

FEDERAL BUDGET 2022/23

Delivered 29 March 2022 by Treasurer Josh
Frydenberg

I have prepared a summary of last night's federal budget as a general broadcast to our clients and anyone else who might be interested.

Only the main points of the budget are in this document. These are the changes that we believe will be of interest to most readers.

This has been prepared as an easy to read document for general information only. No part of this document should be relied upon. Please contact us for advice that will be specific to your situation.

Please have a read and feel free to pass this onto anyone who might be interested.

Yours sincerely,

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ECONOMIC SITUATION:

1. Economic growth for 2021/22 has been 4.25%, with the expected growth to be 3.5% for 2022/23. Then will remain around 2.5%pa thereafter.
2. Inflation is 4.25% for 2021/22 expected to be 3% for 2022/23, then stabilising around 2.75% for next few years.
3. Unemployment rate currently 4%, expected to drop to 3.75%.
4. Wages growth in 2021/2 was 2.75%, expected to be 3.25% for 2022/3 and 2023/4 then 3.5% for the next few years.
5. Budget deficit to be \$79.8 Billion in the current year (last year's prediction was \$106 Billion). A deficit of \$78 Billion in 2022/23, slowly decreasing over the next 3 years.
6. In 2026 financial year, Net Debt will peak at \$864.7 Billion. Last year's prediction was net debt to peak at nearly \$1 Trillion.

INTERESTING STATISTICS:

Main sources of income for 2022/23

- Individual income tax \$264 Billion
- Company income tax \$90 Billion
- GST \$79 Billion
- Excises \$43 Billion
- Other \$71 Billion

Main areas of expenditure are:

- Social Security and Welfare \$230 Billion
- Health \$105 Billion
- Education \$45 Billion
- Defence \$38 Billion.
- Other purposes \$211 Billion

PERSONAL INCOME TAX:

Below is the table of personal income tax rates including Medicare:

2022/23	
Range	Rate
\$0-18,200	0%
\$18,201-45,000	21%
\$45,001-120,000	34.5%
\$120,001-180,000	39%
Over \$180,000	47%

However, the budget is extending the low and middle income offset to be now up to \$1500 per year as part of income tax return for those earning between \$45,000 to \$90,000, up from \$1080 per taxpayer last year.



COST OF LIVING PRESSURES:

Fuel Excise: The government is halving the fuel excise from 44c per Litre to 22c per Litre. This is to be in effect at 12am 30/03/2022 and the government have announced significant fines of up to \$10 million to any fuel company or fuel retailer who does not pass on the 22c per Litre reduction to the consumer. This cut lasts for 6 months.

As mentioned in the personal tax rates, an extra \$420 in the low and middle income offset starting in the 2023 tax return.

\$250 “cost of living payment” to around 6 million Australians, mostly those on welfare recipients and self-funded retirees.

SMALL BUSINESS:

The government wants to help support small business spending by offering a \$1.20 tax deduction for every \$1 spent on:

- Staff Training
- Digital technology.

There is an investment limit of \$100,000 per year.

Total cost of this will be \$1 Billion over 4 years.

An extension to last year’s Patents measures called Patent Box, aimed to help small business in manufacturing.



JOBS:

The government has announced an investment in skills.

- \$5,000 payments to new apprentices
- \$15,000 payments to employers of new apprentices for wage subsidies.
- To fund 800,000 places costing \$3.7 Billion.

REGIONAL AREAS:

4 main areas identified. Hunter NSW, areas of Northern Territory, Queensland and the Pilbara region of WA. These areas will benefit for the majority of this spending.

- \$7.4 Billion for new Dams.
- \$2 Billion for skills and education dedicated to these areas.
- \$1.3 Billion for better mobile phone coverage along 8000Km of major regional roads.

\$18 Billion set aside for road and rail projects across the country.

ENVIRONMENT:

The government has announced several environmental spending measures.

- \$1 Billion Barrier reef science
- \$636 Million for indigenous rangers, providing 1089 new rangers looking after land and sea management.
- \$800 Million for Antarctic funding.
- \$170 Million towards helping threatened species in particular Koalas – represents one third of this spending.



DEFENCE:

Given world security issues not only in Europe but in the cyber world, the government has announced the following:

- \$270 Billion over 10 years boosting the country's security, supporting 100,000 jobs.
- \$38 Billion for 2022/3 extending Army, Navy, RAAF.
- \$9.9 Billion investing in Australia's ability to prevent and respond to cyber-attacks. Creates 1900 new jobs in the cyber industry.

WOMEN:

For the second budget in a row the government is focusing on women's safety.

\$1.3 Billion on top of last year's spending towards domestic violence package in particular on frontline services.

Listing of a drug for a rare breast cancer saving \$80,000 for treatment per patient.

\$37 Million support for women to enter trades.

PAID PARENTAL LEAVE (PPL):

The PPL scheme to be extended with the maximum payment now for 20 weeks for some new parents.



FIRST HOME BUYERS:

50,000 home guarantee deposits in this scheme started last year. Previous there were 25,000 places.

Single parents able to access loans purchasing their own homes with only a 2% deposit.

First home buyers can access loans to purchase their first home with a 5% deposit.

CONCLUSION:

Call me cynical if you like, please do, but with the announcement of the federal election looming and therefore dissolution of parliament all of this can only happen if Coalition are re-elected with a majority.

However, Labor has said they will not oppose the cut in fuel excise.

If we have a change of government or a hung parliament there is no guarantee any of this will go through to law.

I appreciate the time you have taken to read this.

Have a great day!