

## BUDGET OVERVIEW

The overarching focus of the 2022-23 Federal budget is centred on job creation and fostering ongoing economic recovery from the COVID-19 pandemic. With sustained levels of low unemployment, the 2022-23 budget informs the Government's next phase of its Economic and Fiscal Strategy, focusing on growing the economy to stabilise and reduce debt. Key themes included addressing income inequality, digital economy, defence and cyber security, and regional development

The digital economy featured heavily in the budget demonstrating the value of the policy work of the AIIA. Some key initiatives in - addition to the Digital Economy Strategy announcements in the budget - include:

- \$419.9 million to implement the Modernising Business Registers program, building on the \$60.6 million committed in 2019-20
- \$256.6 million to develop a Digital Identity system
- \$29.2 million to accelerate the rollout of 5G, including investing in commercial trials and testbeds
- \$22.2 million to support small business operators to take advantage of digital technologies
- \$9.6 million to support Australian fintechs to export their financial services and attract international investment
- \$3.6 million to mandate eInvoicing for all Commonwealth government agencies to encourage adoption by business
- \$2.5 million to connect workers and small and medium sized businesses through a new Digital Skills Finder

The 2022-23 Federal Budget papers can be accessed [here](#).

## HEADLINE FIGURES

- DEFICIT: \$714.9bn
- DEBT: \$977bn (42.5% of GDP)
- GDP: \$1.98tn
- GDP Growth: 3.5%
- CPI: 3%

## BUDGET HIGHLIGHTS

- \$420 one-off cost of living tax offset for low-and middle-income earners.
- \$250 one-off cost of living payment for pensioners, welfare recipients, veterans and concession card holders.
- Fuel excise to be cut by 22 cents per litre, halving current rate, for a period of six months.
- Introduction of a single Paid Parental Leave pay scheme of up to 20 weeks, which is fully flexible and able to be shared between eligible working parents.
- \$17m to support the Office of the Australian Information Commissioner in undertaking its work, including that relating to social media and digital platforms.
- \$126.4m for Operation FLOOD ASSIST in 2021-22, to provide logistical support in response to 2022 flooding incidents in Northern Australia.

## DIGITAL ECONOMY STRATEGY 2022 UPDATE

As part of the budget announcement, the Government also released the Digital Economy Strategy 2022 Update. The update outlined the progress made to date and new measures taken since the Strategy's 2021 launch, including those measures included in the 2022-23 Budget, including:

- \$1bn Technology Investment Boost that provides a tax deduction bonus to small business that digitalise their operations

- \$18.6m to protect Australia's national interest in critical and emerging technologies standards.
- \$30m to continue the centralisation of networks via cyber hubs.
- \$3.9m to support women in mid-career transitions to the tech workforce
- \$4.8m to continue the Digital Technology Taskforce for a further two years.
- \$13.6m over four years to continue the Office of Future Transport Technology and support the digitisation of the transport sector.
- \$38.4m over three years to implement the Government's response to the consumer data right (CDR) inquiry.

The update brings together significant work occurring across Government in areas such as data, privacy reform, cyber security and critical and emerging technologies. It can also be accessed at [Digital Economy Strategy Website](#).

## KEY PORTFOLIO FUNDING

### FINANCE AND BUSINESS

- \$22.2m to support small business operators to take advantage of digital technologies.
- \$9.6m to support Fintechs to export their financial services and attract international investment.
- \$29.2m to accelerate the rollout of 5G, including investing in commercial trials and testbeds.
- \$6.6m to the Australian Taxation Office over four years to develop the IT infrastructure for single touch payroll (STP) data with state and territory revenue offices on an ongoing basis.
- Technology investment boost allowing small businesses to deduct a further 20%

from the cost of cloud services and cyber security systems.

- Businesses with aggregate annual turnover of less than \$50m will be able to claim a discount on expenditure up to \$100,000.
- \$3.6m to mandate eInvoicing for all government agencies to encourage adoption by business.
- An additional \$100m to expand the Export Market Development Grants (EMDG) program to provide financial support to existing regional and rural small to medium-sized exporters adversely affected by significant global impacts.
- \$19.5m over two years to attract global business investment and talent, by extending the Global Business and Talent Attraction Taskforce, renamed as the Global Australia Taskforce
- \$400m in 2022-23 for Austrade to support Australian exporters to reach international markets and support local jobs and businesses.
- \$2.5m to connect workers and small and medium sized businesses through a new Digital Skills Finder.

### DIGITAL TRANSFORMATION AGENCY (DTA)

- DTA budget allocation to fall to \$71.1m..
- \$5.9 million payment from Prime Minister & Cabinet to support the digital economy strategy, including \$1.8m to finalise digital identity legislation.
- \$256.6 million to develop a Digital Identity system.

### HOME AFFAIRS

- \$287.2m allocated to the Australian Federal Police, to establish a formal intelligence records system to improve data collection and analysis, and the

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Australian Criminal Intelligence Commission, to enhance its capabilities to disrupt transnational, serious and organised crime.

## DEFENCE

- Defence spending has grown to above 2 percent of GDP - a total funding of \$575bn to 2029-30.
- \$9.9bn over ten years to the Australian Signals Directorate for the Resilience, Effects, Defence, Space, Intelligence, Cyber and Enables (REDSPICE) initiative.
- \$38bn through to 2040 to increase the number of defence personnel by 18,500 to 80,000 people.
- \$151.6m over five years to the Department of Defence for existing programs focusing on defence industry.
- \$84.7m allocated to the Sovereign Industrial Capability Priority Grants program.
- \$20.3m to the Skilling Australia's Defence Industry Grants.
- Additional \$74.7m allocated to Operation RESOLUTE to protect Australia's maritime interests.
- An additional investment of \$104.2m in 2022-23 for Operation ACCORDION to support ongoing operations and activities in the Middle East.

## AGRICULTURE, WATER AND ENVIRONMENT

- \$127.4m allocated to Department of Agriculture, Water and Environment over four years to continue and expand digital services to take farmers to market initiative to improve agricultural export systems.
- Expansion of the patent box tax regime to include the agricultural sector and low emissions technology innovations.

- \$100m Environment Restoration Fund.
- Proposed amendments to taxation law to enable income from sales of Australian Carbon Credit Units will be treated as primary production income for the purposes of primary production tax averaging and the Farm Management Deposit (FMD) scheme.
- \$84.5m allocation to the Future Drought Fund.
- \$60.4m for the Recycling Modernisation Fund.

## EDUCATION AND SKILLS

- \$12bn to the National Skills Agreement (NSA) with states and territories over next five years. The Government has provisioned an additional \$3.7bn as part of the 2022-23 Budget, on top of the \$8.3bn National Skills and Workforce Development Specific Purpose Payment.
- \$365.3m to extend Boosting Apprenticeship Commencements and Completing Apprenticeship Commencements wage subsidies by 3 months to 30 June 2022, aimed at further supporting employers taking on and retaining new apprentices.
- \$2.4bn to the new Australian Apprenticeships Incentive System (AAIS), commencing on 1 July 2022, designed to increase commencements and completions in occupations on the Australian Apprenticeship Priority List.
- \$3.9m will be allocated to support women considering a transition into the tech workforce.

## INDUSTRY, SCIENCE AND RESOURCES

- \$1.2bn for a National Space Mission for Earth Observation focusing on improving

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sovereign capability in designing, building and launching sophisticated satellites in Australia. Funding also includes:

- \$65.7m over five years (and \$38.5m per year ongoing) to support the launch of space assets
- \$12.1m over five years to remove cost recovery requirements under the Space (Launches and Returns) Act 2019 and undertake a regulatory reform program to streamline industry interaction
- \$9.5m over two years to develop a Space Strategic Update to provide direction on future funding opportunities
- \$3.5m in 2022-23 to extend the International Space Investment Initiative and continue building relationships with foreign partners.
- The Australian Competition and Consumer Commission to receive \$1.8m to conduct a review of mobile tower access fees.
- An undisclosed amount of funding for the Department of Industry, Science, Energy and Resources to invest in Australia's quantum computing industry.

## INFRASTRUCTURE, TRANSPORT AND REGIONAL DEVELOPMENT

- Department of Infrastructure, Transport, Regional Development and Communications to receive \$811.8m to expand mobile connectivity, resilience and affordability in regional Australia.
- \$480m to NBN Co upgrade fixed wireless and satellite networks to improve services in remote and regional areas.
- \$1.8m allocated to the Australian Competition and Consumer Commission to conduct a review of mobile tower access fees.

- \$7.1bn investment under the Energy Security and Regional Development Plan.
- An additional \$2bn to the Northern Australia Infrastructure Facility (NAIF) to finance critical economic infrastructure projects.
- \$250m allocated to the Modern Manufacturing Initiative, plus \$500m allocated from the Regional Accelerator Program.
- \$53.9m for the Manufacturing Modernisation Fund.

## ENERGY

- Decrease in funding for clean energy initiatives to \$1.9bn, \$1.5bn and \$1.3bn in the three years that follow.
- \$84m over 5 years for Australian Renewable Energy Agency (ARENA) to support increased private sector investment in low emissions technologies including hydrogen, and funding for continued development of a hydrogen Guarantee of Origin scheme.
- \$247.1m for Low Emissions Technology support for private sector investment.
- \$148.6m allocation to support affordable power, including microgrids in regional Australia.
- \$50.3m in grants over 2 years to accelerate priority gas infrastructure projects, and support investment in carbon captures and storage infrastructure.
- \$17.5m over three years (from 2021-22) to enhance the digital capabilities of Australia's offshore oil and gas regulator and titles administrator.