

Federal Budget 2023-24

10 May 2023



On Tuesday evening, the treasurer Jim Chalmers handed down his second Labor budget.

The Budget comes at a time of increasing interest rates and Australians grappling with the pressure of rising cost-of-living. In this Budget the Government focuses on providing cost of living relief through lower power bills, higher welfare payments and more support for small business and housing.

In this summary, we highlight some of the Government's key initiatives.

It is important to note the Budget announcements are still only proposed at this stage and to be legislated. Changes can also be made prior to these proposals becoming law.



Cost of living and Government Assistance

Energy bill relief fund for households



Electricity bill relief is being applied across states and territories for eligible recipients:

- In NSW, Queensland, South Australia and Tasmania, the total bill relief will be \$500 per eligible household.
- In Victoria, the bill relief will be \$250 per household, plus a one off \$250 direct payment through Victoria's 2023 Power Saving Bonus Payment.
- In Western Australia and the Northern Territory, the total bill relief will be \$350 per eligible household.
- In the ACT, the bill relief will be \$175 per eligible household. Your bills will also be lower owing to the ACT's Large-scale Feed-in Tariff Scheme which will lower the average bill by \$152.

Relief will be applied to the electricity bill of eligible participants, including:

- Concession card holders (Commonwealth Seniors Health Card, Health Care Card, Low Income Health Care Card, Pensioner concession card, DVA cards)
- Family tax benefit A and B recipients,
- Small business customers of electricity retailers

For more information on eligibility in your state and territory, refer to www.energy.gov.au and search 'Eligible cards and payments for Energy Bill Relief fund for households'.

Pharmaceutical Benefits Scheme changes



Pharmaceutical Benefits Scheme changes: Individuals will be allowed to buy twice as many common medicines for the price of one script under changes to the Pharmaceutical Benefits Scheme from 1 July 2023. This will allow a patient access to 60 days worth of medicine for each script. The change will save general patients up to \$180 a year per subsidised prescription. Concession card holders are expected to save up to \$43.80 a year per medicine.

Increased bulk billing



Children under the age of 16, pensioners and other Commonwealth concession cardholders will have increased access to free healthcare under this measure, with bulk billing incentives being tripled for the most common consultations. This includes face-to-face, telehealth and video conference consultations.

\$40 per fortnight increase to certain payments



Commencing 20 September 2023, over 5 years increased support will be provided for people. This includes:

- Increasing the base rate of working age and student payments by \$40 per fortnight. This increase applies to the JobSeeker Payment, Youth Allowance, Parenting Payment (Partnered), Austudy, ABSTUDY, Disability Support Pension (Youth), and Special Benefit. It will commence on 20 September 2023 when payment rates index. (*note this measure doesn't apply to all Single Parenting payment holders for details refer to Centrelink*)
- Extending eligibility for the existing higher single JobSeeker Payment rate for recipients aged 60 years and over to recipients aged 55 years and over who are on the payment for 9 or more continuous months.

Increase to rent assistance



Over 5 years starting from 20 September 2023, the Government will increase the maximum rates of Rent assistance by 15 per cent to help rental affordability challenges. The maximum Rent Assistance for a single person is currently \$157.20 pf and varies depending on the amount of rent paid and the family situation of the person.

Work bonus bank for Age Pension recipients top up extended



Originally set to expire on 30 June 2023, the \$4,000 that has been added to a pensioner's work bonus bank (\$7,800) has been extended to 31 December 2023.

Pensioners can earn up to \$11,800 (\$7,800 standard work bonus bank plus \$4,000 top up) before their pension is reduced. From 1 January 2024, the work bonus bank reduces to the standard \$7,800 per annum.

Parenting payment (single) improved



Over 5 years from 2022-23, the Government will extend eligibility for Parenting Payment (Single) to single principal carers with a youngest child under 14 years (up from 8 years).

This moves those who are single principal carers of a dependant child aged under 14 years and currently on the JobSeeker Payment (\$745.20 per fortnight) to the Parenting Payment (Single) rate of \$922.10 per fortnight, this will result in an increase of \$176.90 per fortnight. They will also receive the basic Pension Supplement of \$27.20 per fortnight that is available to Parenting Payment (Single) Recipients.

Tax and Superannuation

No changes to stage 3 personal income tax cuts



The Budget did not contain any measures announcing changes to personal income tax. This includes: No changes to the stage 3 tax cuts which will take effect from 1 July 2024.

Small business instant asset write-off



From 1 July 2023 until 30 June 2024, the Government will improve cash flow and reduce compliance costs for small businesses by temporarily increasing the instant asset write-off threshold to \$20,000.

Small businesses, with aggregated annual turnover of less than \$10 million, will be able to immediately deduct the full cost of eligible assets costing less than \$20,000 that are first used or installed ready for use between 1 July 2023 and 30 June 2024. The \$20,000 threshold will apply on a per asset basis, so small businesses can instantly write off multiple assets.

Small business energy incentive



Small and medium businesses, with aggregated annual turnover of less than \$50 million, will be able to deduct an additional 20 per cent of the cost of eligible depreciating assets that support electrification and more efficient use of energy.

Up to \$100,000 of total expenditure will be eligible for the Small Business Energy Incentive, with the maximum bonus deduction being \$20,000.

Full details of eligibility criteria will be finalised in consultation with stakeholders.

Electric vehicle discount – Plug-in hybrids



Currently, plug-in hybrid vehicles are eligible for the electric vehicle discount. These vehicles have an electric motor powered by a battery and a petrol motor that can be used when the battery runs out.

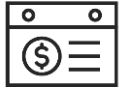
From 1 April 2025, plug-in hybrid vehicles are no longer eligible for the electric vehicle discount.

Pay day super



From 1 July 2026, employers are required to make super guarantee payments on the same day they pay employees. Referred to as 'payday' super, this measure aims to make it easier for businesses to manage their payrolls and reduce their accounting liabilities.

Reduced super concessions on total super balances over \$3m



From 1 July 2025, any portion of a person's total super balance over \$3m will have earnings taxed at 30 per cent. Total super balances under \$3m continue to receive 15 per cent earnings tax. Holdings in retirement phase continue to receive nil tax.

Aged care

Regulatory reform and improved support



Additional funding is being provided to:

- Enhance the Star rating system (given to aged care homes based on how they perform across compliance, quality measures, resident experience, and staffing).
- Improve food and nutrition in aged care.
- Extend the Disability Support for Older Australians Program.
- 9,500 extra home care packages.
- Establish a single aged care assessment system (currently different health assessments can apply depending on your circumstances).
- Undertake pricing and cost research activities.

Front workers to receive pay rises



Over 5 years from 2022-23, the Government is increasing award wages by 15 per cent from 30 June 2023 for many aged care workers.

Enrolled nurses, assistants in nursing, personal care workers, head chefs and cooks, recreational activities officers (lifestyle workers) and home care workers all secure a historic increase to their award wages.

Reducing the number of people under age 65 in aged care



Over 3 years from 2023-24, a package of initiatives aim to reduce the number of people living in residential aged care under age 65 including:

- Targeted education and training packages for health practitioners and support staff who support and influence the decision making of younger people in residential aged care.
- Establishing a central function to support nationally consistent decision making on the eligibility of younger people seeking to enter residential aged care.
- An evaluation of actions already taken to reduce the number of young people in residential aged care to inform future initiatives.

Housing

Making it easier to buy a home



The government intends to expand the eligibility of the Home Guarantee Scheme from 1 July 2023 to:

- allow any 2 eligible people to be joint applicants for a guarantee beyond spouses and de facto partners
- allow non-first home buyers who have not owned a property in Australia for at least 10 years to access the First Home Guarantee and Regional Home Guarantee
- allow a single legal guardian of children to access the Family Home Guarantee
- allow Australian permanent residents to access the Scheme



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