



**THE HON JOSH FRYDENBERG MP**

Treasurer  
Federal Member for Kooyong

**SPEECH**

**2021-2022 BUDGET SPEECH**

PARLIAMENT HOUSE, CANBERRA

11 MAY 2021

\*\*\*CHECK AGAINST DELIVERY\*\*\*

**Securing Australia's recovery**

**Introduction**

Mr Speaker, I move that this Bill now be read a second time.

Australia is coming back.

In the face of a once-in-a-century pandemic, the Australian spirit has shone through.

Doctors and nurses on the front line.

Teachers and students in the virtual classroom.

Businesses, big and small, keeping the economy moving.

'Team Australia' at its best.

A nation to be proud of.

We have come so far since the height of the pandemic.

Treasury feared unemployment could reach 15 per cent and the economy contract by more than 20 per cent.

This would have meant 2 million Australians unemployed.

It would have been the equivalent of losing the agriculture, construction, and mining sectors.

Mr. Speaker, today the reality is very different.

Ahead of any major advanced economy, Australia has seen employment go above its pre-pandemic levels.

At 5.6 per cent, unemployment today is lower than when we came to government.

This is remarkable.

Australia's fate could have been so much worse.

The United Kingdom, France and Italy all contracted by more than 8 per cent, Japan and Canada by around 5 per cent.

Australia, just 2.5 per cent.

On the health front, the catastrophic loss of life seen elsewhere was averted.

Early and decisive actions saved lives and livelihoods.

We closed our borders.

The Prime Minister established the National Cabinet.

And unprecedented support is seeing the country through the biggest global economic shock since the Great Depression.

JobKeeper kept 3.8 million people in their job.

JobSeeker helped 1.5 million people without work.

The Cashflow Boost supported over 800,000 businesses and not-for-profits.

And additional payments went to millions of pensioners, carers, veterans, and others on income support.

All made possible because we entered this crisis from a position of economic strength.

### **Economic Environment**

But Mr Speaker, it has come at a significant and unavoidable cost.

The COVID-19 recession will see our deficit reach \$161 billion this year, falling to \$57 billion in 2024-25.

With more Australians back at work, this year's deficit is \$52.7 billion lower than was expected just over 6 months ago in last year's Budget.

Net debt will increase to \$617.5 billion or 30.0 per cent of GDP this year and peak at \$980.6 billion or 40.9 per cent of GDP in June 2025.

This is low by international standards.

As a share of the economy, net debt is around half of that in the U.K. and U.S. and less than a third of that in Japan.

We are better placed than nearly any other country to meet the economic challenges that lie ahead.

Consumer sentiment is at its highest in 11 years.

Business conditions reached record highs.

And more Australians are in work than ever before.

Our plan is working.

Australia's economic engine is roaring back to life.

Since the last Budget, almost half a million jobs have been created.

Tonight, I outline the Morrison Government's plan to secure Australia's economic recovery and build for the future.

A plan that continues to protect Australians from COVID.

A plan that creates more jobs.

A plan that guarantees essential services.

And a plan that builds a more resilient and secure Australia.

It is a plan guided by our enduring values.

Reward for effort.

The power of aspiration and enterprise.

Upholding personal responsibility.

And always providing a helping hand to those who need it.

This is what the Coalition stands for.

### **Securing the recovery and creating jobs**

Mr. Speaker, our first priority is to keep Australians safe from COVID.

In this Budget, a further \$1.9 billion is allocated for the roll out of vaccines.

Australians have already received over 2.5 million doses.

This Budget provides another \$1.5 billion for COVID-related health services, including for testing and tracing, respiratory clinics and telehealth.

In total the Morrison Government has committed \$20 billion to the vaccine rollout and to strengthen our health system in response to COVID.

### **Tax relief**

Mr. Speaker, Australia's economic recovery is now well underway and we must keep the momentum going.

In last year's Budget, we promised hard-working Australians tax cuts and we delivered.

We promised the largest ever set of investment incentives and we delivered.

We promised more jobs and we delivered.

This was done without undermining the structural integrity of the budget.

But, Mr. Speaker, this pandemic is not over.

For as long as the virus persists, so will we.

So tonight, we go further.

Announcing that over 10 million low- and middle-income earners will benefit from a new and additional tax cut.

A stimulus measure that will support the recovery and build on tax cuts we announced in last year's Budget and the Budgets before that.

Low- and middle-income earners will receive up to \$1,080 for individuals or \$2,160 for couples.

More of their money in their pockets to spend across the economy, creating jobs.

Under the Coalition, taxes will always be lower and hard-working families better off.

Mr. Speaker, 8 out of 10 jobs are in the private sector.

A sustainable recovery requires a strong private sector.

Our record investment incentives are filling the order books of the nation.

Over 99 per cent of businesses, employing over 11 million workers, can write off the full value of any eligible asset they purchase.

This has seen their spending on machinery and equipment increase at the fastest rate in nearly 7 years.

So tonight, we again go further.

Announcing the extension of these measures for a further year until 30 June 2023, so a tradie can buy a new ute, a farmer a new harvester and a manufacturer expand their production line.

## **Housing and small business**

Mr Speaker, when construction work began to dry up, HomeBuilder came to the rescue.

New house starts are now the highest in 20 years.

New loans to first home buyers reached their highest level in nearly 12 years.

HomeBuilder has been a huge success.

And our \$2 billion investment in affordable housing is bringing on more supply.

Mr. Speaker, in this Budget, our housing measures go even further.

Helping another 10,000 first home buyers build a new home with a 5 per cent deposit.

Supporting 10,000 single parents to purchase a home with a 2 per cent deposit.

Increasing the amount that can be released under the First Home Super Saver Scheme from \$30,000 to \$50,000.

Under the Coalition, home ownership will always be supported.

Mr. Speaker, we know some sectors and regions continue to do it tough.

That is why this Budget provides a further \$2.1 billion in targeted support for aviation, tourism, the arts and international education providers.

More than 800,000 half-price airfares.

Support for more than 200 productions.

Grants to English language course providers.

And extending our small business loan scheme, which has already helped more than 45,000 businesses access low-cost finance.

We are also providing tax relief for around 1,000 small brewers and distillers.

Mr. Speaker, small and family businesses are the engine room of our economy.

They are at the heart of every local community.

As they strive to recover, we need the tax system to work for them, not against them.

So tonight we provide small business with peace of mind that an independent umpire will stand between them and the ATO when it comes to debt recovery actions.

We will take these disputes out of the courts and let small business get on with what they do best.

Under the Coalition, small business will always be stronger.

## **Record investment in skills and training**

Mr Speaker, we need to equip Australians with the skills they need to get a job today and tomorrow.

In this Budget, we double our commitment to the JobTrainer Fund.

Supporting a total of more than 450,000 new training places to upskill job seekers and young people.

At a cost of \$2.7 billion, we will create more than 170,000 new apprenticeships and traineeships.

Building on the 100,000 new apprentices we have already helped into a job in the first stage of the program.

We will help more women break into non-traditional trades, with training support for 5,000 places.

We will provide 2,700 places in Indigenous girls academies to help them finish school and enter the workforce.

And more STEM scholarships for women, in partnership with industry.

Tonight, we are also providing another 5,000 places in higher education short courses.

And better matching job seekers to jobs.

We will invest in modernising employment services, including specialist assistance for young and Indigenous Australians.

Importantly, for those who find themselves without work, the Government has strengthened the safety net, increasing the JobSeeker payment while enhancing mutual obligations.

## **Childcare**

Mr. Speaker, childcare is an important driver of higher workforce participation and women's economic security.

In this Budget, we are making a further and targeted \$1.7 billion investment in childcare.

This will increase the affordability of childcare for low- and middle-income families.

250,000 families will be better off by an average of \$2,200 each year.

Giving more parents, especially women, the choice to take on extra work.

## **A dynamic and competitive economy**

Mr. Speaker, our economic plan capitalises on the opportunities that will exist on the other side of this crisis.

Building the infrastructure our economy needs for the future with our 10-year, \$110 billion investment pipeline.

Tonight we make \$15 billion in additional infrastructure commitments including for:

- the North-South Corridor in South Australia
- the Great Western Highway and Newcastle airport in New South Wales
- the new Melbourne Intermodal Terminal in Victoria
- the Bruce Highway in Queensland
- METRONET in Western Australia
- highway upgrades in the Northern Territory
- Light Rail Stage 2A in the Australian Capital Territory and
- Midland Highway upgrades in Tasmania.

In this Budget we invest a further \$1 billion in road safety upgrades to save lives and a further \$1 billion in local road infrastructure projects.

Funding for these shovel-ready projects will be provided on a use it or lose it basis.

And through the Building Better Regions Fund, we will support a further \$250 million of regional community infrastructure projects, creating more jobs.

Under the Coalition, regional Australia will never be taken for granted.

Mr. Speaker, throughout the pandemic we have seen how quickly Australians have adapted.

Changing the way we work, shop and communicate.

A trend that will only accelerate.

Digital infrastructure and digital skills will be critical for the competitiveness of our economy, creating massive opportunities for growth and jobs.

In this Budget, we are investing \$1.2 billion in our Digital Economy Strategy.

Establishing a new national network of Artificial Intelligence Centres to drive business adoption of these new technologies.

Expanding our cyber security innovation fund to train the next generation of cybersecurity experts.

And undertaking a digital skills cadetship trial which combines workplace and vocational training.

Mr. Speaker, Australia's manufacturing sector will be a key driver of future jobs and higher wages.

That is why we have already committed \$1.5 billion to expand manufacturing activity and create jobs across six priority areas, including medical products and clean energy.

We backed in our Modern Manufacturing Strategy with an additional \$2 billion in R&D tax incentives.

Australia has led the world with innovations like WI-FI, the bionic ear and a vaccine for cervical cancer.

We want to see more innovation commercialised in Australia.

And so tonight, we are launching a new 'patent box' starting on 1 July next year.

Under the patent box, income earned from new patents that have been developed in Australia will be taxed at a concessional 17 per cent rate — almost half the rate that applies to large companies.

The patent box will apply to the medical and biotech sectors and we will consult on expanding it to the clean energy sector.

Mr. Speaker, Australia's effective management of COVID makes us an even more attractive place for the best and brightest from around the world.

To take advantage of this, we are streamlining visas to target highly skilled individuals when circumstances allow.

Simplifying our tax laws, including the treatment of employee shares in line with the rest of the world.

And improving Australia's competitiveness as a financial centre in the region.

### **Guaranteeing essential services**

Mr. Speaker, a strong economy enables us to guarantee the essential services Australians rely on.

In this Budget, the Government is providing record funding for schools, hospitals, Medicare, mental health, aged care and disability support.

Since coming to Government, we have listed more than 2,600 medicines on the PBS, an average of one each day.

This has put life-changing treatments within the reach of every Australian.

In this Budget, we fund new medicines to treat breast cancer, lung cancer, severe osteoporosis and asthma.

Tonight, we announce the listing of Emgality to treat chronic migraines.

Instead of costing \$6,800 per year for treatment it will now cost \$41.30 a script or \$6.60 for concession card holders.

The Government is also providing in this Budget new funding for endometriosis, research into pre-term birth and genetic testing for pregnant women.

Mr. Speaker, the Government is committed to ensuring Australians can access quality medical services no matter where they live.

That is why this Budget will provide higher incentives to rural and regional GPs for bulk billed services, helping to keep more doctors in the regions.

### **National Disability Insurance Scheme**

Mr Speaker, the NDIS has made Australia a better country.

Profoundly improving the lives of people with disability and their families.

A new wheelchair, home modifications, care in the home and transport to work.

Today, 450,000 people are receiving disability support.

In the last year alone, more than 100,000 have joined the scheme.

In this Budget, we will spend a further \$13.2 billion over four years to meet the needs of Australians with disability.

As the scheme reaches maturity, our focus is on ensuring its sustainability and that it continues to deliver a high quality essential service for those who need it.

Under the Coalition, the NDIS will always be fully funded.

### **Aged care**

Mr. Speaker, the Prime Minister called the Royal Commission into Aged Care Quality and Safety. It revealed shocking cases of neglect and abuse.

Tonight, we commit \$17.7 billion in practical and targeted new funding to significantly improve the system.

We will fund another 80,000 new home care packages, bringing the total to 275,000 home care packages available.

We will increase the time nurses and carers are required to spend with residents.

We will make an additional payment of \$10 per resident per day to enhance the viability and sustainability of the residential aged care sector.

We will support over 33,000 new training places for personal carers, and a new Indigenous workforce.

We will provide retention bonuses to keep more nurses in aged care.

We will increase access for respite services for carers.

We will strengthen the regulatory regime to monitor and enforce standards of care.

We will upgrade essential aged care infrastructure in regional and remote areas.

This package brings our record investment in aged care to over \$119 billion over the next four years.

We are committed to restoring trust in the system and allowing Australians to age with dignity and respect.

## **Mental health**

Mr. Speaker, everybody listening tonight knows someone struggling with their mental health. Suicide is the leading cause of death in those aged 18 to 44.

Tragically, over 65,000 of our fellow Australians attempt to take their own lives each year.

These are not just statistics on a page but family, friends and colleagues.

In every Budget, we have committed more resources to front line services.

BeyondBlue.

Lifeline.

Kidshelpline.

Tonight we extend our support with a \$2.3 billion commitment to mental health care and suicide prevention.

More Headspace centres to support more young Australians.

Expanding this model to those aged over 25, with a new Head to Health national network of 40 centres.

Increased funding for the treatment of eating disorders.

Greater access to psychiatrists, psychologists and GPs through Medicare.

Universal access to care for people who have been discharged from hospital following a suicide attempt.

A new National Suicide Prevention Office.

And as the Prime Minister has announced, we will establish a Royal Commission into Defence and Veterans Suicide.

Mr Speaker, we have nearly doubled spending on mental health since we came to office.

It is a clear national priority.

It goes to the heart of who we are as Australians, helping those who need it most.

### **Education**

Mr. Speaker, the Government is investing record funding in education. We have already doubled school funding since we came to office.

Our focus is on lifting student outcomes and better equipping teachers.

Mr. Speaker, tonight we also commit \$2 billion to fund preschools, with reforms to improve participation.

Preschool is a vital time in a child's development and prepares them for the educational journey ahead.

In this Budget, we are also providing more than \$19 billion in funding for our universities in 2021-22.

And as a result of decisions made during the pandemic, this year there are 30,000 more places at Australian universities.

### **Women's safety**

Mr. Speaker, all Australians have the right to be safe. The reality is, for too many women, this is not the experience.

One in four women experience violence from a current or former partner.

This must stop.

We must do more to end all forms of violence against women and children.

Since we came to Government we have invested more than \$1 billion to keep women and children safe.

Tonight, we invest a further \$1.1 billion in women's safety.

Delivering more emergency accommodation.

More legal assistance.

More counselling.

More financial support, including cash payments for those escaping abusive relationships.

More targeted services for Indigenous, migrant and refugee women and women with disability.

We will improve the family law system to better protect children, give victims of domestic violence greater access to justice and reduce time spent in court.

Mr. Speaker, sexual harassment is unacceptable in any context.

When it occurs in the workplace, it denies women their dignity, as well as their personal and economic security.

The Government in its response to the Respect@Work report is strengthening laws, guidance and standards to prevent and address harassment.

### **Retirees**

Mr. Speaker, we want all Australians to get the most out of the superannuation system.

On average women retire with less superannuation than men.

So tonight, the Government will remove the current \$450 per month minimum income threshold for the superannuation guarantee.

This will improve economic security in retirement for around 200,000 women.

Our plan will also make it easier for Australians to prepare for retirement and to be more secure once in retirement.

We will improve flexibility by no longer requiring older Australians to meet a work test before they can make voluntary contributions to superannuation.

We will allow those aged over 60 to contribute up to \$300,000 into their superannuation if they downsize their home, freeing up more housing stock for younger families.

We will also enhance the Pension Loan Scheme by providing immediate access to lump sums of around \$12,000 for singles, and \$18,000 for couples.

Under the Coalition, Australian seniors will always have more control over their money.

### **A resilient Australia**

Mr. Speaker, COVID has not been the only challenge Australia has faced.

Drought, bushfires, cyclones and floods.

This Budget provides more resources to help Australians prepare, respond and recover from these natural disasters.

- A new National Recovery and Resilience Agency to lead our response to natural disasters.

- A \$10 billion government guarantee to make insurance more affordable in Northern Australia.
- Funding from our \$3.5 billion National Water Grid Fund to make regional Australia more resilient to drought, building dams and irrigation projects.
- More than \$600 million for community and household projects to mitigate the impact of natural disasters.
- And \$170 million to strengthen internet and mobile coverage in regional Australia, particularly in bushfire prone areas.

Mr. Speaker, Australia's biosecurity system protects more than \$50 billion in agricultural exports and 1.6 million jobs from threats like African Swine Fever.

This Budget will strengthen border screening controls and improve our ability to fight an outbreak.

Mr. Speaker, a resilient Australia requires diverse and reliable supply chains.

That is why we are providing additional support for Australian manufacturers of critical products.

And more funding to help small businesses and farmers expand and diversify their export markets.

Mr Speaker, our industries and regions depend on affordable and reliable energy.

That's why the Government is unlocking Australia's vast gas reserves in the North Bowen and Galilee Basins, and investing in hydrogen-ready gas plants.

We are also shoring up our fuel security by helping local refineries to keep operating in Australia.

Mr. Speaker, we are the custodians of this great continent for future generations.

This Budget provides over \$480 million in new funding for the environment, including \$100 million to protect our oceans.

We are also upgrading our recycling capabilities, creating jobs and reducing waste sent to landfill.

Australia is playing its part on climate change, having met our 2020 commitments and on track to meet and beat our 2030 target.

Australia is on the pathway to net zero and our goal is to get there as soon as we possibly can, preferably by 2050.

We will do this with a practical, technology-focused approach. Technology not taxes.

Already, we have the highest uptake of rooftop solar in the world and are supporting major energy storage projects like Snowy 2.0 and Battery of the Nation.

In this Budget, we are investing a further \$1.6 billion to fund priority technologies, including clean hydrogen and energy storage.

Our approach will strengthen the economy, create jobs and reduce emissions.

### **National security**

Mr Speaker, while we have been fighting COVID, other threats to our security have not gone away.

To keep Australians safe from these threats — whether domestic or foreign — the Government is providing an additional \$1.9 billion over the decade to strengthen our national security, law enforcement and intelligence agencies.

We also need to be prepared for a world that is less stable and more contested.

This is why we are investing \$270 billion over 10 years in our defence capability.

The Australian Defence Force continues to protect and uphold our national interests abroad and at home.

Our Defence Forces are always there for us and we are forever indebted to them.

### **Conclusion**

Mr Speaker, this pandemic is far from over.

Around the world, there are around 800,000 new cases per day.

The global economic environment remains uncertain.

The euro area has fallen back into recession.

But, Australia is now well on the road to recovery.

Our economy is forecast to grow by 1 ¼ per cent in 2020-21, rising to 4 ¼ per cent in 2021-22.

Employment is at a record high, with 75,000 more Australians in jobs than before the pandemic.

And this Budget will help to create more than 250,000 more jobs by the end of 2022-23.

Mr. Speaker, this Budget secures the recovery and sets Australia up for the future.

Tax cuts to put more money in people's pockets.

Business incentives to unleash a further wave of investment.

New apprenticeships and training places to get more Australians into work.

A \$110 billion infrastructure pipeline to build our nation's future.

And record funding to guarantee the essential services Australians rely on.

Mr Speaker, jobs are coming back.

The economy is coming back.

Australia is coming back.

And this Budget will ensure we come back even stronger, securing Australia's recovery.

I commend the Budget to the House.

**Ends.**