



2024 Federal Budget – Special Edition

On Tuesday 14 May, Treasurer Jim Chalmers handed down the Federal Budget for 2024/25, which was eagerly awaited given continued cost of living pressures and high interest rates impacting the financial situation of many Australians.

The Government announced a surplus of \$9.3 billion this financial year, it's second consecutive surplus, however net debt remains at \$500 billion and future budget deficits are forecast for the next four financial years.

The numbers

Some of the key numbers announced include:

- A surplus of \$9.3 billion for 2023/24.
- A forecast deficit of \$28.3 billion for 2024/25.
- GDP growth of 1.75% in 2023/24.
- Inflation expected to drop to 2.75% in 2024/25.
- Unemployment expected to rise to 4.5% in 2024/25.
- Net debt of \$500 billion in 2023/24.
- Wage growth of 3.25% forecast for 2024/25.

Confirmation of Stage 3 tax cuts

The Government confirmed its previously announced changes to the Stage 3 tax cuts which will take effect from 1 July 2024. The tax cuts apply to all 13.6 million taxpayers, with the average Australian set to pay \$1,888 less in tax per year.

New power bill relief

The Government is providing \$3.5 billion in energy bill relief for all Australian households and around one million small businesses. From 1 July 2024, more than 10 million households will receive a total rebate of \$300 and eligible small businesses will receive \$325 on their electricity bills throughout the year.

This is estimated to directly reduce headline inflation by around half a percentage point in 2024/25 and the Government does not expect the relief to add to broader inflationary pressures.

Superannuation

The Government will pay superannuation on Government-funded Paid Parental Leave (PPL) for parents of babies born or adopted on or after 1 July 2025, with payments being made annually to individuals' super funds from 1 July 2026. This will reduce the impact of career breaks to care for young children on superannuation balances and support parents to achieve a more dignified retirement.

More investment in renewable energy

The Government is unlocking more than \$65 billion of investment in renewable capacity through the Capacity Investment Scheme by 2030. It is also investing \$27.7 million to integrate consumer energy resources like batteries and solar into the grid.

Resources

The Government is investing \$8.8 billion over the decade to add more value to our resources and strengthen critical minerals supply chains. This Budget establishes a production tax incentive for processing and refining critical minerals at an estimated cost of \$7 billion over the decade. It commits up to \$1.2 billion in strategic critical minerals projects through the Critical Minerals Facility and the Northern Australia Infrastructure Facility, and pre-feasibility studies for common user precincts.

Addressing housing pressures

The Budget invests a further \$6.2 billion in specific housing initiatives, taking the Government's total new investment since 2022 to \$32 billion.

This investment expands on initiatives already being delivered through the National Housing Accord, Housing Australia Future Fund and Social Housing Accelerator.

Medicare

The Government is investing \$2.8 billion to continue its commitment to strengthen Medicare. This includes the \$1.2 billion package to address pressures facing the health system, which provides:

- \$882.2 million to support older Australians avoid hospital admission, be discharged from hospital earlier and improve their transition out of hospital to other appropriate care.
- \$227 million to deliver a further 29 Medicare Urgent Care Clinics and boost support for regional and remote clinics. This will increase the total number of clinics across Australia to 87. Since commencing last year, existing clinics have already provided almost 400,000 bulk-billed visits.
- \$90 million to address health workforce shortages by making it simpler and quicker for international health practitioners to work in Australia.

Small business

The Government is providing \$290 million to extend the \$20,000 instant asset write-off for 12 months. There will be \$25.3 million to improve payment times to small businesses and \$23.3 million to increase eInvoicing adoption.

Defense

The Government is investing an additional \$50.3 billion over ten years to implement the 2024 National Defense Strategy to meet Australia's strategic needs.

Overall funding for Defense will reach \$765 billion over the decade. Defense's Integrated Investment Program has been rebuilt to create a focused Australian Defense Force, accelerate delivery of priority capabilities, and provide certainty to grow Australia's Defense industry. This includes funding for the Royal Australian Navy's surface combatant fleet and establishing a guided weapons and explosive ordnance manufacturing capability earlier.

Rent assistance

A \$1.9 billion investment will increase the maximum rates of Commonwealth Rent Assistance by a further 10% to further alleviate rental stress.

This announcement builds on the 15% increase already made in September 2023, taking the increase to Commonwealth Rent Assistance maximum rates to over 40 per cent since May 2022 including indexation.

The Government expects that nearly 1 million households receiving the maximum rate of Commonwealth Rent Assistance, around one quarter of all renters, will be better off.

Supporting you

We can help with any additional information you require about the 2024 Budget and what the announcements might mean for your financial situation. You can also access a number of documents on the [Budget website](#) which contain more information about each of the announced measures. Please speak to us if you have any questions.

IMPORTANT INFORMATION

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