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# 2024-25 Federal Budget

Australia Japan Business  
Co-operation Committee

# Introduction

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- **Government Relations Specialist**
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# Agenda

1. Introduction
2. Economic environment
3. Key announcements
4. What this means for business
5. What happens next
6. Questions



# Introduction – Treasurer’s speech

## The Treasurer’s narrative

**"I want Australians to know that despite everything coming at us, we are among the best placed economies to manage these uncertainties and maximise our opportunities."**

*Appropriation Bill (No. 1) 2024–25, 14 May 2024*

- \$22.7 billion “Future Made in Australia” package
- \$9.3 billion surplus in 2023-24, but future deficits

# Economic environment

## The economics

- Unemployment rate 4.1 percent and rising, nominal wage growth fastest in 15 years
- Bad news, and some good news, for the macroeconomic environment...

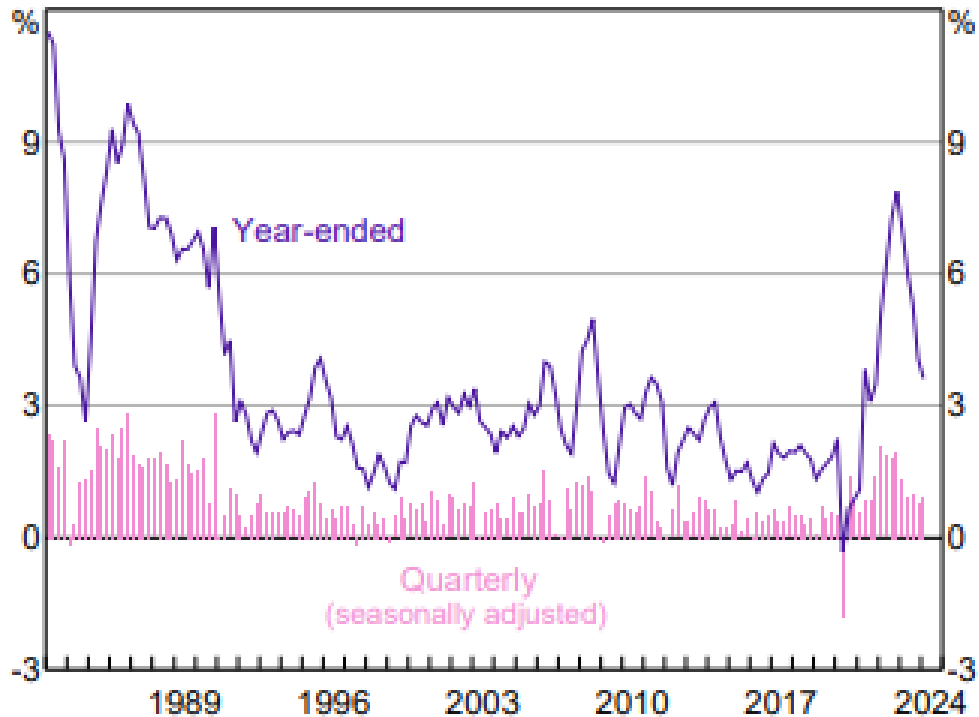
Sustained high input costs and high interest rates are having a catastrophic impact on businesses. In February this year, monthly corporate insolvencies (companies that have gone broke) reached 967 – the highest since October 2015.... In March 2024 they reached 1,136. *Source: ASIC*

Business investment grew 8.3 per cent last year. *Source: Treasury*

The Westpac-Melbourne Institute Consumer Sentiment index fell again in April, this time by 2.4% to 82.4 points. Consumer sentiment has not been this consistently pessimistic since the early 1990's recession.

# Economic environment

## Consumer Price Inflation\*



Source: RBA

## Sector Breakdown



### SECTOR BREAKDOWN

- Financial Services 27.9%
- Basic Materials 23.0%
- Healthcare 9.5%
- Industrials 8.4%
- Consumer Cyclical 6.8%
- Real Estate 6.4%
- Communication Services 4.6%
- Technology 4.1%
- Consumer Defensive 3.9%
- Energy 3.4%
- Utilities 2.0%

Source: Market Index

Please note that this only covers publicly listed companies – some large companies are privately owned

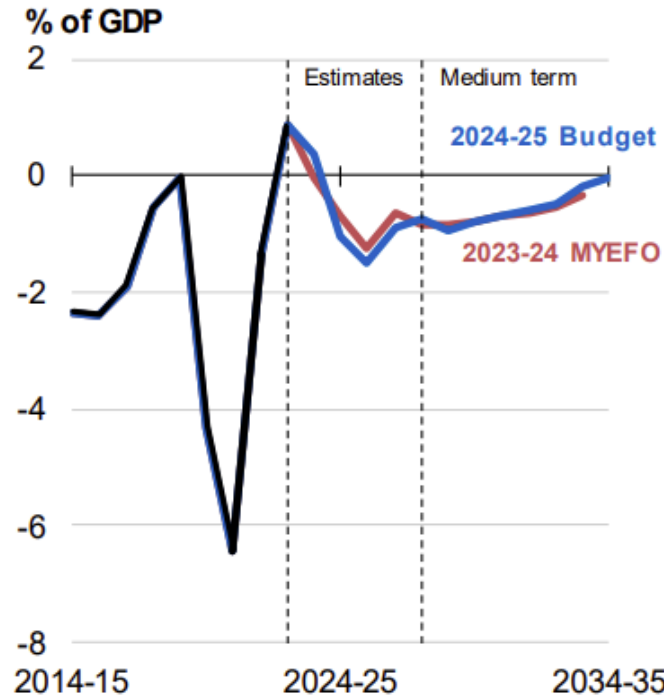
# Overview & Macroeconomy

Global growth is expected to remain subdued over the next few years as the effects of high inflation, restrictive macroeconomic policies, geopolitical tensions, and challenges in the Chinese economy weigh on the outlook.

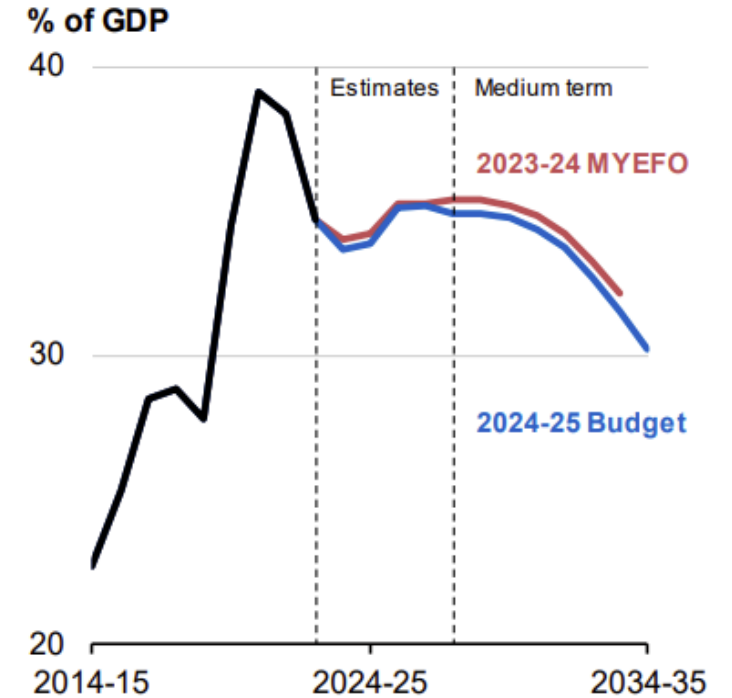
Growth is expected to remain subdued over the forecast period. Real GDP is forecast to grow by 2 per cent in 2024–25, 2¼ per cent in 2025–26 and 2½ per cent in 2026–27.

Surplus of \$9.3 billion AUD. A deficit of \$28.3 billion is forecast in 2024–25 and ongoing.

**Chart 3.1: Underlying cash balance**



**Chart 3.2: Gross debt**



# Key announcements

## Clean energy and renewables

**\$19.7 billion** over ten years from 2024–25 to accelerate investment in **Future Made in Australia** priority industries, including renewable hydrogen, green metals, low carbon liquid fuels, refining and processing of critical minerals and manufacturing of clean energy technologies including in solar and battery supply chains

**\$566 million** over ten years from 2024-25 to deliver **data, maps and other tools** for use by the **resources industry** to map groundwater and find critical minerals .

**\$76.2 million** over five years for Australia’s engagement in international climate change and energy transition issues, including through the International Energy Agency, G20 and UN Framework Convention on Climate Change, **to increase trade opportunities and enhance security relationships with key partners**

**\$47.7 million** over four years from 2024–25 (and \$0.7 million per year ongoing) to maximise consumer and community benefits of the energy transition



# Clean energy and renewables

An additional **\$48 million** over four years from 2024-25 to implement further reforms to the **Australian Carbon Credit Unit** scheme

**\$32.6 million** over four years from 2024–25 to establish regulatory frameworks and bilateral instruments to support heavy industry to reduce emissions in Australia and overseas with **carbon sequestration**

New gas strategy and exploration, including **Transboundary Carbon Capture and Storage (CCS)** Program

Not yet announced - **Renewable Energy co-investment plan**



# Infrastructure funding highlights

**\$3.25 billion** towards Victoria's North-East Link

**\$540.0 million** for the Australian Rail Track Corporation to invest in the interstate rail network

**\$302.6 million** to enable operations at Western Sydney International (Nancy-Bird Walton) Airport

**\$300 million** for the METRONET High-Capacity Signalling Program – Automatic Train Control – Stage 1 in Western Australia

**\$467 million** for upgrades to the Bruce Highway

**\$78.8 million** over three years from 2023–24 for the High-Speed Rail Authority to undertake the development of a business case for the Sydney to Newcastle high speed rail corridor

**\$100 million** over four years from 2025-26 for an Active Transport Fund to upgrade bicycle and walking paths

**\$1.9 billion** for road and rail projects in Western Sydney

**\$1.2 billion** for the Direct Sunshine Coast Rail Line in Queensland

**\$1.4 billion** for METRONET projects in Western Australia

**\$2.75 billion** to Brisbane to Sunshine Coast rail link

# Housing and real estate

## Additional **\$6.2 billion** in new housing investment

- **\$423.1 million** over five years from 2024–25 for the next **National Agreement on Social Housing and Homelessness**, increasing annual funding to \$1.8 billion per year from 2024–25.
- **\$1 billion** in 2023–24 for states and territories to support enabling infrastructure for new housing through a new Housing Support Program, the Priority Works Stream.
- **\$1 billion** of 2023-24 MYEFO funding from the **National Housing Infrastructure Facility** reallocated to crisis and transitional accommodation for women and children fleeing family violence, and youth.
- **\$1.9 billion** in concessional finance to support **community housing providers** to deliver social and affordable housing under the Housing Australia Future Fund and the National Housing Accord.
- **\$168 million** over four years from 2024–25 to implement reforms to strengthen Australia’s *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*, to enhance Australia’s ability to detect and disrupt illicit financing. Mostly for AUSTRAC to expand its regulatory, intelligence and data capabilities and provide guidance to newly regulated entities.
- The Government is implementing the **Tranche 2 of the AML-CTF reforms** – including **lawyers, accountants, trust and company service providers, real estate agents**, and dealers in precious metals and stones.

Government target is 240,000 new homes built annually to meet 1.2 million target over ten years.

Master Builders in January forecasted approximately 170,100 new homes built for 2023–24.

## Innovation

**\$466.4 million** for a financing package of equity and loans provided to support the construction and operation of **quantum computing capabilities**

**\$154.5 million** over six years from 2023–24 (and \$12.6 million per year ongoing) to implement a **New Vehicle Efficiency Standard** and low-emission cars

**\$43 million** over six years from 2024–25 to the **Australian Radioactive Waste Agency** to continue activities around **identifying radioactive waste disposal pathways**

**\$39.9 million** over five years from 2023–24 for the development of policies and capability to support the adoption and use of **artificial intelligence (AI) technology** in a safe and responsible manner

## Start ups

12-month extension of the **\$20,000 instant asset write-off** for businesses with an aggregated turnover of less than \$10 million

**\$4.8 million** over four years from 2023–24 to establish two additional ‘Landing Pads’ in Jakarta and Ho Chi Minh City through the Austrade Landing Pads program to support Australian technology exports and startups to expand in the region

**\$25.3 million** over four years from 2024–25 to support the **Payment Times Reporting Regulator**

# Defence

Minister for Defence Richard Marles announced last month a new **Integrated Investment Plan** and **National Defence Strategy**, amounting to an additional **\$5.7 billion** over the next four years to 2027-28 and **\$50.3 billion** over the next decade to 2033-34. Defence funding as a proportion of Gross Domestic Product will be around 2.4 per cent by 2033-34.

1. Stronger northern bases, long-range strike capabilities, targeting, robotic, and autonomous systems, offshore capabilities, cyber and an enhanced naval capability
2. Enhanced Naval surface fleet and nuclear-powered submarines
3. Army focused on littoral manoeuvres & long-range land and maritime strike capability
4. an Air Force that can deliver long-range intelligence, surveillance and reconnaissance and an enhanced maritime, land and air strike capability
5. a strengthened space and cyber capability, including enhanced cyber and electronic warfare and new space-based situational awareness.

**Australia is happy to work with Japan for “AUKUS Pillar 2” for greater technology sharing.**



**“We are revitalising our international defence relationships from Korea to the Philippines, from Japan to Indonesia, from the UK and France to India. We have put the Pacific at the heart of our strategic policy where it belongs.”**

– Minister for Defence Richard Marles 17 April 2024

# Financial Services

**\$288.1 million** over four years from 2024–25 to support the initial delivery of the **Digital ID** system.

**\$13.9 million** over five years from 2023–24 (and \$0.3 million per year ongoing) to progress **competition reforms**. Intended to better addresses anti-competitive mergers and establish a comprehensive database of mergers and acquisitions in Australia.

**\$206.4 million** over four years from 2024–25 (and \$7.2 million per year ongoing) to improve the **data capability and cyber security** of APRA and the ASIC and to continue the stabilisation of business registers and modernisation of legacy systems.





# Financial Services

**\$7.5 million** over four years from 2024–25 (and \$1.5 million per year ongoing) to **modernise regulatory frameworks for financial services** to improve competition and consumer protections for new technology. This includes regulation of digital assets, Central Bank Digital Currency and a new regulatory framework for **payment service providers** (including digital wallets and electronic stored value providers).

**\$41.7 million** over four years from 2024–25 (and \$9.6 million per year ongoing) to the Treasury, ASIC and the Attorney-General’s Department to regulate and support new **beneficial ownership transparency requirements** for Australian companies and other entities. **Partially funded via cost recovery industry levies.**

**\$17.3 million** over four years from 2024–25 (and \$3.1 million per year ongoing) to promote the development of **sustainable finance markets.**

**\$15.7 million** over four years from 2024–25 (and \$4.1 million per year ongoing from 2028–29) for Treasury to strengthen and streamline the **foreign investment framework.** This includes refunding 75 per cent of fees for foreign investment applications that do not proceed because the applicant was unsuccessful in a competitive bid process. Separate, but not unrelated to **interfunding changes.**



# What this means for business

## Levies and charges across portfolios

Allocation amount of **\$7.9 million** in 2024–25 for **Waste Exports Licencing scheme** will have new partial cost recovery.

**\$13.9 million** over five years from 2023–24 for Treasury competition reforms, including a merger register will be partially cost recovered.

The Government *will not* levy industry for the **Industrial Chemicals Environmental Management Standard**, which will save industry **\$14.2 million** over four years.

**\$206.4 million** over four years from 2024–25 for **data capability and cybersecurity upgrades** for **Australian financial and corporate regulators** – Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC) will be partially cost recovered.

**\$37.3 million** over four years from 2024–25 for regulators Australian Competition and Consumer Commission (ACCC), ASIC, and the Australian Communications and Media Authority (ACMA) to administer **industry codes to address scams** across telecommunications, banks and digital platforms will be partially cost recovered.



# What this means for business

## Levies and charges across portfolios

The Government will decrease the overall levy rate on **sweet potatoes** to 0.5 percent of sale value.

The new **Biosecurity Protection Levy** will cost industry approximately **\$50 million** per year and start 1 July 2024. It needs legislation to pass the Parliament to be lawful. **It will likely be defeated.**

The beneficial ownership transparency requirements will be partially funded via cost recovery industry levies.

**APRA** total resourcing increased by six million to \$420.9 million. APRA is usually cost recovered via industry levies for most activities.

**ASIC** total resourcing increased by \$150 million to \$778.6 million. ASIC usually cost recovers around three times its funded amount from the Commonwealth via levies and fines.

**ACCC** total resourcing increased almost a hundred million dollars to \$445.3 million.

# What this means for business

Government is eager for investment and partnerships on:

- **Climate change – resilience or mitigation**
  - **Domestic manufacturing**
  - **Supply chain strengthening**
  - **Housing and infrastructure**
  - **Gas**
- Government asset disposal – assist with clean-up and sale of former Commonwealth land such as southern Defence bases
  - Vehicle emissions standards legislation passed
  - Can you provide materials, skilled workers to achieve the Government's objectives?



# What happens next

## Opposition Leader Peter Dutton's response

- The Opposition Leader provided his response last night.
- He focused on:
  - **Housing**
  - **Energy and nuclear**
  - **He will oppose most renewable energy policies**
  - **Continue momentum on immigration**



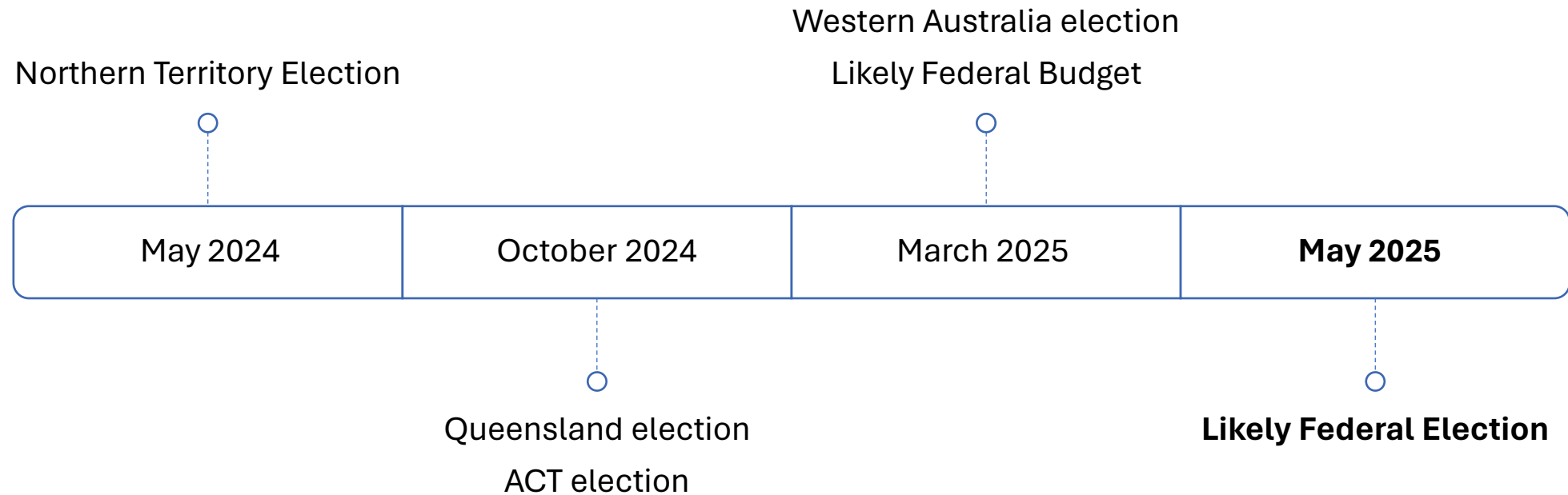
## Shadow Treasurer Angus Taylor's Budget Night media release

- Budget does not act on inflation
- “Labor has added \$315 billion of new spending”
- “Budget papers confirm the unprecedented increase in net overseas migration that will now see 1.67 million new migrants coming to Australia over five years.”

# What happens next

## Ongoing Issues

- Large problems – Inflation, Climate Change and Energy, Housing, Immigration, Aged care



# Any Questions?

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*“There are no solutions. There are only trade-offs.” – Thomas Sowell*