

MEMBERS UPDATE - SPECIAL EDITION

2022-2023 October Federal Budget Statement

Dear [[FIRSTNAME]]

The mantra for the Albanese government's Budget tonight was to deliver on their election commitments whilst strengthening the economy and providing cost of living relief for families without putting pressure on inflation. Dubbed the 'wellbeing' Budget, will all the commitments of the new governments' first Budget survive the predicted global economic recession and the ongoing impacts of the Russian war in the Ukraine?

Growth is expected to decline from 3.25% to 1.5% next financial year, but employment will remain low at 4.5%. High inflation and interest rates will continue to have impact with inflation peaking at 7.75% later this year.

Although global uncertainty may plague the 2022-23 Federal Budget, it seems this may not apply to the infrastructure industry. The government emphasised that the development of infrastructure is an important driver for economic growth, productivity and skills – and has committed significant expenditure to regional and urban Australia as a protective measure to buffer the impacts of global economic decline.

The Budget includes a \$9.6b infrastructure boost for projects across Australia the government has stated as 'priorities' and meet their criteria of 'leaving a lasting legacy'.

Queensland is provided with \$1.47b, allocated for the following:

- \$586.4m of additional funding for a major upgrade of the Bruce Highway to widen a 13-kilometre stretch through Brisbane's outer northern suburbs
- \$200m to upgrade the Bruce Highway between Dohles Rocks Road and Anzac Avenue, expanding the road from six to eight lanes and building on/off-ramps at the southern end
- Funding to complete detailed planning works for the next stage of the Ipswich Motorway

The total infrastructure spend across the country is:

- Qld - \$1.47 billion
- NSW - \$1 billion
- Vic - \$2.57 billion
- WA - \$670 million
- SA - \$660 million
- Tas - \$685 million
- NT - \$2.5 billion

The Federal Treasurer the Hon Dr Jim Chalmers described his first budget as 'solid, sensible and suitable for the times' – let's break it down to see if this has been achieved.

HOUSING AFFORDABILITY – LIVING WHERE THERE'S WORK

1 million new homes to be built over five years from 2024

The government has provided \$10b to the Housing Australia Future Fund with the Commonwealth and the States committing to build a million homes across Australia. Through the support of the superannuation industry and institutional investors, the government has made a high priority the provision of building more affordable housing closer to where there is greater job opportunity and higher employment need.

This sits with the Queensland Government's recent commitment to expand its \$2b Housing Investment Fund for driving investment in social and affordable housing by providing subsidies, one-off capital grants and other support to encourage developers, builders, institutional investors, superannuation funds, and eligible government entities to partner with Community Housing Providers.

ENERGY TRANSFORMATION

- \$15b National Reconstruction Fund for diversifying the economy
- \$20b fund for upgrading transmission lines
- Supporting small businesses with new energy grants

REGIONAL PROGRAMS

The Government has committed \$1 billion in the Budget over three years to two new regional programs – the Growing Regions Program and the regional Precincts and Partnerships Program.

The Growing Regions Program will provide new opportunities for regional local councils and not-for-profit organisations through an annual open, competitive grants process.

The regional Precincts and Partnerships Program will provide a strategic, nationally consistent mechanism for funding and coordinating larger-scale projects that transform a place, to benefit communities in regional cities and wider rural and regional Australia.

Buoyed by an election mandate for greater transparency and accountability in expenditure activities, the government has stated it will consult on the guidelines for allocation of funding for community infrastructure to ensure best practice transparency and consistency of process in the growing regions program – with the first example being the \$1.1 billion Rockhampton Ring Road project including a third bridge over the Fitzroy River delayed indefinitely due to the \$700 million cost blowout.

The Government will also not be proceeding with the Building Better Regions Fund (BBRF) Round 6 on the basis that the Australian National Audit Office found the BBRF grants favoured National Party electorates and were not awarded on the basis of merit.

INFRASTRUCTURE REVIEW PROCESS

Earlier this month the Minister for Infrastructure, Transport, Regional Development and Local Government, Catherine King MP said the government wants the Commonwealth's infrastructure spending to be responsible, affordable and sustainable – nominating projects including the East-West link in Melbourne and the Perth Freight Link as 'zombie' projects that were never going ahead. She also announced the appointment of Dr Kerry Schott AO to lead an independent review into the Inland Rail project. The review will consider the process for selecting the Inland Rail route, including stakeholder consultation, and assess the project's scope, schedule and cost; also assessing options for the new Inland Rail intermodal terminals to be built in Melbourne and Brisbane.

INFRASTRUCTURE FUNDING COMMITMENTS ACROSS THE NATION

New South Wales

- \$300m for the Western Sydney Roads Package, providing \$50m for planning and preparatory works for the Castlereagh Connection, \$37m for Richmond Road planning and \$75m for planning and early works in the North West Growth Corridor
- \$500m investment to start corridor acquisition, planning and early works for high-speed rail connections between Sydney, the Central Coast and Newcastle

Victoria

- \$2.2b for the Suburban Rail Link
- \$150m for Camerons Lane Interchange at Beveridge
- \$125m for Barwon Heads Road Upgrade – Stage 2
- \$57m for Ison Road Overpass

Northern Territory

- \$1.5b in planned equity to support the construction of common user marine infrastructure within the Middle Arm Sustainable Development Precinct, providing a pathway to a decarbonised economy by helping emerging clean energy industries
- \$440m in planned equity to support the development of regional logistic hubs
- \$350m of additional funding to seal the Tanami Road and upgrading Central Arnhem Road
- \$332m towards the Northern Territory Strategic Roads Package

Tasmania

- \$540m to upgrade Tasmania's important road corridors, including the Bass Highway, the Tasman Highway and the East and West Tamar Highways
- \$35m for the TransLink transport hub at Launceston Airport
- \$60m towards runway upgrades at Hobart Airport

South Australia

- \$60m to construct on and off ramps for the Southern Expressway at Majors Road which will reduce traffic on Brighton Road
- \$200m to reduce congestion in Adelaide's south and improve road safety by removing the Marion Road Level Crossing and upgrading Marion Road between Cross Road and Anzac Highway
- \$1.5b for upgrading important freight highways, sealing the Tanami, and upgrading Central Arnhem Road, as well as the Dukes, Stuart and Augusta highways in SA

Western Australia

- \$125m funding to help build an electric bus network for Perth
- \$545m for the Freight Highway Upgrade Program to deliver priority upgrades to the interstate Tanami Road and other nationally significant freight routes

KEY NATIONAL INVESTMENTS

- \$350m funding for an extra 10,000 new affordable homes
- \$7.5b package on a five-point plan that includes a \$530m investment in paid parental leave and more affordable childcare from July 2023
- \$1.7b investment to end violence against women and children
- \$32m step forward for the Voice to Parliament with 35 local and regional voice bodies
- \$6.1b towards hospitals, Medicare, and Covid-19 support
- \$2.5b for nurses back into nursing homes and improving the quality of food for residents
- \$1.8b for environment and heritage protection including for the Great Barrier Reef
- \$3b Disaster Assistance Fund
- \$6m over 3 years for online learning tools to help schools keep children safe online
- Expansion of full-fibre access to 1.5 million premises by 2025 with a \$2.4b equity investment over 4 years
- \$787m allocated to deliver the biggest cut to the cost of PBS medicines ever
- Matching the Western Australian government's commitment to funding a world-class Aboriginal Cultural Centre for WA
- \$588m to ensure Services Australia supports Australians during emergencies, particularly when impacted by natural disasters
- 2% increase in defence spending to meet safety and security concerns
- \$1b investment in TAFE and vocational education that includes the commitment to provide 20,000 extra university places and fee-free TAFE and vocational education places including more places for teachers, nurses, engineers, health professionals such as pharmacy and in IT
- 180,000 fee-free TAFE places provided in 2023
- \$474m to look after students' well-being post pandemic and better classrooms

MORE RESILIENCE NEEDED FOR OUR TIMES OF GREAT CHALLENGE AND CHANGE

The Treasurer described his budget tonight as 'more resilient, more inclusive and more modern' and decisions made for our current times. He also announced that a \$36.9b deficit is now forecast for 2022-23. This is due to the world paying top dollar for our natural resources and the spending audit identifying \$22b in savings over four years. However, with interest rates still rising, the cost of providing the identified expenditure areas continues to cost more.

The cost of energy will also continue to hit households with an expected increase of 20% by December and rising to 30% in the next financial year. The government has indicated that they may intervene in the gas market.

IAQ welcomes ongoing consultation with the Commonwealth on its infrastructure priorities including its infrastructure review process and its ongoing evaluation of Infrastructure Australia to ensure that the nation's long term economic priorities are delivered for all Australians through world class infrastructure.

Although more university places for the study of engineering is welcomed and critically needed, the nominated 1,738 extra places only scratches the surface with a greater need on the bigger picture skills shortage. However, the government has increased the permanent migration rate from 160,000 to 190,000 places.

Regards

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