment into the clean energy workforce.
- \$209.3 million for the Net Zero Carbon Authority to act as a catalyst.
- \$76.6 million for continued engagement with our Pacific and international partners on the climate and energy transition.

Health

Budget provisions for Health are built around primary care and continued focus on strengthening Medicare.

There is increased support to address mental health service shortfalls, increased access to cheaper medicines via the previously announced 60-day prescriptions, and funding for early detection.

Women's health received a number of funding boosts, and the Government's pivot to focus on preventative health has also taken priority.

- \$116.2 million over five years to strengthen and support the health workforce, to support implementation of the Kruk Review, extend the General Practice Incentive Fund and two measures to support First Nations medical practitioners.
- \$71.0 million over four years from 2024-25 to continue support services, programs and research to improve cancer outcomes for Australians, with funding streams for bowel and skin cancer.
- An additional \$1.4 billion over 13 years from 2024-25 through the Medical Research Future Fund.
- For Mental Health \$888.1 million over 8 years from 2024-25 (and \$139.8 million per year ongoing) to respond to the Better Access evaluation and to strengthen Australia's mental health and suicide prevention system. This includes funding for digital services, wrap around care, child and youth service uplift.
- \$3.4 billion over five years for new and amended listings on the Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme.
- \$514.8 million over four years from 2024-25 to support preventive and other health initiatives, including for the National Medical Stockpile, Parkinson's support and chronic disease.
- \$480.2 million over five years to reduce patient costs and improve access to medicines.
- \$1.2 billion over five years (\$14.8 million per year ongoing) to strengthen Medicare by supporting earlier discharge from hospital for older Australians, improving access to essential services, modernising Australia's digital health infrastructure and ensuring the integrity and compliance of Medicare.
- \$227.0 million over three years to boost the capacity of Medicare Urgent Care Clinics. This will include a further 29 Medicare Urgent Care Clinics across Australia.
- 895.6 million over four years from 2024-25 to ensure the Medicare Benefits Schedule (MBS) remains clinically appropriate and reflects modern medical practices, including additional support for pathology, maternity, endometriosis and pelvic pain and others.
- \$56.1 million over four years from 2024-25 (and \$0.4 million per year ongoing) to improve access to sexual and reproductive healthcare for women, including dedicated rural and remote First Nations support, miscarriage and awareness including Stillbirth, support for a virtual contraception choice decision making tree and long-acting reversible contraception insertion and removal training.
- PBS-listed medicines to be frozen, for all with Medicare cards, at \$31.60 for next two years. For concession card holders and pensioners, prices will be frozen for five years, will remain at \$7.70.

Aged Care

Aged Care received a boost at \$2.2 billion over five years, with increases in Home Care Packages, alongside a focus on boosting digital integration and increased support for dementia care.

There is also an allocation of funding directed around the Aged Care Act and various changes that will be required to support this.

- \$531.4 million in 2024-25 to release 24,100 additional home care packages.
- \$1.2 billion over five years for sustainment of, and essential enhancements to, critical aged care digital systems so they remain legislatively compliant and contemporary and can support the introduction of the new Aged Care Act from 1 July 2025.
- \$110.9 million over four years from 2024-25 to increase the regulatory capability of the Aged Care Quality and Safety Commission as part of the Government's response to the Final Report of the Capability Review of the Aged Care Quality and Safety Commission, and to implement a new aged care regulatory framework from 1 July 2025.
- \$65.6 million over four years from 2024-25 to attract and retain aged care workers, collect more reliable data, and improve the outcomes for people receiving aged care services through existing aged care workforce programs.
- \$21.6 million over three years from 2024-25 to extend the Home Care Workforce Support Program for an additional three years to facilitate the growth of the care and support workforce in thin markets.
- Dementia focused funding with \$1.7 million in 2024-25 for the Australian Dementia Network to continue preparing the health system for developments in biomarkers and disease-modifying therapies; and \$30.4 million over three years to states and territories to continue to deliver the Specialist Dementia Care Program.



NDIS

After national debt, the NDIS is the second fastest growing budget liability.

The NDIS Review report was released last year, with the Minister currently working through the recommendations. As an initial step the Minister introduced the *National Disability Insurance Scheme Amendment (Getting the NDIS Back on Track No. 1) Bill 2024*.

\$468.7 million over five years from 2023-24 (and \$37.9 million per year ongoing) to support people with disability and get the NDIS back on track. This includes:

- \$160.7 million over four years from 2024-25 (and \$24.6 million per year ongoing) to upgrade the NDIS Quality and Safeguards Commission's information technology systems.
- \$129.8 million over two years from 2023-24 for design and consultation work to respond to the findings of the Independent NDIS Review.
- \$83.9 million over two years from 2023-24 to boost fraud detecting information technology systems at the National Disability Insurance Agency.
- \$45.5 million over four years from 2024-25 (and \$13.3 million per year ongoing) to establish a NDIS Evidence Advisory Committee.
- \$23.5 million over two years from 2024-25 for Services Australia to continue fraud investigation and response activities as part of the Fraud Fusion Taskforce.
- \$20.0 million over two years from 2024-25 for initial design and consultation work on reforms to help participants and people with disability navigate services.
- \$5.3 million in 2024-25 for the Independent Health and Aged Care Pricing Authority.



Transport & Infrastructure

Building on the Independent Strategic Review of the Infrastructure Investment Program, the Government is taking a more integrated, strategic approach to infrastructure investment.

The Budget outlines funding for new priority infrastructure projects under the Infrastructure Investment Program.

- \$4.1 billion over seven years from 2024-25 for 65 new priority infrastructure projects across Australia under the Infrastructure Investment Program, including \$1.9 billion for projects in Western Sydney, \$115 million for the Zero Emissions Buses Tranch 1 Macquarie Park Depot, and \$134.5 million for the Mt Crosby Road Interchange Upgrade in Queensland.
- \$10.1 billion over 11 years from 2023-24 for existing projects in the Infrastructure Investment Program, including \$3.3 billion for the North East Link, \$1.2 billion for the Direct Sunshine Coast Rail Line and \$133.6 million for projects in South Australia including the South Eastern Freeway Upgrade.
- \$540 million to improve the resilience and reliability in key locations of the Australian Rail Track Corporation's interstate freight rail network. The ARTC have committed to funding a further \$500 million through their Network Investment Program bringing the overall commitment to more than \$1 billion.
- \$150 million for the Maroona to Portland Line Upgrade in Victoria.
- \$1 billion for the Roads to Recovery program, which provides funding to local government areas for the construction and maintenance of local road infrastructure.
- \$100 million over four years from 2025-26 for an Active Transport Fund to deliver and upgrade bicycle and walking paths across Australia.
- \$154.5 million over six years from 2023-24 (and \$12.6 million per year ongoing) to implement a New Vehicle Efficiency Standard, including \$84.5 million to establish a regulator and \$60 million to install electric vehicle charging infrastructure.
- \$78.8 million over three years from 2023-24 for the development of a business case for the Sydney to Newcastle high speed rail corridor.



Defence & National Security

Informed by the outcomes of the Defence Strategic Review, the Government has significant forecast spending in Defence, to support and uplift in capabilities as outlined in the 2024 National Defence Strategy and 2024 Integrated Investment Program.

Defence investment spans all domains including maritime, land, air, space and cyber.

- \$50.3 billion over ten years from 2024-25 (and \$7.7 billion per year ongoing) to deliver the 2024 National Defence Strategy and Integrated Investment Program and support a shift in Defence's force posture, structure and capability priorities.
- \$101.8 million over seven years from 2024-25 to continue to build the Australian industrial workforce required to support the delivery of Australia's conventionally-armed, nuclear-powered submarines. There will be a particular focus on local skill development, training, workforce capacity.
- The newly created Australian Submarine Agency will create 900 new public service jobs alone by 2026-27 to support the delivery of the new subs.
- \$17.5 million over ten years from 2024-25 (and \$1.8 million per year ongoing) to establish a new Parliamentary Joint Committee on Defence, which will support increased oversight, transparency and accountability of the Defence portfolio.
- \$232.2 million over three years from 2023-24 to provide regional and global assistance and support peacekeeping activities.
- \$59.6 million over three years from 2024-25 to continue access to health and support services for veterans and their families.
- \$448.7 million over 11 years from 2023-24 (and an average of \$43.2 million per year ongoing from 2034-35) establish Australia's partnership with the USA on the next generation of the Landsat satellite earth observation program.
- \$206 million to improve Cyber Security of Regulators and Registers.
- \$288.1 million –to expand Australia's Digital ID System.



Social Services

Whilst there was no increase on welfare payments, the Government has introduced measures to boost the amount of rental support welfare recipients will be eligible for.



- \$9.6 million over five years from 2023-24 (and \$1 million per year ongoing) in additional resourcing to further support informed policy advice to Government to end gender-based violence.
 - × \$1.3 million for a rapid review of targeted prevention approaches to violence against women, with a panel of experts to provide advice to Government on preventing gender-based violence.
 - × \$4.3 million in 2024-25 for Australia's National Research Organisation for Women's Safety (ANROWS) to further build the evidence base on pathways into and out of perpetration of family, domestic and sexual violence.
 - × \$3.9 million over four years in additional resourcing for the Office for Women to support whole of government coordination efforts and complement the work of the Department of Social Services to deliver on the Government's continued response to gender-based violence.
- \$41.2 million over five years from 2023-24 (and \$7 million per year ongoing from 2028-29) to extend eligibility for the existing higher rate of JobSeeker payment to single recipients with a partial capacity to work of zero to 14 hours per week from 20 September 2024.
- \$2.4 million over two years from 2024-25 for the Department of Social Services to develop a community sector partnership framework, in consultation with the Community Services Advisory Group.
- \$18.6 million over five years from 2023-24 (and \$3.1 million per year ongoing) to support Carer Payment recipients through increased flexibility to undertake work, study and volunteering activities.
- \$1.1 billion over five years from 2023-24 (and \$0.6 billion per year ongoing) to strengthen Australia's government-funded Paid Parental Leave (PPL) scheme and improve women's retirement outcomes. This includes:
 - × \$1.1 billion over four years from 2024-25 (and \$0.6 billion per year ongoing) to pay superannuation on Commonwealth government-funded PPL.
 - × \$10.0 million over two years from 2024-25 to provide additional support for small business employers in administering PPL.
 - × \$1.4 million over two years from 2023-24 to update communication products and documents for potential PPL recipients.
- The Government will provide \$253.6 million over five years from 2023-24 (and \$19.0 million per year ongoing) to reform employment services and supports for people with disability.
- The Government will provide \$14.3 million over five years from 2024-25 to extend and expand existing community support for parents and caregivers.

Communications & Technology

With the Online Safety Act review underway and Minister Rowland stating the Government will continue work on the draft Misinformation and Disinformation bill soon, we should expect to see more happening in this sector over the next year.

- \$6.5 million will be committed to trialling the age verification scheme.
- The Government will provide \$7.9 million over two years from 2024-25 to support online safety including:
 - × \$6.5 million in 2024-25 to develop a pilot of age assurance technologies to protect children from harmful online content.
 - × \$1.4 million over two years from 2024-25 for the Office of the eSafety Commissioner to support legal and compliance functions under the Online Safety Act 2021.
- \$39.9 million over five years from 2023-24 for the development of policies and capability to support the adoption and use of artificial intelligence (AI) technology in a safe and responsible manner.
- \$1.0 million over two years from 2024-25 to fund education and awareness of the Government's new mandatory minimum classifications for gambling-like content in computer games.
- \$1.2 billion in 2024-25 from the Government's broader \$2.4 billion equity investment will be released to support NBN Co's ongoing fibre upgrade program.



Indigenous Affairs

- \$777.4 million over five years from 2023-24 (and \$255.5 million per year ongoing) to establish the Remote Jobs and Economic Development Program, which will create 3,000 jobs in remote Australia and support income support recipients move into paid employment.
- \$151.4 million over four years from 2024-25 (including \$3.0 million in capital funding in 2024–25) to accelerate progress under the National Agreement on Closing the Gap. Spending focus areas include health, education, safety, wellbeing, schooling and justice services.
- \$110.0 million over four years from 2024-25 (and \$11.0 million per year ongoing) to accelerate action against the National Agreement on Closing the Gap Priority Reforms in the Education portfolio and extend programs supporting education outcomes.
- \$5.9 million over two years from 2024-25 to establish interim arrangements for the National Commissioner for Aboriginal and Torres Strait Islander Children and Young People.
- \$12.8 million over four years from 2024-25 to extend the Indigenous Youth Connection to Culture program which supports First Nations youth in 12 communities through place-based activities to reduce suicide rates and improve mental health outcomes.
- \$10.0 million in 2024–25 to maintain funding to deliver targeted and culturally appropriate mental health supports for First Nations Australians.
- \$68.0 million over four years from 2023–24 to support First Nations digital inclusion.

Higher Education

In response to the Universities Accord released in early 2024, the budget contains a significant change to how HECs is indexed and some financial support for students completing placement as part of their degree.

The Albanese Government has set an overall ambitious tertiary education attainment target of 80 per cent of working aged people by 2050.

Key measures include:

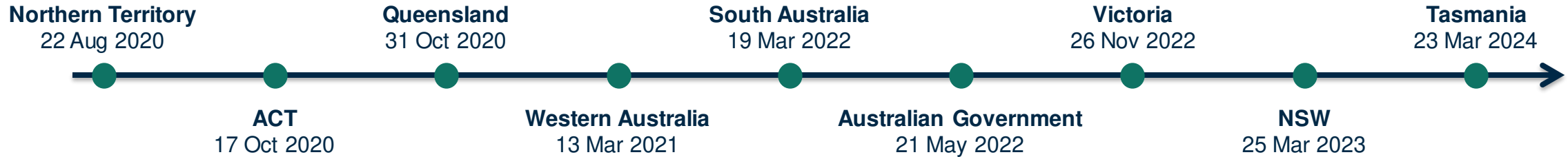
- \$427.4 million to deliver a Commonwealth Prac Payment to support teaching, nursing (including midwifery) and social work students complete their university placements. This will provide \$319.50 per week.
- HECs will be indexed to Consumer Price Index or Wage Price Index, which is lower for the financial years. The measure will be backdated to 2023 – wiping nearly \$3 billion in student debt.
- Universities international student intake to be capped under legislation. If universities want to enrol international students above that limit, they will be required to build new purpose-built student accommodation. This is to tackle the increasing housing crisis and help meet the reduce immigration allowance of 260,000.
- Invest \$24.6 million to fund Charles Darwin University to establish a Northern Territory medical school, subject to the completion of exploratory work.
- \$350.3 million to deliver FEE-FREE Uni Ready courses to prepare students for university.

We congratulate H/Advisors APA's clients who were successful in this budget, and look forward to continuing to work with you to help shape your sectors and work in partnership with government.

The FMIA and NRF continue to be big ticket items which provide numerous opportunities beyond the detailed budget lines – we look forward to working with those who have both short and a longer-term goals.

Key Political Dates

LAST ELECTION



NEXT ELECTION



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