

Federal Budget 2024-25

Foreword



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NECA is pleased to provide its members with a snapshot of key measures contained in the federal 2024-25 budget delivered by the Treasurer, Hon Jim Chalmers MP, on 14 May 2024.

This year's budget focuses on targeted cost-of-living relief, including:

- Easing cost-of-living pressures
- Building more homes for Australians
- Investing in a Future Made Australia
- Strengthening Medicare and the care economy
- Broadening opportunity and advancing equality

NECA's Head of Government Relations, Kent Johns, 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. We achieved a real win with the expansion of the new energy apprenticeship program to include new apprentices across electrical work which will attract greater numbers to our industry.

NECA is also pleased to see the Budget commitments to provide targeted support for small businesses, including improving cashflow, easing cost pressures, reducing administrative burdens and supporting confidence and resilience in the small business sector.

More Information

The Federal Budget 2024-25 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.



2024-25 Budget Priorities

This Budget provides \$15.4 billion to address spending pressures, including extending funding of terminating health programs, myGov and frontline services.

The budget continues to face long-term fiscal challenges from interest costs, the NDIS, defence, health, and aged care.

Budget highlights include:

- Scrapping of the previous government's stage 3 tax cuts means the government will implement reforms believed to benefit more Australians.
- Assistance with power bills, focussing on pensioners and others on fixed incomes ensuring these groups do not miss out.
- \$1 billion for road, energy, and other infrastructure to support new home construction
- \$1 billion in subsidies, grants, and support to boost domestic production of solar panels in Australia
- Investments in critical minerals, including mapping deposits necessary for developing renewable energy technologies, as part of a \$566 million plan for Geoscience Australia
- Changes to student debt repayments benefiting approximately three million graduates, reducing loans by an average of \$1200 and tying future indexation to the lowest of annual headline inflation or wages growth
- \$8.5 billion in new health investment, including additional funding for clinics in regional, rural, and remote Australia
- Implementation of superannuation on Government funded paid parental leave from July 1, 2025

Skills, Training and Apprenticeships

Budget highlights include the federal government's commitment to addressing skills shortages in our sector as recommended by NECA by investing in skills and training.

Minister O'Connor announced the following programs:

Skilling the Clean Energy Workforce

The Government is investing \$91.0 million over five years in the Budget to help skill the new energy workforce for the transition to Net Zero, including:

- A \$50 million capital and equipment investment fund for facility upgrades to expand clean energy training capacity across wind, solar, pumped hydro, grid battery storage, electricity networks and hydrogen, as well as key electrical and construction trades;
- \$30 million to turbocharge the clean energy teacher, trainer and assessor workforce;
- Establishing advocacy and promotional work for clean energy careers;
- Support for small and medium businesses taking on clean energy, construction and manufacturing apprentices through access to Group Training Organisation services, with up to \$1,500 in annual reimbursements over the life of an apprenticeship; and
- A preliminary study on using Australia's international education sector to tackle critical skills shortages through work integrated learning and apprenticeships where domestic training capacity permits.

Skilling the Construction Workforce to Support Housing Supply

- \$62.4 million, working with states and territories, to deliver an additional 15,000 Fee-Free TAFE and VET places;

- \$26.4 million, working with states and territories, for the Pre-Apprenticeships – Trade Experience Program, to deliver approximately 5,000 places in pre-apprenticeship programs over two years from 1 January 2025; and
- \$1.8 million to streamline skills assessments for around 1,900 potential migrants from countries with comparable qualifications who want to work in Australia’s housing and construction industry, and prioritising processing of around 2,600 Trades Recognition Australia skills assessments in targeted construction occupations.

Supporting women to achieve higher paying careers through VET pathways

- Investing \$55.6 million over four years for the Building Women’s Careers program. This program will support women into flexible, safe and inclusive work and training opportunities and will drive structural and cultural change across the male-dominated industries key to A Future Made in Australia - Workforce and Trade Partnerships for Renewable Superpower Industries. This will increase women’s access to skilled and well-paid careers and help address critical skills shortages across the economy.
- Continuing to support women apprentices in priority occupations under the Apprenticeships Incentive System and setting specific targets for women within the Australian Skills Guarantee

Australian Apprenticeships Incentive System

- Apprentices training in priority areas will be eligible for an additional \$2,000 (\$5,000 in total) to assist them to undertake and complete their training.
- Employers taking on apprentices in priority areas will be eligible for an additional \$1,000 (\$5,000 in total) to help subsidise costs associated with employing an apprentice.

Responding to the Universities Accord

- Investing \$27.7 million over four years to improve tertiary collaboration and lay the foundation for broader tertiary education reforms.

This includes reforms to improve the student experience and provide better credit recognition between VET and higher education and exploring ways to improve regulatory approaches for dual sector providers (including TAFEs) between the Tertiary Education Quality and Standards Agency (TEQSA) and the Australian Skills Quality Authority (ASQA).

ASQA will scope and pilot delegating its course accreditation function to identified TAFEs in VET and TEQSA will facilitate applications from TAFEs to self-accredit certain courses of study in higher education.

- Investing \$58.2 million over four years to relieve the financial pressure on VET students undertaking mandatory work placements as part of nursing including midwifery qualifications to combat placement poverty, reduce drop out, support completions and encourage greater take-up.

Work placements are a critical component of the training experience but come at a genuine cost to students and ultimately the Australian workforce, which is experiencing critical shortages in these sectors.

Infrastructure

- New housing investment of \$6.2 billion in specific initiatives, taking the Government’s total new investment since 2022 to \$32 billion.

Existing investment has been made to directly increase the supply of social and affordable housing, delivering 40,000 social and affordable homes through the National Housing Accord and the Housing Australia Future Fund.

This is in addition to providing \$2 billion to the states and territories to deliver around 4,000 new and refurbished social homes through the Social Housing Accelerator.

- An extra \$1 billion to states and territories to deliver new housing
- \$1.9 billion for a 10 per cent increase in Commonwealth Rent Assistance
- Additional \$1.9 billion in concessional finance for social and affordable homes
- An extra \$423 million for the National Agreement on Social Housing and Homelessness
- \$88.8 million to deliver 20,000 new fee-free TAFE places, including pre-apprenticeship programs, in courses relevant to the construction sector
- More student accommodation
- An additional \$16.5 billion for new and existing infrastructure projects across Australia over 10 years
- More money for every state: an additional \$9.5 billion for projects over the forward estimates
- Future-proofing Western Sydney with \$2 billion to improve transport networks and plan and build roads supporting housing developments
- \$2.2 billion to enhance connectivity and increase accessibility and reliability of Southeast Queensland transport networks

Investing in a Future Made in Australia

Attracting investment in key industries and making Australia a renewable energy superpower:

- A new 'front door' for priority projects, and streamlined and strengthened approvals
- \$6.7 billion production tax incentive for the production of renewable hydrogen
- \$1.7 billion to promote net zero innovation, including for green metals and low-carbon fuels
- \$1.5 billion to strengthen battery and solar panel supply chains through production incentives

Value adding to resources and strengthening economic security:

- \$7 billion production tax incentive for the processing and refining of critical minerals
- \$566.1 million to map Australia's geological potential to support net zero transition
- \$14 million to build better markets through trade, promoting competitive and fair global markets
- \$268 million to support the development of defence industries and skills

Investing in skills for priority industries and higher education:

- \$1.1 billion to reform higher education and deliver our skilled workforce
- \$88.8 million for 20,000 new training places relevant to construction
- \$55.6 million to support women's careers in clean energy

Strengthening digital, science and innovation capabilities:

- \$466.4 million to advance Australia's quantum computing capabilities
- \$288.1 million to expand Digital ID into a whole-of-economy service
- \$448.7 million for advanced satellite data on climate, agriculture, and natural disasters

Supporting small business and regions

- \$290 million to extend the \$20,000 instant asset write-off for small businesses

- \$10.8 million to support the mental and financial wellbeing of small business owners
- \$519.1 million from the Future Drought Fund for farmers and rural communities

Cost of Living Relief

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

- All 13.6 million Australian taxpayers will get a tax cut, with an average tax cut of \$1,888 or \$36 a week; this means from 1 July 2024, the government will:
 - Reduce the 19 per cent tax rate to 16 per cent
 - Reduce the 32.5 per cent tax rate to 30 per cent
 - Increase the income threshold above which the 37 per cent tax rate applies from \$120,000 to \$135,000
 - Increase the income threshold above which the 45 per cent tax rate applies from \$180,000 to \$190,000.
- \$3.5 billion in energy bill relief for all Australian households and one million small businesses.

This means that 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.
- \$1.9 billion to increase Commonwealth Rent Assistance by a further 10 per cent, benefiting nearly 1 million households
- Cheaper medicines as part of the up to \$3 billion agreement with community pharmacies
- Waiving \$3 billion in student debt for more than 3 million Australians to make student loans fairer
- Getting consumers a better deal at the supermarket checkout and through the energy transition.

Through the energy transition investment the Government has committed \$27.7 million to develop priority reforms to ensure that consumer energy resources, including rooftop solar, household batteries, and electric vehicles, continue to unlock savings and benefits for all energy customers.

- \$1.1 billion to pay superannuation on Government-funded Paid Parental Leave
- \$138 million to boost funding for emergency and food relief and financial support services
- Supporting wages growth through submissions to the Fair Work Commission and supporting pay rises for care sector workers
- Extending the freeze on deeming rates for 876,000 income support recipients

Broadening opportunity and advancing equality

- Delivering \$925.2 million for financial assistance and support services for victim-survivors leaving a violent partner
- \$1.1 billion to pay superannuation on Government-funded Paid Parental Leave, benefiting 180,000 families each year
- Addressing gender-based violence in higher education
- \$56.1 million to support women's sexual and reproductive health initiatives
- \$777.4 million to develop local jobs, services and economic opportunities in remote regions
- \$111.1 million to improve remote First Nations communities' access to essential services in the Northern Territory
- \$41.2 million in targeted support for JobSeeker Payment recipients with additional barriers to work
- \$68 million to roll out community wi-fi in remote communities and better support

- digital literacy
- \$53.8 million to establish First Nations language centres and expand learning services
- \$29.1 million to partner with First Nations community-controlled peak bodies to improve early childhood and education outcomes
- Establishing the \$100 million Outcomes Fund and supporting place-based strategies in skills and employment.
- The pipeline of business investment remains strong and this growth is expected to continue through to 2025–26.
- Real GDP is expected to grow by 1.75 per cent in 2023–24 and remain subdued over the period ahead. Real GDP is forecast to grow by 2 per cent in 2024–25 and 2.25 per cent in 2025–26.

Overall Economic Outlook

- Fighting Inflation is the Treasurer’s primary focus, and is predicted to drop in the June quarter to 3.5% and dip to under 3% by Christmas. The government’s forecasts are more optimistic than the RBA.
- Forecasted gross debt is now projected to be \$152bn lower in 2024-25, with the budget set to show gross debt climbing to \$904bn in the financial year, lower than projections prior to the May 2022 election which showed this figure eclipsing \$1 trillion.
- Treasury is forecasting headline inflation return to the target band by the end of 2024, slightly earlier than expected.
- The labour market has been resilient with an unemployment rate near historic lows, workforce participation near its record high, and around 780,000 jobs created since May 2022.
- Employment is growing faster than any major advanced economy.

The unemployment rate is expected to rise modestly but remain below pre-pandemic levels.

- The combination of nominal wages growing at their fastest rate in nearly 15 years and the moderation in inflation has resulted in real wages returning to annual growth.