

2022/2023

FEDERAL BUDGET SUMMARY

MARCH 2022





Contents

Overview	3
Economic and fiscal overview	4
Key Budget measures for business and the South Australian Economy	7
Tax	8
Employment and skills	9
Vocational education and training	11
Regions and infrastructure	12
Trade and tourism	13
Energy, environment and COVID-19 health response	14
Innovation and technology	14

Overview

This budget is delivered at a crucial moment for the Australian economy. While people may think we are already moving out of the global pandemic, many businesses are still in a fragile state. Despite solid GDP, businesses face rising inflation, expected wage pressures and fast-approaching interest rate rises upwards. The once-off cost of living relief payment is good for the consumer economy but perhaps a little short-sighted. - Martin Haese, Business SA CEO.

The 2022-23 Federal Budget focused on easing the current living costs pressures for middle Australians. Cuts to the fuel excise, the delivery of cheaper medicines and cash payment formed the centrepiece of the budget. While this might lead to increased spending from those who receive extra cash, this budget seems to have glossed over a few issues. We anticipate that the individual cash support and tax offset measures will help consumer and business recovery. Business SA now encourages all South Australians to spend this extra money with local businesses to boost the South Australian economy.

On behalf of our members and the South Australian business community, though, we certainly hoped to see more long-term thinking in supporting the business sector.

This budget lacks depth for the number one issue facing business right now. The skills and labour shortage has proven again and again to be the most important issue for the business community Australia-wide. Commonwealth infrastructure spending is imperative to attract the best people, especially for regional South Australia. Unfortunately, the 2022-23 Budget appears to have overlooked our state, with the bulk of infrastructure investment flowing to Queensland, Western Australia, Northern Territory, and New South Wales.

We needed this budget to invest in business for the long term. We hoped there would be some level of tax reform, including a waiver of the Fringe Benefits Tax to stimulate economic recovery, which we have advocated for over the past couple of years.

The Modern Manufacturing Fund could be something to benefit South Australia. Historically, we have always had a strong manufacturing base. There is already a movement to bring back sovereign capability, so this could be the investment we have been looking for.

As previously announced, access to the Boosting Apprenticeship Commencements subsidies will be extended to the end of June 2022. There will be an alternative and less generous subsidy program for apprentices and trainees from July. The fact that they will be lower and limited to priority areas only is not the longer-term thinking we were after.

Small businesses investing in training and boosting their digital capabilities will receive a \$120 tax deduction for every \$100 spent. Small businesses must invest in their people and are prepared against digital risk.

A long-term investment is seen in the \$2.2b University Research Commercialisation Action Plan. Charter22, Business SA's recommendations for all levels of government, listed university and business collaboration as a critical priority for a more robust economy.

The \$60m Tourism Marketing Recovery Fund to attract international tourists will add to the \$20m committed by the new South Australian Labor Government and is excellent news for tourism operators and our regional economies.

All in all, we can find some positive points in this Federal Budget. Still, it does not structurally address the systemic skills and labour issues in South Australia, particularly in our regions.



Economic and fiscal overview

Economic Overview

Australian economic growth forecasts have been revised up from when the Mid-Year Economic and Fiscal Outlook (MYEFO). Real GDP is expected to grow 4.25 per cent for 2021-2022, up 0.75 percentage points from the MYEFO. Underlying this revision is the unexpected resilience of the economy following the Delta and Omicron waves. Growth is expected to remain strong over the forward estimates with growth for 2022-2023 to be between 3.5 per cent and 2.5 per cent up until 2025-2026. With government support tapering, the private sector appears to be the second stage booster of economic growth in the coming years.

	Actual		Forecasted				
Budget 2022/2023	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026
Total Commonwealth Payments to SA \$b	-0.02	1.25	4.25	2.5	2.25	2.5	-
GST Payments to SA \$b	-0.2	1.5	3.75	3.5	2.25	2.25	-
Per cent of total GDP pool	-0.2	1.5	4.25	3.5	2.5	2.5	2.5

The labour market continues to go from strength to strength and increasing resilience. The unemployment rate is expected to fall below 4 per cent in the September Quarter of 2022, the lowest level in 50 years. With close to full employment now in sight, something unthought of three years ago, training and migration will need to be prioritised to ensure businesses have adequate access to labour.

The strength in the labour market will see significant wage growth, with the Wage Price Index (WPI) expected to grow 3.25 per cent in 2022-2023 and 2023-2024, with further growth of 2.5 per cent in 2024-2025 and 2025-2026.

Inflation is expected to rise as global prices are pushed up from supply chain disruptions and the continuing Russian invasion of Ukraine. The war, in particular, is expected to impact energy, agricultural, and commodity prices. These impacts have already been felt with rising fuel prices. So the halving of the fuel excise is a good start in reducing that impact on large fuel users and the flow-on effects down the chain.

	Actual economic growth (real GDP)		Forecast economic growth (real GDP)				
Budget release	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026
Budget 2022/2023	10.4	11.0	12.2	12.8	13.8	14.0	13.6
Mid-year budget review (Dec 21)	6.1	6.8	6.8	7.1	7.9	8.2	8.3
Budget 2022/2023	9.8	9.4	9.3	8.9	8.9	8.9	8.8

Cost of living is the focus of this year's budget, including the halving of the fuel excise for six months, payments to pensioners, and an increase to the Low to Middle Income Tax Offset (LMITO). Apart from these broad measures, it does little to support South Australia and business. Further payments will have a limited impact on the cost of living and might worsen the problem in some instances. Government focus would be better placed on the supply side of the equation from where most issues concerning price increases stem.

Fiscal overview

Australia's economic resilience is reflected in the better positioning of the budget's bottom line. The underlying cash balance mirrors the expectations in the economic overview with better-than-expected results from when we saw the MYEFO. However, the budget is expected to run a deficit over the forward estimates.

	Actual budget (cash) balance \$b		Forecast budget (cash) balance \$b				
	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026
Budget release							
Budget 2022/2023	-85.3	-161	-106.6	-99.3	-79.5	-57.0	-
Mid year budget review (Dec 21)	-	-	-99.2	-98.9	84.5	57.5	-
Budget 2022/2023	-	-134.2	-79.8	-78.0	-56.5	-47.1	-43.1

Net debt will continue to rise over the forward estimates, with it expected to hit \$864.7b in 2025-2026. As a share of GDP, it is likely to stabilise at 33.1 per cent in 2025-2026. More importantly, net interest payments are expected to remain steady at 0.7 per cent of GDP up until 2025-2026, when it will rise to 0.9 per cent. While an interest rate rise is expected for this year, government debt is a fixed cost debt, and impacts on the budget will lag.

	Actual net debt \$b		Forecast net debt \$b				
	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026
Budget 2022/2023							
Net debt	491.2	592.2	631.5	714.9	772.1	823.3	864.7
Net debt as percentage of GDP	24.7	28.6	27.6	31.1	32.6	33.1	33.1
Net interest payments	13.3	14.3	14.9	15.1	16.9	18	22.4
Net interest payments as percentage of GDP	0.7	0.7	0.7	0.7	0.7	0.7	0.9

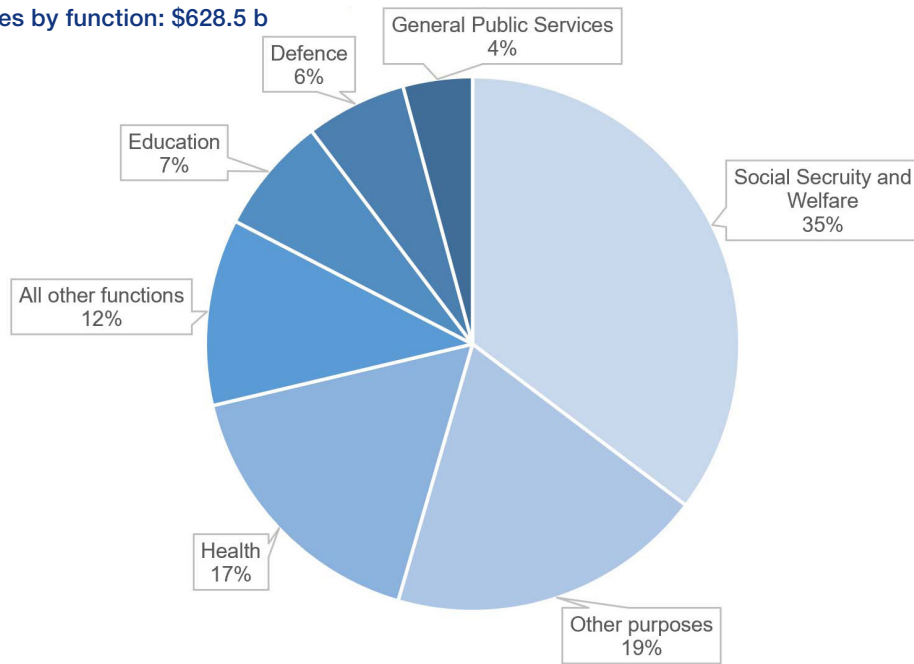
Total receipts are expected to be 23.8 per cent of GDP in 2022-2023. They are projected to remain around this level over the forward estimates. Tax receipts are expected to be 22.1 per cent of GDP in 2022-2023, increasing to 22.9 per cent of GDP in 2025-2026. Non-tax receipts are expected to be 1.7 per cent of GDP and remain at that level until 2025-2026. Measures impacting tax receipts include the:

- one-off cost of living offset of \$420 for 2022-2023
- halving of the fuel excise
- extension of the ATO Tax Avoidance Taskforce.

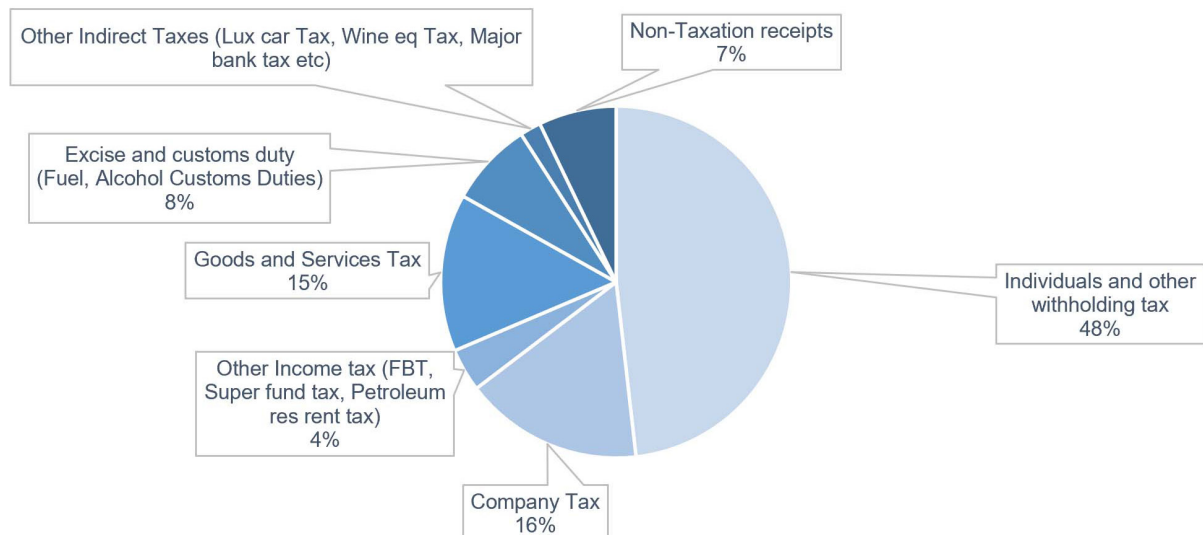
Total payments are expected to fall from 27.2 per cent of GDP in 2022-2023 to be 26.3 per cent of GDP in 2025-2026. Since MYEFO, total payments have increased by \$10.3b in 2022-2023 and by \$36.4b over the four years to 2025-2026. In the absence of further measures, payments as a share of the economy are projected to remain broadly stable across the medium term at 26.5 per cent of GDP.

	Actual \$b		Estimates \$b				
	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026
Budget							
Total receipts	469.4	519.9	556.6	547.6	585.2	615.2	643.9
Per cent of GDP	23.6	25.1	24.3	23.8	24.7	24.7	24.6
Total payments	549.6	654.1	636.4	625.6	641.7	662.3	687.0
Per cent of total	27.7	31.6	27.8	27.2	27.1	26.6	26.3

2022-23 expenses by function: \$628.5 b



2022-23 general government (cash) receipts: \$547.6b



GST

South Australia's share of GST has seen a boost from initial estimates, increasing a little over \$200m for 2022-2023. GST payments are expected to remain somewhat constant over the forward estimates.

However, there is a real risk for South Australia over the near term with the loss of a guaranteed share of GST. This is due to a GST floor being introduced to benefit Western Australia. South Australia's share of GST dollars constitutes almost a third of all State Government revenue. Future changes in payments significantly impact the bottom line.

	Actual		Forecasted				
	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	2025/ 2026
Budget 2022/2023							
Total Commonwealth payments to South Australia \$ b	10.4	11.0	12.2	12.8	13.8	14.0	13.6
GST Payments to South Australia \$ b	6.1	6.8	6.8	7.1	7.9	8.2	8.3
Per cent of total GDP Pool %	9.8	9.4	9.3	8.9	8.9	8.9	8.8

*Estimate only using general revenue assistance (inc. GST, Top-ups, HFE and other general rev payments) forecasts.



Key budget measures for business and the South Australian economy

Wholesale tax reform continues to be put off in the 2022-2023 Budget. However, some new initiatives were announced to ease the cost of living and ease the red-tape burden.

A 50 per cent reduction in fuel excise for six months has been announced – equalling a cost of \$3b over the forward estimates. This is expected to save the public more than just petrol at the bowser, with the flow on benefits also making their way to supply chain costs. Time will tell if this plays out as expected.

The phase-out of the LMITO is now confirmed. Still, the 2021-2022 income year will increase by \$420, with a maximum LMITO benefit in 2021-2022 of \$1,500 for individuals and \$3,000 for couples.

Disappointingly no changes were announced to assist sectors heavily impacted over the past two years specifically. Business SA has been advocating for FBT exemptions for meals and entertainment expenses, but this was not realised.

Other small business initiatives include:

- \$1b for a Technology Investment Boost for digital investment by small businesses under \$50 m turnover - able to deduct a 20% bonus on the cost up to \$100,000 per year of expense and depreciating assets that support digital uptake from 29 March 2022 until June 2023
- Reducing the administrative burden on businesses:
 - o Pre-filling of payroll tax returns through sharing single touch payroll data with State and Territory Governments, set to be implemented by 2023
 - o Automatic reporting of taxable payments will allow eligible businesses to report taxable payments at the same time as activity statements set to be in place by January 2024
 - o Digitising trust income will give all the options to lodge income tax returns electronically.
- Changes to Commonwealth procurement rules will make it easier for SMEs to win government contracts. Under the procurement changes, which begin on 1 July 2022, the threshold for which SMEs can be engaged for Defence Department contracts will increase from \$200,000 to \$500,000. This change means contracts of this size can only be offered exclusively to SME suppliers or subject to a tender process between SME suppliers
- Push for commonwealth officials to consider 'disaggregating major projects into smaller contract opportunities', reduce suppliers' insurance costs, and extend the five-day payment deadline for e-invoices to all suppliers
- The GDP uplift rate for pay-as-you-go (PAYG) instalments and GST instalments will be set to two per cent for the 2022-2023 income year. (already announced) \$10.4 million over two years from 2022-2023 to enhance and redesign the payment times reporting portal and register to improve efficiency and reporting
- \$8m in 2022-2023 to the Australian Small Business and Family Enterprise Ombudsman to work with service providers to enhance small business financial capability.
- \$4.6m over two years from 2021-2022 to support the New Access for Small Business Owners program delivered by Beyond Blue to continue to provide free, accessible, and tailored mental health support to small business owners
- \$2.1m over two years from 2021-22 to extend the Small Business Debt Helpline program operated by Financial Counselling Australia to continue to provide financial counselling to small businesses facing financial issues.

Employment and skills

Employment and workplace policy

\$346.1m over five years from 2021-2022 was committed to improving economic security for women by enhancing the Paid Parental Leave scheme by rolling Dad and Partner Pay into Parental Leave Pay. This move creates a single scheme of up to 20 weeks, fully flexible and shareable for eligible working parents as they see fit. The Paid Parental Leave can be taken any time within two years of the birth or adoption of their child. The income test for Paid Parental Leave will be broadened to a household income threshold of \$350,000 per year.

The Fair Work Commission will establish a dedicated unit to support small businesses, including with unfair dismissal and general protections disputes. \$5.6 million over four years from 2022-2023 has been committed to this initiative.

The Fair Work Ombudsman will extend support to businesses and employees on COVID-19 workplace issues until 30 September 2022, with a budget commitment of \$2.7m.

The Federal Government will consult on amendments to Redundancy Payment Calculation Methods under the National Employment Standards in the Fair Work Act 2009 to 2022 to ensure that redundancy payments more fairly reflect average working hours over the course of a person's employment.

Wages

A strong labour market is expected to accelerate wages growth with the Wage Price Index (WPI) forecast to increase 3.25 per cent in 2022-2023 and 2023-2024 with further growth of 2.5 per cent in 2024-2025 and 2025-2026.

As already announced, the Child Care Subsidy (CCS) will increase from 7 March 2022, four months earlier than expected. Families with multiple children aged five years and under in child care will have their CCS rate increased by 30 per cent for their second child and any younger children, to a maximum rate of 95 per cent.

Australia will need to fill more than one million new jobs by November 2026. A range of measures have been introduced to address this, including:

- National Workforce Strategy to drive the creation of industry-specific workforce strategies and encourage the use of sector-specific expertise while ensuring the country moves in concert with global skills developments. Australia needs an effective and targeted skilled migration program. The Strategy is intended to drive policy settings for the country's needs
- \$1.2b over four years to expand Transition to Work service for disadvantaged youth
- \$52.8m over four years for ReBoot - to build life and employability skills in 5000 disadvantaged Australians
- Expanding AgMove and extending it for an additional six months to encourage workers to pursue seasonal ag jobs.



Skills

As in 2020 and 2021, the prolonged international border closure and decreased labour mobility have contributed to widespread skills and labour shortages. Businesses continue to identify skills shortages as the number one issue in South Australia. We were looking for Federal Government investment in skills development to fill skills gaps and help unemployed people get into work. Business SA welcomes extra investment and the continuation of successful skills and participation programs.

Small businesses with an aggregated annual turnover of less than \$50 million will be able to deduct an additional 20 per cent of expenditure incurred on external training courses provided to their employees. It will apply to all expenditure incurred from 7:30pm 29th March 2022 until 30 June 2024.

Overseas migration has been a closed-door since early 2020, with businesses unable to rely on migration to supplement skills needs. Unfortunately, many businesses cannot meet their demand for labour using local markets. Therefore, a return to permanent skilled migration to pre-pandemic levels of 160,000 arrivals per year will not be sufficient to make up lost ground.

The National Agreement in VET (between the States and Federal Government) is funded \$3.7b over six years from 2021-2022 (and \$284.6m per year ongoing). It is estimated that capacity will deliver an additional 800,000 funded training places over six years. The Federal Government has also committed \$28.5m over five years to establish assurance functions in ASQA for training packages.

Already announced is a commitment of \$49.5m over two years to boost age care workforce skills. The Federal Government is committing a further \$56.2m to assist women in transitioning to tech jobs and developing entrepreneurial skills.

In the care and support workforce, the Federal Government's plans include:

- up to 5,250 more clinical placements in age, disability and veterans care
- 15,000 more JobTrainer places
- more opportunities for mental health, student placements in allied health, nursing, psychology and psychiatry
- a new National Care and Support Workforce Strategy.

Vocational education and training

As already announced, and in line with Business SA's advocacy for a limited period, the Federal Government has extended the highly successful Boosting Apprenticeship Commencements (BAC) program by an extra three months to the end of June 2022, maintaining its 50 per cent subsidy level.

The Federal Government will continue to support employers, to a lesser extent, over the next five years to engage and retain new apprentices through a 'priority focused apprenticeship incentive system' which will replace all 30 odd payments currently available to employers and apprentices. From 1 July 2022, employers in 'priority occupations' will receive a 10 per cent wage subsidy for first and second-year apprentices (up to \$4500) and 5 per cent for third years under the Australian Apprentices Incentives System. These incentives are lower than the 30 per cent sought by the Australian Chamber of Commerce and Industry supported by Business SA. Many occupations and industries will miss out.

In addition, apprentices will be eligible for \$1,250 every six months for two years, up to a total of \$5,000.

We are told that as the new system matures, it will shift to supporting occupations in demand or skills need. Hiring incentives of up to \$4,000 to be provided for employers in priority occupations, as well as a new Australian Apprentices Training Support Payment of up to \$3,000 paid directly to apprentices in priority occupations.

What types of occupation will qualify as 'in demand' will be determined by a new Australian Apprenticeships Priority List, to account for both current and expected future demand. The list will be based on findings from the National Skills Commission. It will be updated annually with all investment decisions being 'transparent, evidence-based and linked to skills need.'

Regions and infrastructure

Regions

The budget outlined some hefty spending in regional Australia, but South Australia was certainly not a major recipient.

As previously outlined, an additional \$17.9b has been committed to road, rail and community infrastructure projects across Australia. Of that, however, very little of that flows on to regional South Australia – with most (\$2.3b of the total \$2.8b) committed to the final stages of the North-South Corridor in metropolitan areas.

Further, the budget promised an investment of \$7.1b to transform regions ‘primed for growth’, but none of that is coming to South Australia – NSW, WA, Qld and NT are sharing those dollars as it has been decided that they are the nation’s ‘export frontiers and poised for major growth at a scale that will boost our national prosperity’.

A \$2b Regional Accelerator Program has been announced to connect communities and business with flagship plans such as the apprenticeships scheme and promises to drive growth and productivity in regional areas.

Infrastructure

The budget directs only \$2.8b of the \$17.9b total national investment in priority road and rail infrastructure to South Australia – with the vast majority (\$2.3b) already committed to completing the North-South Corridor. South Australia missed out on part of an additional \$7.1b regional infrastructure investment with funding directed to New South Wales, Queensland, Western Australia and Northern Territory.

The 2022-2023 Budget outlines funding for several new and already announced projects, including:

- \$200m for Marion Road – Anzac Highway to Cross Road
- \$120m for the Adelaide Hills productivity and road safety package
- \$60m for the South Eastern Freeway managed motorways – stage two
- \$60m for the targeted investments to improve national supply chain resilience
- \$50m for the rural roads package and safety package, including the Horrocks Highway
- \$20m for the Marion Road and Sir Donald Bradman Drive intersection upgrade
- \$16.2m for the Port Augusta to Perth Corridor upgrade
- \$16m for the Main South Road productivity package
- \$9.6m for the South Eastern Freeway safety upgrade
- \$2.3b for the North-South Corridor – Torrens to Darlington.

There remains a lack of proportional funding for South Australian projects, including upgrading regional roads and highways, such as the Dukes, Sturt, and Augusta Highways, and funds for further infrastructure studies.

Trade and tourism

The budget has seen the funding for several new programs and the continuation of many flagship initiatives.

Export market development grants

\$157.9m is budgeted for the *Export Market Development Scheme*, with \$80m to provide additional support for small and medium export businesses to re-establish their presence in overseas markets through the *Export Market Development Grants program*.

International freight assistance mechanism

\$36.9m is budgeted for annual administrative expenses for the *International Freight Assistance Mechanism*. This mechanism is scheduled to end mid-2022.

Simplified Trade System

\$187.1m over four years from 2022-2023 (\$4.4m per year ongoing from 2026-2027) to modernise and improve Australia's trade system and support Australian exporters. Funding includes:

- \$127.4m to continue and expand the Digital Services to Take Farmers to Market initiative to transform the delivery of the Federal Government agricultural export systems
- \$48m to modernise Australia's trade system, reduce the regulatory burden on exporters, and identify opportunities for further reforms
 - o \$26.9m to develop a second pass business case for a 'tell us once' trade system to simplify trade interactions with the Federal Government for importers and exporters
 - o \$21.1m for technical foundations for modernising Australia's core trade systems for the 'tell us once' trade system.
- \$11.7m to expand the Trade Information Service to provide exporters with a single online information source to facilitate access to international markets
- Cut cross-border trade costs by undertaking a comprehensive review of the tariff concession framework to identify options to reform tariff concession arrangements and the duty drawback system.

Biosecurity

\$135.6m over five years from 2021-2022 to support the agricultural sector's ambition of a \$100b industry by 2030 through strengthening biosecurity arrangements and agriculture communities. Funding includes \$12.0m over three years from 2022-2023 to support large agricultural trade events that promote agribusiness.

International relations

\$245.5m over five years from 2021-2022 (\$16.8m per year ongoing from 2026-2027) for initiatives to support the comprehensive strategic partnership with India.

Tourism

\$146.5m over three years from 2021-2022 to reignite international tourism after having borders closed for nearly two years. This funding includes:

- \$76.7m over two years to extend the COVID-19 Consumer Travel Support Program to support travel agents and tour arrangement service providers
- \$63m over three years from 2021-2022 to accelerate international tourist and backpacker arrivals through targeted marketing initiatives
- \$6.8m over three years from 2021-2022 for increased data availability and analysis to improve planning in the tourism sector and to establish an employment platform to promote career opportunities in the sector
- Increase country caps for Work and Holiday visas by 30 per cent in 2022-2023, growing overall places available by around 11,000.

Energy, environment and COVID-19 health response

Energy

\$446.1m over five years from 2021-2022 has been announced to increase energy security, maintain affordable and reliable power for households and businesses and reduce the cost of deploying low emissions technologies, consistent with Australia's long term emissions reduction plan. Including:

- \$247.1m over five years from 2021-2022 to support increased private sector investment in low emissions technologies, including hydrogen and the development of a biodiversity stewardship trading platform
- \$148.6m over five years from 2022-2023 to support more investment in affordable and reliable power, including community microgrid projects in regional and rural Australia
- \$50.3m over two years from 2022-2023 to accelerate the development of priority gas infrastructure projects.

A further \$47.3m over 15 years from 2021-2022 to the Clean Energy Regulator to simplify existing compliance and assurance activities for the Emissions Reduction Fund and the Renewable Energy Target.

Environment

Several new spending initiatives for the environment were introduced in the 2022-2023 Budget, including:

- \$1b to protect the Great Barrier Reef through extending the Reef 2050 Plan to more than \$3b
- \$840m over ten years for strategic and scientific research in Antarctica
- \$192m to improve environmental regulation
- \$170m for threatened species and habitat restoration
- \$86m forestry industry support
- \$60m for the Recycling Modernisation Fund
- \$18.2m in the *ReMade* in Australia awareness scheme
- \$4.4m over two years from 2022-2023 to support the delivery of the Federal Government's waste export ban.

COVID-19 Health Response

A range of measures were announced as part of the continued work in defending against COVID-19 including:

- \$546.0m to extend temporary MBS pathology items for the testing and detection of COVID 19
- \$20.4m for the extension of temporary telehealth Medicare Benefits Schedule (MBS) services to support the management of COVID positive patients in the community (already announced)
- \$1.0b over two years from 2021-2022 for the continued distribution and uptake of COVID 19 vaccines across Australia (already announced)
- Further COVID-19 treatment purchases under existing advance purchase agreements on the advice of the Science and Industry Technical Advisory Group.

Innovation and technology

Continued implementation of the Digital Economy Strategy and initiatives to drive digital transformation was included in this budget with \$130.1m over four years from 2022-2023 for:

- \$38.4m over three years from 2022-2023, and \$12.6m per year ongoing from 2025-2026
- \$30.2m to extend the whole of Federal Government cyber hubs pilot, including the establishment of a fourth Cyber Hub Pilot in the ATO
- \$18.6m over four years (\$3.2m per year ongoing) to shape global critical and emerging technology standards
- \$13.6m over four years from 2022-2023 to continue the Office of Future Transport Technology and support the digitalisation of the transport sector
- \$6.2m over two years to position Australia as a world leader in regulating the Digital Economy and new technologies and the development of a Digital Age Policy
- \$4.8m to continue the Digital Technology Taskforce for a further two years
- \$3.9m over two years from 2022-2023 to support women to pursue career opportunities in Australia's growing tech workforce
- \$1.8m in 2022-2023 to the Digital Transformation Agency
- \$18.6m over three years from 2022-2023 to establish a pilot program to provide unique digital and data training and employment opportunities for regional Australians
- \$31.6m toward online safety initiatives and to support the work of the eSafety Commissioner
- \$811.8m for a Connecting Regional Australia initiative to expand mobile coverage and improve connectivity, resilience and affordability in regional, rural and peri-urban Australia.

Patent box with tax concessions for Australian medical and biotechnology innovations.

The expanded program will now allow patents granted or issued after 11 May 2021 to be eligible for the regime (already announced). Eligibility will now include standard patents granted by IP Australia, utility patents issued by the United States Patent and Trademark Office, and European patents granted under the European Patent Convention. This will remove regulatory barriers to accessing the patent box regime for Australian developed innovations patented in the major overseas jurisdictions with equivalent patent regimes. Despite this, taxpayers will still only benefit from the concessional tax treatment under the patent box to the extent that the R&D occurred in Australia (already announced). The expanded measure is expected to decrease receipts by \$120m over 2023-2024 and 2024-2025.

Life-saving and job-creating medical research – investing in medical research and technology

A further \$1.3b under the Medical Research Future Fund (MRFF) Ten Year Investment Plan was announced. The updated \$6.3b plan will provide research funding across a range of themes, including:

- \$2.1b over ten years, representing a further \$604.8m, for medical translation to support medical discoveries to become part of medical practice
- \$1.5b over ten years, representing a further \$114.9m, for medical research to help researchers tackle significant challenges through investment, leadership and collaboration
- \$1.4b over ten years, representing a further \$117.4m, to support patients by funding innovative treatments, supporting clinical trials, and delivering more advanced health care and medical technology.
- \$1.3b over ten years, representing a further \$495.4m, for medical researchers to make breakthrough discoveries, develop their skills and progress their careers in Australia.



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