

Federal Budget 2023-24

Foreword



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NECA is pleased to provide its members with a snapshot of key measures contained in the federal budget delivered by the Treasurer, Hon Jim Chalmers MP, on 9 May 2023.

The 2023-24 budget identifies the rising costs of energy, Australia's transition towards a net zero economy, equal opportunity for participation and funding for the nation's apprentices among its key priorities. The budget includes the following highlights:

- establishment of the Net Zero authority and Powering the Regions fund
- energy relief for 5.5 million households
- low-income and rental household electrification package
- \$310 million Small Business Energy Incentive scheme
- closing the gap for our first nations apprentices
- assistance for female participation and gender equality
- support for apprentices facing barriers.

With 1.2 million workers in the construction sector and 9% of Australia's GDP being generated by the Australian construction industry, it is disappointing to see that the 2023-24 budget is not directly addressing the issues facing the industry.

NECA's Head of Government Relations and Policy attended the budget briefing by Minister O'Connor, Minister for Skills and Training, as we continue engaging and communicating with government on behalf of our members.

More Information

The Federal Budget 2023-24 Budget Papers can be accessed via www.budget.gov.au

If you have any questions relating to how the budget impacts you and your business, please contact us at memberservices@neca.asn.au.

NECA welcomes suggestions and feedback as it continues to advocate on issues that affect and shape the electrotechnology sector in Australia.



2023-24 Budget Priorities

Budget highlights include:

- providing energy relief for households and businesses, and supporting them to reduce bills by saving energy
- reducing the cost of health care and medicines
- providing targeted, additional assistance for eligible single parents
- increasing support for people on working age and student payments, like JobSeeker Payment, Youth Allowance and Austudy, and JobSeeker Payment recipients aged 55 and over
- improving the supply and affordability of housing, including through increasing Commonwealth Rent Assistance
- supporting wage increases for aged care and low-paid workers.
- this includes Tasmania's Battery of the Nation projects; transmission to connect Renewable Energy Zones (REZ) and offshore wind in Victoria; critical transmission and REZ in New South Wales
- Capacity Investment Scheme that to unlock at least \$10 billion of new investment and 6GW of dispatchable power by de-risking investments in priority generation and storage projects.
- the scheme will work alongside the \$157.9 million National Energy Transformation Partnership to coordinate action by the Commonwealth, states and territories.
- \$1.3 billion to enhance our energy performance, including:
 - Household Energy Upgrades Fund, with \$1 billion being provided to the Clean Energy Finance Corporation to partner with banks and financial institutions to invest in household energy upgrades
 - \$36.7 million towards expanding and modernising the Nationwide House Energy Rating Scheme and Greenhouse and Energy Minimum Standards program.
- New Small Business Energy Incentive providing \$310 million in tax relief for energy performance upgrades.
- \$2 billion Hydrogen Headstart to support Australia's renewable hydrogen sector to mature by providing competitive hydrogen production contracts that bridge the commercial gap for early projects.
- establishment of a national Net Zero Authority to help drive the transformation to a clean energy economy and ensure Australia's regions, workers and First Nations people benefit.

Energy

In support of the energy transformation efforts across the country, the government has committed to the following key objectives in the 2023-24 Budget:

- Powering Australia with clean, cheap energy, with \$23 billion committed to growing and modernising our electricity grid and boosting energy performance, supporting electrification.
- Powering net zero industries, jobs and communities, with \$17 billion committed to capturing opportunities in hydrogen, critical minerals and upstream industries, and realising low emissions industry growth opportunities in our regions.

These investments are underpinned by the following initiatives:

- through the \$20 billion Rewiring the Nation program, the Government is allocating over \$12 billion to priority transmission projects since last Budget

Skills, Training and Apprenticeships

The federal government is committed to addressing skills shortages facing our sector by investing in skills and training:

- \$3.7 billion for the five-year National Skills Agreement
- \$436 million over four years to reform the Commonwealth's Foundation Skills program to give access to those over 15 training to improve their literacy, numeracy and digital skills.
- \$53.3 million in critical Australian Apprenticeships to improve completion rates
- \$8.6 million to deliver the Australian Skills Guarantee; the Guarantee will set national targets for apprentices plus specific targets for women apprentices and trainees on major Government-funded construction and ICT projects
- these targets will aim to double women in apprenticeship and traineeship roles in construction projects, and triple trade apprenticeships roles by 2030
- negotiating with the states and territories on a new 5-year National Skills Agreement to commence from 1 January 2024
- fund a further 300,000 TAFE and vocational education training places to become fee-free
- commissioned Jobs and Skills Australia to undertake a Clean Energy Capacity Study to evaluate workforce needs and enable Australia to strategically plan for the skills needed for the transformation to a clean energy economy, by mid-2023.

Tax

- Small business instant asset write-off: 3.8 million small businesses with annual turnover of less than \$10 million will be able to immediately deduct eligible assets costing less than \$20,000 from 1

July 2023 until 30 June 2024.

- While the announcement of instant asset write-offs for small business to the value of \$20,000 is a starting point, NECA warns that this is far from sufficient for an electrician or tradesperson, considering the cost of living and doing business in 2023-24. **NECA asks that the government reconsiders and increases the threshold for eligible businesses, to further stimulate the economy and support job creation.**
- 2.1 million eligible small businesses with cashflow relief by halving the increase in their quarterly tax instalments.
- \$23.4 million to help small businesses build their resilience to cyber security attacks by training in-house cyber wardens for GST.
- \$392.4 million Industry Growth Program will help support small to medium-sized businesses and startups develop new products and services to grow their operations.

Cost of Living Relief

The government has announced the following cost of living relief measures:

- providing energy bill relief to 5 million households and 1 million small businesses
- helping 170,000 households save on energy bills by financing energy saving home upgrades
- investing \$36.7 million to provide households with access to better information about where they can save energy and reduce their energy bills
- reducing out-of-pocket health costs by tripling bulk billing incentives and investing in more bulk billing Urgent Care Clinics
- cutting the cost of medicine by up to half for at least 6 million Australians
- supporting 57,000 single parents by

- expanding eligibility for Parenting Payment (Single)
- increasing the base rate for JobSeeker and other payments for 1.1 million people
- expanding eligibility for the existing higher rate of JobSeeker to recipients 55 and over who have received the payment for 9 or more continuous months, which currently applies to those 60 and over.
- around 52,000 eligible recipients will receive an increase in their base rate of payment of \$92.10 per fortnight
- increasing Commonwealth Rent Assistance for 1.1 million households
- tax breaks to ensure more investment in build-to-rent projects.
- reducing the withholding tax rate for eligible fund payments from managed investment trusts attributed to newly constructed build-to-rent developments from 30 to 15 per cent
- increasing the capital works tax deduction (depreciation) rate from 2.5 per cent to 4 per cent per year, increasing the after tax returns for newly constructed build-to-rent developments.
- increase the National Housing Finance and Investment Corporation's liability cap by \$2 billion to a total of \$7.5 billion, supporting more lending to community housing providers for social and affordable housing projects.

Other Industry Initiatives

- Allocating \$4.4 million over 4 years from 2023–24 (and \$1.1 million per year ongoing) to establish the National Construction Industry Forum including representatives from key employer groups, unions and government to provide advice on major challenges facing the building and construction industry including workplace relations, industry culture, skills and training, safety, gender equality and productivity.
- Supporting a better migration system by increasing visa processing capacity, expanding pathways to permanent residence for temporary skilled sponsored workers and taking steps to address migrant exploitation.

Housing

- Increasing Commonwealth Rent Assistance for 1.1 million households.
- Tax breaks to ensure more investment in build-to-rent projects.
- More investments in social and affordable housing.
- New incentives to encourage the supply of housing by:

Overall Economic Outlook

- Outside of the pandemic and the Global Financial Crisis, the next 2 years are expected to be the weakest for global growth in over 2 decades.
- Economic growth is expected to slow from 3 ¼ per cent in 2022–23 to 1 ½ per cent the year after, before recovering to 2 ¼ per cent in the next.
- Real GDP growth is expected to slow to 1½ per cent in 2023–24, before recovering in 2024–25.
- The unemployment rate is expected to stay low by historical standards.
- Inflation is now past its peak, has begun to moderate, and is expected to return to target in 2024–25.
- Price pressures will continue to weigh on households and the economy.

Additional Resources

- [Budget.gov.au](https://budget.gov.au) | [Budget 2023–24](#)
- Treasurer's Speech: [Budget Speech 2023–24 | Treasury Ministers](#)
- Budget documents: <https://budget.gov.au/content/documents.htm>