

2023-24 Federal Budget Overview

10 May 2023



Overview

The 2023-24 Federal Budget was handed down on 9 May 2023. It contained a \$4.2 billion surplus, the first in 15 years, however a \$13.9 billion deficit will follow in 2023-2024. This welcomed surplus shows the current strength of the Australian economy, but the budget papers forecast that GDP growth is expected to slow from 3.25 per cent in 2022-2023 to 1.5 per cent in 2023-2024. Importantly, this budget should not have a substantial impact on inflation, taking some pressure off the Reserve Bank needing to raise interest rates.

The Budget focused on cost-of-living relief and thankfully this did not exclude business. The \$20,000 instant asset write-off for businesses has been maintained until 30 June 2024, small and medium businesses will be eligible for energy electrification incentives, this is in addition to Bill support for small businesses.

Funding for the transition to a net-zero economy was provided with the Hydrogen Headstart announcement. The Victorian Chamber awaits further details on the implications of this funding. We would encourage the Government to include blue hydrogen and to make sure that Victoria is able to secure its fair share for our future hydrogen industries.

We also look forward to further details around the \$3.7 billion held in contingency for the extension of the National Skills Agreement that will train more apprentices and ensure that Australia continues to have a strong vocational education sector.

Changes to tax treatment for Build-to-Rent developments should help increase housing stock, while the increase in eligibility of the Home Guarantee Scheme should see more Australians able to purchase homes. This will help continue to drive our building sector.

Cyber security initiatives are important and the funding provided is welcomed, but there needs to be more emphasis and support for businesses to improve their capability to address this significant and emerging risk. Future funding should utilise industry groups to help facilitate this improved capability for small, medium and family businesses.

The 90-day review of infrastructure projects currently in the pipeline is necessary so that the Government can ensure that project costs are manageable. However, it is imperative that, at the end of this review, Victoria is not adversely impacted and major projects like Suburban Rail Loop, Airport Rail and the Inland Rail extension to Truganina continue to be funded.

The below overview is divided into 13 sections providing a snapshot of the outcomes from the 2023-2024 Federal Budget.

Key Federal Budget outcomes for Victorian businesses



Migration and international students

- Increase of the Temporary Skilled Migration Income Threshold from the current rate of \$53,900 to \$70,000 from 1 July 2023.
- The 2023-24 permanent Migration Program will return to 190,000 places and 137,100 places (70 per cent) will be allocated to the Skill stream, to address longer term skill needs.
- \$22.0 million over four years from 2023–24 (and \$5.6 million per year ongoing) to continue the Centre for Population and modelling of the fiscal benefits of migration.
- The Government will improve pathways to permanency for Temporary Skill Shortage (TSS) (subclass 482) visa holders.
- \$125.8 million over four years from 2023–24 to continue implementing outcomes from the Jobs and Skills Summit to strengthen the migration system to ease critical skills shortages. Funding includes:
 - \$75.8 million over two years from 2023–24 to extend the current surge in visa processing resources.
 - \$50.0 million over four years from 2023–24 (and \$15.3 million per year ongoing) for additional enforcement and compliance activities to maintain the integrity of the migration system.
- From 1 July 2023, International higher education graduates of Australian institutions with eligible qualifications to fill skilled labour gaps, will have an extra two years of post-study work rights.
- From 1 July 2023, the work cap for international student visa holders will be reinstated and increased by eight hours to 48 hours per fortnight. International students working in the aged care sector will be exempt from the work limit until 31 December 2023.

Key Federal Budget outcomes for Victorian businesses

Skills, Training and Employment

- Extension of the Women in STEM Cadetships and Advanced Apprenticeships Program for two years to 30 June 2027, to provide participants more time to complete their qualification while continuing their careers.
- \$12.9 million in 2023-24 for a redesigned Commonwealth foundation skills program to improve access to training for all Australians seeking to develop their language, literacy, numeracy and digital skills from 1 July 2024.
- \$35.0 million over three years from 2023–24 to establish a structural adjustment fund to assist supported employment organisations to evolve their business models.
- A commitment to increase the number of hours seniors may work before it affects their pensions.
- \$97.7 million over three years from 2022–23 to support the development of a New Jobs Program trial.
- \$5.1 million of increased funding in 2023–24 to continue functions of the National Careers Institute and to evaluate its role in supporting Australians to access careers information.
- \$1.0 million in 2023–24 to maintain the national Microcredentials Marketplace, which enables users to find and compare registered microcredential courses offered by tertiary education providers.
- \$8.6 million over four years from 2023–24 (and \$1.5 million per year ongoing) to implement the Australian Skills Guarantee.
- \$3.7 million in the Contingency Reserve for a five-year National Skills Agreement, subject to long-term skills funding negotiations.
- \$54.3 million over five years from 2022–23 to introduce a new non-financial support model for Australian Apprenticeships from 1 July 2024. The model will redesign and refocus key support services currently delivered by the Australian Apprenticeship Support Network to increase apprenticeship completion rates and the diversity of the apprentice workforce.
- \$5.0 million over three years from 2024–25 for organisations with appropriate expertise in supporting women in the workplace, to further support women in historically male dominated trade apprenticeships.
- \$2.8 million over four years from 2023–24 to streamline the delivery of the Additional Child Care Subsidy (ACCS).

Key Federal Budget outcomes for Victorian businesses

Energy

- \$1.5 billion over two years from 2023-24 to establish the Energy Bill Relief Fund to support targeted energy bill relief to eligible householders and small business customers of electricity retailers.
- \$3 billion in Energy Bill Relief in the form of credits to eligible people on income support, pensions, recipients of the family tax benefit and to small businesses.
- \$314 million over two years for the Small Business Energy Incentive scheme that will see SMEs with a turnover of up to \$50 million able to claim an additional 20 per cent tax deduction on investments of up to \$100,000 in electrification and energy efficiency.
- \$14.8 million over four years from 2023-24 to establish the Powering Australia Industry Growth Centre to develop advanced technology and skills as part of the Government's Australian Made Battery Plan.
- \$1.3 billion over five years from 2022-23 to support the decarbonisation of existing industries, develop new clean energy industries and support sovereign manufacturing capacity essential to the energy transition.
- \$2.0 billion for the establishment of the new Hydrogen Headstart Program to accelerate development of Australia's hydrogen industry, catalyse clean energy industries, and help Australia connect to new global hydrogen supply chains.



Green Economy and Environmental, Social and Governance (ESG)

- \$4.3 million for ASIC to expand surveillance and enforcement functions on businesses making green claims.
- \$20.9 million over five years from 2022-23 for initiatives to decarbonise the transport and infrastructure sectors and support achieving our net zero by 2050 target.
- \$83.2 million over four years from 2023-24 to establish a national Net Zero Authority to promote the economic transformation associated with decarbonisation and energy system change in regional areas, including support for impacted workers.

Key Federal Budget outcomes for Victorian businesses

Freight and Export

- \$23.8 million in 2023–24 to continue initiatives to modernise and improve Australia’s international trade system, including delivering the simplified trade system reforms and continuation of the Trade Information Service.
- \$210.0 million over four years from 2023–24 to expand the Emerging Markets Impact Investment Fund (EMIIF) from \$40.0 million to \$250.0 million.

Cyber Security and Artificial Intelligence (AI)

- \$101.6 million over five years from 2022–23 (and \$11.8 million per year ongoing) to support and uplift cyber security in Australia, including \$23.4 million over three years from 2023–24 for a small business cyber wardens’ program, to support small businesses to build in-house capability to protect against cyber threats.
- \$17.6 million over four years from 2023–24 (and \$4.4 million per year ongoing) for the Australian Securities and Investments Commission (ASIC) to identify and take down phishing websites and other websites which promote investment scams, to be cost recovered through levies under ASIC’s industry funding model.
- \$10.9 million over four years from 2023–24 (and \$2.2 million per year ongoing) to the Australian Communications and Media Authority and the Department of Infrastructure, Transport, Regional Development, Communications and the Arts to establish and enforce an SMS sender ID registry to impede scammers seeking to spoof industry and government brand names in message headers.
- \$101.2 million over five years from 2022–23 to support businesses to integrate quantum and artificial intelligence (AI) technologies into their operations.

Small Business Support

- Help for small businesses to manage their tax instalments and improve cashflow by amending the tax law to set the GDP adjustment factor for pay as you go (PAYG) and GST instalments at six per cent from the 2023-24 income year, a reduction from 12 per cent.
- A temporary increase to the instant asset write-off threshold to \$20,000, from 1 July 2023 to 30 June 2024.
- \$12.8 million over three years from 2023–24 to trial an expansion of the ATO independent review process to small businesses (with aggregated turnover between \$10 million and \$50 million) subject to an ATO audit.
- \$9.0 million over four years from 2023–24 (and \$1.4 million per year ongoing) for five new tax clinics from 1 January 2025 to improve access to tax advice and assistance for 2.3 million small businesses.

Space and Defence

- \$3.4 billion over 10 years from 2023–24 to establish the Advanced Strategic Capabilities Accelerator to lift capacity to translate disruptive new technologies into Defence capability rapidly.
- Investment in disruptive new technologies to boost Australian Defence Funding (ADF) capability, in close partnership with Australian industry.
- \$34.2 million over three years from 2023–24 for the Australian Space Agency to continue to lead the national policy and strategy coordination of Australia’s civil space sector activities.

Key Federal Budget outcomes for Victorian businesses

Superannuation

- From 1 July 2026, employers will be required to pay their employees' SG entitlements on the same day that they pay salary and wages.
- \$40.2 million to the ATO in 2023-24, to improve data matching capabilities to identify and act on cases of SG underpayment by employers.

Housing

- \$2.7 million in 2023-24 to the Treasury to support delivery of priority housing measures. Including:
 - increasing the Government-guaranteed liability cap of the National Housing and Finance Investment Corporation (NHFIC) by \$2.0 billion to \$7.5 billion to enable NHFIC to increase its support for social and affordable housing.
 - amending NHFIC's Investment Mandate to require NHFIC to take reasonable steps to allocate a minimum of 1,200 homes to be delivered in each state and territory within five years of the Housing Australia Future Fund commencing operation.
 - expand the eligibility of the Home Guarantee Scheme
- For eligible new build-to-rent projects, an increase to the rate for capital works tax deduction (depreciation) to four per cent per year and reduce the final withholding tax rate on eligible fund payments from managed investment trust (MIT) investments from 30 per cent to 15 per cent. This will apply to build-to-rent projects consisting of 50 or more apartments or dwellings.

Regulation and Procurement

- \$21.8 million over four years from 2023-24 (and \$1.4 million per year ongoing) to the Australian Taxation Office (ATO) to lower the tax-related administrative burden for small businesses. Including:
 - \$12.8 million over three years from 2023-24 to trial an expansion of the ATO independent review process to small businesses (with aggregated turnover between \$10 million and \$50 million) subject to an ATO audit. The trial will commence on 1 July 2024 and run for 18 months.
 - \$9.0 million over four years from 2023-24 (and \$1.4 million per year ongoing) for five new tax clinics from 1 January 2025 to improve access to tax advice and assistance for 2.3 million small businesses.
- \$18.1 million over four years from 2023-24 (and \$1.5 million per year ongoing) to the Department of Finance (Finance) to improve the Government procurement process for business, including:
 - delivering tools to improve the ability of businesses to compete for procurement opportunities more effectively
 - improving AusTender to increase transparency and establish a supplier portal for panels
 - increasing engagement with small-to-medium enterprises to promote awareness of opportunities to sell to the Australian Government
 - improving procurement and contract management capability across the Australian Public Service to deliver value-for-money Commonwealth procurements.

Key Federal Budget outcomes for Victorian businesses

Workplace Health and Safety and Workplace Relations

- \$2.0 million over two years from 2023–24 to develop a targeted training package on workplace psychosocial hazards, to be provided to organisations that train health and safety representatives in the Commonwealth jurisdiction.
- \$0.8 million in 2023–24 to conduct a review of modern awards in the context of new gender equality and job security objects and the updated modern awards and minimum wages objectives in the Fair Work Act 2009.

Innovation

- \$431.9 million over four years from 2023–24 (and \$79.2 million per year ongoing) to improve support for small to medium enterprises (SMEs) and startups. Funding includes:
 - \$392.4 million over four years from 2023–24 (and \$68.2 million per year ongoing) to establish the Industry Growth Program to support Australian SMEs and startups to commercialise their ideas and grow their operations. Support will be targeted towards businesses operating in the priority areas of the National Reconstruction Fund.
 - \$39.6 million over four years from 2023–24 (and \$11.0 million per year ongoing) to continue the Single Business Service, supporting SMEs engagement with all levels of government.







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