

Economic and Fiscal Update

July 2020

Statement by

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and

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NOTES

- (a) The following definitions are used in this Economic and Fiscal Update (EFU):
- 'real' means adjusted for the effect of inflation;
 - real growth in expenses and payments is calculated by the Consumer Price Index (CPI) as the deflator;
 - the Budget year refers to 2020-21 while the forward years refer to 2021-22, 2022-23 and 2023-24; and
 - one billion is equal to one thousand million.
- (b) Figures in tables and generally in the text have been rounded. Discrepancies in tables between totals and sums of components are due to rounding:
- estimates under \$100,000 are rounded to the nearest thousand;
 - estimates \$100,000 and over are generally rounded to the nearest tenth of a million;
 - estimates midway between rounding points are rounded up; and
 - the percentage changes in statistical tables are calculated using unrounded data.
- (c) For the budget balance, a negative sign indicates a deficit while no sign indicates a surplus.
- (d) The following notations are used:
- | | |
|---------|---|
| - | nil |
| na | not applicable (unless otherwise specified) |
| \$m | millions of dollars |
| \$b | billions of dollars |
| nfp | not for publication |
| (e) | estimates (unless otherwise specified) |
| (p) | projections (unless otherwise specified) |
| NEC/nec | not elsewhere classified |

- (e) The Australian Capital Territory and the Northern Territory are referred to as ‘the territories’. References to the ‘states’ or ‘each state’ include the territories. The following abbreviations are used for the names of the states, where appropriate:

| | |
|-----|------------------------------|
| NSW | New South Wales |
| VIC | Victoria |
| QLD | Queensland |
| WA | Western Australia |
| SA | South Australia |
| TAS | Tasmania |
| ACT | Australian Capital Territory |
| NT | Northern Territory |

- (f) In this paper the term Commonwealth refers to the Commonwealth of Australia. The term is used when referring to the legal entity of the Commonwealth of Australia.

The term Australian Government is used when referring to the Government and the decisions and activities made by the Government on behalf of the Commonwealth of Australia.

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Part 1: Overview

The global COVID-19 pandemic is a once-in-a-century shock. It is placing immense pressure on health systems and economies all around the world. The Government has acted swiftly and decisively to address the significant impacts of COVID-19 on Australia's health system, the economy and jobs, by providing an unprecedented level of support to assist households, keep businesses in business and keep Australians in jobs.

The Government's responsible fiscal management over the past six and a half years has provided the capacity to respond to the unprecedented economic and fiscal challenges posed by the COVID-19 pandemic. Australia has low levels of debt as a share of GDP compared with many other countries and in 2018-19 the Government returned the budget to balance for the first time in 11 years.

The Government is providing timely economic support with \$289 billion in fiscal and balance sheet measures, equivalent to around 14.6 per cent of 2019-20 GDP. This action, together with large declines in taxation receipts and increases in payments, has seen a major deterioration in the budget position, with estimated deficits of \$85.8 billion in 2019-20 and \$184.5 billion in 2020-21.

The domestic and global outlook has deteriorated sharply. The world is experiencing its most severe economic crisis since the Great Depression. While the COVID-19 pandemic is having profound impacts on Australia's economy, Australia has so far outperformed most other countries in both health and economic outcomes.

Real GDP is forecast to have experienced its sharpest fall on record in the June quarter. Activity is expected to pick up in the September quarter and beyond, with the easing of restrictions in most parts of the country. Real GDP is forecast to fall by $\frac{1}{4}$ per cent in 2019-20 and by $2\frac{1}{2}$ per cent in 2020-21. In calendar-year terms, real GDP is forecast to fall by $3\frac{3}{4}$ per cent in 2020, before increasing by $2\frac{1}{2}$ per cent in 2021. The economy is forecast to recover faster than in past recessions due to the unwinding of restrictions, but it will be a long road back. The unemployment rate will remain elevated for some time.

The economic and fiscal outlook remains highly uncertain. The Government will provide forecasts and projections over the forward estimates period and medium term in the 2020-21 Budget, to be delivered on 6 October 2020.

Table 1.1: Budget aggregates

| | Estimates | |
|--|--------------|---------------|
| | 2019-20 | 2020-21 |
| Underlying cash balance (\$b)(a)(b) | -85.8 | -184.5 |
| Per cent of GDP | -4.3 | -9.7 |

(a) Excludes expected net Future Fund earnings before 2020-21.

(b) The 2019-20 estimates in this Economic and Fiscal Update reflect preliminary expected outcomes. There may be differences between this update and the 2019-20 Final Budget Outcome to be released in September 2020.

Economic outlook

The COVID-19 pandemic has caused severe contractions in economic activity. The global economy is facing its largest recession since the Great Depression. This is despite the significant fiscal and monetary support introduced around the world to dampen the economic effects of the pandemic. Global economic activity is expected to improve gradually as containment measures are lifted, but recoveries in many economies are forecast to be protracted, with lingering effects from the crisis on confidence, balance sheets and the labour market.

Australia has outperformed most advanced economies in terms of both health and economic outcomes. The Government's response to contain the spread of the virus has so far prevented the more severe health crises that have devastated many other countries, and provided the foundation to begin easing restrictions in most states. However, the recent outbreak of COVID-19 in Victoria and the subsequent reintroduction of restrictions in the state, including border closures, is a sobering reminder of the need to remain vigilant.

The COVID-19 pandemic is having profound impacts on Australia's economy. The impacts of the pandemic and accompanying containment measures have been evident across all parts of the economy, with record falls in key indicators of business investment, household consumption, the labour market and trade activity over the months since March. Early indicators suggest the unwinding of containment measures in the latter part of the June quarter has led to a noticeable recovery in economic activity, with GDP expected to start recovering from the September quarter. However, activity is expected to remain below its pre-COVID-19 levels for some time as the effects of the crisis drag on labour market outcomes and business investment decisions.

The most significant economic impact of the crisis has been on jobs, particularly for women and young people, though there was some improvement in June. This is consistent with the employment composition of the industries that have been most affected by the restrictions, such as accommodation and food services. The unemployment rate is forecast to peak at around 9¼ per cent in the December quarter 2020. Beyond 2020, labour market conditions are forecast to strengthen as demand picks up but, as with prior recessions, the unemployment rate will take some time to decline.

The outlook for both the global and domestic economies remains highly uncertain. The evolution of the public health crisis will shape the recovery trajectory. Controlling the spread of the virus remains a significant challenge with COVID-19 infections continuing to rise globally. Even where infection rates appear to have been controlled, further outbreaks, such as those experienced in Victoria, could set back recovery at any time. Further outbreaks and cautionary behaviour of businesses and households threaten the outlook both in Australia and globally.

There are also risks that the substantial increase in global debt may lead to credit tightening and financial instability, slowing the pace of recovery. The extent of any

longer-lasting effects from this crisis are also highly uncertain. Longer-lasting effects from economic scarring may drag on future activity, including as a result of persistently high unemployment.

Table 1.2: Major economic parameters^(a)

| | Outcome | Forecasts | |
|----------------------------------|---------|-----------|---------|
| | 2018-19 | 2019-20 | 2020-21 |
| Real GDP | 2.0 | - 1/4 | -2 1/2 |
| Employment ^(b) | 2.5 | -4.4 | 1 |
| Unemployment rate ^(b) | 5.2 | 7.0 | 8 3/4 |
| Consumer price index | 1.6 | - 1/4 | 1 1/4 |
| Wage price index | 2.3 | 1 3/4 | 1 1/4 |
| Nominal GDP | 5.3 | 2 | -4 3/4 |

(a) Percentage change on preceding year unless otherwise stated. The consumer price index, employment, and the wage price index are through-the-year growth to the June quarter. The unemployment rate is the rate for the June quarter.

(b) 2019-20 is an outcome.

Source: ABS cat. no. 5206.0, 6202.0, 6345.0, 6401.0 and Treasury.

Fiscal outlook

The impact of the COVID-19 pandemic and the scale of the Government's economic response has seen a dramatic change in the fiscal outlook.

The underlying cash balance in 2019-20 is now expected to be in deficit by \$85.8 billion (4.3 per cent of GDP). The estimates for 2020-21 have also been revised down significantly, with an expected deficit of \$184.5 billion (9.7 per cent of GDP). This represents a deterioration of \$281.4 billion over these two years since the 2019-20 MYEFO.

Gross debt was \$684.3 billion (34.4 per cent of GDP) at 30 June 2020 and is expected to be \$851.9 billion (45.0 per cent of GDP) at 30 June 2021. Net debt is expected to be \$488.2 billion (24.6 per cent of GDP) at 30 June 2020 and increase to \$677.1 billion (35.7 per cent of GDP) at 30 June 2021.

The deterioration in the budget position has been driven by the Government's economic response to the COVID-19 pandemic, as well as the impact of the automatic stabilisers, including lower tax receipts and higher unemployment benefit payments.

Since the 2019-20 MYEFO, tax receipts have been revised down by \$31.7 billion in 2019-20 and \$63.9 billion in 2020-21. Parameter and other variations have reduced tax receipts by \$31.7 billion in 2019-20 and \$58.9 billion in 2020-21. The downward revisions are across all major heads of revenue, consistent with falling average earnings, along with lower forecasts for employment and consumption in 2020-21. The outlook for tax receipts remains uncertain. This reflects both uncertainty around the economic outlook and how this interacts with structural and administrative features of the tax system, such as the ability of taxpayers to carry forward losses to offset future income.

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Since the 2019-20 MYEFO, total payments have increased by \$58.0 billion in 2019-20 and increased by \$187.5 billion over the two years to 2020-21. The net impact of policy decisions since the 2019-20 MYEFO has increased payments by \$58.0 billion in 2019-20 and \$113.7 billion in 2020-21. Payment-related decisions largely reflect the Government's response to the COVID-19 pandemic and to the bushfires of 2019-20. Parameter and other variations since the 2019-20 MYEFO have increased total payments by \$15.7 billion over the two years to 2020-21, primarily driven by the higher unemployment benefit payments resulting from the unprecedented economic impact of the COVID-19 pandemic.

Key policy measures

This Economic and Fiscal Update includes the details of the critical and unprecedented support the Government is providing to protect Australians from the health consequences of the COVID-19 pandemic and to support households, businesses and industries affected by the pandemic. It also details the assistance provided to Australians affected by the bushfires of 2019-20.

Protecting the health of Australians during the COVID-19 pandemic

The Government has committed \$9.4 billion for the health response to protect Australians, including vulnerable groups such as the elderly and those with chronic conditions, from COVID-19. This includes funding for large-scale purchases of Personal Protective Equipment (PPE), boosting Australia's testing capacity and ensuring access to essential health services through expanded telehealth.

The Government has helped protect the health of Australians by providing \$3.4 billion for the urgent purchase of PPE and other essential equipment for the National Medical Stockpile as well as funding for the National Incident Room, domestic manufacturing of medical equipment and public awareness communication campaigns. The Government is also investing in finding a vaccine and treatments for COVID-19, as well as better preparing for future pandemics.

The Government has boosted Australia's testing capacity to meet the challenge of the COVID-19 pandemic, including by establishing dedicated Medicare-funded pathology tests and dedicated respiratory clinics, with coverage of 97 per cent of the population. The Government is also providing \$3.7 billion to build our hospital system capacity for the COVID-19 response including the National Partnership Agreement on COVID-19 to fund half of the costs incurred by the states and territories in diagnosing and treating patients with COVID-19 and the partnership to harness private hospital capacity.

In addition, over 6.7 million people have downloaded the Government's COVIDSafe App, which helps support health workers in their contact tracing.

To ensure access to essential health services, the Government has enabled whole-of-population Medicare subsidised telehealth for medical, nursing and mental health services and provided \$619.1 million to support bulk billing and \$54.8 million for additional support to enable GPs to continue to provide essential face-to-face medical services.

In support of infection control and surge capacity requirements, the Government has invested \$20 million to provide up-to-date infection control training to the health workforce, and \$10 million to support the return of medical professionals to the workforce.

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The Government is working with Community Pharmacy and the medicines supply chain to ensure ongoing access to essential medicines and is providing \$25 million to ensure that Australians in home isolation and vulnerable groups can continue to access the medicines they rely on through the COVID-19 Home Medicines Service.

The Government has provided \$122.1 million to support the mental health and wellbeing of Australians during the COVID-19 pandemic.

In addition to the National Partnership Agreement on COVID-19, the Government is investing \$131.4 billion in Commonwealth funding for Australia's public hospitals, an increase of 30 per cent over the previous five years, through the 2020-25 National Health Reform Agreement. The Government is also providing \$18.3 billion in new and existing funding over the next five years to ensure quality pharmaceutical services through the Seventh Community Pharmacy Agreement.

During the COVID-19 pandemic, the Government facilitated the safe return of hundreds of thousands of Australians via commercial, private and Government chartered flights. With some Australians still wishing to return home, the Government is coordinating with the states and territories to ensure the safety of all Australian citizens.

To fast-track the re-opening of business, the Government has established a new \$80 million National Infection Control Fund with states and territories for 80,000 fee-free, or very low cost, nationally accredited infection control short course training places to frontline workers across industries including retail, tourism, hospitality, cleaning, security, transport and logistics.

Supporting Australians through the economic impact of COVID-19, the re-opening and recovery

The Government's economic response to COVID-19 continues to provide temporary and timely support to affected workers, businesses and the broader community, and has kept Australians in jobs, and businesses in business.

The Government is supporting the re-opening of the economy and getting people back into jobs, while assisting those still affected by health restrictions and protecting against further spread of the virus. It is vital to get businesses back open, enable Australians to go back to work and ensure consumers and businesses have the confidence to return to normal activities as far as possible.

To support the economic recovery, the Government is extending and further targeting temporary economic measures to support sectors, regions and communities that will continue to face challenges.

JobKeeper Payment

The JobKeeper Payment is helping keep businesses in business and Australians in jobs. It supports businesses significantly impacted by COVID-19 to cover the costs of their employees' wages, so more Australians can retain their jobs and continue to earn an income. It also supports these businesses to recommence their operations, or scale up operations quickly with their existing employees, rather than needing to rehire staff once restrictions are eased.

The JobKeeper Payment has covered a large proportion of the economy, with over 960,000 organisations and over 3.5 million individuals covered. As at 16 July, payments have totalled \$30.6 billion over the six JobKeeper Payment fortnights to 21 June.

At the end of June, Treasury concluded a review into the operation and effectiveness of the JobKeeper Payment (Box 1.1). The review found that the JobKeeper Payment is meeting its objectives – it has been instrumental in supporting job retention, maintaining employment links and business cash flow, as well as providing income support to eligible employees.

On 21 July 2020, the Government announced the JobKeeper Payment will be extended to provide continued support until 28 March 2021, with the Payment targeted to those businesses that continue to be most significantly affected by the economic downturn. The level of the JobKeeper Payment will be tapered in the December 2020 and March 2021 quarters to enable businesses to transition towards their long-term recovery.

A two-tiered payment will also be introduced from 28 September, to better match the Payment with the incomes of employees before the onset of COVID-19.

It is estimated that the total cost of the JobKeeper Payment will now be \$85.7 billion over 2019-20 and 2020-21.

Box 1.1: Key findings of the JobKeeper Payment review

The JobKeeper Payment was introduced on 30 March 2020 to address the labour market impacts of the health restrictions being imposed to contain COVID-19. It was reviewed after three months of operation. The review found that the JobKeeper Payment is meeting its objectives.

- The Payment has provided support to organisations and individuals across all sectors and all parts of the country. It has been well targeted, going to businesses that experienced an average decline in turnover in April 2020 of 37 per cent against the same month of the previous year (compared with a 4 per cent decline for other businesses), and it went to businesses at which the job separation rate had doubled following the introduction of operating restrictions (compared with no change in other businesses).
- In combination with other fiscal support, bank forbearance and temporary law changes, the JobKeeper Payment has supported businesses to stay open and survive. There has been no evidence of widespread business closures during the COVID-19 pandemic.
- By providing employers with a subsidy to keep on workers and reduce business costs, the Payment has kept jobs in place and maintained the links between employees and their employers. During the June quarter, around three-quarters of the payments under the program constituted a wage subsidy to businesses and around one-quarter provided direct income support to individuals. Since its introduction, the rate of decline in employment has slowed, then stabilised, and by June was showing tentative signs of recovery.

The review also found that the JobKeeper Payment has a number of features that may create some disincentives — for example, dampening incentives for some employees to work and for some businesses to consider their long-term viability. While these are unlikely to be significant in the short term, the review considered that they are likely to become more pronounced the longer the program runs.

The review found that there is a strong case for continued temporary support to be provided through the JobKeeper Payment, to give businesses most affected by ongoing health restrictions and the economic impact of the COVID-19 pandemic some additional time to recover.

Support for individuals and households

To support Australians through the economic impact of the COVID-19 pandemic, the Government is providing \$16.8 billion over five years from 2019-20 to establish a new, time-limited Coronavirus Supplement and temporarily expand eligibility for income support payments. The Coronavirus Supplement is \$550 per fortnight from 27 April 2020 until 24 September 2020. From 25 September 2020 to 31 December 2020, the Supplement will be \$250 per fortnight to reflect the gradually improving economic and labour market conditions. In addition, the personal income test for JobSeeker Payment and Youth Allowance (Other) will increase to a \$300 per fortnight income free area and a 60 cent taper for income above the free area.

For the duration of the Coronavirus Supplement, there is expanded access to JobSeeker Payment and Youth Allowance (Other). Expanded eligibility criteria are providing access to payments for permanent employees who are stood down or have lost their employment, sole traders, the self-employed, casual workers, and contract workers who meet the income tests as a result of the pandemic. This could also include a person required to care for someone who is affected by COVID-19.

From 25 March 2020 to 24 September 2020, the Ordinary Waiting Period (OWP), Newly Arrived Residents Waiting Period (NARWP), Seasonal Workers Preclusion Period (SWPP), Liquid Assets Waiting Period (LAWP) and the Assets tests were waived for new income support recipients. From 25 September 2020 to 31 December 2020, the OWP, NARWP and SWPP will continue to be waived and the Assets test and the LAWP will be reintroduced to ensure that payments are appropriately targeted and means tested.

In addition, the Government has provided \$9.4 billion for two separate \$750 Economic Support Payments to social security, veteran and other income support recipients and eligible concession card holders. The first payment, made from 31 March 2020, provided \$5.6 billion to over 7 million Australians to help them manage the economic impact of COVID-19. The second payment commenced on 13 July 2020 and will benefit around 5 million recipients.

For individuals affected by the adverse economic effects of COVID-19, the Government has temporarily allowed eligible individuals to access their superannuation early and tax-free. The Government is extending the application period for the measure from 24 September 2020 to 31 December 2020 to increase the scope for individuals who may still be financially impacted by COVID-19 to access early release in the coming months. Eligible Australian and New Zealand citizens and permanent residents were able to access up to \$10,000 of their superannuation before 1 July 2020. They can access a further \$10,000 until 31 December 2020. Eligible temporary visa holders were also able to apply for a single release of \$10,000 before 1 July 2020.

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The Government has also provided assistance by:

- temporarily halving superannuation minimum drawdown requirements for the 2019-20 and 2020-21 income years, reducing the need to sell investment assets to meet these requirements
- reducing the upper and lower social security deeming rates to 2.25 per cent and 0.25 per cent respectively from 1 May 2020, taking into account the low interest rate environment and its impact on income from savings.

Support for businesses and employers

The Government is supporting small and medium-sized businesses and not-for-profit employers by providing temporary cash flow support to keep people in jobs and stay in business. Eligible entities automatically receive payments of between \$20,000 and \$100,000 for the March to September 2020 reporting periods upon lodgement of relevant activity statements. As at 16 July 2020, over 750,000 entities have received over \$16 billion in cash flow support. These payments will help businesses' and not-for-profits' cash flow so they can keep operating, pay their rent, electricity and other bills, and retain staff.

The Government has put in place temporary relief for financially-distressed businesses that have been impacted by the COVID-19 pandemic relating to insolvency and other targeted relief to facilitate the continuation of business. This includes deregulation measures to allow companies to hold meetings virtually and execute documents electronically, to modify continuous disclosure provisions to enable companies to more confidently provide guidance to the market, and to provide relief to directors from personal liability for insolvent trading.

In addition to the cash flow support, the Government is backing businesses to invest by increasing the instant asset write-off threshold to \$150,000 (up from \$30,000) and expanding access to include businesses with aggregated annual turnover of less than \$500 million (up from \$50 million). Around 3.5 million businesses are eligible to access the \$150,000 instant asset write-off, which applies from 12 March 2020 until 31 December 2020. The threshold applies on a per asset basis, so eligible businesses can instantly write-off multiple assets.

The Government is also supporting business through the time limited Backing Business Investment (BBI) incentive that allows businesses with aggregated turnover of less than \$500 million to deduct 50 per cent of the cost of new eligible assets, plus normal depreciation on the balance, in the year of acquisition, up to 30 June 2021. There is no limit on the cost of assets under the BBI.

Supporting Australians build their skills and return to work

The Government is funding additional training to ensure Australians have access to the critical skills needed as the economy recovers and many Australians return to work.

The Government's \$2 billion JobTrainer Skills Package establishes a \$1 billion JobTrainer Fund and extends the Supporting Apprentices and Trainees wage subsidy. The Government will contribute \$500 million to the JobTrainer Fund, which will be jointly established with states and territories to provide a substantial boost to Australia's training system, ensuring that job seekers are able to reskill and upskill and get back to work as quickly as possible.

The Government is also helping businesses keep apprentices and trainees employed. The Government's initial \$1.3 billion Supporting Apprentices and Trainees wage subsidy provides employers with 50 per cent of the apprentice or trainee's wages for 9 months, up to \$7,000 per quarter to support the continuity of training.

The Government has provided an additional investment of \$1.5 billion to extend the measure for a further 6 months to 31 March 2021 and expand it to include medium-sized businesses from 1 July 2020, supporting businesses to maintain Australia's pipeline of skilled apprentices and trainees through the recovery.

As part of its Supporting Job Seekers Package, the Government is investing \$159.5 million to assist job seekers to improve their employability and search for work, including \$115.1 million to ensure job seekers can be connected to employment services at the earliest opportunity. This includes providing job seekers with earlier access to Employment Fund credits, providing the Coronavirus Supplement to eligible New Enterprise Incentive Scheme participants and enhancing IT systems to streamline registration and referral processes in order to simplify income support claims. Jobactive funding arrangements will also be amended to provide stable resourcing and maintain provider viability. This package will provide \$2.7 million to extend Regional Employment Trials by a further 12 months, as well as \$41.7 million to ensure mature aged workers can access funded training more easily and quickly to help them find work under changes to the Career Transition Assistance program.

The Job-ready Graduates Package focuses the public investment in higher education on national priorities and ensures the system delivers for students, industry and the community. The reforms will create more places at Australian universities for domestic students, with an additional 39,000 by 2023 growing to 100,000 in ten years — meaning that more Australian students will be able to get a university degree.

The reforms better align government funding to emerging labour market priority areas. Students studying courses in key growth areas will see significant reductions in their student contributions, including by around one-fifth for science, engineering, health, and architecture, almost one-half for education and nursing, and over one-half for mathematics.

Supporting the flow of credit

The Government, Reserve Bank of Australia, Australian Prudential Regulation Authority and Australian Securities and Investments Commission have taken coordinated action to support the flow of credit in the Australian economy, in particular for small and medium-sized enterprises (SMEs).

The Government has provided an exemption from responsible lending obligations for a period of six months in relation to the credit that banks and other lenders extend to their existing small business customers.

The Government's Coronavirus SME Guarantee Scheme is supporting up to \$40 billion of lending to help small and medium-sized businesses get through COVID-19. More than 15,600 small and medium-sized businesses have accepted \$1.5 billion in loans. To enable continued support for businesses in recovery, and for those facing the ongoing impact of the pandemic, the Government will extend the Scheme to be available to loans written until 30 June 2021. In addition, targeted amendments to the Scheme's parameters will ensure that the loans available suit the evolving needs of SMEs.

The Reserve Bank of Australia has implemented measures that have significantly reduced bank funding costs, including the Term Funding Facility which will provide at least \$90 billion in funding at a fixed interest rate of 0.25 per cent. The Term Funding Facility also provides incentives for banks to increase lending to businesses, with incentives greatest for lending to SMEs.

The Government's Structured Finance Support Fund is providing up to \$15 billion to the Australian Office of Financial Management to support continued access to structured finance markets used by smaller lenders providing both consumer and business credit.

Supporting COVID-19-affected regions and communities

The Government has established a \$1 billion COVID-19 Relief and Recovery Fund to provide direct support to the regions and communities most affected by the economic impacts of the pandemic, supporting a range of industries including the aviation, agriculture, fisheries, tourism, and arts sectors. Examples of support include:

- \$110 million to reduce the cost of air freight, assisting Australian exporters to maintain markets and ensuring critical imports continue to be available
- \$94.6 million for vital funding to exhibiting zoos and aquariums, including those in regional Australia
- \$36.3 million in 2020-21 to provide support to agricultural show societies to meet the costs incurred through shows cancelled at short notice.

Supporting local jobs and investing in infrastructure

The Government continues to deliver its \$100 billion pipeline of investment in transport infrastructure. The Government will provide \$2.0 billion over three years from 2020-21 for priority regional and urban transport infrastructure across Australia to support local jobs and economic recovery post COVID-19. This includes \$1 billion for shovel-ready projects and \$500 million for targeted road safety works. It also includes \$500 million to local governments for a new Local Roads and Community Infrastructure Program which will help local councils undertake priority projects focused on infrastructure upgrades and maintenance.

The Government will also provide an additional \$1.9 billion towards other infrastructure priorities, including \$1.8 billion for the Sydney Metro-Western Sydney Airport rail project.

Supporting industries most heavily affected by the COVID-19 pandemic

Childcare and higher education

The Government has provided \$1.9 billion to support the viability of the early childhood education and care sector and to provide families free childcare during the earlier stages of the pandemic. The Early Childhood Education and Care Relief Package meant that 99 per cent of 13,400 childcare services remained operational. In addition, the Government provided weekly Business Continuity Payments to childcare providers (equivalent to 50 per cent of the sector's fee revenue based on a pre-pandemic reference period), exceptional circumstance supplementary payments and access to the JobKeeper Payment.

On 13 July 2020, the Government re-established the Child Care Subsidy arrangements to ensure sufficient childcare places are available to all families and parents who wish to work. Families will continue to be supported through this transition by easing the Child Care Subsidy activity test requirements and ensuring childcare fees remain at their pre-COVID-19 levels.

In higher education, the Government has guaranteed \$18 billion in funding for universities for 2020, and has provided greater flexibility in the use of this funding. In addition, the cost to study short, online courses through universities and private providers has been reduced to support Australians to upskill or reskill.

Aviation

The COVID-19 pandemic brought steep reductions in passenger air travel which heavily impacted Australia's aviation sector. To support the aviation sector, the Government will provide \$1.9 billion over four years from 2019-20 as part of the Government's response to the COVID-19 pandemic. This includes the Australian Airline Financial Relief Package, which provides support for the sector through rebates and fee waivers for aviation fuel excise, aircservices charges on commercial aircraft operators and domestic and regional aviation security charges. In addition, the Government is

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providing support to maintain connectivity between capital cities and with regions through the Domestic Aviation Network Support program.

The Government support is in addition to \$428 million for the aviation sector that the Government will provide under the COVID-19 Relief and Recovery Fund, which includes the Regional Airline Network Support program that ensures regional communities continue to receive essential air services.

Aged care

The Government is ensuring the aged care sector is able to continue to provide care to some of our most vulnerable Australians. Since the beginning of the COVID-19 pandemic, the Government has provided \$1.2 billion of direct assistance to support Australians in aged care including the provision of additional home care packages and additional funding to protect senior Australians in residential facilities.

Arts and entertainment

The Government has committed \$250 million to support production and employment in the arts and entertainment sectors. The Government commitment is a targeted package to help restart the creative economy and get the entertainment, arts and screen sectors back to work, as they rebuild from the impacts of COVID-19, which includes:

- \$75 million in new competitive grants providing capital to help production and event businesses to put on new festivals, concerts, tours and events as physical distancing restrictions ease, including through innovative operating and digital delivery models
- up to \$90 million in concessional loans to assist creative economy businesses to fund new productions and events that stimulate job creation and economic activity
- \$50 million for a Temporary Interruption Fund, to be administered by Screen Australia, which will remove production barriers for the film and television industry
- \$35 million to assist Australia Council-funded arts businesses whose viability is threatened by the COVID-19 pandemic.

The Government will also provide \$400 million over seven years from 2020-21 to attract overseas film and television production to Australia through the Location Incentive.

The Government has also provided targeted support to the arts sector through the Relief and Recovery Fund with a further \$27 million for regional and Indigenous arts and crisis relief for people in the music industry including performers and touring crew.

Housing

The Government will invest \$680 million in 2020-21 through the HomeBuilder program to support jobs and the residential construction market by encouraging the commencement of new home builds and substantial rebuilds this calendar year.

HomeBuilder will help to support around 140,000 direct jobs and around another 1 million related jobs in the residential construction sector. It is being implemented via a National Partnership Agreement, and all states and territories have signed up to deliver the program.

Recovery from the 2019-20 bushfires

More than 12 million hectares were burnt and over 3,000 houses lost in the devastating bushfires that swept across Australia's south, east and west in 2019-20. The Government is supporting families, farmers, business owners and communities to recover from the bushfires through the \$2 billion National Bushfire Recovery Fund.

The range of support includes:

- Support to individuals and families, including:
 - \$400 payments to over 86,000 children to support their return to school
 - tax-free payments of up to \$6,000 to volunteer firefighters to provide for lost income.
- Assistance to small businesses and primary producers, including:
 - grants of up to \$75,000 for primary producers and up to \$50,000 for small businesses and not-for-profit organisations
 - \$76.0 million for a tourism recovery package.
- Support for local communities, including:
 - \$448.5 million as part of the Regional Bushfire Recovery and Development Program to support delivery of local recovery plans
 - \$62.0 million in immediate financial assistance for the most affected local government areas.
- Funding to assist the environment to recover, including:
 - \$149.7 million for bushfire recovery for species and landscapes, including habitat regeneration and waterway and catchment restoration
 - \$53.4 million to support wildlife recovery and habitat restoration.

The Fund was introduced to complement financing for existing natural disaster arrangements and increased social security payments. In addition to payments from the Fund, more than \$249 million in disaster recovery payments have been made to over 200,000 eligible recipients through Services Australia.

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Overview

The COVID-19 pandemic is causing the largest contraction in global economic activity since the Great Depression. Countries all around the world have closed their borders and put in place other containment measures to limit the spread of the virus and manage health systems to save lives.

The global economy is forecast to contract by 4¾ per cent in 2020, with falls widespread across countries. The falls in economic activity have already seen the loss of millions of jobs. According to the International Labour Organisation (ILO), the global decline in hours worked in the March quarter was equivalent to 185 million full-time jobs relative to the December quarter 2019, and a further fall equivalent to 480 million full-time jobs is expected to have occurred in the June quarter.

Significant monetary, fiscal, regulatory and financial stability measures have been put in place in all major advanced economies in order to dampen the economic downturn. The scale of the macroeconomic support measures is unprecedented and, in many economies, the measures far outweigh the size of the response to the Global Financial Crisis (GFC).

The global economy is forecast to expand by 5 per cent in 2021 due to the easing of containment measures and a gradual recovery in consumer and business confidence. However, high unemployment, continued physical distancing restrictions, business restructuring, high levels of sovereign debt and ongoing uncertainty will all weigh on the recovery. These factors are expected to leave most major economies below their pre-COVID-19 levels of activity until at least the end of 2021.

The Australian economy is expected to experience a significant contraction in 2020. However, Australia's response to contain the spread of the virus has so far prevented the more severe health crises that have devastated many other countries. This has allowed an earlier easing of domestic restrictions than previously expected in many parts of the country.

Even with the current outbreak and reintroduction of more significant containment measures in Victoria, the Australian economy is expected to perform better than all major advanced economies in 2020.

The pandemic has pushed the Australian economy into recession, with real GDP expected to have fallen by 7 per cent in the June quarter, which would be the largest quarterly fall on record. This follows a fall of 0.3 per cent in the March quarter, which was affected by bushfires, international travel restrictions and the introduction of physical distancing restrictions late in the quarter. The June quarter decline reflects the scaling up of travel restrictions and containment measures alongside the impact of

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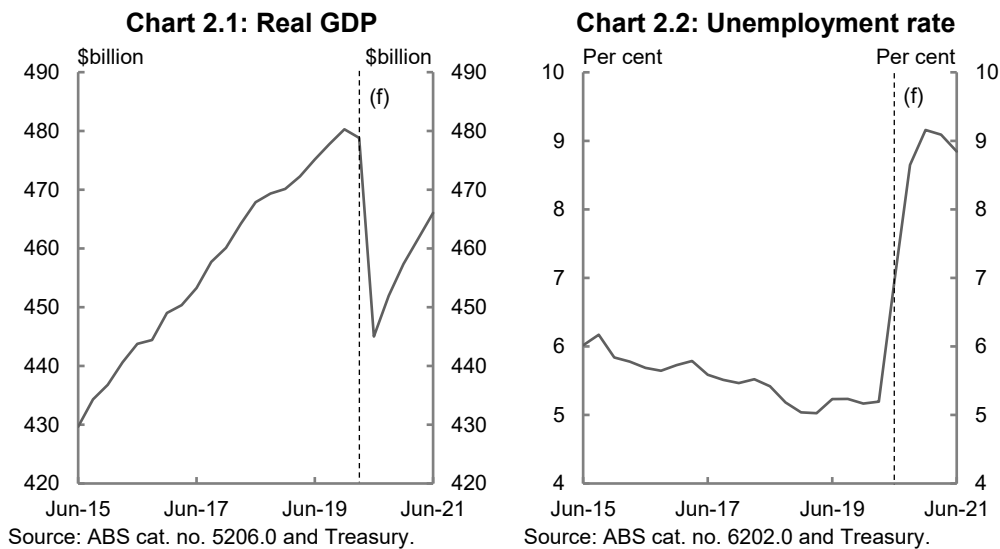
record falls in consumer and business confidence. Retail turnover in industries such as hospitality and apparel, which have been negatively impacted by COVID-19 restrictions, and housing turnover fell sharply during the quarter.

The most significant economic impact of the crisis has been on jobs, particularly for women, young people and low-skilled workers. The largest falls in employment have been in those industries most affected by the restrictions, such as accommodation and food services.

There are early indications that the easing of health restrictions in the latter part of the June quarter resulted in a noticeable recovery in economic activity. A range of high-frequency data suggest that household consumption has started to recover, with spending having regained some of the losses that occurred during the peak of the restrictions. Measures of employment have also risen from their troughs, while hours worked in June recovered around one-third of the hours lost between March and May. However, the recovery in consumption slowed in late June and July as economic and health concerns increased and health restrictions were reimposed in localised areas.

Real GDP is forecast to increase by 1½ per cent in the September quarter, reflecting an initial recovery in household consumption, partly offset by restrictions in Victoria, and continued declines in business investment, residential construction and export volumes related to the international border restrictions. Activity is expected to continue to recover over the forecast period, assuming uncertainty about the virus and the economic outlook reduces, restrictions ease and incomes recover. In year-average terms, real GDP is forecast to fall by 3¾ per cent in 2020 before rising by 2½ per cent in 2021 (Chart 2.1).

The jobs market will take time to recover. Following significant job losses, the unemployment rate is forecast to peak at around 9¼ per cent in the December quarter 2020 (Chart 2.2). The rise in the measured unemployment rate over 2020 reflects a forecast rise in labour force participation, as people who left the labour market are drawn back in as they look for work. The effective unemployment rate should continue to fall (Box 2.3) and employment is expected to pick up over the forecast period.



Without the significant and timely policy support announced by the Government, the Australian economy would have experienced a much more severe contraction and would face a more prolonged recovery. The Government's overall economic support, totalling \$289 billion, is supporting economic activity through a range of channels.

Measures such as cash payments to support household and business incomes directly support demand in the economy. Others, such as the JobKeeper Payment, support businesses and keep employers and employees connected, speeding up the pace of recovery. The introduction of fiscal measures also supported consumer and business confidence. These confidence effects are expected to have an ongoing beneficial impact on the economy over the forecast period.

Nevertheless, there remains significant uncertainty around the global and domestic recovery. Controlling the spread of the virus remains a significant challenge with COVID-19 infections continuing to rise globally and, even where infection rates appear to have been controlled, further outbreaks, such as those experienced in Victoria, could set back recovery at any time. There are also risks to the global economic and financial architecture, including from substantial increases in public and private debt that could lead to credit tightening and financial instability. Even with successful containment domestically, weaker-than-expected global demand may weigh on Australia's recovery.

The extent of any longer-lasting effects from this crisis are also highly uncertain, particularly from the impact of persistently high unemployment or broader changes in the structure of the economy, such as a rise in online consumption and ongoing effects on global supply chains and trade flows. These uncertainties may affect investor confidence, especially if business solvency issues spread.

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In light of the significant uncertainty, this update presents economic estimates for 2019-20 and 2020-21 only. The Government will present economic forecasts and projections over the forward estimates period in the 2020-21 Budget, to be delivered on 6 October 2020.

International economic outlook

The global COVID-19 pandemic is a once-in-a-century shock. It is placing immense pressure on health systems and economies all around the world.

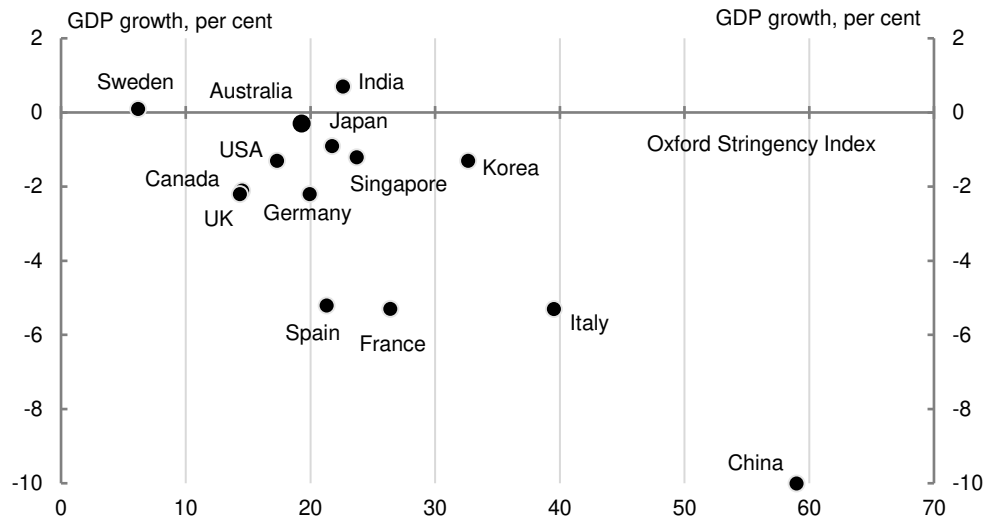
The introduction of containment measures to limit the spread of the virus has helped slow the growth in infections in many economies, but has resulted in major economic contractions in the March and June quarters of 2020. The global economy is forecast to contract by 4¾ per cent in 2020, a much deeper and more widespread contraction than experienced during the GFC. A fall in global economic activity of this magnitude has not been seen since the Great Depression in the 1930s.

A recovery in activity is expected in 2021 as countries ease containment measures and the operation of businesses starts to normalise, with global growth forecast to be 5 per cent. However, the recovery is expected to be protracted. With the virus expected to continue to remain a threat for the foreseeable future, mobility and physical distancing restrictions are expected to remain in place and households and businesses are expected to remain cautious. This will flow through to slow labour market recoveries.

The size and duration of the economic effect of the shock will depend on the frequency of outbreaks, how widespread they are, and the extent of containment measures implemented to control them. Generally, countries that have had to put in place more stringent measures to contain COVID-19 have experienced sharper immediate declines in economic activity (Chart 2.3). Australia ranked middle-to-low on the stringency index and performed remarkably well economically in the March quarter, with only a slight fall in GDP.

With the exception of China, most major economies are forecast to contract sharply in the June quarter, consistent with the scaling up of containment measures. Countries with more success in controlling the spread of the virus are expected to achieve better economic outcomes over the forecast period, as they avoid the more severe economic impacts of longer-term job losses, business insolvencies and heightened economic uncertainty.

Chart 2.3: GDP growth and stringency of containment measures in the March quarter 2020

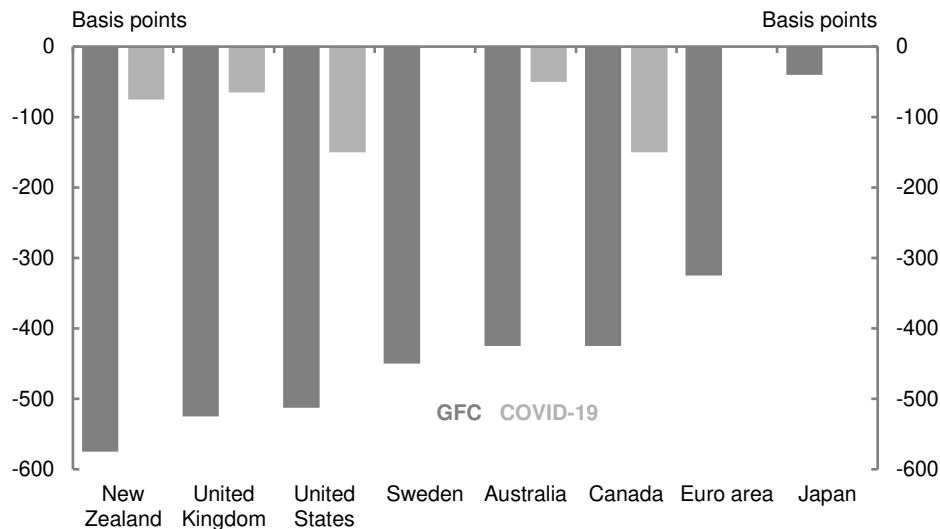


Note: Stringency is the average score on the Oxford Stringency Index recorded across the March quarter. The stringency index records the strictness of COVID-19 containment measures that restrict people's behaviour. Source: National statistical agencies, Refinitiv, Oxford COVID-19 Response Tracker, Blavatnik School of Government.

As health measures were being implemented across a number of economies, so too were measures to support economies. Wage subsidy schemes have been prominent in a number of countries, reflecting the effect this crisis has had on jobs. The aggregate size of these economic packages is unprecedented, with the IMF estimating that global economic support to date totals almost US\$11 trillion. Around half of these measures are direct fiscal support, while the other half are balance sheet measures such as loans and guarantees. As a result, fiscal deficits are expected to widen significantly, averaging almost 14 per cent of global GDP in 2020. This is 10 percentage points higher than in 2019 with global public debt expected to surpass 100 per cent of global GDP.

Monetary policy is also providing support to the global economy. However, the extent of support through lowering interest rates has been more limited than during the GFC (Chart 2.4). At the height of the GFC, the US Federal Reserve reduced the federal funds rate target by over 500 basis points in around 18 months. In Australia, the Reserve Bank reduced the cash rate target by 425 basis points over an 8-month period. In contrast, following the COVID-19 pandemic the US federal funds rate target has been reduced by 150 basis points and the Reserve Bank has reduced the cash rate target by 50 basis points, with little room to reduce interest rates further.

Chart 2.4: Conventional monetary policy support, with GFC comparison



Note: The size of the change in policy rates for the GFC is the difference between the maximum and minimum policy rates at any point between August 2007 and January 2010. The size of the change in policy rates for COVID-19 is the difference between policy rates between January 2020 and May 2020.
Source: Bank for International Settlements.

Major central banks have needed to rely more heavily on a range of unconventional monetary policy measures to support the economy. This includes negative policy rates, asset purchases of both government and private sector securities and measures to mitigate disruption in financial markets and boost bank liquidity.

Financial markets remain volatile and, while conditions have improved since late March and early April when concerns about the spread of the virus peaked, there is a risk that global markets have not fully accounted for the economic consequences of the crisis, including from possible solvency issues arising from the ongoing fallout in corporate earnings.

In line with the significant contraction in economic activity, global labour markets have deteriorated sharply. Women, young people and low-skilled workers have been disproportionately impacted as they make up a greater share of employment in the sectors most heavily affected by containment measures.

In the United States, initial unemployment insurance claims totalled more than 51 million between the middle of March and the middle of July, equivalent to one-third of pre-crisis employment. Weekly new claims peaked in late March at 6.87 million. This compares with previous peaks of 695,000 in 1982 and 665,000 in 2009 during the GFC. In Europe, the ILO estimates that the decline in hours worked over the June quarter was equivalent to the loss of 44 million full-time jobs.

Employment conditions have also worsened across developing and emerging markets where the impact of the crisis on economic activity is magnified by weaker social safety nets.

There remain a number of uncertainties for the global economic outlook.

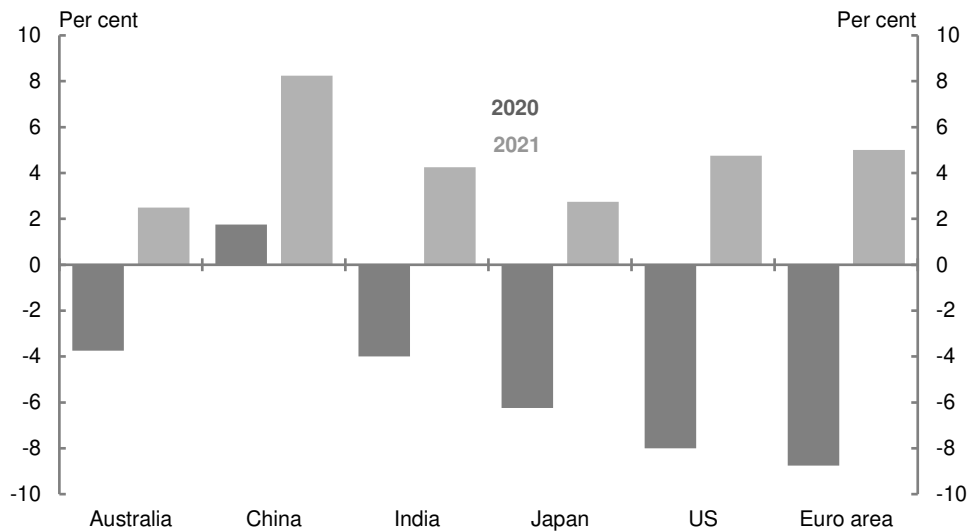
The outlook assumes that health restrictions are gradually lifted on average, albeit with minor periodic outbreaks. However, COVID-19 cases continue to rise despite improvements in controlling transmission in many countries and there is a risk that the pandemic may return in multiple waves over the coming period. Renewed outbreaks in countries where cases were previously falling give cause for concern, while some economies are still struggling to control infection rates, such as the United States, Brazil and Russia. As many countries move to ease containment measures, the global recovery depends on their ability to prevent further outbreaks and remain open. Severe health and economic outcomes in a range of countries could put pressure on the global economic and financial architecture, with implications for geopolitical stability more broadly.

The unprecedented policy support from governments, alongside automatic stabilisers, will see a significant rise in global debt over the forecast period. There are risks that the substantial increase in global debt may lead to credit tightening and financial instability, slowing the pace of recovery.

Uncertainty surrounding the COVID-19 pandemic and the global recession may dampen economic sentiment more than expected, leading to weaker-than-expected global economic activity. This will threaten recovery even in individual economies that do succeed in normalising domestic activity. These uncertainties may also play out in financial markets through investor confidence. The current financial market optimism around the evolution of the global economy presents some risk of another correction, should investor risk perceptions deteriorate.

The extent of any longer-lasting effects from the pandemic is also uncertain, including as a result of persistently high unemployment, business failures or broader changes in the structure of the economy both domestically and globally. This economic scarring may suppress the pace of recovery.

Chart 2.5: Real GDP growth



Source: National statistical agencies, Refinitiv and Treasury.

All of Australia's top ten trading partners, except for China, are expected to experience a contraction in GDP in 2020. Major trading partner (MTP) GDP is expected to fall by 3 per cent in 2020, before rebounding by 5½ per cent in 2021. Compared with global growth overall, China's economic performance is more important for Australia's MTP growth as it accounts for approximately one-third of Australia's MTP basket. With Chinese GDP expected to grow this year, albeit modestly, Australia's external outlook remains in a better position than many other economies (Chart 2.5).

Table 2.1: International economy forecasts^(a)

| | Outcomes | Forecasts | |
|--------------------------------|----------|-----------|-------|
| | 2019 | 2020 | 2021 |
| China | 6.1 | 1 3/4 | 8 1/4 |
| India | 4.9 | -4 | 4 1/4 |
| Japan | 0.7 | -6 1/4 | 2 3/4 |
| United States | 2.3 | -8 | 4 3/4 |
| Euro area | 1.2 | -8 3/4 | 5 |
| Other East Asia ^(b) | 3.6 | -3 1/4 | 3 1/2 |
| Major trading partners | 3.6 | -3 | 5 1/2 |
| World | 2.9 | -4 3/4 | 5 |

(a) World and Other East Asia growth rates are calculated using GDP weights based on purchasing power parity (PPP), while growth rates for major trading partners are calculated using goods and services export trade weights.

(b) Other East Asia comprises the Association of Southeast Asian Nations group of five (ASEAN-5), comprising Indonesia, Malaysia, the Philippines, Thailand and Singapore, along with Hong Kong, South Korea, Vietnam and Taiwan.

Source: National statistical agencies, Refinitiv and Treasury.

The **Chinese** economy is forecast to grow by 1¾ per cent in 2020 and 8¼ per cent in 2021. China's success in largely containing the spread of the virus and the resumption of industrial production since March saw a significant rebound in activity in the

June quarter. Economic activity is expected to continue to recover over the remainder of 2020 and into 2021 with the support of infrastructure investment and pent-up demand.

There have been devastating health and economic consequences from the COVID-19 pandemic in the **United States**, with the highest number of confirmed cases and fatalities in the world. This has led to a sharp increase in unemployment, as well as subdued demand and business activity. The economy is forecast to contract by 8 per cent in 2020, before growing by 4¾ per cent in 2021. While activity and employment partly recovered as containment measures were lifted, further outbreaks pose a significant downside risk to the recovery. Infection rates have remained high and several states have seen a further deterioration in health outcomes following an easing of containment measures. As a result, some states have postponed or partially reversed re-opening plans.

The **euro area** entered the health crisis in a weaker position than many other advanced economies and several European countries experienced an early surge in COVID-19 cases. While strict containment measures appear to have been effective at slowing infection rates, the economic impact has been severe particularly for those countries with high levels of cases and longer periods of lockdown. GDP in the euro area is forecast to fall by 8¾ per cent in 2020. Beyond the initial recovery, diverging national-level fiscal responses, sovereign debt overhangs and increases in long-term unemployment risk exacerbating existing imbalances. The risk remains that a no-deal Brexit at the end of the year could result in lower growth in the euro area, and even more so in the United Kingdom. GDP in the euro area is forecast to grow by 5 per cent in 2021.

Japan also entered the health crisis from a subdued economic position, having recorded a large fall in GDP in the December quarter 2019. There were signs of recovery over January and February, and the Japanese Government's containment and support measures have been aimed at keeping businesses open, but the pandemic has taken its toll on both domestic consumption and exports. Japan's economy is expected to contract by 6¼ per cent in 2020 before growing by 2¾ per cent in 2021.

GDP for **Other East Asia** is forecast to fall by 3¼ per cent in 2020. Countries in the region entered the crisis with different economic conditions and have had varying success in containing the virus. Economies like Korea, Taiwan and Vietnam appear to have limited transmission without substantially restricting production, and are consequently forecast to see smaller contractions in activity than most advanced economies. Others, like Indonesia and the Philippines, continue to face high infection rates and economic activity is expected to contract further. A rebound is expected for the region in 2021, fuelled by the expected recovery in China and a transition back towards pre-crisis growth trends. While relatively strong government balance sheets should support recovery, high reliance on trade and remittances leave the region vulnerable to the risk of sustained global weakness.

Indonesia has the highest number of COVID-19 cases in South East Asia, although it is yet to experience the peak of the virus impact. The Indonesian Government announced

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multiple rounds of fiscal stimulus, with the budget deficit to reach 6.3 per cent of GDP. Indonesia's economy is forecast to contract by $3\frac{1}{4}$ per cent in 2020.

India has the third largest number of recorded COVID-19 cases in the world, and cases continue to rise. The Indian Government has announced a number of economic support measures to stimulate the economy. However, the pandemic is likely to exacerbate existing weakness, with fragile financial conditions and stress in India's banking sector preventing the Government from increasing fiscal support in the face of further deteriorating health and economic conditions. The Indian economy is forecast to contract by 4 per cent in 2020 following a prolonged lockdown period.

Domestic economic outlook

The impact that the COVID-19 pandemic is having on the global economy and the measures implemented to slow the spread of the virus domestically are having profound impacts on the Australian economy. Despite this, Australia has outperformed most other countries in both health and economic outcomes to date, supported by the largest economic support package in our history.

In the June quarter, the economy is expected to have experienced its largest quarterly fall on record of 7 per cent. The fallout from containment measures has been evident across all parts of the economy since March, with record falls in a range of key economic indicators. Business conditions, confidence and activity indices all fell to record lows and there have been significant downgrades to firms' capital expenditure plans. In the household sector, there have been record falls in consumer confidence, with consumption of services such as accommodation and food services and transport being particularly hard hit. Severe job losses have also occurred and the unemployment rate rose at its fastest pace on record in April, alongside a record fall in participation. Consistent with restrictions on international travel, overseas arrivals fell to record lows in May.

Economic activity is expected to pick up in the September quarter, by $1\frac{1}{2}$ per cent. Activity in the quarter will be supported by the gradual easing of restrictions around most of the country that began in the latter part of the June quarter, which was accompanied by a partial recovery in consumer confidence, a rebound in business confidence and some improvement in the labour market. However, the recent increase in locally acquired COVID-19 cases in Victoria and the corresponding measures implemented to contain the outbreak will weigh on activity in that state. The increase in uncertainty about the spread of the virus is also expected to dampen the recovery in other parts of the country. Consumer confidence data for Australia showed falls from late June as COVID-19 case numbers in Australia rose.

Real GDP is forecast to fall by $3\frac{3}{4}$ per cent in calendar year 2020, the largest fall on official record, and fall by $2\frac{1}{2}$ per cent in 2020-21. Activity is expected to gradually improve throughout 2021 as restrictions ease, uncertainty about the virus and the economic

outlook reduces, the global economy improves and employment and incomes recover. Real GDP is forecast to grow by 2½ per cent in 2021.

Australia's population growth is assumed to remain positive but lower over the forecast period. This is mainly due to lower net overseas migration. The fertility rate is also expected to fall due to the weaker economic conditions and outlook. As a result, annual population growth is assumed to slow to 1.2 per cent in 2019-20 and to 0.6 per cent in 2020-21 — the lowest annual rate of growth since 1916-17. Future migration levels remain highly uncertain, due to the path of the pandemic and the nature and duration of measures taken to contain its spread at home and abroad.

There are significant uncertainties surrounding the domestic outlook. The range of possible outcomes for GDP and unemployment is substantially wider than normal.

As is the case globally, the evolution of the virus is the greatest uncertainty for the domestic outlook (Box 2.1 contains key assumptions). Additional significant outbreaks in Australia, or a noticeable worsening of existing outbreaks, would lead to a further contraction in economic activity and employment, especially if accompanied by the reintroduction of containment measures (Box 2.2). Even if Australia is able to prevent a major regression in health outcomes as containment measures are relaxed, further outbreaks in our major trading partners also pose a risk to Australia's recovery.

There is also significant uncertainty around the pace and shape of the recovery, given the unprecedented nature of this crisis. The economic recovery is forecast to be relatively fast by historical standards. The economy could recover more quickly than forecast if firms rapidly adjust to the new environment and household spending returns to usual levels. However, the recovery could be more protracted if confidence remains subdued or more people than expected lose their jobs, including from changes in the structure of the economy or a larger-than-expected wave of business closures. Structural change is a significant source of uncertainty; the health and economic shock has changed many aspects of the way people live, including the way people work, shop and socialise, and it is unclear how large and persistent some of these changes will be.

Box 2.1: Key assumptions

The evolution of the health crisis presents a significant risk to the outlook alongside uncertainty about the speed with which the Australian and global economies are able to resume activity following the lifting of restrictions.

The key assumptions that underpin the economic forecasts are set out below. Outcomes could be substantially different to the forecasts, depending upon the extent to which the following assumptions hold:

- Outside of Victoria, restrictions are assumed to be lifted in accordance with the 3-step process outlined by the Prime Minister on 8 May 2020.
 - Step 1 opening is assumed to have been in place from mid-May to mid-June. Maintain a 4 square metres per person and 10 person limit for indoor activities.
 - Step 2 opening is assumed to have been in place from mid-June to mid-July. Maintain a 4 square metres per person and 20 person limit for indoor activities.
 - Step 3 opening is assumed to be in place from mid-July to end of September, except in Victoria. Maintain a 4 square metres per person and 100 person limit for indoor activities.
 - The 4 square meters per person rule is assumed to remain in place from the end of September until the end of 2020.
- Localised outbreaks, such as those occurring in New South Wales, are assumed to be contained to the extent that, on average, they do not delay the lifting of restrictions set out above. Specific exceptions to this broad assumption are separately identified below.
- ‘Stay at home’ restrictions were reintroduced across metropolitan Melbourne and the Mitchell Shire from 9 July. These restrictions require people to ‘stay at home’ unless shopping for food, providing care and caregiving, exercise, or study and work, if it cannot be completed from home.
 - These restrictions are assumed to remain in place for six weeks, easing to step 1 opening of restrictions until mid-September before the gradual move to the final step by mid-December.
 - The Victorian border with New South Wales and South Australia is assumed to be closed until 19 August 2020, with freight allowed to pass between the states along with essential travel.
- International travel is assumed to remain at low levels until the end of the June quarter 2021.

Box 2.1: Key assumptions (continued)

- Net overseas migration is significantly affected by international travel restrictions and constraints on the ability of applicants to meet visa application requirements, and is assumed to fall from 232,000 in 2018-19 to be 154,000 in 2019-20 and 31,000 in 2020-21.
 - The Government implemented international travel bans in March 2020. This prevented all arrivals on visitor and temporary migration visas and prevented Australian citizens and permanent residents from departing Australia.
 - Between July and December 2020, only citizens, permanent residents, New Zealanders and a small number of international students are assumed to be able to travel to Australia, based on announced policy to date.
 - From 1 January to 30 June 2021, it is assumed that the travel ban is lifted, but that a two-week quarantine period is required of arrivals to Australia. This leads to the resumption of arrivals by temporary and permanent migrants, but at lower levels overall than normal.

Box 2.2: Second wave scenario

The recent outbreak of COVID-19 in Victoria and the subsequent reintroduction of restrictions in metropolitan Melbourne and the Mitchell Shire, including border closures, is a sobering reminder of the virulence of the virus and its potential to continue to disrupt the way we live. Though Australia is well prepared to manage the health crisis, the possibility of a major second wave of infections remains.

To some degree, such outcomes have already been observed in several countries that had initial success in suppressing transmission of the virus. In Singapore, a spike in new cases was observed in late April and new infections have been slow to decline. Similarly, after an initial peak was suppressed quickly, new cases in South Korea have slowly risen due to small but persistent groups of new infections.

How further outbreaks of the virus will play out and its effects on communities and the economy are highly uncertain. Higher rates of testing, contact tracing and increased health system capacity may enable persistent but small outbreaks to be managed without the reintroduction of large-scale restrictions. Widespread outbreaks and high rates of community transmission would likely necessitate the reintroduction of more severe health controls, of the kind we have seen in Victoria.

Box 2.2: Second wave scenario (continued)

Treasury estimates that, relative to a pre-pandemic economy, GDP was around \$4 billion lower for every week the containment restrictions from late March to mid-May were in place. These containment restrictions included closures to high-risk activities including pubs, nightclubs and gyms, restricting cafes and restaurants to take-away only, the effects of school closures, stay at home restrictions and the physical distancing requirements limiting venues to one person per four square metres. Following the three steps of easing restrictions, Treasury estimates that economic activity could increase by around \$2 billion per week within a few months, or around half of the original fall.

If similar large scale restrictions were reimposed across all of Australia, this would likely reduce economic activity to similar levels as observed across April and May, and therefore would likely cost the economy at least \$2 billion per week compared to where we may have been without a second wave of infections.

Less severe or more geographically targeted restrictions would not have as large of an impact on economic activity. In this case, rather than experiencing another sharp downturn in economic growth, it would be more likely that the speed of economic recovery is slowed. This would be as a direct result of the restrictions themselves, but also from the spillovers continued community outbreaks may have on consumer and business confidence.

Initial estimates indicate that the reintroduction of restrictions in metropolitan Melbourne and the Mitchell Shire in response to the latest virus outbreak will reduce national real GDP growth by around $\frac{3}{4}$ of a percentage point in the September quarter 2020.

The impact on economic activity will moderate in the December quarter consistent with the current timetable for unwinding the new restrictions, assuming that the Victorian outbreak is contained and the reintroduced restrictions are not extended further. The estimate also assumes that the outbreak does not spread beyond the lockdown localities to other areas of Victoria or Australia, but does take into account the effect of the Victorian outbreak on consumer confidence and activity across the rest of Australia.

Table 2.2: Domestic economy forecasts^(a)

| | Outcomes ^(b) | Forecasts | |
|--|-------------------------|--------------|---------------|
| | 2018-19 | 2019-20 | 2020-21 |
| Real gross domestic product | 2.0 | - 1/4 | -2 1/2 |
| Household consumption | 2.0 | -2 1/2 | -1 1/4 |
| Dwelling investment | 0.0 | -10 | -16 |
| Total business investment ^(c) | -0.9 | -6 | -12 1/2 |
| <i>By industry</i> | | | |
| Mining investment | -9.4 | 4 | 9 1/2 |
| Non-mining investment | 1.8 | -9 | -19 1/2 |
| Private final demand ^(c) | 1.0 | -3 1/2 | -4 |
| Public final demand ^(c) | 4.4 | 5 | 4 1/2 |
| Change in inventories ^(d) | -0.2 | 0 | 0 |
| Gross national expenditure | 1.6 | -1 1/2 | -1 3/4 |
| Exports of goods and services | 4.0 | -1 1/2 | -6 1/2 |
| Imports of goods and services | 0.3 | -8 | -6 |
| Net exports ^(d) | 0.8 | 1 1/4 | - 1/4 |
| Nominal gross domestic product | 5.3 | 2 | -4 3/4 |
| Prices and wages | | | |
| Consumer price index ^(e) | 1.6 | - 1/4 | 1 1/4 |
| Wage price index ^(f) | 2.3 | 1 3/4 | 1 1/4 |
| GDP deflator | 3.3 | 2 1/4 | -2 1/4 |
| Labour market | | | |
| Participation rate (per cent) ^{(g)/(h)} | 66.0 | 63.4 | 64 3/4 |
| Employment ^{(f)/(h)} | 2.5 | -4.4 | 1 |
| Unemployment rate (per cent) ^{(g)/(h)} | 5.2 | 7.0 | 8 3/4 |
| Balance of payments | | | |
| Terms of trade ⁽ⁱ⁾ | 5.6 | 1 3/4 | -12 1/4 |
| Current account balance (per cent of GDP) | -0.7 | 1 3/4 | -1 1/4 |

(a) Percentage change on preceding year unless otherwise indicated.

(b) Calculated using original data unless otherwise indicated.

(c) Excluding second-hand asset sales between the public and private sector.

(d) Percentage point contribution to growth in GDP.

(e) Through-the-year growth rate to the June quarter.

(f) Seasonally adjusted, through-the-year growth rate to the June quarter.

(g) Seasonally adjusted rate for the June quarter.

(h) 2019-20 is an outcome.

(i) The forecasts are underpinned by price assumptions for key commodities: iron ore spot price assumed to decline to US\$55 per tonne free-on-board (FOB) by the end of the December quarter 2020; metallurgical coal spot price assumed to remain at US\$110 per tonne FOB; and thermal coal spot price assumed to remain at US\$54 per tonne FOB.

Note: The forecasts for the domestic economy are based on several technical assumptions. The exchange rate is assumed to remain around its recent average level — a trade-weighted index of around 60 and a \$US exchange rate of around 69 US cents. Interest rates are assumed to move broadly in line with market expectations. World oil prices (Malaysian Tapis) are assumed to remain around US\$34 per barrel.

Population growth is assumed to be 1.2 per cent in 2019-20 and 0.6 per cent in 2020-21.

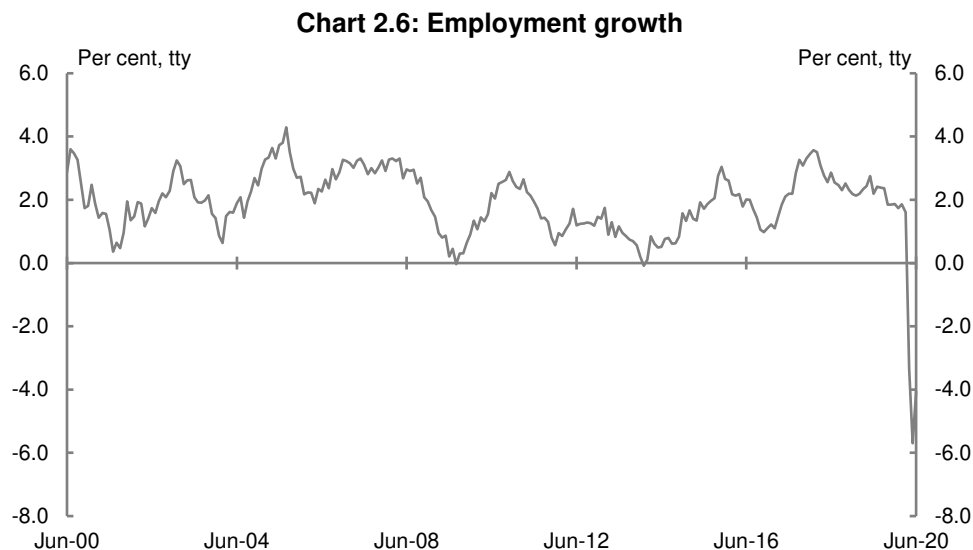
Source: ABS cat. no. 5206.0, 5302.0, 6202.0, 6345.0, 6401.0, unpublished ABS data and Treasury.

Employment declined sharply in the June quarter, falling by 708,900 persons, to be 4.4 per cent lower through the year (Chart 2.6). Changes in employment have been largest in those industries directly affected by health restrictions, including service industries such as accommodation and food, arts and recreation, and transport. General

Part 2: Economic outlook

physical distancing guidelines and guidance about essential-only travel has also had flow-on effects to employment in other industries, such as retail trade.

Alongside a recovery in activity, the easing of containment measures in the latter part of the June quarter has accompanied some improvement in the labour market. After falling significantly over April and May, total hours worked recovered around one-third of its fall, driven both by an increase in employment and an increase in average hours worked, including from those who were previously working zero hours. However, total hours worked in June remained almost 7 per cent lower than in March. Some leading indicators of labour market activity have also shown some positive signs, with measures of job advertisements picking up in June, albeit from very low levels. Employment outcomes are expected to recover over the forecast period, even accounting for the effect of the reintroduction of restrictions in parts of Victoria. The recovery in employment is expected to lag the recovery in total hours as employers prioritise increasing hours for existing staff, ahead of hiring new staff.



Source: ABS cat. no. 6202.0.

The **unemployment rate** is expected to increase over the remainder of 2020, peaking at around $9\frac{1}{4}$ per cent in the December quarter. Further increases in the unemployment rate are likely to be driven by rising labour force participation as those who dropped out of the labour market at the start of the crisis begin to look for work again as the economy opens up. The unemployment rate is expected to gradually decline from the start of 2021 to be around $8\frac{3}{4}$ per cent in the June quarter 2021. However, spare capacity in the labour market is expected to be more significant than suggested by the unemployment rate, particularly in the near term. The measured unemployment rate is a key uncertainty and will depend on the evolution of the participation rate and average hours worked (Box 2.3).

During this crisis, particular cohorts have experienced more adverse labour market impacts. Women and young people have been particularly affected, consistent with being over represented in industries hardest hit by the crisis, such as accommodation and food services, arts and recreation services and retail trade. Despite rising in June, employment amongst those aged 15-24 was significantly lower compared with March, accounting for around 35 per cent of the total fall in employment over this period. As a result, the youth unemployment rate rose to 15.5 per cent in the June quarter, its highest rate in over 20 years. The employment-to-population ratio and the participation rate declined more significantly for women than for men in the June quarter. The significant fall in female participation moderated the rise in the measured unemployment rate for women. Casual employees and those working part-time have also been disproportionately impacted.

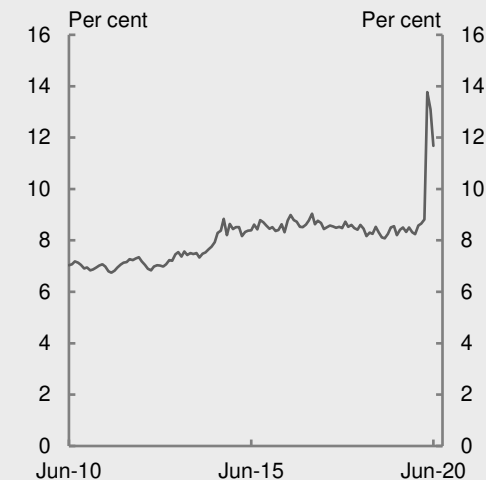
Beyond 2020, labour market conditions will strengthen as demand picks up, but the unemployment rate will take some time to decline, as has been the case in previous recessions. In the recession of the early 1990s, it took around seven years for the unemployment rate to fall from its peak of 11.2 per cent in 1992 to below 7 per cent. In addition, there may be longer-term impacts on the labour market if some workers who have been dislocated, especially those in more vulnerable cohorts, lose skills or need to reskill to enter employment in a different occupation or industry.

Box 2.3: Assessing spare capacity in the labour market

The unemployment rate is the most commonly used indicator of spare capacity in the labour market. However, the unprecedented nature of the COVID-19 shock means that alternative labour market indicators – such as the underutilisation rate and measures that take into account those who have dropped out of the labour force altogether – are currently more useful indicators of spare capacity.

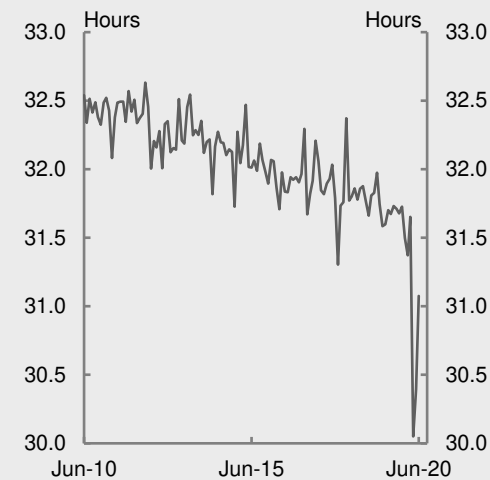
Many workers who have lost their jobs or have been stood down have not been counted in the unemployment rate. For some workers, this is because they have been unable to look for work, a fact recognised by the Government's decision to temporarily waive requirements to look for work for people receiving unemployment benefits. Other workers were stood down working zero hours but remained (and were classified as) employed, in large part due to the operation of the JobKeeper Payment.

Chart 2.7: Underemployment rate



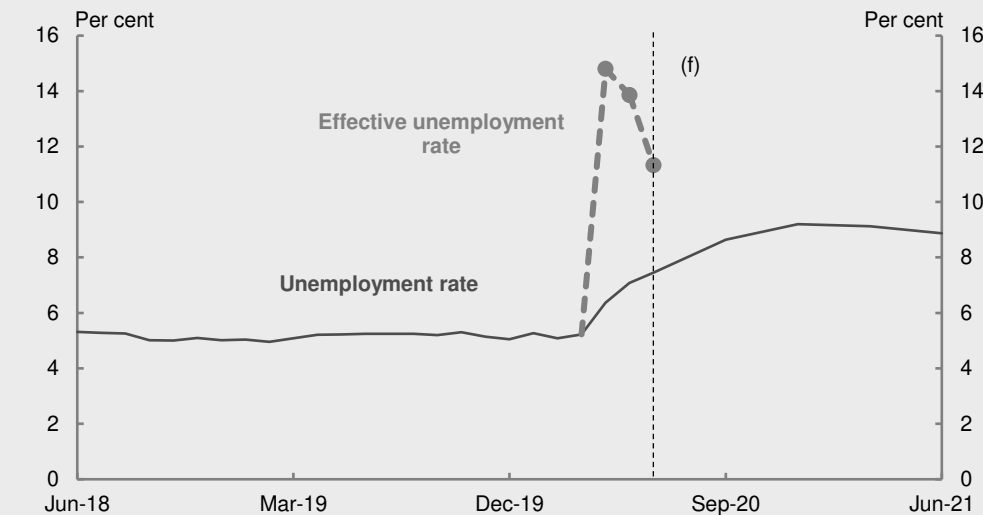
Source: ABS cat. no. 6202.0.

Chart 2.8: Average hours worked



Source: ABS cat. no. 6202.0.

In April, the number of unemployed increased by 126,000, but 482,000 people left the labour force. In addition, the number of people working zero hours for economic reasons increased by around 700,000. As a result, the 'effective' unemployment rate was close to 15 per cent in April. Total hours worked fell by 9.5 per cent in the month – much more than the fall in employment. Average weekly hours worked fell by 5.1 per cent, with the fall partly moderated by the fact that employment was hardest hit in industries where people typically work fewer hours on average.

Box 2.3: Assessing spare capacity in the labour market (continued)**Chart 2.9: The effective unemployment rate**

Source: ABS cat. no. 6202.0, ABS cat. no. 6291.0.55.001 and Treasury.

As the labour market recovers, people will return to work in a number of ways, which may not be reflected in the headline data on employment and unemployment but will reduce the 'effective' rate of unemployment. This is evident in the data already.

By June, the effective unemployment rate was close to 11 per cent, with employment higher than in May, fewer people working zero hours for economic reasons and more people counted as in the labour force. Average hours worked has also picked up from its trough in April as people started to return to more normal work patterns. However, measured unemployment continued to rise in June, as more people returned to the labour force than were able to find work. The measured unemployment rate is forecast to continue to rise as more people are drawn into the labour force.

The measured unemployment rate is a key uncertainty. It will depend on how employers allocate available hours amongst existing employees versus hiring new workers. If businesses choose to increase hours for existing staff by more than expected, rather than hiring new workers, the unemployment rate could be higher than expected. Similarly, the unemployment rate could be lower if businesses absorb a higher number of new workers at a lower level of average hours than expected. The degree to which the participation rate rises over the next several quarters is also a key sensitivity around the forecast unemployment rate.

Sensitivity analysis suggests that the measured unemployment rate could be between 7 per cent and 10¾ per cent by the December quarter, depending on how available hours are split between existing and new employees or the degree to which the participation rate recovers towards pre-crisis levels.

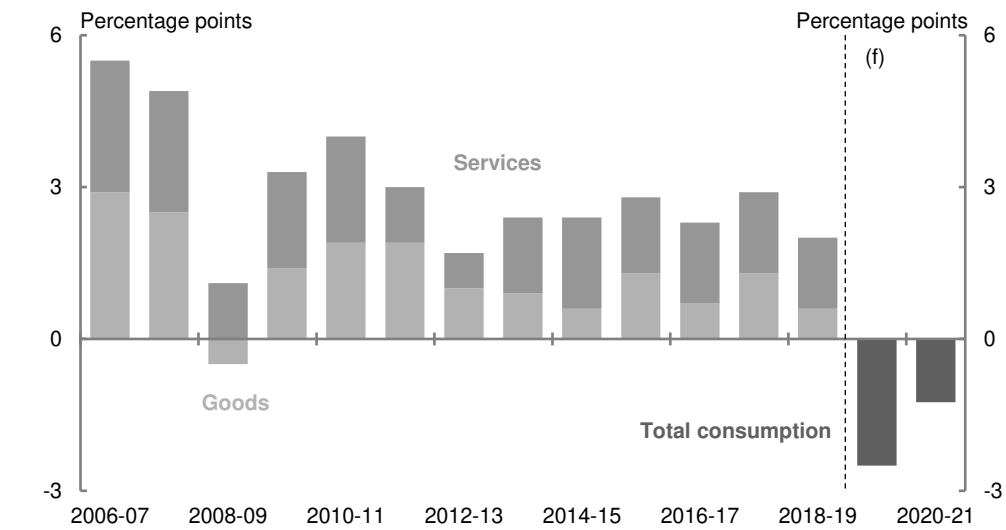
Part 2: Economic outlook

The sharp deterioration in labour market conditions and associated increase in spare capacity will put downward pressure on **wage and price growth** for some time. The Wage Price Index is forecast to increase by 1¼ per cent through the year to the June quarter 2021.

The sharp fall in petrol prices, following a fall in global oil prices, and the Government's changes to make childcare free during the early stages of the COVID-19 pandemic will result in a significant fall in consumer price growth in the June quarter 2020. Consumer price inflation is forecast to increase to 1¼ per cent through the year to the June quarter 2021, with the re-establishment of the Child Care Subsidy arrangements. Inflation is expected to remain subdued across the forecast period, consistent with reduced pressures from wage growth and weaker inflation expectations.

Household consumption is forecast to fall by 1¼ per cent in 2020-21, reflecting the impacts of containment measures with significant declines in the income households receive from working, declines in wealth and consumer confidence, and fewer opportunities to spend as a result of the pandemic. Broad-based weakness is expected across most consumption categories, with a fall of 11½ per cent forecast in the June quarter. Consumption of services, which in recent years has driven growth in total household consumption, is expected to be particularly weak (Chart 2.10). This reflects the effect of restrictions on spending including on air transport, hotels, cafes and restaurants, as well as on healthcare due to the cancellation of elective surgeries and fewer visits to medical practitioners in the wake of the pandemic.

Consumption growth is expected to pick up strongly in the September quarter on the assumption that health restrictions broadly continue to ease in all states except Victoria, accompanied by an improvement in both labour demand and confidence. The recovery is expected to be broadly based across components, albeit with restrictions still affecting sectors such as arts, entertainment and recreation nationally, and additional sectors such as hospitality in regions with tighter restrictions. Spending on travel should also improve as interstate border restrictions are expected to be gradually relaxed, although international travel will remain subdued for some time. Potential shifts in consumer behaviour in the aftermath of the pandemic may see longer-term structural changes in household consumption.

Chart 2.10: Goods and services contributions to household consumption growth

Source: ABS cat. no. 5206.0, unpublished ABS data and Treasury.

The COVID-19 pandemic is having a significant impact on household incomes and wealth. Significant job losses and reductions in hours have lowered income received by households from working. However, household incomes are being supported by significant Government support measures, including the JobKeeper Payment and Coronavirus Supplement (Box 2.4). While household income is expected to hold up in the near term, there have been significant falls in household wealth. Australia's ASX200 has recovered some of its losses since the onset of the crisis, but it remains substantially below the highs reached in late February. The outlook for the established housing market remains uncertain with prices falling in June for a second consecutive month despite transaction activity starting to recover alongside the easing of restrictions.

The support to household incomes, combined with the weakness in consumption, is expected to result in a sharp increase in the household saving ratio in the June quarter 2020. The household saving ratio is expected to reach a near-record high in the June quarter to be around double that seen during the GFC, before moderating as labour market conditions improve.

Box 2.4: Fiscal response to the COVID-19 pandemic

The Government has responded to the pandemic with an historic amount of economic support, which has been effective and well targeted.

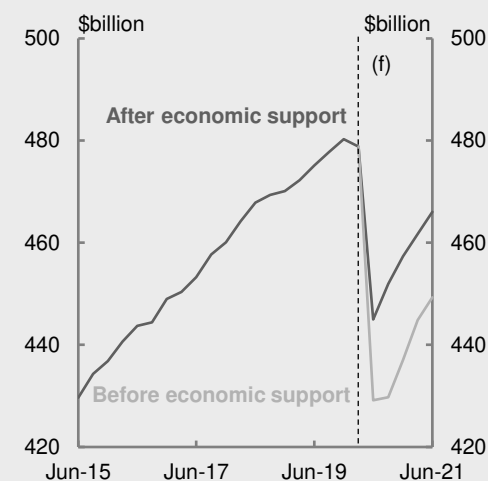
The Government's economic support in response to the COVID-19 pandemic is estimated to be around \$162 billion in 2019-20 and 2020-21, equivalent to 8.2 per cent of 2019-20 GDP. In addition, the Government's balance sheet support totals \$125 billion, equivalent to 6.3 per cent of 2019-20 GDP. Automatic stabilisers are also supporting the economy (for more detail see Box 3.1 of Part 3: *Fiscal outlook*).

A number of Government measures are supporting economic demand, such as cash payments to support household and business incomes and incentives to encourage investment. Some measures are also helping keep businesses in business and workers in jobs to speed up the pace of recovery, such as the JobKeeper Payment, loan guarantees and regulatory measures.

Fiscal support also has confidence effects, and can limit the effects on economic activity from heightened uncertainty and rising risk aversion. The Government's economic measures were associated with an improvement in consumer and business confidence. The forecasts incorporate an ongoing beneficial impact of the Government support on household and business confidence (and, in turn, consumption and investment).

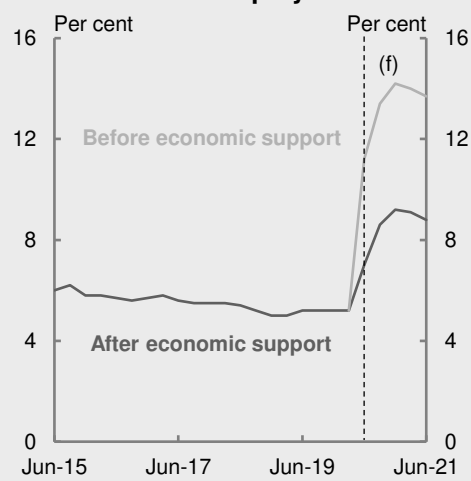
It is estimated that the fiscal support will have increased the level of real GDP by around $\frac{3}{4}$ per cent in 2019-20 and will increase it by around $4\frac{1}{4}$ per cent in 2020-21 relative to the case of no policy support. Fiscal measures are also estimated to have lowered the peak of the measured unemployment rate by around 5 percentage points, preventing the loss of around 700,000 jobs.

Chart 2.11: Real GDP



Source: ABS cat.no. 5206.0 and Treasury.

Chart 2.12: Unemployment rate



Source: ABS cat.no. 6202.0 and Treasury.

Box 2.4: Fiscal response to the COVID-19 pandemic (continued)

The economic impact of the Government's direct fiscal policy measures has been estimated using Treasury's macroeconomic model, drawing upon estimates of first-round fiscal multipliers of individual measures, analysis of the impact of the JobKeeper Payment on the labour market, and judgments about the impact of the economic support on business and household confidence.

The analysis is contingent on the forecasts of the evolution of the domestic and international economies and the assumptions that underpin the forecasts about the spread of the virus, industry containment measures and physical distancing.

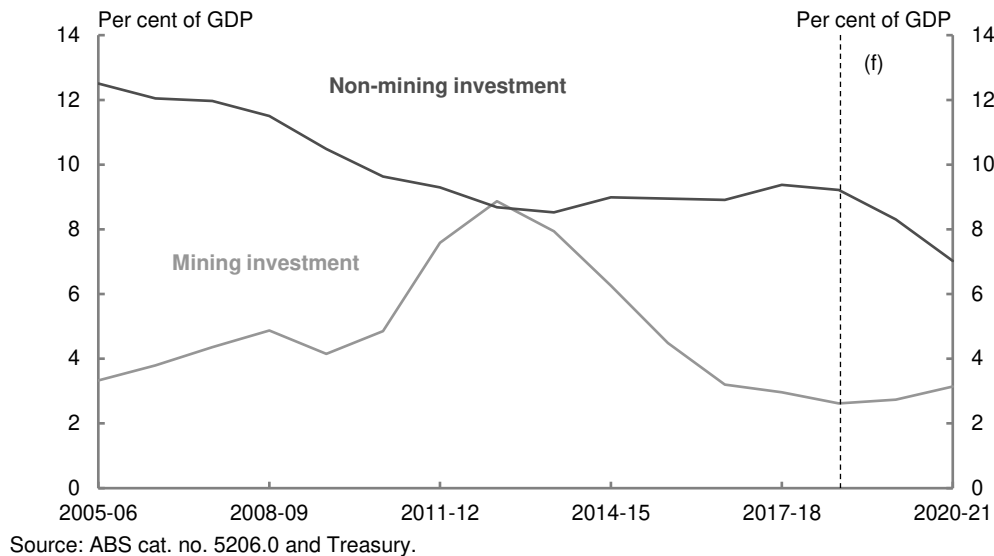
Dwelling investment is forecast to fall by 16 per cent in 2020-21. The fall in the June quarter is forecast to be 7 per cent, given cancellations and delays in residential projects reflecting reduced demand, health restrictions on construction sites and some supply-chain disruptions. A further 11 per cent decline in dwelling investment is anticipated in the September quarter. The HomeBuilder program is expected to provide a significant boost to the future pipeline of work, and there are early indications that it has already improved confidence and incentivised some buyers to return to the market. The program is expected to contribute around \$1.6 billion to activity in 2020-21, but total residential construction activity is expected to remain subdued for some time.

New business investment is forecast to fall by 12½ per cent in 2020-21, driven by a significant deterioration in the outlook for non-mining investment, which is forecast to fall by 25½ per cent in the June quarter. Containment measures alongside an environment of uncertainty are expected to drive a sharp decline in machinery and equipment investment, as businesses seek to preserve cash while operations are impacted by restrictions. Real-time data suggest that around three-quarters of firms have been operating under modified conditions as a result of the pandemic, including changed workplace practices, payment methods, operating hours and suppliers. Business solvency is also at risk with around two-thirds of all businesses reporting decreases in revenue and a number of firms deferring loan repayments and renegotiating lease agreements.

Non-mining business investment is forecast to decrease by a further 2½ per cent in the September quarter. Investment is expected to be supported over 2020-21 by Government policies such as accelerated depreciation deductions and the expansion to the instant asset write-off. However, elevated uncertainty, downgrades to investment intentions and lags between approvals and activity in the construction sector are expected to result in a more gradual recovery in business investment than in household consumption.

Mining investment is expected to grow for the first time in seven years by 4 per cent in 2019-20 and another 9½ per cent in 2020-21 (Chart 2.13). Industry consultation and recent capital expenditure data suggest that investment in large iron ore projects is expected to continue in order to sustain productive capacity and maintain large capital stocks accumulated over the investment boom. However, global uncertainty and lower commodity prices have led to delays in final investment decisions for new projects.

Chart 2.13: Business investment



New public final demand is forecast to increase by $4\frac{1}{2}$ per cent in 2020-21, with spending on the National Disability Insurance Scheme, transport infrastructure, healthcare and other essential services continuing to support the economy. While the Government has put in place significant economic support measures, most of these measures affect activity in household consumption and private investment rather than public final demand.

Net exports are forecast to modestly detract from GDP growth in 2020-21, following a $1\frac{1}{4}$ percentage point contribution to growth in 2019-20. These forecasts largely reflect bans on international travel and a recovery in goods import volumes over 2020-21. Exports are forecast to fall by $6\frac{1}{2}$ per cent in 2020-21, largely driven by a $32\frac{1}{2}$ per cent fall in services exports. Imports are forecast to fall by 6 per cent in 2020-21.

International travel restrictions have significantly affected tourism and education markets all over the world. In Australia, many international students did not make it into the country before the border was closed, and international tourism and education exports are expected to remain suppressed over the forecast period. Similarly, falls in imports are driven by dramatic falls in the number of Australians travelling overseas since the beginning of the year. It is likely that a share of the spending usually undertaken overseas will be redirected to consumption, including domestic travel.

Rural exports are forecast to fall by 2 per cent in 2020-21, following a $6\frac{1}{2}$ per cent fall in 2019-20 as the drought continued to weigh on crop and livestock production. Although favourable seasonal conditions are expected to lead to an above-average winter crop in 2020-21, rural exports are forecast to decrease due to the gradual rebuilding of livestock herds and flocks, which are at historically low levels.

Mining exports are forecast to increase by 3 per cent in 2020-21, after a forecast increase of ½ per cent in 2019-20. Iron ore exports are expected to increase due to ongoing demand from China as project expansions support production volumes. However, lower global coal prices are likely to result in some reduced Australian coal production.

Metallurgical and thermal coal prices have fallen by around one-quarter since the beginning of the year due to lower global demand and the risk of Chinese coal import restrictions. Reflecting these recent falls, the metallurgical coal price assumption has been reduced to US\$110 per tonne free-on-board (FOB), and the thermal coal price assumption has been reduced to US\$54 per tonne FOB. The Tapis oil benchmark price is assumed to be US\$34, around 45 per cent lower compared with the 2019-20 MYEFO. Oil prices have fallen dramatically as cuts in global production have not been enough to offset the large falls in demand. This will have a significant impact on the value of LNG exports, as the price of most of Australia's LNG exports are directly linked to oil prices.

In contrast, iron ore prices have remained resilient to date as the impact of falling steel production outside China has been largely offset by strong demand from Chinese steel producers and supply disruptions in Brazil. However, there is uncertainty about the supply and demand outlook and the prudent assumption for the iron ore spot price has been retained. The iron ore price is assumed to decline to US\$55 per tonne FOB by the end of the December quarter 2020. Commodity prices are volatile and the outlook remains a key uncertainty in the outlook for nominal GDP (Box 2.5).

Box 2.5: Sensitivity analysis of the iron ore spot price

Movements in commodity prices can have significant effects on nominal GDP and Commonwealth government tax revenue. The analysis below provides an indication of the direct impacts on nominal GDP and company tax receipts of altering the timing around the iron ore spot price assumption.

If the iron ore price was to fall immediately to US\$55 per tonne FOB, rather than by the end of the December quarter 2020 as assumed, nominal GDP would be around \$8.8 billion lower than forecast in 2020-21. This would result in a decrease in tax receipts of around \$1.3 billion in 2020-21 and, due to the timing of company tax collections, a decrease in tax receipts of around \$0.9 billion in 2021-22 (Table 2.3).

By contrast, if the iron ore price was to remain elevated until the end of the December quarter 2020, before falling immediately to US\$55 per tonne FOB, nominal GDP could be around \$9.0 billion higher than forecast in 2020-21. This would result in an increase in tax receipts of around \$1.2 billion in 2020-21 and, due to the timing of company tax collections, an increase in tax receipts of around \$1.0 billion in 2021-22.

Table 2.3: Sensitivity analysis of earlier and later fall in the iron ore spot price

| | Earlier fall to US\$55/tonne FOB ^(a) | | Later fall to US\$55/tonne FOB | |
|--------------------------|---|---------|--------------------------------|---------|
| | 2020-21 | 2021-22 | 2020-21 | 2021-22 |
| Nominal GDP (\$billion) | -8.8 | - | 9.0 | - |
| Tax receipts (\$billion) | -1.3 | -0.9 | 1.2 | 1.0 |

(a) FOB is the free-on-board price which excludes freight costs.

Source: Treasury.

Part 3: Fiscal outlook

Overview

The Government has taken decisive action to support Australian households and businesses in dealing with the impacts of the COVID-19 pandemic. The Government is providing \$289 billion in fiscal and balance sheet support, equivalent to around 14.6 per cent of 2019-20 GDP.

The Government's economic response, together with large declines in taxation receipts and increases in unemployment benefit payments, will see the budget move sharply into deficit in 2019-20 and 2020-21, with government debt also increasing significantly.

The Government's responsible fiscal management over the past six and a half years has provided the capacity to respond to the unprecedented economic challenges posed by the COVID-19 pandemic. Australia has low levels of debt-to-GDP compared to many other countries and in 2018-19 the Government returned the budget to balance for the first time in 11 years.

The COVID-19 pandemic is still evolving and the economic and fiscal outlook remains highly uncertain. In light of this uncertainty, this update presents fiscal estimates for 2019-20 and 2020-21 only. The Government will present fiscal estimates across the forward estimates and medium-term projections in the 2020-21 Budget, to be delivered on 6 October 2020.

The underlying cash deficit in 2019-20 is expected to be \$85.8 billion (4.3 per cent of GDP), a \$90.8 billion deterioration since the 2019-20 MYEFO.¹ The estimate for 2020-21 has also been revised down significantly, with an expected deficit of \$184.5 billion (9.7 per cent of GDP), a \$190.6 billion deterioration since the 2019-20 MYEFO.

Gross debt was \$684.3 billion (34.4 per cent of GDP) at 30 June 2020 and is expected to be \$851.9 billion (45.0 per cent of GDP) at 30 June 2021. Net debt is expected to be \$488.2 billion (24.6 per cent of GDP) at 30 June 2020 and increase to \$677.1 billion (35.7 per cent of GDP) at 30 June 2021.

While debt levels have increased significantly as a result of the COVID-19 pandemic, Australia continues to have a low level of debt-to-GDP compared to other countries. Record low interest rates are also reducing the cost of servicing debt (Box 3.4). Once the economic recovery is established, stronger growth and an improvement in the fiscal position will help to stabilise government debt as a share of the economy.

1 The 2019-20 estimates in this Economic and Fiscal Update reflect preliminary expected outcomes. There may be differences between this update and the 2019-20 Final Budget Outcome to be released in September 2020.

Part 3: Fiscal outlook

Since the onset of the COVID-19 pandemic, each of the three major ratings agencies have affirmed Australia's AAA credit rating, noting the underlying resilience of the Australian economy and the Government's response to the pandemic.

The Government's economic response is temporary and targeted with measures designed to support the economy without undermining the structural integrity of the budget. The unwinding of the Government's economic response measures will ensure that the budget improves as the economy recovers. However, automatic stabilisers through the tax system and higher social security payments will continue to affect the budget bottom line for some time.

The Government's economic recovery strategy is providing immediate support for business and consumer confidence, employment and growth. Over the medium term, the Government will strengthen the fiscal position to ensure Australia continues to be well-placed to respond to future shocks.

Budget aggregates

Table 3.1 provides the underlying cash balance, gross debt and net debt estimates over 2019-20 and 2020-21.

Table 3.1: Budget aggregates

| | Estimates | |
|-----------------------------------|--------------|---------------|
| | 2019-20 | 2020-21 |
| | \$b | \$b |
| Underlying cash balance(a) | -85.8 | -184.5 |
| Per cent of GDP | -4.3 | -9.7 |
| Gross debt(b) | 684.3 | 851.9 |
| Per cent of GDP | 34.4 | 45.0 |
| Net debt(c) | 488.2 | 677.1 |
| Per cent of GDP | 24.6 | 35.7 |

(a) Excludes expected net Future Fund earnings before 2020-21.

(b) Gross debt measures the face value of Australian Government Securities (AGS) on issue. The 2019-20 number is the actual face value at 30 June 2020.

(c) Net debt equals the sum of interest bearing liabilities (which includes AGS on issue measured at market value) minus the sum of cash and deposits, advances paid and investments, loans and placements.

Table 3.2 provides key budget aggregates for the Australian Government general government sector over 2019-20 and 2020-21.

Table 3.2: Australian Government general government sector budget aggregates

| | Estimates | |
|-----------------------------------|--------------|---------------|
| | 2019-20 | 2020-21 |
| | \$b | \$b |
| Receipts | 469.5 | 455.5 |
| Per cent of GDP | 23.6 | 24.0 |
| Payments(a) | 550.0 | 640.0 |
| Per cent of GDP | 27.7 | 33.8 |
| Net Future Fund earnings(b) | 5.3 | na |
| Underlying cash balance(c) | -85.8 | -184.5 |
| Per cent of GDP | -4.3 | -9.7 |
| <i>Memorandum:</i> | | |
| Net Future Fund earnings(b) | 5.3 | 5.4 |

(a) Equivalent to cash payments for operating activities, purchases of non-financial assets and net cash flows from financing activities for leases.

(b) Under the *Future Fund Act 2006*, net Future Fund earnings will be available to meet the Australian Government's superannuation liability in 2020-21. From this time, the underlying cash balance includes expected net Future Fund earnings.

(c) Excludes expected net Future Fund earnings before 2020-21.

Total receipts are expected to be \$469.5 billion in 2019-20 (23.6 per cent of GDP), and \$455.5 billion in 2020-21 (24.0 per cent of GDP), a deterioration of \$94.1 billion over those two years compared with the 2019-20 MYEFO. This deterioration largely reflects lower forecasts across all major tax heads of revenue, consistent with falling average earnings, along with lower forecasts for employment and consumption in 2020-21.

At the same time, payments have increased by \$187.5 billion over two years from the 2019-20 MYEFO estimates. They are expected to be \$550.0 billion in 2019-20 (27.7 per cent of GDP), rising to \$640.0 billion in 2020-21 (33.8 per cent of GDP). This increase is as a result of the Government's targeted responses to the COVID-19 pandemic to support Australia's economy, as well as the impact of automatic stabilisers including the payment of unemployment benefits.

Underlying cash balance estimates

Table 3.3 provides a reconciliation of the variations in the underlying cash balance estimates since the 2019-20 MYEFO.

Table 3.3: Reconciliation of underlying cash balance estimates

| | Estimates | |
|--|----------------|-----------------|
| | 2019-20 \$m | 2020-21 \$m |
| 2019-20 MYEFO underlying cash balance(a) | 5,028 | 6,054 |
| Per cent of GDP | 0.3 | 0.3 |
| Changes from 2019-20 MYEFO to 2020 Economic and Fiscal Update | | |
| Effect of policy decisions(b)(c) | | |
| <i>Receipts</i> | -373 | -4,651 |
| <i>Payments</i> | 58,026 | 113,726 |
| Total policy decisions impact on underlying cash balance | -58,399 | -118,377 |
| Effect of parameter and other variations(c) | | |
| <i>Receipts</i> | -32,602 | -56,435 |
| <i>Payments</i> | -44 | 15,751 |
| <i>less Net Future Fund earnings(d)</i> | -151 | na |
| Total parameter and other variations impact on underlying cash balance | -32,406 | -72,186 |
| 2020 Economic and Fiscal Update underlying cash balance(a) | -85,778 | -184,509 |
| Per cent of GDP | -4.3 | -9.7 |
| <i>Memorandum:</i> | | |
| <i>Net Future Fund earnings(d)</i> | 5,317 | 5,410 |

(a) Excludes expected net Future Fund earnings before 2020-21.

(b) Excludes secondary impacts on public debt interest of policy decisions and offsets from the Contingency Reserve for decisions taken.

(c) A positive number for receipts improves the underlying cash balance, while a positive number for payments worsens the underlying cash balance.

(d) Under the *Future Fund Act 2006*, net Future Fund earnings will be available to meet the Australian Government's superannuation liability in 2020-21. From this time, the underlying cash balance includes expected net Future Fund earnings.

Policy decisions taken since the 2019-20 MYEFO have reduced the underlying cash balance by \$58.4 billion in 2019-20 and \$118.4 billion in 2020-21. This largely reflects the Government's response to the COVID-19 pandemic, with around \$172 billion in spending over two years in this response. In addition, the Government committed \$2 billion to establish the National Bushfire Recovery Fund in response to the bushfires of 2019-20.

Since the 2019-20 MYEFO, total parameter and other variations have reduced the underlying cash balance by \$32.4 billion in 2019-20 and \$72.2 billion in 2020-21. This primarily reflects the impact of the COVID-19 pandemic on the economic outlook and the effect of automatic stabilisers on both tax receipts and payments.

Box 3.1: The role of automatic stabilisers

Automatic stabilisers play an important role in reducing the impact of an economic shock, by buffering private sector incomes without direct intervention. This occurs through both decreased receipts (largely through lower taxation receipts) and increased payments (largely through an increase in unemployment benefit payments).

When an economic shock occurs, the tax and transfer system stabilises household and business income by apportioning some of the income loss to the government. For example, under a progressive personal income tax system, an individual's after-tax income falls by less than their before-tax income.

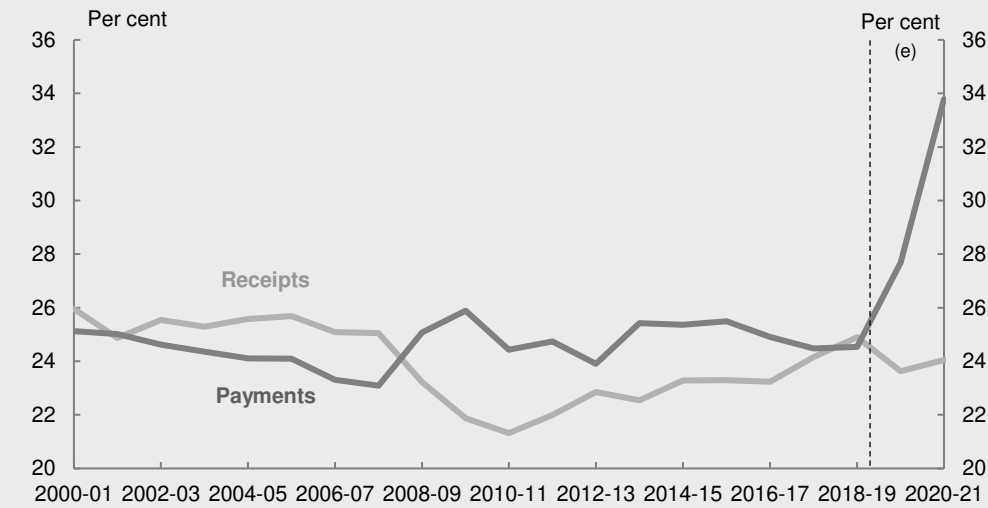
Estimates variations reflect the automatic stabilisers, as well as other program specific variations such as demand driven programs. Since the 2019-20 MYEFO, total parameter and other variations have reduced the underlying cash balance by \$32.4 billion in 2019-20 and \$72.2 billion in 2020-21.

The Government's policy response reflects the significance of the size of the economic shock from COVID-19. It has been designed to be temporary and targeted, but the experience from previous shocks suggests that the effect of automatic stabilisers on the budget, particularly a downturn in tax receipts (Box 3.2) and elevated payments of unemployment benefits, will continue for some time after the shock has passed.

Chart 3.1 shows the estimated effect of COVID-19 on payments and receipts. The sharp increase in the payments-to-GDP ratio reflects both the Government's economic response and automatic stabilisers, and the impact of lower GDP.

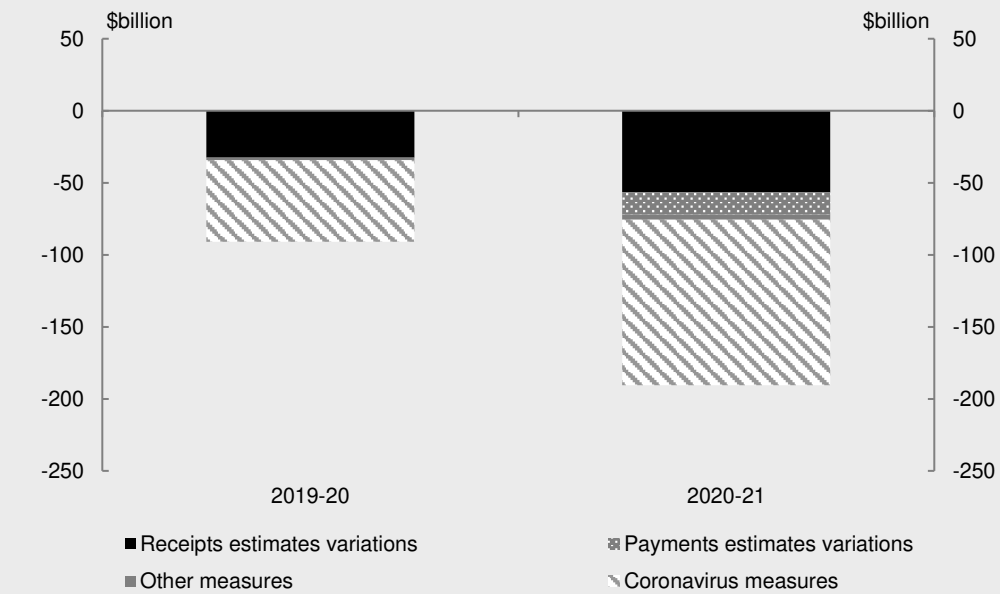
Box 3.1: The role of automatic stabilisers (continued)

Chart 3.1: Payments and receipts as a share of GDP



Source: Treasury estimates.

Chart 3.2: Effect of measures and estimates variations on the budget position



Source: Treasury estimates.

Box 3.1: The role of automatic stabilisers (continued)

The Government's response to the COVID-19 pandemic accounts for the majority of the expected underlying cash balance deterioration over 2019-20 and 2020-21 (Chart 3.2). The support makes up \$56.7 billion of the \$90.8 billion deterioration of the underlying cash balance in 2019-20, and \$115.0 billion of the \$190.6 billion deterioration in 2020-21.

In addition, parameter and other variations have reduced tax receipts by \$90.6 billion over 2019-20 and 2020-21 and increased social security payments, including Job Seeker Income Support by \$11.8 billion over 2019-20 and 2020-21. These provide significant support to the economy.

While the budget position will be significantly affected in 2019-20 and 2020-21, the winding down of the temporary and targeted response will assist in improving the budget over time.

Receipts estimates

Table 3.4 provides a summary of receipts estimates for 2019-20 and 2020-21.

Table 3.4: Taxation receipts, non-taxation receipts and total receipts^(a)

| | Estimates | |
|---|----------------|----------------|
| | 2019-20 \$m | 2020-21 \$m |
| Total individuals and other withholding tax | 221,656 | 213,600 |
| Company tax | 85,002 | 81,600 |
| Superannuation fund taxes | 6,270 | 6,460 |
| Other income taxes(b) | 4,931 | 4,690 |
| Income taxation receipts | 317,859 | 306,350 |
| Goods and services tax | 60,401 | 60,064 |
| Total excise and customs duty | 43,168 | 40,910 |
| Other indirect taxes(c) | 10,618 | 8,606 |
| Indirect taxation receipts | 114,187 | 109,579 |
| Taxation receipts | 432,045 | 415,929 |
| Non-taxation receipts | 37,452 | 39,582 |
| Total receipts | 469,497 | 455,511 |

(a) 2019-20 figures are unrounded estimates, based on administrative data, which are subject to change prior to the release of the 2019-20 Final Budget Outcome.

(b) This item includes fringe benefits tax and resource rent taxes.

(c) This item includes wine equalisation tax, luxury car tax, major bank levy, agricultural levies and all other indirect taxes not listed above.

Total receipts (including Future Fund earnings) have decreased by \$33.0 billion in 2019-20 and \$61.1 billion in 2020-21 since the 2019-20 MYEFO.

Since the 2019-20 MYEFO, tax receipts have been revised down by \$31.7 billion in 2019-20 and \$63.9 billion in 2020-21. The downgrades in 2019-20 and 2020-21 are driven

Part 3: Fiscal outlook

by significant reductions in all major heads of revenue, largely reflecting the impacts of the COVID-19 pandemic, related health restrictions and the Government's policy response. Tax policy measures to support businesses such as *increasing and extending access to the instant asset write-off, backing business investment, and tax instalment GDP adjustment factor* are expected to reduce tax receipts in 2020-21.

Policy decisions

The net impact of policy decisions since the 2019-20 MYEFO has decreased total receipts by \$0.4 billion in 2019-20 and \$4.7 billion in 2020-21. Key measures include:

- backing business investment by temporarily allowing businesses with aggregated turnover of less than \$500 million to deduct capital allowances for eligible depreciating assets at an accelerated rate, which is estimated to decrease receipts by \$3.2 billion over the five years from 2019-20
- temporary early access to superannuation by allowing individuals affected by the financial impacts of the COVID-19 pandemic to access up to \$10,000 of their superannuation in 2019-20 and a further \$10,000 in 2020-21 to help support them during the COVID-19 pandemic. This measure is estimated to decrease receipts by \$2.2 billion over the five years from 2019-20
- increasing and extending access to the instant asset write-off from 12 March 2020 until 31 December 2020 to give eligible businesses additional time to invest, which is estimated to decrease receipts by \$1.0 billion over the five years from 2019-20.

Further details of Government policy decisions are provided at *Appendix A*.

Parameter and other variations

Parameter and other variations have decreased total receipts (including Future Fund earnings) since the 2019-20 MYEFO by \$32.6 billion in 2019-20 and \$56.4 billion in 2020-21.

Since the 2019-20 MYEFO, parameter and other variations have reduced tax receipts by \$31.7 billion in 2019-20 and \$58.9 billion in 2020-21. This significant reduction in tax receipts is largely driven by downward revisions to personal income tax, company tax and GST.

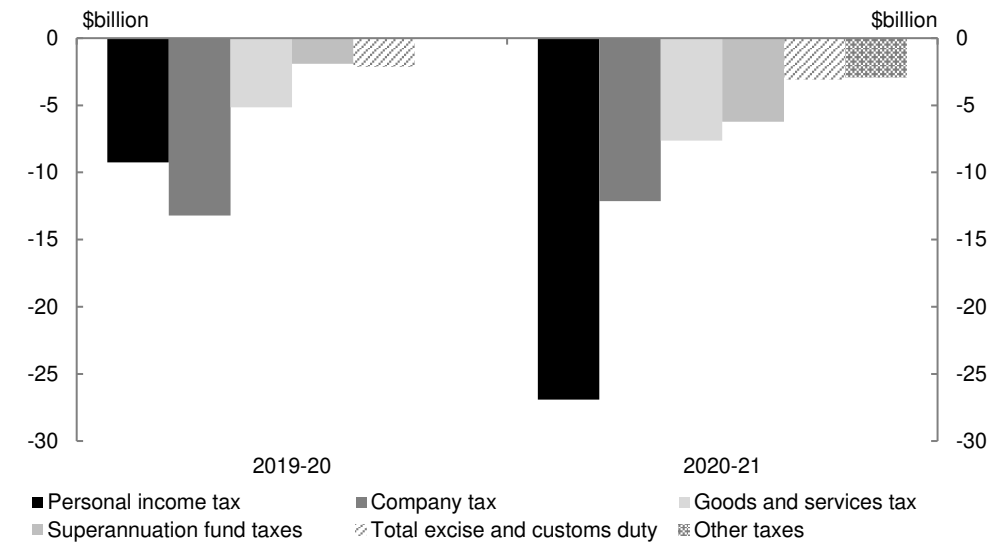
- Parameter and other variations have reduced personal income tax by \$9.2 billion in 2019-20 and \$26.9 billion in 2020-21. The downward revisions reflect lower forecasts for wages and employment, weaker-than-expected outcomes related to prior income years, and lower growth in unincorporated business income and dividend income.
- Parameter and other variations have reduced company tax by \$13.2 billion in 2019-20 and \$12.1 billion in 2020-21. The downward revisions reflect weaker-than-expected collections since the 2019-20 MYEFO. This is partly driven by the impact of

lock-down restrictions, which have reduced taxable incomes, and by weaker-than-expected net on-assessment outcomes related to prior income years. The weakness in 2019-20 collections is expected to flow to lower company tax receipts in later years.

- Parameter and other variations have reduced GST by \$5.2 billion in 2019-20 and \$7.6 billion in 2020-21. The downward revisions reflect downgrades to the forecasts for household consumption and private dwelling investment. There has also been an increase in unpaid debt in 2019-20, in part due to payment deferrals offered to businesses experiencing financial hardship. Some of this debt is expected to be recovered in future years.
- Parameter and other variations have reduced excise and customs duties by \$2.1 billion in 2019-20 and \$3.1 billion in 2020-21. The downward revisions reflect lower fuel consumption due to reductions in travel, as well as weaker-than-expected tobacco excise collections in 2019-20.
- Falls in equity prices, in Australia and internationally, along with lower-than-anticipated house prices, are expected to weigh on capital gains tax, which is a component of income taxes on individuals, companies and superannuation funds.

Chart 3.3 shows the revisions to tax receipts since the 2019-20 MYEFO due to parameter and other variations.

Chart 3.3: Parameter and other variations to tax receipts since the 2019-20 MYEFO



Source: Treasury estimates.

Box 3.2: The COVID-19 shock and the timing of tax receipts

There is significant uncertainty around the outlook for tax receipts. This is driven by the economic outlook and how it will impact taxpayer behaviour and the timing of when tax is collected. Cyclical and discretionary features of the tax system play an important role in cushioning the economy in a downturn (Box 3.1). As the economy starts to recover, structural features of the tax system mean that growth in tax receipts will tend to lag nominal GDP.

Personal income tax, and the income and capital gains tax bases for businesses are sensitive to cyclical changes in economic activity. When incomes, profits and asset prices fall so do the associated tax liabilities, helping to stabilise incomes across the economy. This effect is most contemporaneous in personal income tax collections withheld on salary and wages. Because of the progressive nature of personal income tax, average tax rates decrease alongside a fall in income, which means that recent and forecast falls in aggregate wages will disproportionately impact tax receipts.

Despite the timing between when businesses accrue profits and pay tax becoming more contemporaneous than it was in 1980s and 1990s, there are still significant lags in the tax system for companies, sole traders, partnerships and trusts. This is because while a business will pay instalments through the year, it generally will not finalise its tax liability until the following year. Businesses will also be able to offset losses accrued during the COVID-19 pandemic against tax payable on their profits in coming years (see Box 2, Budget Statement 5, Budget Paper No. 1 of the 2017-18 Budget for a discussion of losses and company tax timing). These features of the tax system create a lag between when the economic activity occurs and when tax is paid, meaning the effects of economic downturns are often seen in tax collections for several years after the initial shock.

Further, the treatment of capital gains can lead to lags in capital gains tax, which is a component of personal, company and superannuation fund taxes. Asset price falls generate capital losses which can be used to offset future capital gains and can significantly reduce tax collections. In the wake of the Global Financial Crisis, unapplied net capital losses for superannuation funds grew by over 800 per cent. It was not until 2016-17 that superannuation fund capital gains tax recovered to pre-crisis levels. The COVID-19 pandemic has already generated significant falls in asset prices. For example, at the end of June, the ASX 200 was over 15 per cent lower than it was at the beginning of the COVID-19 pandemic. The extent of these losses, and how taxpayers use them, will be a key source of uncertainty on the outlook for tax receipts.

At the same time, the ATO has administrative powers which can support businesses and individuals during a downturn. This can also impact the timing of tax receipts. Taxpayers have been using administrative support measures to either reduce the amount of tax they have to pay throughout the year to better reflect their income, or defer payment of their tax liabilities to a later date. It is estimated that around \$5 billion in tax has been deferred from 2019-20 until 2020-21, largely relating to GST, company tax and individuals and other withholding tax.

Parameter and other variations have decreased non-taxation receipts, including Future Fund earnings, since the 2019-20 MYEFO by \$0.9 billion in 2019-20 and increased receipts by \$1.6 billion over the two years to 2020-21. This revision mainly reflects fewer than expected unclaimed superannuation fund balances transferring to the Australian Taxation Office in 2019-20, lower than expected investment returns across Australian Government Investment Funds, and a higher expected dividend from the Reserve Bank of Australia in 2020-21.

Payment estimates

Since the 2019-20 MYEFO, total payments have increased by \$58.0 billion in 2019-20 and increased by \$187.5 billion over the two years to 2020-21.

Policy decisions

The net impact of policy decisions since the 2019-20 MYEFO has increased payments by \$58.0 billion in 2019-20 and \$113.7 billion in 2020-21. Policy decisions largely reflect the Government's response to COVID-19 and to the bushfires of 2019-20 and include:

- providing the JobKeeper Payment to help businesses and not-for-profits significantly impacted by COVID-19 cover the costs of their employees' wages, so more Australians can retain their jobs and continue to earn an income (\$85.7 billion over two years from 2019-20)
- providing temporary tax-free cash flow boosts of between \$20,000 and \$100,000 to eligible small and medium-sized businesses and not-for-profits (\$31.9 billion over two years from 2019-20)
- providing a time limited Coronavirus Supplement to new and existing income support recipients and temporarily expanding eligibility to income support payments (\$16.8 billion over five years from 2019-20)
- providing eligible pensioners, income support recipients, carers and student payment recipients two separate \$750 economic support payments (\$9.4 billion over four years from 2019-20)
- funding a package of measures to support hospitals to respond to COVID-19, including a commitment to pay for half of all additional costs incurred by states and territories in diagnosing and treating patients with COVID-19 and a viability guarantee for private hospitals, as a result of reduced elective surgery activity, and to provide surge capacity to assist public hospitals (\$3.7 billion over two years from 2019-20)
- committing \$2.0 billion to a National Bushfire Recovery Fund (NBRF) to assist communities and businesses to recover and rebuild following the 2019-20 bushfires (\$2.0 billion over four years from 2019-20). The NBRF is in addition to funding provided through existing disaster recovery assistance arrangements.

Parameter and other variations

Parameter and other variations since the 2019-20 MYEFO have increased total payments by \$15.7 billion over the two years to 2020-21. The increases in payments are primarily driven by the unprecedented economic impacts of the COVID-19 pandemic and include:

- payments relating to the Job Seeker Income Support program, which are expected to increase by \$11.8 billion over the two years to 2020-21, largely reflecting an increase in the forecast recipient numbers as a result of the impact of the COVID-19 pandemic on employment levels
- payments relating to the National Disability Insurance Scheme, which are expected to increase by \$2.3 billion over the two years to 2020-21, largely reflecting higher than expected average participant costs
- payments relating to Commonwealth Debt Management, which are expected to increase by \$1.1 billion over the two years to 2020-21, largely reflecting the higher servicing costs from increased levels of Australian Government Securities on issue
- payments relating to the Family Tax Benefit program, which are expected to increase by \$591 million over the two years to 2020-21, largely reflecting an increase to average payment rates and recipient numbers as a result of increased unemployment, reduction in hours worked and reduced workforce participation due to the impacts of the COVID-19 pandemic
- payments relating to the Disability and Carers program, which are expected to increase by \$569 million over the two years to 2020-21, largely reflecting an increase in Disability Employment Services client numbers
- payments relating to the Income Support for People with Disability program, which are expected to increase by \$527 million over the two years to 2020-21, largely reflecting a higher than projected number of recipients and average payment rates as a result of the impact of the COVID-19 pandemic on employment levels
- payments relating to Services Australia Departmental Funding, which are expected to increase by \$512 million over the two years to 2020-21, largely reflecting a higher volume of claims to process as a result of the impact of the COVID-19 pandemic on employment levels
- payments relating to the Australian Government Disaster Financial Support Payments program, which are expected to increase by \$452 million over the two years to 2020-21, largely reflecting the Government's support for recovery in response to natural disaster events such as the Queensland monsoon event, Tropical Cyclone Blake and the bushfires of 2019-20.

Major decreases in payments as a result of parameter and other variations since the 2019-20 MYEFO include:

- payments relating to the provision of GST to the states and territories, which are expected to decrease by \$12.7 billion over the two years to 2020-21, consistent with a reduction in GST receipts
- payments relating to the Families and Children program, which are expected to decrease by \$610 million over the two years to 2020-21. This largely reflects a re-profiling of expenditure due to slower than expected uptake by survivors accessing redress under the National Redress Scheme. There has also been an associated downward re-profiling of the expected receipts received from the institutions liable for the payments. Payments are generally made around a week from survivors accepting an offer.

Box 3.3: Advance to the Finance Minister (AFM) in response to COVID-19

AFM provisions under the annual Appropriation Acts enable urgently required allocations to be issued to entities during the year. Allocations are made through a Determination by the Minister for Finance up to a statutory limit in the annual Appropriation Acts.

Given the unique and evolving nature of the COVID-19 pandemic and the associated uncertainty around the Government's necessary response, Parliament supported extraordinary AFM provisions in 2019-20 and in the 2020-21 Supply Acts.

In 2019-20, \$1,974 million was allocated from total AFM provisions of \$42,975 million across *Appropriation Acts 2019-20* (Nos. 1 to 6) and *Appropriation (Coronavirus Economic Response Package) Acts 2019-20* (Nos. 1 and 2).

Table 3.5: AFMs issued in 2019-20

| No. | Appropriation Source | Entity | Purpose | Amount(\$m) | Allocation Date |
|-----|---|---|---|-------------|-----------------|
| 1 | <i>Appropriation Act (No.2) 2019-2020</i> | Department of Health | Procurement of masks and other emergency medical or emergency health equipment for the National Medical Stockpile | 100 | 4/03/2020 |
| 2 | <i>Appropriation Act (No.2) 2019-2020</i> | Department of Health | Procurement of masks and other emergency medical or emergency health equipment for the National Medical Stockpile | 200 | 9/03/2020 |
| 3 | <i>Appropriation (Coronavirus Economic Response Package) Act (No.2) 2019-2020</i> | Department of Health | Procurement of masks and other emergency medical or emergency health equipment | 800 | 3/04/2020 |
| 4 | <i>Appropriation (Coronavirus Economic Response Package) Act (No.2) 2019-2020</i> | Department of Health | Procurement of masks and other emergency medical or emergency health equipment | 400 | 9/04/2020 |
| 5 | <i>Appropriation Act (No.2) 2019-2020</i> | Department of Health | Procurement of masks and other emergency medical or emergency health equipment | 380 | 9/04/2020 |
| 6 | <i>Appropriation Act (No.1) 2019-2020</i> | Department of Industry, Science, Energy and Resources | Lease costs of storage in the United States Strategic Petroleum Reserve for purchases of oil stocks | 2.5 | 23/04/2020 |
| 7 | <i>Appropriation Act (No.6) 2019-2020</i> | Department of Industry, Science, Energy and Resources | Purchase of oil stocks | 91.5 | 23/04/2020 |

Box 3.3: Advance to the Finance Minister (AFM) in response to COVID-19 (continued)

In 2020-21, AFM provisions of \$40,000 million have been enacted across *Supply Acts 2020-21* (Nos. 1 and 2) reduced by the value of AFMs issued under *Appropriation Acts 2019-20* (Nos. 5 and 6) (\$91.5 million). Accordingly, the balance available for allocation from *Supply Acts 2020-21* (Nos. 1 and 2) is \$39,908.5 million. As at 16 July 2020, \$250 million has been allocated from 2020-21 AFM provisions.

Table 3.6: AFMs issued in 2020-21 to 16 July 2020

| No. | Appropriation Source | Entity | Purpose | Amount (\$m) | Allocation Date |
|-----|------------------------------------|--|--|--------------|-----------------|
| 1 | <i>Supply Act (No.2) 2020-2021</i> | Department of Infrastructure, Transport, Regional Development and Communications | Provide funding to local governments for delivery of local roads and community infrastructure projects to boost economic activity following the initial impact of COVID-19 | 250.0 | 2/07/2020 |

Debt estimates

Gross debt, measured as the face value of Australian Government Securities (AGS) on issue, was \$684.3 billion (34.4 per cent of GDP) at 30 June 2020 and is expected to be \$851.9 billion (45.0 per cent of GDP) at 30 June 2021. The increase in gross debt since the 2019-20 MYEFO is primarily driven by increased borrowing for the Government's response to the COVID-19 pandemic and the effect of automatic stabilisers.

Table 3.7 provides a summary of the estimated end-of-year AGS on issue measured at face value and market value.

Table 3.7: Estimates of AGS on issue subject to the Treasurer's Direction^(a)

| | Estimates | |
|--------------------------------------|----------------|----------------|
| | 2019-20 \$b | 2020-21 \$b |
| Face value — end of year(b) | 684.3 | 851.9 |
| Per cent of GDP | 34.4 | 45.0 |
| Market value — end of year(c) | 785.0 | 952.2 |
| Per cent of GDP | 39.5 | 50.3 |

(a) The Treasurer's Direction applies only to the face value of AGS on issue.

(b) The face value of AGS on issue is the amount that Government pays back to investors at maturity, independent of fluctuations in market prices. The 2019-20 value is the actual face value at 30 June 2020.

(c) The market value of AGS on issue is the measurement included in net debt and represents the value of securities as traded on the secondary market, which changes continuously with movements in market prices. The 2019-20 value is the actual market value at 30 June 2020.

The headline cash balance is a good indicator of the Government's borrowing requirement. It consists of the underlying cash balance, net cash flows from investments in financial assets for policy purposes (for example, student loans and equity investment in NBN Co Limited) and net Future Fund earnings (included in the underlying cash balance from 2020-21).

Since the 2019-20 MYEFO, the headline cash deficit estimates have increased to \$94.0 billion (4.7 per cent of GDP) in 2019-20 and \$209.2 billion (11.0 per cent of GDP) in 2020-21. This deterioration is primarily driven by the underlying cash deficit for each year. Further detail on the headline cash balance estimates will be included in the 2020-21 Budget.

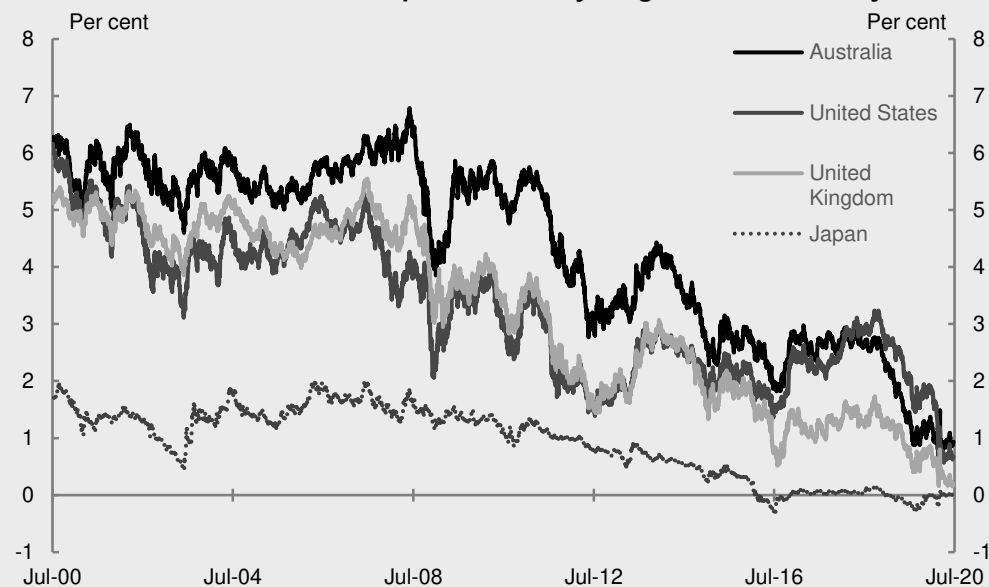
Net debt is expected to be \$488.2 billion (24.6 per cent of GDP) at 30 June 2020 and increase to \$677.1 billion (35.7 per cent of GDP) at 30 June 2021. The expected increase in net debt since the 2019-20 MYEFO primarily reflects the increased borrowing requirement.

Box 3.4: Government bond yields and debt servicing costs

Internationally, bond yields are at historical lows (Chart 3.4). Lower bond yields translate to a lower public debt interest (PDI) cost for governments on their borrowings.

While the unprecedented speed and scale of the Government's economic response to the COVID-19 pandemic as well as the impact of automatic stabilisers have resulted in a rapid increase in borrowing, historically low interest rates mean that the cost of servicing this debt is relatively low. The assumed market yields in this update result in a weighted average yield for future issuance of Treasury Bonds of around 0.8 per cent, compared with around 1.1 per cent at the 2019-20 MYEFO. Low debt servicing costs will assist in reducing the stock of debt as a share of the economy over time.

Chart 3.4: International comparison of 10 year government bond yields

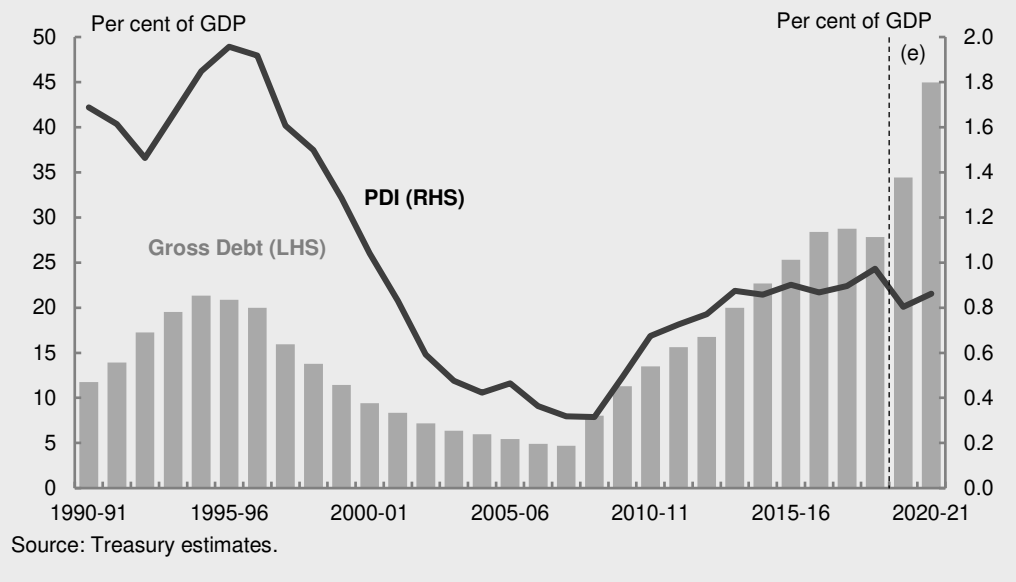


Source: Bloomberg.

Chart 3.5 presents the Government's PDI costs and gross debt as a share of the economy. PDI costs as a share of the economy have historically trended in line with movements in gross debt, and were expected to fall over the forward estimates with the projected decline in debt-to-GDP in the 2019-20 MYEFO. While debt-to-GDP is now expected to increase in 2019-20 and 2020-21, PDI costs as a share of the economy are expected to be relatively flat due to yields falling to historical lows.

Box 3.4: Government bond yields and debt servicing costs (continued)

Chart 3.5: Gross debt and PDI



Risks to the fiscal outlook

The COVID-19 pandemic is still evolving and the outlook remains highly uncertain. The fiscal outlook is based on the outlook for the domestic and global economies. The range of possible outcomes for GDP and unemployment in particular is substantially wider than normal. This translates into a higher than usual degree of uncertainty for the forecasts for tax receipts and payments, and as a consequence for the fiscal estimates.

Generally, there is a strong correlation between revisions to nominal GDP and its components and revisions to the forecasts for tax receipts. Alongside uncertainty around the economic forecasts owing to the COVID-19 pandemic and associated restrictions, tax receipt forecasts are highly sensitive to the outlook for asset prices and capital gains. These have historically generated significant uncertainty around the revenue outlook. In addition, the take-up of administrative support measures, such as payment deferrals, is impacting tax collections. Further, the ability to utilise tax losses to offset future profits is expected to continue to pose a challenge when estimating the profile for tax receipts over the next few years.

The Government will present fiscal estimates across the forward estimates and medium-term projections in the 2020-21 Budget, to be delivered on 6 October 2020. These will reflect updated information about the economic recovery, including the evolution of the COVID-19 pandemic.

APPENDIX A: POLICY DECISIONS TAKEN SINCE THE 2019-20 MYEFO

Part 1: Receipt Measures

Table 1: Receipt measures since the 2019-20 MYEFO^(a)

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| AGRICULTURE, WATER AND THE ENVIRONMENT | | | | | |
| <i>Australian Fisheries Management Authority</i> | | | | | |
| COVID-19 Response Package — Relief and Recovery Fund(b)(c) | -5.2 | - | - | - | - |
| <i>Department of Agriculture, Water and the Environment</i> | | | | | |
| Drought Response, Resilience and Preparedness Plan — further support for farmers and communities in drought(b) | - | 2.7 | 8.0 | 20.0 | 39.8 |
| Environmental Management — the use and disposal of industrial chemicals(b)(c) | - | - | 2.9 | 3.0 | 3.2 |
| Primary Industries — changes to agricultural production levies(b) | - | -0.1 | 0.6 | 0.6 | 1.5 |
| Portfolio total | -5.2 | 2.6 | 11.5 | 23.6 | 44.5 |
| EDUCATION, SKILLS AND EMPLOYMENT | | | | | |
| <i>Australian Skills Quality Authority</i> | | | | | |
| COVID-19 Response Package — higher education(b)(c) | -4.6 | -30.5 | - | - | - |
| <i>Department of Education, Skills and Employment</i> | | | | | |
| COVID-19 Response Package — higher education(b)(c) | -6.0 | -4.6 | .. | .. | 0.1 |
| Higher Education Reform — additional support for regional Australia(b)(c) | - | - | - | - | .. |
| Higher Education Reform — more job ready graduates(b)(c) | - | -20.0 | -22.3 | 14.4 | 49.6 |
| <i>Tertiary Education Quality and Standards Agency</i> | | | | | |
| COVID-19 Response Package — higher education(b)(c) | -3.1 | -10.8 | -2.3 | -3.7 | - |
| Portfolio total | -13.7 | -66.0 | -24.5 | 10.7 | 49.7 |
| FOREIGN AFFAIRS AND TRADE | | | | | |
| <i>Export Finance and Insurance Corporation (National Interest component)</i> | | | | | |
| COVID-19 Response Package — PNG loan | * | * | * | * | * |
| Portfolio total | * | * | * | * | * |

Appendix A: Policy decisions taken since the 2019-20 MYEFO

Table 1: Receipt measures since the 2019-20 MYEFO^(a) (continued)

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| HEALTH | | | | | |
| <i>Australian Digital Health Agency</i> | | | | | |
| Guaranteeing Medicare and access to medicines(b)(c) | - | 32.3 | - | - | - |
| <i>Department of Health</i> | | | | | |
| COVID-19 Response Package — emergency response(b)(c) | - | - | - | - | - |
| Guaranteeing Medicare and access to medicines(b)(c) | nfp | nfp | nfp | nfp | nfp |
| Portfolio total | - | 32.3 | - | - | - |
| HOME AFFAIRS | | | | | |
| <i>Department of Home Affairs</i> | | | | | |
| COVID-19 Response Package — changes to student and temporary graduate visas | - | -3.7 | -1.5 | -1.2 | -0.8 |
| COVID-19 Response Package — temporary visas — changes to support the agricultural workforce | * | * | * | * | * |
| COVID-19 Response Package — temporary visas — support for the continuity of essential goods and services | * | * | * | * | * |
| COVID-19 Response Package — waiving import duty on certain medical and hygiene products | -6.6 | -2.0 | - | - | - |
| Permanent Migration — encouraging uptake of the New Zealand Pathway to permanent residency(b)(c) | - | 3.0 | 2.0 | 1.0 | - |
| Working Holiday Maker Visa Changes to Support Bushfire Recovery | * | * | * | * | * |
| Portfolio total | -6.6 | -2.7 | 0.5 | -0.2 | -0.8 |
| INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS | | | | | |
| <i>Australian Communications and Media Authority</i> | | | | | |
| Consumer Safeguards — targeted measures — amendments(b)(c) | - | -1.4 | -1.3 | -0.8 | -0.8 |
| COVID-19 Response Package — communications, cyber safety and the arts(b) | -8.0 | -33.0 | - | - | - |
| Regional Broadband Scheme — revised start date(b) | - | - | -10.0 | - | - |
| <i>Department of Infrastructure, Transport, Regional Development and Communications</i> | | | | | |
| COVID-19 Response Package — aviation support(b)(c) | - | -17.5 | - | - | - |
| Portfolio total | -8.0 | -52.0 | -11.3 | -0.8 | -0.8 |

Table 1: Receipt measures since the 2019-20 MYEFO^(a) (continued)

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| TREASURY | | | | | |
| <i>Australian Office of Financial Management</i> | | | | | |
| COVID-19 Response Package — Australian Office of Financial Management support(b) | 31.7 | 178.2 | 294.1 | 294.4 | 294.5 |
| <i>Australian Taxation Office</i> | | | | | |
| Bushfire Response Assistance — tax treatment of disaster recovery and volunteer firefighter payments | - | * | * | * | * |
| Clarifying the scope of the Product Stewardship for Oil Scheme(b) | -1.0 | -6.0 | -6.0 | -6.0 | -6.0 |
| COVID-19 Response Package — ageing and aged care(b) | - | 49.6 | 4.4 | 0.5 | - |
| COVID-19 Response Package — backing business investment | - | -1,500.0 | -5,200.0 | 200.0 | 3,300.0 |
| COVID-19 Response Package — income support for individuals(b)(c) | - | 600.0 | 900.0 | - | - |
| COVID-19 Response Package — increasing and extending the instant asset write-off | - | -2,400.0 | -800.0 | 1,400.0 | 800.0 |
| COVID-19 Response Package — JobSeeker Partner Income Test measure(b) | - | 50.0 | 50.0 | - | - |
| COVID-19 Response Package — tax instalment GDP adjustment factor(b) | - | -1,030.0 | 1,030.0 | - | - |
| COVID-19 Response Package — temporary early access to superannuation | -30.0 | -490.0 | -540.0 | -560.0 | -600.0 |
| COVID-19 Response Package — temporarily reducing superannuation minimum drawdown rates | - | * | * | * | - |
| COVID-19 Response Package — Treasury(b) | 2.6 | 7.8 | - | - | - |
| Drought Response, Resilience and Preparedness Plan — further support for farmers and communities in drought(b) | - | - | 0.2 | - | - |
| Hybrid Mismatch Rules | - | * | * | * | * |
| Indirect Tax Concession Scheme — diplomatic and consular concessions(b) | .. | .. | .. | .. | .. |
| Permanent Migration — encouraging uptake of the New Zealand Pathway to permanent residency(b)(c) | - | - | .. | -3.0 | -6.0 |
| Personal Income Tax — exemption of pay and allowances for Operation Orenda | - | .. | .. | .. | .. |
| Personal Income Tax — increasing the Medicare levy low-income thresholds | - | -90.0 | -50.0 | -50.0 | -50.0 |
| Philanthropy — updates to the list of specifically listed deductible gift recipients | - | -4.5 | -2.5 | -2.2 | -1.9 |
| Reforming Australia's Foreign Investment Framework(b)(c) | - | 0.7 | 1.4 | 1.5 | 1.6 |
| Revised Start Dates for Tax and Superannuation Measures(b) | * | * | * | * | * |
| Superannuation — defer the start date of the Retirement Income Covenant | - | - | - | * | * |
| Superannuation — facilitating the closure of eligible rollover funds — amendment(b) | -359.0 | 92.0 | 351.0 | -4.0 | 2.0 |

Appendix A: Policy decisions taken since the 2019-20 MYEFO

Table 1: Receipt measures since the 2019-20 MYEFO^(a) (continued)

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|----------------|-----------------|-----------------|----------------|----------------|
| TREASURY (continued) | | | | | |
| <i>Department of the Treasury</i> | | | | | |
| COVID-19 Response Package — International Monetary Fund's Poverty Reduction and Growth Trust(b) | - | 0.3 | 0.8 | 0.8 | 0.8 |
| Reforming Australia's Foreign Investment Framework(b)(c) | - | 0.5 | 0.9 | 0.9 | 1.0 |
| Portfolio total | -355.7 | -4,541.4 | -3,965.5 | 1,273.0 | 3,736.1 |
| Decisions taken but not yet announced(d) | 16.5 | -24.2 | -135.9 | -132.8 | -132.2 |
| Total impact of receipts measures(e) | -372.7 | -4,651.4 | -4,125.2 | 1,173.5 | 3,696.5 |

* The nature of the measure is such that a reliable estimate cannot be provided.

.. Not zero, but rounded to zero.

- Nil.

nfp not for publication.

(a) A minus sign before an estimate indicates a reduction in receipts, no sign before an estimate indicates a gain in receipts.

(b) These measures can also be found in the payment measures summary table.

(c) These measures can also be found in the capital measures summary table.

(d) Includes the impact of measures that are not for publication (nfp).

(e) Measures may not add due to rounding.

AGRICULTURE, WATER AND THE ENVIRONMENT

Primary Industries — changes to agricultural production levies

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---------|---------|---------|---------|---------|
| Department of Agriculture, Water and the Environment | - | -0.1 | 0.6 | 0.6 | 1.5 |
| <i>Related payment (\$m)</i> | | | | | |
| <i>Department of Agriculture, Water and the Environment</i> | - | -0.1 | 0.6 | 0.6 | 1.5 |

The Government is making changes to the following agricultural levies and export charges to address funding needs of the agricultural sector.

- Rice: from 1 July 2020, the Government will increase the research and development component of the rice levy from \$2.94 per tonne to \$5.94 per tonne, in response to the request from the Ricegrowers' Association of Australia following the outcome of an industry ballot. The additional levy will be used to fund high priority research and development activities for the benefit of the Australian rice industry.
- Dairy cattle: the Government will defer the commencement of the \$6 per head statutory dairy cattle export charge by six months, from 1 July 2020 to 1 January 2021. This charge will replace the current voluntary charge in response to the request from the Australian Livestock Exporters' Council following the outcome of an industry ballot. The funds will be used for research and development, and delivery of LiveCorp's Dairy Cattle Export Program.
- Lamb: from 1 January 2021, the Government will update the definition of lamb used for agricultural levies purposes to align with the definition of lamb used for export legislation and industry purposes that was amended in 2019. Updating the definition will provide administrative clarity for levy payers around the definition of lamb that applies in Australia, and support compliance in the agricultural levies system.

This measure is estimated to have no net impact on the underlying cash balance over the forward estimates period.

FOREIGN AFFAIRS AND TRADE

COVID-19 Response Package — PNG loan

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Export Finance and Insurance Corporation | * | * | * | * | * |

The Government will temporarily suspend interest and principal repayments in 2020-21 on a loan to Papua New Guinea, to support that country's response to fiscal pressures and impacts of COVID-19. This is in line with a G20 Finance Ministers' agreement to a coordinated approach for a suspension of debt service payments for the world's poorest nations.

Further information can be found in the transcript of the Prime Minister's press conference of 16 April 2020.

HOME AFFAIRS

COVID-19 Response Package — changes to student and temporary graduate visas

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Department of Home Affairs | - | -3.7 | -1.5 | -1.2 | -0.8 |

The Government is ensuring that COVID-19 and related travel restrictions do not unduly affect international students and their eligibility for post-study work visas.

The Government is waiving the visa application charge for Student visa (subclass 500) holders who are required to lodge a further Student visa application to complete their studies or to remain in Australia as a result of travel restrictions. International students and recent graduates who are eligible for a Temporary Graduate visa (subclass 485) and unable to travel to Australia will also be allowed to apply while offshore.

This measure is estimated to decrease receipts by \$7.2 million over the forward estimates period.

This measure forms part of the Government's economic response to COVID-19.

COVID-19 Response Package — temporary visas — changes to support the agricultural workforce

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Department of Home Affairs | * | * | * | * | * |

The Government has made temporary changes to allow temporary visa holders currently working in the agricultural sector to continue to work in Australia during COVID-19.

Working Holiday Maker (subclass 417 and 462) visa holders currently working in food processing or the agricultural sector will be eligible for a further visa and will be exempt from the six-month work limitation with one employer. Seasonal Worker Program and Pacific Labour Scheme workers, and other visa holders currently in the agricultural sector whose visas are expiring, may have their visas extended for up to 12 months to work for approved employers.

This measure is estimated to result in a small but unquantifiable impact on receipts over the forward estimates period.

This measure forms part of the Government's economic response to COVID-19.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

COVID-19 Response Package — temporary visas — support for the continuity of essential goods and services

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Department of Home Affairs | * | * | * | * | * |

The Government has made temporary changes to certain visa conditions to ensure the continuity of essential goods and services during COVID-19.

Student visa holders (subclass 500) will not be limited to the pre-COVID 40 hour per fortnight work limit in:

- supermarkets (up to 30 April 2020)
- aged care with an aged care Approved Provider or Commonwealth-funded aged care service provider
- disability care with a registered National Disability Insurance Scheme provider.

Student visa holders studying relevant medical courses are also exempt from the 40 hour per fortnight work limit if they are supporting COVID-19 health efforts at the direction of the relevant health authority.

These temporary measures will be reviewed regularly. Employers will be advised when these measures are scheduled to cease.

This measure is estimated to result in a small but unquantifiable impact on receipts over the forward estimates period.

This measure forms part of the Government's economic response to COVID-19.

COVID-19 Response Package — waiving import duty on certain medical and hygiene products

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Department of Home Affairs | -6.6 | -2.0 | - | - | - |

The Government has introduced a free rate of customs duty for the period of 1 February 2020 to 31 July 2020 for certain hygiene or medical products imported to treat, diagnose or prevent the spread of COVID-19. Affected product types include face masks, gloves, disinfectant preparations (excluding hand sanitiser), soaps, COVID-19 test kits and reagents, and viral transport media.

This measure is estimated to decrease receipts by \$8.6 million over the budget and forward estimates period.

Further information can be found in the press release of 14 May 2020 issued by the Assistant Minister for Customs, Community Safety and Multicultural Affairs.

This measure forms part of the Government's economic response to COVID-19.

Permanent Migration — encouraging uptake of the New Zealand Pathway to permanent residency

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|------------------------------|----------|------------|------------|-------------|-------------|
| Department of Home Affairs | - | 3.0 | 2.0 | 1.0 | - |
| Australian Taxation Office | - | - | .. | -3.0 | -6.0 |
| Total — Receipts | - | 3.0 | 2.0 | -2.0 | -6.0 |
| <i>Related payment (\$m)</i> | | | | | |
| Department of Home Affairs | - | 0.1 | - | - | - |
| Department of the Treasury | - | - | - | -1.0 | -2.0 |
| Total — Payment | - | 0.1 | - | -1.0 | -2.0 |
| <i>Related capital (\$m)</i> | | | | | |
| Department of Home Affairs | - | 0.4 | - | - | - |

The Government will reduce the income eligibility requirement for the New Zealand stream of the Skilled Independent (subclass 189) visa (the Pathway), and promote take-up of the Pathway by eligible New Zealand citizens.

Eligibility for the Pathway will be extended to Special Category (subclass 444) visa holders who have a taxable income at or above the Temporary Skilled Migrant Income Threshold for at least three of the last five income years, including the most recent year. The Government will also provide clearer public information on the Pathway, undertake an advertising campaign and contact potential applicants to promote take-up.

This measure is estimated to decrease the underlying cash balance by \$0.5 million over the forward estimates period. This includes a decrease in GST payments to the States and Territories of \$3.0 million over the forward estimates period.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

Working Holiday Maker Visa Changes to Support Bushfire Recovery

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Department of Home Affairs | * | * | * | * | * |

The Government has introduced changes to Working Holiday Maker visas (subclass 417 and 462) to allow construction work, paid and volunteer disaster recovery work in a Local Government Area with a declared natural disaster to be recognised as “specified work”. Working Holiday Makers engaged in disaster recovery work are also able to work for the same employer for up to 12 months.

This measure is estimated to result in a small but unquantifiable impact on receipts over the forward estimates period.

Further information can be found in the joint press release of 17 February 2020 issued by the Acting Minister for Immigration, Citizenship, Migrant Services and Multicultural Affairs, the Minister for Trade, Tourism and Investment and the Minister for Agriculture, Drought and Emergency Management.

INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATION

Regional Broadband Scheme — revised start date

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Australian Communications and Media Authority | - | - | -10.0 | - | - |
| <i>Related payment (\$m)</i> | | | | | |
| Department of Infrastructure, Transport, Regional Development and Communications | - | - | -9.5 | - | - |

The Government is updating its 2019-20 Budget measure *Regional Broadband Scheme – amendments* (RBS) to revise the start date to 1 January 2021. This will provide sufficient time for implementation of the RBS and provide certainty for carriers at a time when they are supporting essential connectivity to businesses and consumers during COVID-19.

This measure is estimated to decrease the underlying cash balance by \$0.5 million over the forward estimates period.

TREASURY

Bushfire Response Assistance — tax treatment of disaster recovery and volunteer firefighter payments

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Australian Taxation Office | - | * | * | * | * |

The Government has made relief and recovery payments and benefits, as well as support payments to volunteer firefighters, provided by Australian governments in relation to the 2019-20 bushfires free from tax. The measure applies to the 2019-20 income year and later income years.

Australian governments provide a range of disaster assistance payments and benefits to entities, including individuals, but typically not all of these payments are tax-free.

This measure ensures relief and recovery payments made by the Commonwealth; state and territory; or local governments for the purpose of providing relief or assisting in the recovery efforts of entities and individuals affected by the 2019-20 bushfires are free from income tax. Examples of payments covered by this measure include the Disaster Recovery Allowance and payments made by state and territory governments under the Disaster Recovery Funding Arrangements.

Additionally, it ensures the payments made to eligible volunteer firefighters, to compensate them for loss of income as a result of volunteering, are free from tax.

These changes are in recognition of the extraordinary bushfire season, and are aimed at providing further relief to individuals and business affected by the bushfires.

This measure is estimated to result in an unquantifiable decrease in receipts over the forward estimates period.

Further information can be found in the press release of 8 January 2020 issued by the Treasurer, and the joint press release of 29 December 2019 issued by the Prime Minister and the then Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management.

Clarifying the scope of the Product Stewardship for Oil Scheme

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|
| Australian Taxation Office | -1.0 | -6.0 | -6.0 | -6.0 | -6.0 |
| <i>Related payment (\$m)</i> | | | | | |
| <i>Australian Taxation Office</i> | <i>-1.0</i> | <i>-5.0</i> | <i>-5.0</i> | <i>-5.0</i> | <i>-5.0</i> |

The Government will amend the *Product Stewardship (Oil) Act 2000* to clarify that fuels such as diesel are not eligible for benefits under the Product Stewardship for Oil Scheme (the Scheme). Under the Scheme, oil recyclers are entitled to a benefit payment, for used oil collected and recycled in Australia. The Government will also amend the *Excise Tariff Act 1921*, to ensure fuels ineligible for the Scheme are not subject to excise under the tariff item that applies to oils and grease.

Together, the amendments will restore the operation of the Scheme to its original policy intent. The amendments apply from 14 May 2020.

This measure is estimated to decrease the underlying cash balance by \$4.0 million over the forward estimates period.

COVID-19 Response Package — Australian Office of Financial Management support

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|----------|------------|------------|------------|------------|
| Australian Office of Financial Management | 31.7 | 178.2 | 294.1 | 294.4 | 294.5 |
| <i>Related payment (\$m)</i> | | | | | |
| <i>Australian Office of Financial Management</i> | <i>-</i> | <i>2.6</i> | <i>2.6</i> | <i>2.6</i> | <i>2.6</i> |

The Government provided \$15.0 billion in 2019-20 to the Australian Office of Financial Management (AOFM) for the Structured Finance Support Fund (the Fund). The Fund will support continued access to funding markets for small and medium enterprises (SMEs) impacted by the economic effects of the Coronavirus and mitigate impacts on competition in consumer and business lending markets.

The Fund will be invested in structured finance markets used by smaller lenders, including non-authorised deposit-taking institutions and smaller authorised deposit-taking institutions.

The Government will also provide \$10.5 million over four years from 2020-21 to the AOFM to support the administration of the Fund.

This measure forms part of the Government's economic response to COVID-19.

Further information can be found in the press release of 19 March 2020 issued by the Treasurer.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

COVID-19 Response Package — backing business investment

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|----------|----------|---------|---------|
| Australian Taxation Office | - | -1,500.0 | -5,200.0 | 200.0 | 3,300.0 |

The Government has introduced a time limited investment incentive that temporarily allows businesses with aggregated turnover of less than \$500 million to deduct capital allowances for eligible depreciating assets at an accelerated rate.

Generally, to be eligible to apply the accelerated rate of deduction, the depreciating asset must satisfy a number of conditions, including that the asset:

- be new and not previously held by another entity (other than as trading stock or for testing and trialling purposes)
- be first held on or after 12 March 2020
- be first used or first installed ready for use for a taxable purpose on or after 12 March 2020 until 30 June 2021
- not be an asset to which an entity has applied the instant asset write-off rules or depreciation deductions.

Eligible businesses with a turnover of less than \$500 million can deduct an additional 50 per cent of the asset cost in the year of purchase.

This measure is estimated to decrease receipts by \$3.2 billion over the forward estimates period.

This measure forms part of the Government's economic response to COVID-19.

COVID-19 Response Package — increasing and extending the instant asset write-off

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|----------|---------|---------|---------|
| Australian Taxation Office | - | -2,400.0 | -800.0 | 1,400.0 | 800.0 |

The Government has increased and extended the instant asset write-off to provide more support to businesses to invest, lowering taxes by an estimated \$3.2 billion over the next two years.

On 12 March 2020, the Government announced that it would increase the instant asset write-off threshold to \$150,000 (up from \$30,000) and expand access to include businesses with aggregated annual turnover of less than \$500 million (up from

\$50 million) until 30 June 2020. The Government has extended the \$150,000 instant asset write-off for an additional six months until 31 December 2020.

Around 3.5 million businesses with aggregated annual turnover of less than \$500 million are eligible to access the \$150,000 instant asset write-off. Eligible businesses can immediately deduct purchases of eligible assets costing less than \$150,000 that are first used, or installed ready for use, from 12 March 2020 until 31 December 2020. The threshold applies on a per asset basis, so eligible businesses can instantly write-off multiple assets.

Businesses that adopt substituted accounting periods are also able to benefit from the instant asset write-off until 31 December 2020, provided all other eligibility requirements, including with respect to the date of purchase and installation or use of assets, are met.

Small businesses (with aggregated annual turnover of less than \$10 million) can continue to place assets which cannot be immediately deducted into the small business simplified depreciation pool. The lock out laws for the simplified depreciation rules (these prevent small businesses from re-entering the simplified depreciation regime for five years if they opt out) will continue to be suspended.

Larger businesses (with aggregated annual turnover of \$10 million or more, but less than \$500 million) do not have access to the small business pooling rules and will instead continue to depreciate assets costing \$150,000 or more (which cannot be immediately deducted) in accordance with the existing depreciating asset provisions of the tax law.

This measure is estimated to decrease receipts by \$1.0 billion over the forward estimates period.

Further information can be found in the joint press release of 12 March 2020 issued by the Prime Minister and the Treasurer, and the joint press release of 9 June 2020 issued by the Treasurer and the Minister for Employment, Skills, Small and Family Business.

This measure forms part of the Government's economic response to COVID-19.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

COVID-19 Response Package — tax instalment GDP adjustment factor

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|----------|---------|---------|---------|
| Australian Taxation Office | - | -1,030.0 | 1,030.0 | - | - |
| Related payment (\$m) | | | | | |
| Department of the Treasury | - | -30.0 | 30.0 | - | - |

The Government has suspended the indexation of tax instalment amounts based on historical nominal GDP outcomes for the 2020-21 income year, so that certain pay as you go and GST instalments will not increase in the current economic environment.

Tax instalments are indexed annually to reflect the normally expected growth in income from year-to-year. Indexation is based on historical nominal GDP outcomes and helps to ensure that tax instalments paid during the year reasonably align with the amount finally payable on tax assessment for taxpayers that do not pay instalments based on their current income or sales. Given that historical indexation is not likely to reflect current economic conditions, the Government has suspended indexation for the 2020-21 income year.

This measure is estimated to have no net impact on receipts, and no net impact on GST payments to the States and Territories over the forward estimates period.

This measure forms part of the Government's economic response to COVID-19.

COVID-19 Response Package – temporary early access to superannuation

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Australian Taxation Office | -30.0 | -490.0 | -540.0 | -560.0 | -600.0 |

The Government is allowing individuals affected by the financial impacts of COVID-19 to access up to \$10,000 of their superannuation in 2019-20 and a further \$10,000 in 2020-21 to help support them during COVID-19.

The Government has also extended the 2020-21 application period for the measure to 31 December 2020 to increase the scope for individuals who may still be financially impacted by COVID-19 to access their superannuation.

Eligible Australian and New Zealand citizens and permanent residents were able to access up to \$10,000 of their superannuation before 1 July 2020 and are allowed to access a further \$10,000 from 1 July 2020 until 31 December 2020. Eligible temporary visa holders were also able to apply for a single release of up to \$10,000 before 1 July 2020.

These amounts will not be taxable and will not affect Centrelink and Veterans' Affairs payments or JobKeeper payments.

This measure is estimated to decrease receipts by \$2.2 billion over the budget and forward estimates period.

Further information can be found in the joint press release of 22 March 2020 issued by the Prime Minister and the Treasurer and the press release of 4 April 2020 issued by the Acting Minister for Immigration, Citizenship, Migrant Services and Multicultural Affairs.

This measure forms part of the Government's economic response to COVID-19.

COVID-19 Response Package — temporarily reducing superannuation minimum drawdown rates

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Australian Taxation Office | - | * | * | * | - |

The Government has reduced the superannuation minimum drawdown requirements for account-based pensions and similar products by 50 per cent for the 2019-20 and 2020-21 income years.

The minimum drawdown requirements determine the minimum amount of a pension that a retiree has to draw from their superannuation in order to qualify for tax concessions. Minimum payment amounts are calculated on the basis of asset values on 1 July of each income year. This change will allow retirees to avoid selling assets in a loss position in order to satisfy the minimum drawdown requirements.

This measure is estimated to result in a small but unquantifiable decrease in receipts over the forward estimates period.

Further information can be found in the joint press release of 22 March 2020 issued by the Prime Minister and the Treasurer.

This measure forms part of the Government's economic response to COVID-19.

Hybrid Mismatch Rules

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Australian Taxation Office | - | * | * | * | * |

The Government will amend Australia's hybrid mismatch rules to provide greater certainty and ensure that the rules operate as intended. This measure will also ensure that, if an authorised deposit-taking institution, general insurance company or life insurance company is entitled to a foreign tax deduction on a franked Additional Tier 1 capital distribution, an amount equal to the deduction is included in their assessable income. These amendments will apply from 1 January 2019, with the exception of a

Appendix A: Policy decisions taken since the 2019-20 MYEFO

change relating to the comparison of foreign hybrid mismatch laws which will commence on 1 July 2020.

Further details of these amendments can be found in the explanatory memorandum to Treasury Laws Amendment (2020 Measures No.2) Bill 2020.

The purpose of the hybrid mismatch rules is to prevent multinational corporations from exploiting differences in the tax treatment of an entity or instrument under the laws of two or more tax jurisdictions. The amendments will make it easier for taxpayers to comply with the hybrid mismatch rules.

This measure is estimated to result in a small but unquantifiable increase in receipts over the forward estimates period.

Indirect Tax Concession Scheme — diplomatic and consular concessions

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|-----------------------------------|---------|---------|---------|---------|---------|
| Australian Taxation Office | .. | .. | .. | .. | .. |
| <i>Related payment (\$m)</i> | | | | | |
| <i>Department of the Treasury</i> | .. | .. | .. | .. | .. |

The Government has granted or extended access to refunds of indirect tax (including GST, fuel and alcohol taxes) under the Indirect Tax Concession Scheme (ITCS). New access to refunds has been granted to the diplomatic and consular representations of Panama in Australia. The Government has extended ITCS access for Serbia and the Slovak Republic to include construction and renovation relating to their current and future diplomatic missions and consular posts. ITCS access has been extended for Portugal to be consistent with the 'standard plus' package.

This measure is estimated to result in a negligible decrease in receipts, and a negligible decrease in GST payments to the States and Territories, over the forward estimates period.

Personal Income Tax — increasing the Medicare levy low-income thresholds

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Australian Taxation Office | - | -90.0 | -50.0 | -50.0 | -50.0 |

The Government has increased the Medicare levy low-income thresholds for singles, families, and seniors and pensioners from the 2019-20 income year. The increases take account of recent movements in the consumer price index so that low-income taxpayers generally continue to be exempted from paying the Medicare levy.

The threshold for singles has increased from \$22,398 to \$22,801. The family threshold has increased from \$37,794 to \$38,474. For single seniors and pensioners, the threshold has increased from \$35,418 to \$36,056. The family threshold for seniors and pensioners has increased from \$49,304 to \$50,191. For each dependent child or student, the family income thresholds increase by a further \$3,533, instead of the previous amount of \$3,471.

This measure is estimated to decrease receipts by \$240.0 million over the forward estimates period.

Personal Income Tax — exemption of pay and allowances for Operation Orenda

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Australian Taxation Office | - | .. | .. | .. | .. |

The Government will provide a full income tax exemption for the pay and allowances of Australian Defence Force personnel deployed on Operation Orenda, which is our contribution to the United Nations Multidimensional Integrated Stabilisation Mission in Mali, with effect from 1 April 2020.

This measure is estimated to result in a negligible decrease in receipts over the forward estimates period.

Philanthropy — updates to the list of specifically listed deductible gift recipients

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Australian Taxation Office | - | -4.5 | -2.5 | -2.2 | -1.9 |

Since the 2019-20 MYEFO, the following organisations have been approved as specifically listed deductible gift recipients from 1 July 2019:

- Australian Volunteers Support Trust
- Community Rebuilding Trust.

Taxpayers may claim an income tax deduction for gifts of \$2 or more to these organisations.

This measure is estimated to decrease receipts by \$11.1 million over the forward estimates period.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

Revised Start Dates for Tax and Superannuation Measures

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Australian Taxation Office | * | * | * | * | * |
| Related payment (\$m) | | | | | |
| Australian Taxation Office | - | .. | .. | .. | .. |

The Government will change the start dates for the following measures:

- The start date for the 2018-19 Budget measure *Superannuation – increasing the maximum number of allowable members in self-managed superannuation funds and small APRA funds from four to six* has been revised from 1 July 2019 to the date of Royal Assent of the enabling legislation
- The start date for the 2018-19 MYEFO measure *Petroleum Resource Rent Tax – changing the PRRT settings to get a fair return (compliance and administration changes)* has been revised from 1 July 2019 to the income year commencing on or after three months after the date of Royal Assent of the enabling legislation
- The start date for the 2018-19 Budget measure *Tax Integrity – removing the capital gains discount at the trust level for Managed Investment Trusts and Attribution MITs* (as amended by the 2018-19 MYEFO measure *Revised start dates for tax measures*) has been revised from 1 July 2020 to the income year commencing on or after three months after the date of Royal Assent of the enabling legislation
- The start date for the 2016-17 Budget measure *Ten Year Enterprise Tax Plan – targeted amendments to Division 7A* (as amended and modified by 2018-19 Budget measure *Tax Integrity – clarifying the operation of the Division 7A integrity rule* and the 2019-20 Budget measure *Tax Integrity – further consultation on amendments to Division 7A*) has been revised from 1 July 2020 to the income year commencing on or after the date of Royal Assent of the enabling legislation
- The start date for the 2019-20 Budget measure *Superannuation – reducing red tape for superannuation funds* (exempt current pension income changes) has been revised from 1 July 2020 to 1 July 2021
- The start date for the 2017-18 MYEFO measure *Deductible gift recipient reform – strengthening governance and integrity and reducing complexity* (as amended by the 2018-19 MYEFO measure *Revised start dates for tax measures*) has been revised from 1 July 2020 to three months after the date of Royal Assent of the enabling legislation
- The start date for the 2015-16 Budget measure *Cutting Red Tape – lost and unclaimed superannuation*, to allow the ATO to pay lost and unclaimed superannuation amounts directly to New Zealand KiwiSaver accounts, has been revised from 1 July 2016 to six months after the date of Royal Assent of the enabling legislation.

These revisions are a result of the reprioritisation of Government resources and the shortened parliamentary sitting period in 2020 due to COVID-19.

The revised start dates for these measures are estimated to result in an unquantifiable impact on the underlying cash balance over the forward estimates period.

Superannuation — defer the start date of the Retirement Income Covenant

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Australian Taxation Office | - | - | - | * | * |

The Government is deferring the commencement of the Retirement Income Covenant, announced in Budget 2018-19, from 1 July 2020 to 1 July 2022 to allow continued consultation and legislative drafting to take place during COVID-19. This will also allow finalisation of the measure to be informed by the Retirement Income Review.

This measure is estimated to result in a small but unquantifiable impact on receipts over the forward estimates period.

Further information can be found in the press release of 22 May 2020 issued by the Assistant Minister for Superannuation, Financial Services and Financial Technology.

Superannuation — facilitating the closure of eligible rollover funds — amendment

| Receipts (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|------------------------------|---------|---------|---------|---------|---------|
| Australian Taxation Office | -359.0 | 92.0 | 351.0 | -4.0 | 2.0 |
| <i>Related payment (\$m)</i> | | | | | |
| Australian Taxation Office | - | 0.2 | 0.4 | 1.1 | 0.9 |

The Government will amend the Treasury Laws Amendment (Reuniting More Superannuation) Bill 2020 which enacts the measure *Superannuation — facilitating closure of eligible rollover funds* first announced in the 2019-20 MYEFO. The amendment will:

- defer by 12 months the start date of the measure that prevents superannuation funds transferring new amounts to eligible rollover funds (ERFs)
- defer the date by which ERFs are required to transfer accounts below \$6,000 to the ATO to 30 June 2021
- defer the date by which ERFs are required to transfer remaining accounts to the ATO to 31 January 2022

Appendix A: Policy decisions taken since the 2019-20 MYEFO

- allow all superannuation funds to voluntarily transfer amounts to the ATO in circumstances where the trustee believes it is in the best interests of that member, such as amounts that would otherwise have been transferred to an ERF.

These amendments respond to requests from superannuation funds to provide additional time and flexibility for superannuation funds to transfer amounts to the ATO.

The Government will also provide \$4.7 million over four years to the ATO to administer amounts transferred voluntarily.

This measure is estimated to increase the underlying cash balance by \$79.3 million over the forward estimates period.

Part 2: Payment Measures

Table 2: Payment measures since the 2019 20 MYEFO^(a)

| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|-------------|--------------|--------------|-------------|-------------|
| | \$m | \$m | \$m | \$m | \$m |
| AGRICULTURE, WATER AND THE ENVIRONMENT | | | | | |
| <i>Australian Fisheries Management Authority</i> | | | | | |
| COVID-19 Response Package — Relief and Recovery Fund(b)(c) | 5.2 | - | - | - | - |
| <i>Department of Agriculture, Water and the Environment</i> | | | | | |
| COVID-19 Response Package — Agriculture | 15.3 | - | - | - | - |
| COVID-19 Response Package — income support for individuals(b)(c) | 18.1 | 47.7 | - | - | - |
| COVID-19 Response Package — payments to support households(c) | 5.3 | - | - | - | - |
| COVID-19 Response Package — Relief and Recovery Fund(b)(c) | 2.0 | 43.1 | - | - | - |
| Drought Communities Small Business Support Program — expansion | 1.0 | - | - | - | - |
| Drought Response, Resilience and Preparedness Plan — further support for farmers and communities in drought(b) | - | -27.9 | - | - | - |
| Environmental Management — the use and disposal of industrial chemicals(b)(c) | 0.4 | 1.2 | 1.3 | 1.3 | 1.3 |
| National Bushfire Recovery Fund(c) | 19.1 | 120.1 | 96.9 | 10.2 | - |
| Primary Industries — changes to agricultural production levies(b) | - | -0.1 | 0.6 | 0.6 | 1.5 |
| Reducing Regulatory Burden and Streamlining Audit Arrangements in the Dairy Sector | - | - | - | - | - |
| Transforming Australia's Waste and Recycling Industry(c) | - | 15.5 | 12.0 | 10.2 | 7.9 |
| <i>Director of National Parks</i> | | | | | |
| COVID-19 Response Package — investing in our Commonwealth national parks(c) | - | 8.4 | 8.5 | 8.1 | - |
| COVID-19 Response Package — Relief and Recovery Fund(b)(c) | 4.6 | 7.4 | - | - | - |
| <i>Great Barrier Reef Marine Park Authority</i> | | | | | |
| COVID-19 Response Package — Agriculture | 3.8 | 1.8 | - | - | - |
| COVID-19 Response Package — Relief and Recovery Fund(b)(c) | 2.6 | 5.5 | - | - | - |
| <i>Regional Investment Corporation</i> | | | | | |
| Drought Response, Resilience and Preparedness Plan — further support for farmers and communities in drought(b) | - | 30.0 | 9.5 | 3.7 | 6.9 |
| Portfolio total | 77.4 | 252.6 | 128.7 | 34.1 | 17.5 |

Table 2: Payment measures since the 2019 20 MYEFO^(a) (continued)

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|----------------|----------------|----------------|----------------|----------------|
| ATTORNEY-GENERAL'S | | | | | |
| <i>Attorney-General's Department</i> | | | | | |
| Bushfire Response Package — Royal Commission into Bushfires(c) | 19.1 | 9.6 | - | - | - |
| COVID-19 Response Package — Attorney-General's(c) | 3.2 | 5.4 | 3.8 | 4.6 | 5.1 |
| Mental Health and Suicide Prevention for Veterans(c) | 1.1 | 14.7 | 8.9 | 8.0 | 8.1 |
| Royal Commission into Aged Care Quality and Safety — COVID-19 extension | - | 6.9 | - | - | - |
| <i>Fair Work Ombudsman and Registered Organisations Commission Entity</i> | | | | | |
| COVID-19 Response Package — Attorney-General's(c) | 7.0 | 20.1 | 19.2 | - | - |
| <i>Office of Parliamentary Counsel</i> | | | | | |
| COVID-19 Response Package — Treasury(b) | - | 1.6 | 1.6 | - | - |
| Portfolio total | 30.4 | 58.4 | 33.4 | 12.6 | 13.2 |
| CROSS PORTFOLIO | | | | | |
| <i>Various Agencies</i> | | | | | |
| COVID-19 Response Package — aviation support(b)(c) | - | - | - | - | - |
| COVID-19 Response Package — Relief and Recovery Fund(b)(c) | - | - | - | - | - |
| National Bushfire Recovery Fund(c) | - | - | - | - | - |
| Portfolio total | - | - | - | - | - |
| DEFENCE | | | | | |
| <i>Australian Signals Directorate</i> | | | | | |
| Cyber Enhanced Situational Awareness and Response (CESAR) package | - | - | - | - | - |
| <i>Department of Defence</i> | | | | | |
| Bushfire Response Package — Australian Defence Force deployment | 87.9 | - | - | - | - |
| Cyber Enhanced Situational Awareness and Response (CESAR) package | - | - | - | - | - |
| Per- and Poly-Fluoroalkyl Substances — settlement of class action claims | nfp | nfp | nfp | nfp | nfp |
| Portfolio total | 87.9 | - | - | - | - |

Table 2: Payment measures since the 2019 20 MYEFO^(a) (continued)

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| EDUCATION, SKILLS AND EMPLOYMENT | | | | | |
| <i>Australian Research Council</i> | | | | | |
| Higher Education Reform — more job ready graduates(b)(c) | -12.5 | 3.0 | 4.1 | 4.2 | 1.1 |
| <i>Australian Skills Quality Authority</i> | | | | | |
| COVID-19 Response Package — JobTrainer Fund — establishment(c) | - | 2.7 | 4.3 | 3.2 | 2.2 |
| <i>Department of Education, Skills and Employment</i> | | | | | |
| COVID-19 Response Package — child care | 102.4 | 206.6 | - | - | - |
| COVID-19 Response Package — higher education(b)(c) | 10.9 | 7.1 | - | - | - |
| COVID-19 Response Package — income support for individuals(b)(c) | 14.5 | 150.2 | 63.3 | 32.9 | 21.6 |
| COVID-19 Response Package — JobSeeker Partner Income Test measure(b) | 107.2 | 420.0 | 153.0 | 83.6 | 56.2 |
| COVID-19 Response Package — JobTrainer Fund — establishment(c) | - | 2.1 | 11.0 | 13.6 | 3.9 |
| COVID-19 Response Package — support for non-government schools | 1,034.2 | -1,034.2 | - | - | - |
| COVID-19 Response Package — supporting apprentices and trainees(c) | 360.4 | 2,390.3 | 55.6 | 3.1 | -7.0 |
| COVID-19 Response Package — supporting job seekers(c) | 51.3 | 24.9 | 14.4 | - | - |
| Drought Response, Resilience and Preparedness Plan — further support for farmers and communities in drought(b) | 10.0 | - | - | - | - |
| Higher Education Reform — additional support for regional Australia(b)(c) | - | 11.9 | 12.7 | 14.8 | -7.5 |
| Higher Education Reform — more job ready graduates(b)(c) | -3.0 | 203.9 | 202.2 | -116.6 | -321.6 |
| National Bushfire Recovery Fund(c) | 4.0 | 26.2 | 1.5 | 0.1 | 0.1 |
| National Partnership Agreement on Universal Access to Early Childhood Education — extension | - | 3.1 | 2.1 | - | - |
| New Arrangements for the Child Care Subsidy and the Additional Child Care Subsidy | - | -5.6 | -5.9 | -6.1 | -6.5 |
| PaTH Business Placement Partnerships — national industry associations | 0.6 | 0.7 | 0.7 | - | - |
| School Funding — additional support for students and teachers | - | - | - | - | - |
| Skills Reform Package(c) | - | 17.0 | 37.8 | 17.3 | 26.8 |
| <i>Tertiary Education Quality and Standards Agency</i> | | | | | |
| Higher Education Reform — more job ready graduates(b)(c) | - | 3.4 | 2.8 | 2.8 | 2.6 |
| Portfolio total | 1,679.9 | 2,433.3 | 559.7 | 52.9 | -228.0 |

Appendix A: Policy decisions taken since the 2019-20 MYEFO

Table 2: Payment measures since the 2019 20 MYEFO^(a) (continued)

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|----------------|----------------|----------------|----------------|----------------|
| FINANCE | | | | | |
| <i>Department of Finance</i> | | | | | |
| Ageing and Aged Care(c) | - | 0.1 | 0.1 | - | - |
| Portfolio total | - | 0.1 | 0.1 | - | - |
| FOREIGN AFFAIRS AND TRADE | | | | | |
| <i>Australian Trade and Investment Commission</i> | | | | | |
| COVID-19 Response Package — aviation support(b)(c) | - | 241.8 | - | - | - |
| COVID-19 Response Package — Relief and Recovery Fund(b)(c) | 172.1 | 152.3 | - | - | - |
| National Bushfire Recovery Fund(c) | 0.9 | - | - | - | - |
| <i>Department of Foreign Affairs and Trade</i> | | | | | |
| COVID-19 Response Package — aviation support(b)(c) | 10.6 | 4.1 | - | - | - |
| National Bushfire Recovery Fund(c) | 4.1 | - | - | - | - |
| Revised Implementation Timeline for the Kava Commercial Importation Pilot | - | - | - | - | - |
| <i>Export Finance and Insurance Corporation</i> | | | | | |
| COVID-19 Response Package — support for exporters and the tourism sector | nfp | nfp | nfp | nfp | nfp |
| <i>Tourism Australia</i> | | | | | |
| National Bushfire Recovery Fund(c) | 41.5 | 29.5 | - | - | - |
| Portfolio total | 229.2 | 427.8 | - | - | - |
| HEALTH | | | | | |
| <i>Aged Care Quality and Safety Commission</i> | | | | | |
| Ageing and Aged Care(c) | 0.2 | 1.9 | 1.7 | 1.2 | 1.2 |
| COVID-19 Response Package — ageing and aged care(b) | 2.7 | 2.5 | - | - | - |
| <i>Australian Digital Health Agency</i> | | | | | |
| Guaranteeing Medicare and access to medicines(b)(c) | - | 215.4 | - | - | - |
| <i>Australian Sports Commission</i> | | | | | |
| Support for High Performance Athletes | - | 25.3 | 25.3 | - | - |
| <i>Department of Health</i> | | | | | |
| Ageing and aged care(c) | 0.5 | 100.7 | 112.6 | 104.3 | 70.9 |
| Bushfire Response Package — Health | 2.0 | - | - | - | - |
| COVID-19 Response Package — ageing and aged care(b) | 355.5 | 416.7 | 1.1 | - | - |
| COVID-19 Response Package — emergency response(b)(c) | 107.8 | 67.9 | - | - | - |
| COVID-19 Response Package — guaranteeing Medicare and access to medicines | 700.8 | 713.8 | - | - | - |
| COVID-19 Response Package — income support for individuals(b)(c) | 1.6 | 1.3 | - | - | - |
| COVID-19 Response Package — JobSeeker Partner Income Test measure(b) | 1.8 | 3.7 | - | - | - |
| COVID-19 Response Package — maintaining support for Veterans | - | -2.5 | -0.3 | - | - |

Table 2: Payment measures since the 2019 20 MYEFO^(a) (continued)

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| HEALTH (continued) | | | | | |
| COVID-19 Response Package — medical research | - | - | - | - | - |
| COVID-19 Response Package — prioritising mental health and preventive health | 22.9 | 81.9 | -6.3 | - | - |
| COVID-19 Response Package — supporting our hospitals | - | - | - | - | - |
| Environmental Management — the use and disposal of industrial chemicals(b)(c) | - | 1.3 | - | - | - |
| Guaranteeing Medicare and access to medicines(b)(c) | 90.1 | 129.3 | 20.4 | -135.4 | -123.4 |
| National Bushfire Recovery Fund(c) | 15.5 | 36.7 | 13.1 | - | - |
| Prioritising Mental Health and Preventive Health — continued support | -0.9 | 53.3 | 15.6 | 5.7 | 9.0 |
| Revised Implementation Timeline for the Kava Commercial Importation Pilot | - | - | - | - | - |
| Seventh Community Pharmacy Agreement | - | 171.0 | 110.0 | 55.1 | 55.2 |
| Strengthening Primary Care — continuing the Office of the National Rural Health Commissioner | - | - | - | - | - |
| Supporting our Hospitals | - | 10.0 | - | - | - |
| <i>National Health Funding Body</i> | | | | | |
| COVID-19 Response Package — emergency response(b)(c) | 0.4 | 0.7 | - | - | - |
| <i>National Mental Health Commission</i> | | | | | |
| Prioritising Mental Health and Preventive Health — continued support | 1.0 | - | - | - | - |
| Portfolio total | 1,301.9 | 2,030.8 | 293.1 | 30.9 | 12.8 |
| HOME AFFAIRS | | | | | |
| <i>Australian Security Intelligence Organisation</i> | | | | | |
| Reforming Australia's Foreign Investment Framework(b)(c) | - | 0.5 | 1.0 | 1.0 | 1.0 |
| <i>Department of Home Affairs</i> | | | | | |
| Bushfire Response Package — disaster recovery funding arrangements | - | - | - | - | - |
| Bushfire Response Package — national aerial firefighting capability | - | 11.0 | 11.2 | 11.4 | 11.5 |
| COVID-19 Response Package — ageing and aged care(b) | - | - | - | - | - |
| COVID-19 Response Package — aviation support(b)(c) | 18.7 | - | - | - | - |
| National Bushfire Recovery Fund(c) | 64.5 | 4.0 | 1.4 | - | - |
| Permanent Migration — encouraging uptake of the New Zealand Pathway to permanent residency(b)(c) | - | 0.1 | - | - | - |
| Reforming Australia's Foreign Investment Framework(b)(c) | - | 0.6 | 1.3 | 1.3 | 1.3 |
| Revised Implementation Timeline for the Kava Commercial Importation Pilot | - | - | - | - | - |
| Portfolio total | 83.2 | 16.2 | 14.8 | 13.6 | 13.8 |

Table 2: Payment measures since the 2019 20 MYEFO^(a) (continued)

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|----------------|----------------|----------------|----------------|----------------|
| INDUSTRY, SCIENCE, ENERGY AND RESOURCES | | | | | |
| <i>Commonwealth Scientific and Industrial Research Organisation</i> | | | | | |
| COVID-19 Response Package — emergency response(b)(c) | - | 0.9 | - | - | - |
| COVID-19 Response Package — medical research | - | 10.0 | - | - | - |
| <i>Department of Industry, Science, Energy and Resources</i> | | | | | |
| COVID-19 Response Package — emergency response(b)(c) | 5.5 | 2.7 | - | - | - |
| COVID-19 Response Package — fuel security(c) | - | 2.5 | - | - | - |
| COVID-19 Response Package — support for small businesses impacted by COVID-19 | 4.8 | 7.1 | - | - | - |
| Former British Nuclear Testing Site at Maralinga — funding support | - | 0.8 | 0.4 | 0.4 | 0.4 |
| National Bushfire Recovery Fund(c) | - | 8.5 | 14.5 | 8.0 | 8.0 |
| Northern Endeavour Temporary Operations Program | nfp | nfp | nfp | nfp | nfp |
| <i>Geoscience Australia</i> | | | | | |
| Unlocking Australia's Resources Potential — Exploring for the Future 2(c) | - | 20.4 | 37.7 | 44.0 | 19.8 |
| Portfolio total | 10.2 | 52.9 | 52.7 | 52.4 | 28.2 |
| INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS | | | | | |
| <i>Australian Communications and Media Authority</i> | | | | | |
| Consumer Safeguards — targeted measures — amendments(b)(c) | -1.0 | -0.9 | -0.8 | -0.8 | -0.8 |
| COVID-19 Response Package — communications, cyber safety and the arts(b) | -10.4 | -9.9 | - | - | - |
| <i>Civil Aviation Safety Authority</i> | | | | | |
| COVID-19 Response Package — aviation support(b)(c) | 15.0 | 87.9 | - | - | - |
| <i>Department of Infrastructure, Transport, Regional Development and Communications</i> | | | | | |
| COVID-19 Response Package — aviation support(b)(c) | 519.6 | 1,019.5 | - | - | - |
| COVID-19 Response Package — communications, cyber safety and the arts(b) | - | 239.8 | 27.0 | 32.0 | 80.0 |
| COVID-19 Response Package — external territories(c) | - | 7.8 | - | - | - |
| COVID-19 Response Package — freeze and maintain the Heavy Vehicle Road User Charge | - | - | - | - | - |
| COVID-19 Response Package — infrastructure stimulus | - | 429.0 | 80.0 | - | - |
| COVID-19 Response Package — Relief and Recovery Fund(b)(c) | 105.9 | 473.8 | - | - | - |

Table 2: Payment measures since the 2019 20 MYEFO^(a) (continued)

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS (continued) | | | | | |
| Darwin City Deal — education and community precinct | - | - | - | - | - |
| Drought Response, Resilience and Preparedness Plan — further support for farmers and communities in drought(b) | 87.8 | - | - | - | - |
| National Bushfire Recovery Fund(c) | - | 12.2 | 15.0 | - | - |
| National Collecting Institutions — additional funding | - | 8.4 | 6.3 | 4.4 | 2.2 |
| Redress of Institutional Child Sexual Abuse in the Australian Capital Territory Prior to Self-Government | nfp | nfp | nfp | nfp | nfp |
| Regional Broadband Scheme — revised start date(b) | - | - | -9.5 | - | - |
| <i>National Library of Australia</i> | | | | | |
| National Collecting Institutions — additional funding | - | 4.0 | 4.0 | - | - |
| Portfolio total | 716.9 | 2,271.5 | 122.0 | 35.6 | 81.4 |
| PRIME MINISTER AND CABINET | | | | | |
| <i>Department of the Prime Minister and Cabinet</i> | | | | | |
| Bushfire Response Package — National Bushfire Recovery Agency(c) | 10.9 | 21.5 | 10.8 | - | - |
| COVID-19 Response Package — National COVID-19 Coordination Commission | - | - | - | - | - |
| National Bushfire Recovery Fund(c) | - | 0.5 | 11.3 | 0.5 | - |
| National Collecting Institutions — additional funding | - | 0.5 | - | 1.4 | - |
| <i>National Indigenous Australians Agency</i> | | | | | |
| COVID-19 Response Package — Attorney-General's(c) | 0.7 | 0.3 | - | - | - |
| COVID-19 Response Package — support for Indigenous and remote communities | nfp | nfp | nfp | nfp | nfp |
| Portfolio total | 11.6 | 22.9 | 22.1 | 1.9 | - |

Appendix A: Policy decisions taken since the 2019-20 MYEFO

Table 2: Payment measures since the 2019 20 MYEFO^(a) (continued)

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|-----------------|-----------------|----------------|----------------|----------------|
| SOCIAL SERVICES | | | | | |
| <i>Department of Social Services</i> | | | | | |
| Changes to the Income Compliance Program | - | nfp | nfp | nfp | nfp |
| COVID-19 Response Package — income support for individuals(b)(c) | 5,873.7 | 11,869.9 | 0.2 | - | - |
| COVID-19 Response Package — JobSeeker Partner Income Test measure(b) | 378.7 | 839.5 | 0.2 | .. | - |
| COVID-19 Response Package — payments to support households(c) | 5,405.6 | 3,542.4 | 34.0 | 1.8 | - |
| COVID-19 Response Package — Social Services | 140.7 | 113.2 | - | - | - |
| COVID-19 Response Package — supporting job seekers(c) | 14.0 | 38.6 | - | - | - |
| Drought Communities Small Business Support Program — expansion | -1.0 | - | - | - | - |
| Higher Education Reform — additional support for regional Australia(b)(c) | - | 0.1 | 0.2 | 0.2 | 0.2 |
| National Bushfire Recovery Fund(c) | 50.0 | - | - | - | - |
| <i>NDIS Quality and Safeguards Commission</i> | | | | | |
| COVID-19 Response Package — Social Services | 2.6 | 3.6 | - | - | - |
| <i>Services Australia</i> | | | | | |
| Ageing and Aged Care(c) | - | 32.3 | 33.8 | - | - |
| Changes to the Income Compliance Program | nfp | nfp | nfp | nfp | nfp |
| COVID-19 Response Package — child care | 2.5 | .. | - | - | - |
| COVID-19 Response Package — guaranteeing Medicare and access to medicines | 7.8 | 8.4 | - | - | - |
| COVID-19 Response Package — income support for individuals(b)(c) | 31.5 | 109.6 | 2.1 | 0.7 | 0.8 |
| COVID-19 Response Package — JobSeeker Partner Income Test measure(b) | 20.0 | 49.0 | - | - | - |
| COVID-19 Response Package — payments to support households(c) | 19.2 | 13.9 | 0.3 | - | - |
| COVID-19 Response Package — prioritising mental health and preventive health | - | - | - | - | - |
| COVID-19 Response Package — Social Services | 200.0 | 0.3 | - | - | - |
| COVID-19 Response Package — supporting job seekers(c) | 1.3 | 0.3 | - | - | - |
| Drought Response, Resilience and Preparedness Plan — further support for farmers and communities in drought(b) | 0.6 | 0.5 | - | - | - |
| Guaranteeing Medicare and access to medicines(b)(c) | 0.5 | 0.8 | 1.0 | 1.1 | 1.2 |
| Higher Education Reform — additional support for regional Australia(b)(c) | 0.4 | 5.4 | 0.8 | 0.8 | 0.8 |
| National Bushfire Recovery Fund(c) | 1.9 | 0.3 | .. | - | - |
| New Arrangements for the Child Care Subsidy and the Additional Child Care Subsidy | 5.0 | 16.4 | 0.9 | - | - |
| Seventh Community Pharmacy Agreement | - | 1.0 | 0.1 | 0.1 | 0.1 |
| Portfolio total | 12,155.0 | 16,645.7 | 73.6 | 4.8 | 3.1 |

Table 2: Payment measures since the 2019 20 MYEFO^(a) (continued)

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| TREASURY | | | | | |
| <i>Australian Bureau of Statistics</i> | | | | | |
| Census 2021 — building for the future | - | - | - | - | - |
| COVID-19 Response Package — prioritising mental health and preventive health | - | 0.8 | 0.5 | - | - |
| COVID-19 Response Package — Treasury(b) | - | 22.6 | 1.0 | 0.4 | - |
| <i>Australian Competition and Consumer Commission</i> | | | | | |
| COVID-19 Response Package — aviation support(b)(c) | - | 1.6 | 1.5 | 1.3 | - |
| National Consumer Data Right — implementation(c) | - | 6.6 | - | - | - |
| <i>Australian Office of Financial Management</i> | | | | | |
| COVID-19 Response Package — Australian Office of Financial Management support(b) | - | 2.6 | 2.6 | 2.6 | 2.6 |
| <i>Australian Taxation Office</i> | | | | | |
| Clarifying the Scope of the Product Stewardship for Oil Scheme(b) | -1.0 | -5.0 | -5.0 | -5.0 | -5.0 |
| COVID-19 Response Package — boosting cash flow for employers | 14,900.0 | 17,000.0 | - | - | - |
| COVID-19 Response Package — freeze and maintain the Heavy Vehicle Road User Charge | - | 20.0 | - | - | - |
| COVID-19 Response Package — JobKeeper Payment | 20,576.0 | 65,125.7 | - | - | - |
| COVID-19 Response Package — Relief and Recovery Fund(b)(c) | - | 7.8 | - | - | - |
| Reforming Australia's Foreign Investment Framework(b)(c) | - | 2.2 | 1.9 | 1.9 | 1.8 |
| Revised Start Dates for Tax and Superannuation Measures(b) | - | .. | .. | .. | .. |
| Superannuation — facilitating the closure of eligible rollover funds — amendment(b) | - | 0.2 | 0.4 | 1.1 | 0.9 |
| <i>Department of the Treasury</i> | | | | | |
| Bushfire Response Package — disaster recovery funding arrangements | 109.6 | 13.7 | - | - | - |
| COVID-19 Response Package — Attorney-General's(c) | 27.9 | 32.2 | 1.1 | 1.2 | 1.2 |
| COVID-19 Response Package — communications, cyber safety and the arts(b) | - | .. | .. | .. | .. |
| COVID-19 Response Package — Government support for immediate cash flow needs to small and medium enterprises | - | 1.3 | 1.2 | 1.3 | 1.9 |
| COVID-19 Response Package — HomeBuilder Grant | - | 680.0 | - | - | - |
| COVID-19 Response Package — infrastructure stimulus | - | 1,739.4 | 1,071.5 | 549.5 | 11.3 |
| COVID-19 Response Package — International Monetary Fund's Poverty Reduction and Growth Trust(b) | - | - | - | - | - |

Table 2: Payment measures since the 2019 20 MYEFO^(a) (continued)

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|-----------------|-----------------|----------------|----------------|----------------|
| TREASURY (continued) | | | | | |
| COVID-19 Response Package — JobTrainer Fund — establishment(c) | 8.4 | 531.6 | - | - | - |
| COVID-19 Response Package — Relief and Recovery Fund(b)(c) | - | 10.0 | - | - | - |
| COVID-19 Response Package — Social Services | 32.5 | 97.5 | - | - | - |
| COVID-19 Response Package — support for Indigenous and remote communities | nfp | nfp | nfp | nfp | nfp |
| COVID-19 Response Package — supporting our hospitals | 2,955.2 | 708.3 | - | - | - |
| COVID-19 Response Package — Treasury(b) | 10.0 | 31.1 | 8.0 | 3.8 | 2.8 |
| Darwin City Deal — education and community precinct | 17.5 | 40.0 | 17.3 | -9.8 | -20.0 |
| Drought Response, Resilience and Preparedness Plan — further support for farmers and communities in drought(b) | - | 30.0 | - | - | - |
| Guaranteeing Medicare and access to medicines(b)(c) | - | 107.8 | 0.6 | 0.5 | 0.5 |
| Indirect Tax Concession Scheme — diplomatic and consular concessions(b) | .. | .. | .. | .. | .. |
| Mental Health and Suicide Prevention for Veterans(c) | nfp | nfp | nfp | nfp | nfp |
| National Bushfire Recovery Fund(c) | 665.8 | 526.2 | 150.8 | 140.0 | - |
| National Consumer Data Right — implementation(c) | - | 12.6 | - | - | - |
| National Partnership Agreement on Universal Access to Early Childhood Education — extension | - | 136.0 | 317.2 | - | - |
| Permanent Migration — encouraging uptake of the New Zealand Pathway to permanent residency(b)(c) | - | - | - | -1.0 | -2.0 |
| Reforming Australia's Foreign Investment Framework(b)(c) | - | 12.0 | 13.2 | 10.9 | 10.9 |
| Supporting our Hospitals | -4.2 | 155.0 | 125.4 | -70.3 | -177.5 |
| COVID-19 Response Package — tax instalment GDP adjustment factor(b) | - | -30.0 | 30.0 | - | - |
| Transforming Australia's Waste and Recycling Industry(c) | - | 59.7 | 59.7 | 49.7 | 19.6 |
| Portfolio total | 39,297.8 | 87,079.5 | 1,798.9 | 677.9 | -150.9 |

Table 2: Payment measures since the 2019 20 MYEFO^(a) (continued)

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|-----------------|------------------|----------------|----------------|----------------|
| VETERANS' AFFAIRS | | | | | |
| <i>Department of Veterans' Affairs</i> | | | | | |
| COVID-19 Response Package — ageing and aged care(b) | 16.9 | 1.9 | - | - | - |
| COVID-19 Response Package — guaranteeing Medicare and access to medicines | 8.5 | 9.7 | - | - | - |
| COVID-19 Response Package — income support for individuals(b)(c) | 2.9 | 5.8 | - | - | - |
| COVID-19 Response Package — maintaining support for Veterans | - | 24.8 | -3.6 | - | - |
| COVID-19 Response Package — payments to support households(c) | 170.6 | 170.6 | - | - | - |
| Guaranteeing Medicare and access to medicines(b)(c) | 3.2 | 3.7 | 3.7 | 4.3 | 5.0 |
| Mental Health and Suicide Prevention for Veterans(c) | - | 0.5 | 0.5 | 0.5 | 0.5 |
| National Bushfire Recovery Fund(c) | 0.2 | 0.4 | 0.1 | - | - |
| Seventh Community Pharmacy Agreement | - | 4.7 | 3.0 | 1.4 | 1.2 |
| Portfolio total | 202.3 | 222.2 | 3.6 | 6.2 | 6.7 |
| Decisions taken but not yet announced(d) | 45.0 | 769.1 | 93.1 | 21.4 | -23.7 |
| Total impact of payment measures(e) | 55,928.6 | 112,283.0 | 3,195.8 | 944.5 | -225.8 |

* The nature of the measure is such that a reliable estimate cannot be provided.

.. Not zero, but rounded to zero.

- Nil.

nf not for publication.

p

(a) A minus sign before an estimate indicates a reduction in payments, no sign before an estimate indicates increased payments.

(b) These measures can also be found in the receipts measures summary table.

(c) These measures can also be found in the capital measures summary table.

(d) Includes the impact of measures that are not for publication (nfp).

(e) Measures may not add due to rounding.

AGRICULTURE, WATER AND THE ENVIRONMENT

COVID-19 Response Package — Agriculture

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---------|---------|---------|---------|---------|
| Department of Agriculture, Water and the Environment | 15.3 | - | - | - | - |
| Great Barrier Reef Marine Park Authority | 3.8 | 1.8 | - | - | - |
| Total — Payment | 19.1 | 1.8 | - | - | - |

The Government will provide \$20.8 million over two years from 2019-20 for COVID-19 support measures in the Agriculture, Water and the Environment portfolio.

This includes:

- \$15.3 million in 2019-20 to fund biosecurity interventions at the Australian border to contain and slow the transmission of COVID-19 within the Australian community
- \$3.3 million over two years from 2019-20 to the Great Barrier Reef Marine Park Authority (GBRMPA) to provide further fee relief to local tourism businesses in the Great Barrier Reef Marine Park, following the Government's decision to backdate the Environmental Management Charge waiver to 1 January 2020 and waive permit-related fees for reef use until 30 June 2021
- \$2.2 million over two years from 2019-20 to the GBRMPA to support the core functions and continued employment of staff at Reef HQ Aquarium in Townsville during its temporary closure due to COVID-19 related restrictions.

Further information can be found in the joint press release of 12 May 2020 issued by the Deputy Prime Minister, the Minister for Trade, Tourism and Investment and the Minister for the Environment.

Drought Communities Small Business Support Program — expansion

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Department of Agriculture, Water and the Environment | 1.0 | - | - | - | - |
| Department of Social Services | -1.0 | - | - | - | - |
| Total — Payment | - | - | - | - | - |

The Government will provide \$12.8 million over two years from 2019-20 to expand the Drought Communities Small Business Support Program to provide financial counselling services to rural and regional small businesses affected by drought, COVID-19 or the 2019-20 bushfires.

The cost of this measure will be met from a transfer from the Social Services portfolio, from the Relief and Recovery Fund, and from within existing resources of the Department of Agriculture, Water and the Environment.

See the related cross-portfolio payment measure titled *COVID-19 Response Package – Relief and Recovery Fund*.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

Drought Response, Resilience and Preparedness Plan — further support for farmers and communities in drought

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|-------------|-------------|------------|-------------|-------------|
| Department of Infrastructure, Transport, Regional Development and Communications | 87.8 | - | - | - | - |
| Department of Education, Skills and Employment | 10.0 | - | - | - | - |
| Services Australia | 0.6 | 0.5 | - | - | - |
| Department of Agriculture, Water and the Environment | - | -27.9 | - | - | - |
| Department of the Treasury | - | 30.0 | - | - | - |
| Regional Investment Corporation | - | 30.0 | 9.5 | 3.7 | 6.9 |
| Total — Payment | 98.3 | 32.6 | 9.5 | 3.7 | 6.9 |
| <i>Related receipts (\$m)</i> | | | | | |
| Department of Agriculture, Water and the Environment | - | 2.7 | 8.0 | 20.0 | 39.8 |
| Australian Taxation Office | - | - | 0.2 | - | - |
| Total — Receipts | - | 2.7 | 8.2 | 20.0 | 39.8 |

The Government will provide an additional \$2.2 billion over five years from 2019-20 for a package of measures to support farmers and communities in drought. The package supports immediate action for those in drought, support for the wider communities affected by drought and support to build long-term drought resilience and preparedness.

The package provides additional funding for concessional loans provided through the Regional Investment Corporation (RIC), and adjusts the eligibility and conditions for drought related loans, including by ceasing the availability of interest-free terms for new applicants after 30 September 2020. New funding includes:

- \$2.0 billion of additional loan funding in 2020-21 for drought related loans
- \$75.0 million of additional loan funding in 2020-21 for AgriStarter loans
- \$50.0 million over four years from 2020-21 for the RIC to administer these additional loans.

Funding to support immediate action for those in drought includes:

- an additional \$10.0 million in 2019-20 for Special Circumstances funding for eligible drought-affected schools experiencing financial difficulties, to help ensure the viability of these schools

- an additional \$3.3 million to extend the one-off Farm Household Allowance (FHA) relief payment of \$7,500 for singles and \$13,000 for couples to FHA recipients who exhaust their four year entitlement to payment, between 1 July 2020 and 30 September 2020.

Funding is also provided for local communities affected by the drought, including:

- \$82.8 million in 2019-20 to extend the Drought Community Support Initiative to provide financial assistance of up to \$3,000 per household in 52 new areas and to address unmet demand from the 128 previously announced areas and
- \$5.0 million in 2019-20 to support Drought Community Outreach activities in drought-affected communities across Australia.

The package also includes \$100.0 million in 2020-21 through the Future Drought Fund for a range of programs and activities that will support the long-term drought resilience and preparedness of primary producers, rural and regional communities and local governments.

This measure builds on the 2019-20 MYEFO measure titled *Drought Response, Resilience and Preparedness Plan – additional support for farmers and communities in drought*.

Further information can be found in the following press releases:

- the joint press release of 28 January 2020 issued by the Prime Minister, the then Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management and the Minister for Education
- the press releases of 26 June and 1 July 2020 issued by the Minister for Agriculture, Drought and Emergency Management.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

Environmental Management — the use and disposal of industrial chemicals

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|------------|------------|------------|------------|------------|
| Department of Agriculture, Water and the Environment | 0.4 | 1.2 | 1.3 | 1.3 | 1.3 |
| Department of Health | - | 1.3 | - | - | - |
| Total — Payment | 0.4 | 2.5 | 1.3 | 1.3 | 1.3 |
| <i>Related receipts (\$m)</i> | | | | | |
| Department of Agriculture, Water and the Environment | - | - | 2.9 | 3.0 | 3.2 |
| <i>Related capital (\$m)</i> | | | | | |
| Department of Agriculture, Water and the Environment | 1.9 | - | - | - | - |
| Department of Health | - | 0.6 | - | - | - |
| Total — Capital | 1.9 | 0.6 | - | - | - |

The Government will provide \$9.1 million over five years from 2019-20 (and \$1.3 million per year ongoing) to provide advice to introducers and users of industrial chemicals on how a chemical that poses a risk to the environment should be managed. This work is the first step in the Government's implementation of the National Standard for Environmental Risk Management of Industrial Chemicals.

The cost of this measure will be recovered through a levy applied alongside the annual registration charge for chemical introducers under the *Industrial Chemicals Act 2019*.

Reducing Regulatory Burden and Streamlining Audit Arrangements in the Dairy Sector

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Department of Agriculture, Water and the Environment | - | - | - | - | - |

The Government will provide \$14.8 million over six years from 2019-20 for a program of work to reduce the regulatory and cost burden on exporters in the dairy sector.

The program will include working with the dairy industry to identify gaps and opportunities in regulatory requirements, improving data, and supporting food safety.

Funding for this measure has already been provided for by the Government.

Transforming Australia's Waste and Recycling Industry

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|----------|-------------|-------------|-------------|-------------|
| Department of the Treasury | - | 59.7 | 59.7 | 49.7 | 19.6 |
| Department of Agriculture, Water and the Environment | - | 15.5 | 12.0 | 10.2 | 7.9 |
| Total — Payment | - | 75.2 | 71.7 | 60.0 | 27.5 |
| <i>Related capital (\$m)</i> | | | | | |
| <i>Department of Agriculture, Water and the Environment</i> | <i>-</i> | <i>4.4</i> | <i>3.5</i> | <i>3.9</i> | <i>3.3</i> |

The Government will provide \$249.6 million over four years from 2020-21 to support domestic waste management, reduce pressure on our environment and create economic opportunities for Australians. Investments made by the Commonwealth form part of a national strategy to transform Australia's waste and recycling industry, including:

- \$190.0 million to establish a Recycling Modernisation Fund that, along with contributions from the states and territories and industry, is expected to generate \$600 million of recycling investment to drive transformation of Australia's waste and recycling capacity
- \$35.0 million to implement the Commonwealth's commitments under the National Waste Policy Action Plan, which sets the direction for waste management and recycling in Australia until 2030
- \$24.6 million to improve Australian national waste data to measure recycling outcomes and track progress against national waste targets.

Further information can be found in the joint press release of 6 July 2020 issued by the Minister for the Environment and the Assistant Minister for Waste Reduction and Environmental Management.

ATTORNEY-GENERAL'S

Bushfire Response Package — Royal Commission into Bushfires

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|-------------------------------|---------|---------|---------|---------|---------|
| Attorney-General's Department | 19.1 | 9.6 | - | - | - |
| <i>Related capital (\$m)</i> | | | | | |
| Attorney-General's Department | 1.3 | - | - | - | - |

The Government will provide \$30.0 million over two years from 2019-20 for the Royal Commission into National Natural Disaster Arrangements (the Royal Commission).

The Royal Commission will examine the responsibilities of, and coordination between Australian Governments relating to preparedness for, response to, resilience to, and recovery from, natural disasters and the arrangements for improving resilience and adapting to changing climatic conditions.

Further information can be found in the press release of 20 February 2020 issued by the Prime Minister.

COVID-19 Response Package — Attorney-General's

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|-------------|-------------|-------------|------------|------------|
| Department of the Treasury | 27.9 | 32.2 | 1.1 | 1.2 | 1.2 |
| Fair Work Ombudsman and Registered Organisations Commission Entity | 7.0 | 20.1 | 19.2 | - | - |
| Attorney-General's Department | 3.2 | 5.4 | 3.8 | 4.6 | 5.1 |
| National Indigenous Australians Agency | 0.7 | 0.3 | - | - | - |
| Total — Payment | 38.8 | 58.1 | 24.1 | 5.8 | 6.3 |
| <i>Related capital (\$m)</i> | | | | | |
| Attorney-General's Department | - | - | 0.4 | 0.7 | - |

The Government will provide \$134.1 million over five years from 2019-20 to support legal services and workplace advice to individuals and businesses affected by COVID-19. The support includes:

- \$49.8 million over two years from 2019-20 for additional legal assistance services for families and children experiencing hardship

- \$13.5 million in 2019-20 to allow legal assistance providers to deliver services virtually to the community in response to the impact of COVID-19
- \$6.2 million over four years from 2020-21 to assist the states and territories in administering the National Legal Assistance Partnership
- \$2.6 million in 2020-21 for the Family Violence and Cross Examination of Parties Scheme, which helps protect victims of family violence in family law proceedings
- \$15.8 million over four years from 2020-21 to the Office of the Federal Safety Commissioner to continue ensuring safety on Commonwealth funded building projects, particularly as they accelerate as part of COVID-19 economic recovery
- \$46.3 million over three years from 2019-20 for the Fair Work Ombudsman to enhance its advice and education services for businesses and employees about workplace laws, including in the context of COVID-19.

Royal Commission into Aged Care Quality and Safety — COVID-19 extension

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|-------------------------------|---------|---------|---------|---------|---------|
| Attorney-General's Department | - | 6.9 | - | - | - |

The Government will provide an additional \$6.9 million in 2020-21 to extend the reporting date of the Royal Commission into Aged Care Quality and Safety from 12 November 2020 to 26 February 2021, following the suspension of hearings, workshops and group consultations because of the COVID-19 pandemic.

Further information can be found in the press release of 8 July 2020 issued by the Prime Minister.

CROSS PORTFOLIO

COVID-19 Response Package — aviation support

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|--------------|----------------|------------|------------|----------|
| Department of Infrastructure, Transport, Regional Development and Communications | 519.6 | 1,019.5 | - | - | - |
| Department of Home Affairs | 18.7 | - | - | - | - |
| Civil Aviation Safety Authority | 15.0 | 87.9 | - | - | - |
| Department of Foreign Affairs and Trade | 10.6 | 4.1 | - | - | - |
| Australian Trade and Investment Commission | - | 241.8 | - | - | - |
| Australian Competition and Consumer Commission | - | 1.6 | 1.5 | 1.3 | - |
| Total — Payment | 563.9 | 1,354.9 | 1.5 | 1.3 | - |
| <i>Related receipts (\$m)</i> | | | | | |
| <i>Department of Infrastructure, Transport, Regional Development and Communications</i> | - | -17.5 | - | - | - |
| <i>Related capital (\$m)</i> | | | | | |
| <i>Australian Competition and Consumer Commission</i> | - | 0.4 | - | - | - |

The Government will provide \$1.9 billion over four years from 2019-20 to support the aviation sector as part of the Government's response to the COVID-19 pandemic. This includes:

- maintaining connectivity on major domestic air routes to 30 September 2020 through the Domestic Aviation Network Support program
- providing financial relief for the Australian domestic airline industry, including the refund of aviation fuel excise, rebate of domestic and regional aviation security charges and waiving or refunding of Airservices Australia charges levied on domestic commercial aircraft operators from 1 February to 31 December 2020
- continuing to provide essential safety regulatory services to the aviation sector through the Civil Aviation Safety Authority
- enabling leased federal airports to seek partial relief from land tax charges to 31 December 2020

- establishing an international aviation network with key international hubs, facilitating commercial flights and reimbursing costs for additional consular support to bring Australians home who were in locations without access to scheduled commercial services
- supporting the quarantine of passengers on facilitated flights from Wuhan and Hubei Province, including personal protective equipment for the frontline staff in quarantine facilities
- keeping vital supply chains open into key overseas markets, with return flights bringing back items of national importance, through the temporary International Freight Assistance Mechanism
- monitoring prices, costs and profits in the domestic air passenger sector through the Australian Competition and Consumer Commission to ensure the market remains competitive.

These measures are in addition to \$428.0 million the Government will provide through the *COVID-19 Response Package – Relief and Recovery Fund* to support the aviation sector through COVID-19. This includes:

- the Regional Airline Network Support program to cover operating shortfalls for a limited number of services on regional routes until 31 December 2020 to ensure regional communities continue to receive essential air services
- a temporary measure to keep vital trade links operating and to deliver nationally important items such as medical supplies and equipment.

See the related cross portfolio payment measure titled *COVID-19 Response Package – Relief and Recovery Fund*.

Further information can be found in the following press releases:

- the press releases of 18 March, 28 March, 9 April, 16 April and 7 June 2020 issued by the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development
- the joint press release of 29 January 2020 issued by the Prime Minister, the Minister for Foreign Affairs and the Minister for Health
- the joint press releases of 3 April and 8 May 2020 issued by the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development and the Minister for Foreign Affairs

Appendix A: Policy decisions taken since the 2019-20 MYEFO

- the joint press releases of 1 April and 3 July 2020 issued by the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, the Minister for Trade, Tourism and Investment, the Minister for Agriculture, Drought and Emergency Management and the Assistant Minister for Forestry and Fisheries
- the press release of 19 June 2020 issued by the Treasurer.

COVID-19 Response Package — Relief and Recovery Fund

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|--------------|--------------|----------|----------|----------|
| Australian Trade and Investment Commission | 172.1 | 152.3 | - | - | - |
| Department of Infrastructure, Transport, Regional Development and Communications | 105.9 | 473.8 | - | - | - |
| Australian Fisheries Management Authority | 5.2 | - | - | - | - |
| Director of National Parks | 4.6 | 7.4 | - | - | - |
| Great Barrier Reef Marine Park Authority | 2.6 | 5.5 | - | - | - |
| Department of Agriculture, Water and the Environment | 2.0 | 43.1 | - | - | - |
| Department of the Treasury | - | 10.0 | - | - | - |
| Australian Taxation Office | - | 7.8 | - | - | - |
| Total — Payment | 292.4 | 699.9 | - | - | - |
| <i>Related receipts (\$m)</i> | | | | | |
| <i>Australian Fisheries Management Authority</i> | -5.2 | - | - | - | - |
| <i>Related capital (\$m)</i> | | | | | |
| <i>Great Barrier Reef Marine Park Authority</i> | 1.2 | 1.3 | - | - | - |

The Government will provide \$1.0 billion over two years from 2019-20 to establish the Relief and Recovery Fund (RRF) to support regions, communities and industry sectors that have been disproportionately affected by COVID-19.

RRF funds committed to date include:

- \$94.6 million over two years from 2019-20 to assist Australian exhibiting zoos and aquariums to meet the costs of animal care
- \$49.8 million in 2019-20 to Australian exporters and tourism businesses for eligible marketing costs incurred overseas

- \$36.3 million in 2020-21 to provide support to agricultural show societies to meet the costs incurred through shows cancelled at short notice
- \$27.0 million over two years from 2019-20 for an arts support package for Regional Arts Australia, Support Act and Indigenous Art Centres and Fairs to provide crisis relief and targeted support to organisations, artists and arts workers
- \$12.0 million over two years from 2019-20 to the Director of National Parks to maintain its service levels and the Commonwealth's commitments to the Traditional Owners of jointly managed National Parks, following the Government's decision to provide temporary support for tourism operators and to encourage tourism in the regions, through temporarily waiving entry and permit fees for visitors to, and tourism operators within, Commonwealth-operated National Parks
- \$10.7 million over two years from 2019-20 to support the Great Barrier Reef Marine Park Authority to continue to deliver world class education and management of the Great Barrier Reef following the Government's decision to support local businesses and encourage tourism by temporarily waiving the Environmental Management Charge for visitors and tourism operators and providing localised employment through tourism infrastructure upgrades at Reef HQ in Townsville
- \$10.3 million in 2019-20 to support Australian fisheries impacted by reductions in export demand and changes in overseas market conditions by waiving two-thirds of Commonwealth fishery levies for 2019-20
- \$10.0 million in 2020-21 to establish storage facilities for salvaged logs, processed timber and other forestry products to support the recovery, resilience and growth of Australian forestry businesses
- \$7.8 million in 2020-21 to support the oil recycling industry by increasing the benefit provided through the Product Stewardship Oil Scheme from 50 cents per litre to 62 cents per litre until 31 December 2020
- \$4.0 million over two years from 2019-20 to support the seafood industry, which is currently experiencing volatile international demand, by promoting the domestic consumption of Australian seafood with a national awareness media campaign
- \$1.4 million in 2020-21 to maintain sea freight services to the Indian Ocean Territories.

The Government has also committed RRF funds to support the aviation sector and provide financial counselling services to small rural and regional businesses. See the related cross portfolio payment measure titled *COVID-19 Response Package – aviation support* and the Agriculture, Water and the Environment portfolio payment measure titled *Drought Communities Small Business Support Program – expansion*.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

Further information can be found in the following press releases:

- the press release of 12 March 2020 issued by the Minister for the Environment
- the joint press release of 13 March 2020 issued by the Minister for the Environment and the Minister for Trade, Tourism and Investment
- the joint press release of 1 April 2020 issued by the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, Minister for Trade, Tourism and Investment, Minister for Agriculture, Drought and Emergency Management and the Assistant Minister for Forestry and Fisheries and Assistant Minister for Regional Tourism
- the press release of 1 April 2020 issued by the Minister for Trade, Tourism and Investment
- the joint press release of 9 April 2020 issued by the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development and the Minister for Communications and the Arts
- the joint press release of 28 April 2020 issued by the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, the Minister for Trade Tourism and Investment and the Minister for the Environment
- the joint press release of 6 May 2020 issued by the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development and the Minister for the Environment
- the joint press release of 12 May 2020 issued by the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, the Minister for Trade, Tourism and Investment and the Minister for the Environment
- the joint press release of 30 June 2020 issued by the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, the Minister for the Environment and the Assistant Minister for Waste Reduction and Environmental Management.

National Bushfire Recovery Fund

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|--------------|--------------|--------------|--------------|------------|
| Department of the Treasury | 665.8 | 526.2 | 150.8 | 140.0 | - |
| Department of Home Affairs | 64.5 | 4.0 | 1.4 | - | - |
| Department of Social Services | 50.0 | - | - | - | - |
| Tourism Australia | 41.5 | 29.5 | - | - | - |
| Department of Agriculture, Water and the Environment | 19.1 | 120.1 | 96.9 | 10.2 | - |
| Department of Health | 15.5 | 36.7 | 13.1 | - | - |
| Department of Foreign Affairs and Trade | 4.1 | - | - | - | - |
| Department of Education, Skills and Employment | 4.0 | 26.2 | 1.5 | 0.1 | 0.1 |
| Services Australia | 1.9 | 0.3 | .. | - | - |
| Australian Trade and Investment Commission | 0.9 | - | - | - | - |
| Department of Veterans' Affairs | 0.2 | 0.4 | 0.1 | - | - |
| Department of Infrastructure, Transport, Regional Development and Communications | - | 12.2 | 15.0 | - | - |
| Department of Industry, Science, Energy and Resources | - | 8.5 | 14.5 | 8.0 | 8.0 |
| Department of the Prime Minister and Cabinet | - | 0.5 | 11.3 | 0.5 | - |
| Total — Payment | 867.5 | 764.6 | 304.5 | 158.8 | 8.1 |
| <i>Related capital (\$m)</i> | | | | | |
| <i>Department of Agriculture, Water and the Environment</i> | - | 0.2 | 0.2 | - | - |

The Government committed \$2.0 billion to a National Bushfire Recovery Fund (NBRF) to assist communities and businesses to recover and rebuild following the 2019-20 bushfires. The NBRF is in addition to funding provided through existing disaster recovery assistance arrangements. The NBRF has funded:

- Support to individuals and families, including:
 - tax-free payments of up to \$6,000 to volunteer firefighters to provide for lost income
 - a back to school payment of \$400 for each child
 - \$82.1 million for mental health support services for individuals, families and communities impacted by the bushfires
 - \$40.0 million for emergency relief funding

Appendix A: Policy decisions taken since the 2019-20 MYEFO

- \$10.0 million for financial counselling for families and individuals
- \$5.2 million for legal assistance to individuals residing in bushfire affected Local Government Areas (LGAs)
- exempting families in declared LGAs from the Child Care Subsidy activity test debt in the 2019-20 financial year
- reprioritising funding within the Community Child Care Fund to support the continuity of child care in bushfire affected areas.
- Assistance to small businesses and primary producers, including:
 - grants of up to \$75,000 for primary producers and up to \$50,000 for small businesses and not-for-profit organisations
 - concessional loans of up to \$500,000 for eligible small businesses (including primary producers) and non-profit organisations
 - \$76.0 million for a tourism recovery package
 - \$15.0 million for rural financial counsellors and support works to assist primary producers
 - grants of \$10,000 to assist significantly impacted small businesses in the worst affected LGAs
 - \$15.0 million to assist the forestry industry with the costs of transporting burned salvaged logs to timber mills or storage sites
 - \$12.8 million to provide recovery and resilience advice to businesses
 - \$3.5 million for financial advice telephone service for small businesses
 - \$3.5 million for legal assistance to businesses in bushfire affected LGAs.
- Support for local communities, including:
 - \$448.5 million as part of the Regional Bushfire Recovery and Development Program, to support delivery of local recovery plans
 - \$62.0 million in immediate bushfire assistance for the most affected LGAs
 - \$0.9 million for recovery assistance for the historic Binna Burra lodge.

- Funding to assist the environment to recover, including:
 - \$149.7 million for bushfire recovery for species and landscapes, including habitat regeneration and waterway and catchment restoration
 - \$53.4 million to support wildlife recovery and habitat restoration.
- \$37.1 million for telecommunications emergency resilience, partially offset by redirecting \$10 million from the *Mobile Black Spots Program*, to strengthen telecommunications capabilities prior to future natural disasters
- \$1.3 million to support the evaluation of the recovery programs, providing critical lessons learnt to inform future responses to natural disasters
- Sharing the cost of the clean-up of residential and commercial properties destroyed by the recent bushfires with affected State governments.

In addition to the \$2.0 billion NBRF, the Government has provided \$77.7 million over three years from 2020-21 to further support primary producers in recovering from the impact of the bushfires, including:

- \$41.0 million over three years from 2020-21 to establish a Forestry Recovery Development Fund to support the recovery of forestry processing businesses and jobs in forestry communities
- \$31.0 million in 2020-21 to provide grants for bushfire impacted apple growers to assist with the re-establishment and repair of damaged or destroyed orchards or perennial trees
- \$5.7 million in 2020-21 to provide grants of up to \$10,000 to wine grape producers affected by smoke taint to support the viability and resilience of their businesses.

The Government will also provide \$88.1 million over 12 years from 2020-21 to transition the National Research Centre Bushfire and Natural Hazard Resilience into a new National Research Centre for Disaster Resilience, which will deliver and scale up applied research to inform Australia's disaster recovery and resilience effort.

Further information can be found in the following press releases:

- the joint press release of 29 December 2019 issued by the Prime Minister, the Premier of New South Wales and the Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Services
- the joint press release of 6 January 2020 issued by the Prime Minister, the Treasurer and the Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management

Appendix A: Policy decisions taken since the 2019-20 MYEFO

- the joint press release of 9 January 2020 issued by the Prime Minister, the Deputy Prime Minister and the Minister for Infrastructure, Transport and Regional Development, and the Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management
- the press release of 11 January 2020 issued by the Minister for Agriculture, Drought and Emergency Management
- the joint press release of 12 January 2020 issued by the Prime Minister, the Assistant Minister for Health and the Minister for the National Disability Insurance Scheme
- the joint press release of 13 January 2020 issued by the Treasurer and the Minister for the Environment
- the joint press release of 14 January 2020 issued by the Prime Minister, the Minister for Agriculture and the Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management
- the joint press release of 15 January 2020 issued by the Prime Minister and the Minister for Families and Social Services
- the press release of 17 January 2020 issued by the Minister for Education
- the joint press release of 19 January 2020 issued by the Prime Minister and the Minister for Trade Tourism and Investment
- the joint press release of 19 January 2020 issued by the Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management and the Victorian Minister for Water, Police and Emergency Services
- the joint press release of 20 January 2020 issued by Prime Minister, Treasurer and Minister for Employment, Skills, Small and Family Business
- the joint press release of 30 January 2020 issued by the Prime Minister, the Premier of New South Wales, the Treasurer, the Deputy Premier of New South Wales, the Treasurer of New South Wales and the Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management
- the joint press release of 12 February 2020 issued by the Minister for Agriculture, Drought and Emergency Management and the South Australian Minister for Environment and Water

- the joint press release of 11 March 2020 issued by the Minister for Employment, Skills, Small and Family Businesses the Minister for Agriculture, Drought and Emergency Management, the NSW Deputy Premier and the NSW Minister for Finance and Small Business
- the joint press release of 11 May 2020 issued by the Prime Minister and the Minister for Drought and Emergency Management
- the joint press release of 23 June 2020 by the Prime Minister, the Minister for Agriculture, Drought and Emergency Management, the Assistant Minister for Forestry and Fisheries and the Assistant Minister for Regional Tourism.

See also the related payment measure titled *Bushfire Response Package – national aerial firefighting capability* in the Home Affairs portfolio.

DEFENCE

Bushfire Response Package — Australian Defence Force deployment

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|-----------------------|---------|---------|---------|---------|---------|
| Department of Defence | 87.9 | - | - | - | - |

The Government provided \$87.9 million in 2019-20 for the net additional costs of Australian Defence Force (ADF) deployments associated with domestic bushfire assistance, under *Operation Bushfire Assist*. Costs are related to the deployment of ADF Members and Reservists, military assets, consumables, and logistics equipment.

Further information can be found in the joint press release of 26 March 2020 issued by the Prime Minister and the Minister for Defence.

Cyber Enhanced Situational Awareness and Response (CESAR) package

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--------------------------------|---------|---------|---------|---------|---------|
| Australian Signals Directorate | - | - | - | - | - |
| Department of Defence | - | - | - | - | - |
| Total — Payment | - | - | - | - | - |

The Government will provide \$1.4 billion over 10 years from 2020-21 to the Australian Signals Directorate, Australian Cyber Security Centre and the Department of Defence to identify cyber threats, disrupt foreign cyber criminals and increase partnerships with industry and other governments.

This measure will be offset by redirecting funding within the Defence Portfolio.

Further information can be found in the joint press release of 30 June 2020 issued by the Prime Minister, the Minister for Home Affairs and the Minister for Defence.

Per- and Poly-Fluoroalkyl Substances — settlement of class action claims

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|-----------------------|---------|---------|---------|---------|---------|
| Department of Defence | nfp | nfp | nfp | nfp | nfp |

The Government will settle three Federal Court of Australia class actions in relation to per- and poly-fluoroalkyl substances (PFAS) contamination in the communities of Williamstown, New South Wales; Oakey, Queensland; and Katherine, Northern Territory.

The financial implications of this measure are not for publication (nfp) due to legal sensitivities.

Further information can be found in the joint press release of 26 February 2020, issued by the Minister for Defence and the Minister for Veterans' Affairs and Defence Personnel.

EDUCATION, SKILLS AND EMPLOYMENT

COVID-19 Response Package — child care

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Services Australia | 2.5 | .. | - | - | - |
| Department of Education, Skills and Employment | 102.4 | 206.6 | - | - | - |
| Total — Payment | 104.9 | 206.6 | - | - | - |

The Government provided \$1.9 billion over two years from 2019-20 to ensure the ongoing availability of early childhood education and child care services for Australian families, as well as to support the operations of more than 13,000 child care services from 6 April to 12 July 2020. Services and families will also be supported as they transition back to Child Care Subsidy (CCS) funding arrangements from 13 July 2020.

The *Early Childhood Education and Care Relief Package* provided immediate assistance to families and services at a point in time when parents were withdrawing their children from child care in large numbers. This measure temporarily paused CCS funding arrangements from 6 April to 12 July 2020 so that families were not required to pay fees to access care for their children during this time. The Government also assisted services with the costs of providing care, ensuring the sector remained open and families could continue to access care during the COVID-19 pandemic. This included:

- weekly Business Continuity Payments equivalent to 50 per cent of the sector's fee revenue for the relevant reference period in lieu of CCS and the Additional Child Care Subsidy. This was paid regardless of how many children attended the service and in addition to any JobKeeper eligibility
- exceptional circumstance supplementary payments for some services, including services that were required to provide additional care and those ineligible for JobKeeper payments.

CCS funding arrangements were re-introduced on 13 July 2020, and will provide approximately \$2.0 billion this quarter to services on behalf of eligible families. In addition, the Government will provide transitional support of \$708.0 million in 2020-21 to assist the sector and families with the move back to the subsidy, including:

- from 13 July until 27 September 2020, services will be paid a Transition Payment of 25 per cent of their fee revenue for the *Relief Package* reference period, subject to services maintaining child care fees at the level of the reference period and guaranteeing employment levels

- an easing of CCS activity test requirements until 4 October 2020, to enable eligible families whose employment has been impacted by COVID-19 to receive up to 100 hours per fortnight of subsidised care, and assist them to return to the level of work, study or training they were undertaking before the pandemic.

This measure is partially offset from CCS that would otherwise have been paid in a non-COVID-19 environment with regular child care attendance.

Further information can be found in the press releases of 13 March, 23 March, 25 March, 1 May, 20 May and 8 June 2020 issued by the Minister for Education, and in the joint press release of 2 April 2020 issued by the Prime Minister and the Minister for Education.

COVID-19 Response Package — higher education

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Department of Education, Skills and Employment | 10.9 | 7.1 | - | - | - |
| <i>Related receipts (\$m)</i> | | | | | |
| <i>Tertiary Education Quality and Standards Agency</i> | -3.1 | -10.8 | -2.3 | -3.7 | - |
| <i>Australian Skills Quality Authority</i> | -4.6 | -30.5 | - | - | - |
| <i>Department of Education, Skills and Employment</i> | -6.0 | -4.6 | .. | .. | 0.1 |
| <i>Total — Receipts</i> | -13.7 | -46.0 | -2.3 | -3.7 | 0.1 |
| <i>Related capital (\$m)</i> | | | | | |
| <i>Department of Education, Skills and Employment</i> | - | 0.5 | - | - | - |

The Government will provide \$84.1 million over five years from 2019-20 in financial relief to the higher education sector and will guarantee \$18.0 billion in payments in 2020 in response to the COVID-19 pandemic. This will support universities and higher education providers to deliver quality teaching, to ease the financial burden for students, and support workers displaced by COVID-19 to upskill or retrain to meet the skills demands of the new economy.

The package includes:

- delivery of higher education short courses in national priority areas to help Australians who have lost their job to re-train or up-skill. The Government will provide \$7.1 million to provide up to 1,000 places in courses at non-university and private higher education providers.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

- guaranteeing higher education providers' funding through the Commonwealth Grant Scheme (CGS) at 2020 levels, regardless of any fall in student enrolments, with universities to provide subsidised places in short courses with their guaranteed CGS funding.
- guaranteeing higher education providers' *Higher Education Loan Program* (HELP) payments at 2020 levels, regardless of any fall in student enrolments.
- \$47.9 million over five years from 2019-20 in regulatory fee relief for universities and private education providers. This includes waiving or refunding fees and charges collected by the Australian Skills Quality Authority (ASQA), Tertiary Education Quality and Standards Agency (TEQSA) and the Department of Education, Skills and Employment in relation to the Commonwealth Register of Institutions and Courses for Overseas Students from 1 January 2020 to 30 June 2021.
- delaying the collection of the 2019-20 Tuition Protection Service levy by one year, and delaying the introduction of full cost recovery arrangements for ASQA and TEQSA to 1 July 2021, at a cost of \$28.6 million over five years from 2019-20
- exempting students from paying FEE-HELP and VET Student Loan fees for six months from 1 April 2020 to 30 September 2020, at a cost of \$0.6 million over five years from 2019-20 in underlying cash balance terms (and \$73.5 million in fiscal balance terms).

Further information can be found in the joint press release of 12 April 2020 issued by the Minister for Education and the Minister for Employment, Skills, Small and Family Business.

COVID-19 Response Package — JobTrainer Fund — establishment

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|------------|--------------|-------------|-------------|------------|
| Department of the Treasury | 8.4 | 531.6 | - | - | - |
| Australian Skills Quality Authority | - | 2.7 | 4.3 | 3.2 | 2.2 |
| Department of Education, Skills and Employment | - | 2.1 | 11.0 | 13.6 | 3.9 |
| Total — Payment | 8.4 | 536.5 | 15.3 | 16.8 | 6.1 |
| <i>Related capital (\$m)</i> | | | | | |
| Australian Skills Quality Authority | - | 0.3 | 1.1 | 1.2 | 1.2 |

The Government will provide \$586.8 million over five years from 2019-20 (including \$3.7 million in capital funding) to ensure the vocational education and training (VET) system can play a critical role in supporting Australia's future growth and prosperity, including the economic recovery from COVID-19. This includes:

- \$500.0 million in 2020-21 to establish a national JobTrainer Fund to support job seekers to reskill and upskill, and ensure that all school-leavers have access to training. The National Partnership Agreement on the JobTrainer Fund will establish shared funding arrangements between the Commonwealth and states and territories to support a rapid increase in low or no fee training places for job seekers and young people in areas of identified skills need, based on an agreed list of qualifications and short courses
- \$40.0 million over two years from 2019-20, with matched funding from the states and territories, to provide new training opportunities in infection prevention and control to reduce the spread of COVID-19
- \$29.8 million over four years from 2020-21 to accelerate implementation of the VET Reform Roadmap, developed with the states and territories, to simplify and streamline national qualifications, introduce improved industry engagement, and progress implementation of the Skills Organisation (SO) model, including extending the current SO mining pilot to 30 June 2023
- \$16.1 million (including \$3.7 million in capital funding) to develop new quality standards and arrangements for Registered Training Organisations, to be implemented by the Australian Skills Quality Authority
- \$0.9 million in 2020-21 for the National Careers Institute to provide dedicated advice to school-leavers and job seekers about the training options suited to their needs to succeed in the jobs of the future.

The measure builds on the 2019-20 Budget measure titled *Skills Package – delivering skills for today and tomorrow*.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

Further information can be found in the press release of 16 May 2020 issued by the Minister for Employment, Skills, Small and Family Business, and the joint press release of 16 July 2020 issued by the Prime Minister and the Minister for Employment, Skills, Small and Family Business.

COVID-19 Response Package — support for non-government schools

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|----------|---------|---------|---------|
| Department of Education, Skills and Employment | 1,034.2 | -1,034.2 | - | - | - |

The Government brought forward \$1.0 billion from 2020-21 into 2019-20 to support non-government schools to resume normal classroom based learning. Schools had the option to receive some or all of their July 2020 recurrent funding payments in May and June, subject to them:

- being open for physical campus learning for Term 2 and having a plan to fully re-open classroom teaching by 1 June 2020
- committing to achieving 50 per cent of students attending classroom based learning by 1 June 2020.

Non-government schools that elected not to bring forward their funding or did not meet the conditions received their payment in July 2020, as scheduled.

The Government also provided \$10.0 million in 2019-20 to improve COVID-19 hygiene measures for non-government schools that committed to achieving 50 per cent of students attending classroom based learning by 1 June 2020. Funding supported additional cleaning costs for schools, including the purchase of soap and hand sanitiser. The cost of this component of the measure will be offset by redirecting uncommitted funding from existing resources.

Further information can be found in the press release of 14 May 2020 issued by the Minister for Education.

COVID-19 Response Package — supporting apprentices and trainees

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---------|---------|---------|---------|---------|
| Department of Education, Skills and Employment | 360.4 | 2,390.3 | 55.6 | 3.1 | -7.0 |
| <i>Related capital (\$m)</i> | | | | | |
| <i>Department of Education, Skills and Employment</i> | 3.3 | 1.1 | - | - | - |

The Government will provide \$2.8 billion over five years from 2019-20 (including \$4.4 million in capital funding over two years from 2019-20) to keep apprentices and trainees employed.

The Supporting Apprentices and Trainees (SAT) wage subsidy reimburses eligible businesses up to 50 per cent of an apprentice or trainee's wages. Subsidies are capped at \$7,000 per quarter, per eligible apprentice or trainee.

- From 1 January 2020 to 30 June 2020, small businesses (of less than 20 employees) could claim the SAT wage subsidy for apprentices or trainees who had been in-training with the business as at 1 March 2020.
- From 1 July 2020 to 31 March 2021, small and medium-sized businesses (of less than 200 employees) can claim the SAT wage subsidy for apprentices or trainees who have been in-training with the business as at 1 July 2020.

A wage subsidy is also available to eligible Group Training Organisations where the Host Employer of any size is receiving the JobKeeper payment and retains their apprentice or trainee.

The Government will also ensure continued support for students and job seekers through amendments to the delivery of existing skills and training programs in response to the COVID-19 pandemic, including:

- expanding the scope of the *Foundation Skills for your Future Program* to enable the development and delivery of online language, literacy, numeracy and digital (LLND) teaching resources
- extending the termination date of the Foundation Skills for Your Future Remote Community Pilot by 12 months to 30 June 2023 to support adult LLND training in remote communities
- extending the *Commonwealth Scholarships Program for South Australia* by 15 months to 30 June 2022 to enable scholarship recipients to complete their training

Appendix A: Policy decisions taken since the 2019-20 MYEFO

- increasing the host incentive for the *Commonwealth Scholarship Program for Young Australians* from \$500 to \$1,500 per intern to encourage intake of interns and improve outcomes for young people and businesses, to be met from within the existing resources of the Department of Education, Skills and Employment.

The COVID-19 pandemic has led to the deferral of the commencement of the *Incentives for Australian Apprenticeships Program* from 1 July 2020 to 1 January 2021, which will minimise disruption to employers and Australian apprentices and continue support through the existing *Australian Apprenticeships Incentives Program*. The deferral will partially offset this measure by \$19.7 million over four years from 2020-21.

This measure forms part of the Government's economic response to COVID-19.

Further information can be found in the press releases of 12 March and 16 July 2020 issued by the Prime Minister and the Minister for Employment, Skills, Small and Family Business.

COVID-19 Response Package — supporting job seekers

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|-------------|-------------|-------------|----------|----------|
| Department of Education, Skills and Employment | 51.3 | 24.9 | 14.4 | - | - |
| Department of Social Services | 14.0 | 38.6 | - | - | - |
| Services Australia | 1.3 | 0.3 | - | - | - |
| Total — Payment | 66.5 | 63.9 | 14.4 | - | - |
| <i>Related capital (\$m)</i> | | | | | |
| <i>Department of Education, Skills and Employment</i> | <i>2.9</i> | <i>1.4</i> | <i>-</i> | <i>-</i> | <i>-</i> |

The Government will provide \$159.5 million over three years from 2019-20 (including \$4.3 million in capital funding over two years from 2019-20) to support job seekers affected by the COVID-19 pandemic.

This package will provide \$115.1 million over two years from 2019-20 to ensure job seekers get the support they need and can be connected to employment services at the earliest opportunity, including:

- providing job seekers with access to Employment Fund credits at commencement of their period of unemployment, helping them to rapidly gain the tools and build the skills and experience they need to transition to critical vacancies
- providing the Coronavirus Supplement to eligible New Enterprise Incentive Scheme participants

- making IT system enhancements to streamline registration and referral processes that will simplify income support claims
- providing \$19.6 million to rebalance the *jobactive* funding model, for a period of six months from 1 June 2020, to allocate more upfront funding to providers for the influx of new job seekers.

This package will also provide:

- \$2.7 million in 2020-21 to extend Regional Employment Trials by a further 12 months to 30 June 2021 to ensure approved projects continue in the selected regional areas
- \$41.7 million over three years from 2019-20 in additional funding to the *Career Transition Assistance* program to enable *jobactive* providers to more readily refer mature age job seekers to the program.

Further information can be found in the press releases of 21 April, 22 April and 26 June 2020 issued by the Minister for Employment, Skills, Small and Family Business.

Higher Education Reform — additional support for regional Australia

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Services Australia | 0.4 | 5.4 | 0.8 | 0.8 | 0.8 |
| Department of Education, Skills and Employment | - | 11.9 | 12.7 | 14.8 | -7.5 |
| Department of Social Services | - | 0.1 | 0.2 | 0.2 | 0.2 |
| Total — Payment | 0.4 | 17.3 | 13.7 | 15.8 | -6.5 |
| <i>Related receipts (\$m)</i> | | | | | |
| Department of Education, Skills and Employment | - | - | - | - | .. |
| <i>Related capital (\$m)</i> | | | | | |
| Services Australia | - | 1.1 | - | - | - |
| Department of Education, Skills and Employment | - | 0.5 | - | - | - |
| Total — Capital | - | 1.6 | - | - | - |

The Government will provide \$259.9 million over five years from 2019-20 to increase higher education access and attainment for regional Australians and to support higher education providers in regional Australia to grow their local economies. This funding complements other reforms in the *Higher Education Reform – more job ready graduates* measure.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

This measure responds to the recommendations of the *National Regional, Rural and Remote Tertiary Education Strategy* final report and includes:

- \$159.1 million over five years from 2019-20 (including \$1.1 million in capital funding and \$43.9 million per year ongoing) to provide a Tertiary Access Payment of \$5,000 to eligible school-leavers from outer regional or remote areas to assist with their costs of moving closer to their tertiary education institution
- \$17.1 million over four years from 2020-21 (including \$0.5 million in capital funding and \$13.9 million per year ongoing) to ensure all Indigenous students from regional and remote communities who meet admissions standards can access a Commonwealth supported place at a higher education provider
- \$0.7 million over five years from 2019-20 (and \$0.2 million per year ongoing) to support students receiving Youth Allowance, Austudy or the Pensioner Education Supplement to access Fares Allowance so they can visit their homes and families more often
- \$21.0 million over four years from 2020-21 (and \$76.4 million over ten years to 2029-30) to strengthen the *Regional University Centres* program by establishing a central support network, evaluation program and additional centres throughout regional Australia
- \$7.1 million over four years from 2020-21 (and \$1.8 million per year ongoing) to refocus the *Higher Education Participation and Partnerships Program* (HEPPP) to provide more support to Indigenous students and students from regional and remote areas, including supporting more projects in regional areas to encourage students into higher education
- \$48.8 million over four years from 2020-21 (and \$20.9 million per year ongoing) to establish new partnerships between regional universities and other higher education providers or local industry to undertake innovative research projects
- \$6.0 million over four years from 2020-21 (and \$1.1 million per year ongoing) to appoint a dedicated Regional Education Commissioner to monitor implementation of the reforms and encourage increased participation in higher education throughout regional Australia.

The cost of this measure will be partially met from within the existing resources of the Department of Education, Skills and Employment through efficiencies from HEPPP and the related payment measure *Higher Education Reform – more job ready graduates*.

Further information can be found in the press release of 19 June 2020 issued by the Minister for Education.

Higher Education Reform — more job ready graduates

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|--------------|--------------|--------------|---------------|---------------|
| Department of Education, Skills and Employment | -3.0 | 203.9 | 202.2 | -116.6 | -321.6 |
| Tertiary Education Quality and Standards Agency | - | 3.4 | 2.8 | 2.8 | 2.6 |
| Australian Research Council | -12.5 | 3.0 | 4.1 | 4.2 | 1.1 |
| Total — Payment | -15.5 | 210.3 | 209.1 | -109.6 | -317.9 |
| <i>Related receipts (\$m)</i> | | | | | |
| Department of Education, Skills and Employment | - | -20.0 | -22.3 | 14.4 | 49.6 |
| <i>Related capital (\$m)</i> | | | | | |
| Department of Education, Skills and Employment | - | 0.8 | - | - | - |
| Tertiary Education Quality and Standards Agency | - | 0.4 | 0.1 | 0.1 | 0.1 |
| Total — Capital | - | 1.2 | 0.1 | 0.1 | 0.1 |

The Government will strengthen the higher education system through better university funding arrangements with targeted investment in areas of national priority, more opportunities for regional, rural and remote students, stronger links with industry, as well as improved transparency and accountability for the higher education sector. This package aims to deliver more job ready graduates in the disciplines and regions where they are needed most and help drive the nation's economic recovery from the COVID-19 pandemic.

The reforms will be implemented from 1 January 2021 and include:

- expanding access to higher education by increasing the number of Commonwealth supported places (CSPs), especially in regional Australia, with an additional 39,000 places provided by 2023 and an additional 100,000 places provided by 2030
- greater flexibility for universities to determine their allocation of CSPs to increase options and pathways for students to higher education
- fairly sharing the costs of higher education between students and taxpayers, with course fees better aligned to teaching costs, and lower student contributions in priority areas such as science, teaching, nursing, agriculture and mathematics
- \$800.0 million over four years from 2020-21 (and \$239.9 million per year ongoing) to establish a National Priorities and Industry Linkage Fund to increase partnerships between universities and industry to ensure more students gain industry experiences and job ready skills

Appendix A: Policy decisions taken since the 2019-20 MYEFO

- consolidating funding from existing programs to establish the Indigenous, Regional and Low SES Attainment Fund, which will encourage universities to improve higher education attainment among regional, Indigenous and low-socioeconomic status students
- reducing the FEE-HELP loan fee for students from 25 per cent to 20 per cent to align with loan fee costs in the vocational education and training sector
- revised indexation for the Commonwealth Grant Scheme to reflect the Consumer Price Index.

To support universities and students transitioning to the new arrangements, the Government will guarantee university funding at current levels for three years from 2021 and will put in place grandfathering arrangements for current students studying courses where student contributions will increase from 2021.

This measure also includes \$12.5 million over three years from 2020-21 to establish a new Special Research Initiative grant scheme under the Australian Research Council's *National Competitive Grants Program* (NCGP) for research into Australia's distinct history, society and culture, providing between \$20,000 and \$100,000 each year to approximately 40 projects for up to three years. This initiative will be offset by redirecting existing 2019-20 funding allocated to the NCGP.

This measure is estimated to achieve savings of \$43.8 million over four years from 2020-21 in underlying cash terms, and cost \$134.2 million over four years from 2020-21 in fiscal balance terms. This includes \$0.8 million in capital funding in 2020-21 to make changes to the Department of Education, Skills and Employment's IT systems.

The savings from this measure will be redirected by the Government to fund the measure *Higher Education Reform – additional support for regional Australia*.

Further information can be found in the Minister for Education's National Press Club address of 19 June 2020 and press release of 27 January 2020.

National Partnership Agreement on Universal Access to Early Childhood Education — extension

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Department of the Treasury | - | 136.0 | 317.2 | - | - |
| Department of Education, Skills and Employment | - | 3.1 | 2.1 | - | - |
| Total — Payment | - | 139.0 | 319.3 | - | - |

The Government will provide \$458.3 million over two years from 2020-21 to further extend the National Partnership Agreement on Universal Access to Early Childhood Education for the 2021 calendar year and to undertake the related National Early Childhood Education and Care Collection in early 2022. The extension will support 15 hours of preschool each week (600 hours per year) for children attending preschool in 2021 before starting school in 2022.

This measure extends the 2019-20 Budget measure titled *National Partnership Agreement on Universal Access to Early Childhood Education – further extension*.

Further information can be found in the press release of 3 April 2020 issued by the Minister for Education.

New Arrangements for the Child Care Subsidy and the Additional Child Care Subsidy

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Services Australia | 5.0 | 16.4 | 0.9 | - | - |
| Department of Education, Skills and Employment | - | -5.6 | -5.9 | -6.1 | -6.5 |
| Total — Payment | 5.0 | 10.8 | -4.9 | -6.1 | -6.5 |

The Government is improving the administration of the Child Care Subsidy (CCS) and Additional Child Care Subsidy (ACCS) (child wellbeing) to ensure that families' child care entitlements better reflect their circumstances.

The method of reconciling income against CCS entitlements will be amended for individuals who have changed their relationship status due to partnering, separation or death within a financial year. This will include:

- separately recognising income for periods over the year in which an individual is partnered and when they are not, to achieve fairer and more consistent end-of-year reconciliation outcomes
- adjusting how the annual CCS cap is applied at reconciliation, to align with this approach

Appendix A: Policy decisions taken since the 2019-20 MYEFO

- a new exceptional circumstances provision, so individuals can avoid CCS debts where an ex-partner has underestimated their income
- applying an Australian Tax Office determined income amount for deceased individuals, so that partners of deceased individuals do not receive an inflated income which leads to CCS debts.

The changes to ACCS (child wellbeing) administrative arrangements will improve access to child care for children at risk of serious abuse or neglect by:

- extending the backdating of ACCS (child wellbeing) determination from 28 days to up to 13 weeks in defined circumstances
- extending the length of ACCS (child wellbeing) determination from 13 weeks to up to 12 months for children on child protection orders or in foster care
- enabling providers to enrol a child at risk and receive ACCS (child wellbeing) payments from the Commonwealth for the period over which the foster family finalised its CCS and ACCS claims.

The savings of \$1.7 million over five years from 2019-20 from this measure will be redirected by the Government to fund policy priorities.

PaTH Business Placement Partnerships — national industry associations

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Department of Education, Skills and Employment | 0.6 | 0.7 | 0.7 | - | - |

The Government will provide \$11.9 million over three years from 2019-20 to establish Prepare, Trial, Hire (PaTH) Business Placement Partnerships with selected industry associations that have a national footprint. This measure will develop and deliver industry-led employment pathways to help young people into work. It will also draw upon existing government funded employment programs, such as the *Youth Jobs PaTH* program and the *National Work Experience Program*.

Part of the costs of this measure will be met from within the existing resources of the Department of Education, Skills and Employment.

School Funding — additional support for students and teachers

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Department of Education, Skills and Employment | - | - | - | - | - |

The Government will provide an additional \$41.2 million over five years from 2019-20 to non-government schools due to changes in the method to calculate Commonwealth recurrent funding. The new method will use parental or guardian income to measure a school community's capacity to contribute to their school's costs. This approach will improve school funding equity by ensuring funding flows to the schools that need it most.

The changes to the method will improve the accuracy of each school's funding calculation, and are consistent with the recommendations of the National School Resourcing Board's *Review of the socio-economic status (SES) score*.

The Government will also provide \$3.0 million over four years from 2019-20 to the Anti-Defamation Commission to expand its *Click Against Hate* program, to develop inter-faith understanding and emphasise the importance of standing up to hate and intolerance. The funding will enable the program to reach an additional 500 cohorts of students across Australia.

Funding for these measures has already been provided for by the Government.

Further information on the changes to school funding calculations can be found in the press release of 2 March 2020 issued by the Minister for Education. Further information on the Click Against Hate funding can be found in the joint press release of 14 February 2020 issued by the Deputy Prime Minister, the Treasurer, and the Minister for Education.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

Skills Reform Package

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---------|---------|---------|---------|---------|
| Department of Education, Skills and Employment | - | 17.0 | 37.8 | 17.3 | 26.8 |
| <i>Related capital (\$m)</i> | | | | | |
| <i>Department of Education, Skills and Employment</i> | - | 3.8 | 0.7 | 0.8 | 0.8 |

The Government will provide \$141.1 million over five years from 2019-20 (including \$6.1 million in capital funding over four years from 2020-21) to permanently establish the National Skills Commission to provide advice on Australia's future workforce changes and current and emerging skills needs, with a focus on vocational education and training.

This measure included \$66.7 million in additional funding for the Additional Identified Skills Shortage payment to support employers taking on new apprentices in areas of identified national skills shortages.

Funding of \$36.2 million for this measure has already been provided for by the Government.

This measure builds on the 2019-20 Budget measure titled *Skills Package – delivering skills for today and tomorrow*.

FOREIGN AFFAIRS AND TRADE

COVID-19 Response Package — support for exporters and the tourism sector

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Export Finance and Insurance Corporation | nfp | nfp | nfp | nfp | nfp |

The Government has established a \$500.0 million COVID-19 Export Capital Facility (the Facility) to provide loans of between \$250,000 and \$50.0 million for previously profitable export and tourism businesses that are unable to obtain commercial finance.

The budget impacts of loans in this measure are not for publication (nfp) due to commercial sensitivities.

See also the related payment measure titled *COVID-19 Response Package – Government support for immediate cash flow needs to small and medium enterprises* in the Treasury portfolio.

This measure forms part of the Government's economic response to COVID-19.

Further information can be found in the press release of 15 April 2020 issued by the Minister for Trade, Tourism and Investment.

HEALTH

Ageing and Aged Care

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|------------|--------------|--------------|--------------|-------------|
| Department of Health | 0.5 | 100.7 | 112.6 | 104.3 | 70.9 |
| Aged Care Quality and Safety Commission | 0.2 | 1.9 | 1.7 | 1.2 | 1.2 |
| Services Australia | - | 32.3 | 33.8 | - | - |
| Department of Finance | - | 0.1 | 0.1 | - | - |
| Total — Payment | 0.7 | 135.0 | 148.1 | 105.4 | 72.1 |
| <i>Related capital (\$m)</i> | | | | | |
| Services Australia | - | 35.1 | 26.6 | - | - |
| Department of Health | - | 21.3 | 2.9 | - | - |
| Total — Capital | - | 56.4 | 29.5 | - | - |

The Government will provide \$617.7 million over six years from 2019-20 (including \$21.8 million in 2024-25) to further support older Australians accessing aged care by providing additional home care packages and improving transparency and regulatory standards while building on the recent reforms announced in the 2019-20 MYEFO. Funding includes:

- \$347.4 million over five years from 2020-21 (including \$21.8 million in 2024-25) for the release of an additional 6,105 home care packages across three package levels
- \$166.9 million over two years from 2020-21 to continue work on options to reform residential aged care funding and to replace the ageing ICT payment system for residential care
- \$48.7 million over two years from 2019-20 to establish the Business Improvement Fund to assist eligible aged care providers to improve their financial operations and ensure older Australians' needs are met
- \$27.9 million over two years from 2019-20 to extend continuity of support for older Australians with a disability who were ineligible to transition to the National Disability Insurance Scheme
- \$23.0 million over five years from 2019-20 for the introduction of a serious incident response scheme to reduce the risk of abuse and better respond to serious incidents in Government subsidised residential aged care
- \$3.6 million in 2020-21 to improve access to at home palliative care and improve end of life care systems and services in primary and community care.

The costs of this measure will be partially met from within the existing resources of the Department of Health.

Further information can be found in the press releases of 31 January and 15 June 2020 issued by the Minister for Aged Care and Senior Australians, and the joint press release of 8 July 2020 issued by the Prime Minister, the Minister for Health and the Minister for Aged Care and Senior Australians.

Bushfire Response Package — Health

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------|---------|---------|---------|---------|---------|
| Department of Health | 2.0 | - | - | - | - |

The Government provided \$2.0 million in 2019-20 to increase the capacity of Lifeline Australia and the Kids Helpline to respond to increased demand for mental health crisis services as a result of the bushfires.

The Government also expanded Continued Dispensing arrangements in 2019-20 to ensure people affected by the bushfires are able to access subsidised medicines under the Pharmaceutical Benefits Scheme and Repatriation Pharmaceutical Benefits Scheme.

Further information can be found in the press releases of 10 January and 30 January 2020 issued by the Minister for Health.

COVID-19 Response Package — ageing and aged care

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|--------------|--------------|------------|----------|----------|
| Department of Health | 355.5 | 416.7 | 1.1 | - | - |
| Department of Veterans' Affairs | 16.9 | 1.9 | - | - | - |
| Aged Care Quality and Safety Commission | 2.7 | 2.5 | - | - | - |
| Department of Home Affairs | - | - | - | - | - |
| Total — Payment | 375.2 | 421.1 | 1.1 | - | - |
| <i>Related receipts (\$m)</i> | | | | | |
| <i>Australian Taxation Office</i> | - | 49.6 | 4.4 | 0.5 | - |

The Government will provide \$812.8 million over four years from 2019-20 to support older Australians throughout the COVID-19 pandemic. Funding includes:

- \$308.8 million in 2019-20 to support residential aged care and home care providers to prepare for and respond to the pressures on workforce supply resulting from COVID-19, including through a Workforce Retention Bonus for eligible direct care staff

Appendix A: Policy decisions taken since the 2019-20 MYEFO

- \$205.3 million in 2019-20 to address cost pressures being experienced across the residential aged care sector through a temporary COVID-19 Supporting Resident Care Supplement to support aged care providers with the additional costs of staffing, training, supporting visitations and connections and the provision of personal protective equipment
- \$101.2 million over two years from 2019-20 to support aged care providers experiencing a COVID-19 outbreak through the deployment of additional aged care staff and additional infection control support
- \$70.0 million over two years from 2019-20 to provide access to short-term home support services through the *Commonwealth Home Support Program* to senior Australians who are frail or have self-isolated due to a high risk of contracting COVID-19
- \$59.3 million over two years from 2019-20 to guarantee the supply of food, including groceries and prepared meals, for senior Australians who are frail or have self-isolated due to a high risk of contracting COVID-19
- \$55.8 million over two years from 2020-21 to extend the Business Improvement Fund and to strengthen the Government's prudential and financial risk management of the aged care sector during COVID-19
- \$12.3 million over two years from 2019-20 for additional surge capacity for the My Aged Care contact centre to respond to COVID-19 enquiries.

The Government will temporarily relax work limitations on international students to help address staff shortages.

The costs of this measure will be partially met from within the existing resources of the Department of Health.

Further information can be found in the following press releases:

- the press releases of 11 March, 20 March and 1 May 2020 issued by the Prime Minister
- the joint press release of 31 March 2020 issued by the Prime Minister, the Minister for Health and Minister for Aged Care and Senior Australians
- the joint press release of 18 March 2020 issued by the Minister for Aged Care and Senior Australians and the Acting Minister for Immigration, Citizenship, Migrant Services and Multicultural Affairs.

COVID-19 Response Package — emergency response

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|----------------|----------------|----------|----------|----------|
| Department of Health | 107.8 | 67.9 | - | - | - |
| Department of Industry, Science, Energy and Resources | 5.5 | 2.7 | - | - | - |
| Commonwealth Scientific and Industrial Research Organisation | - | 0.9 | - | - | - |
| National Health Funding Body | 0.4 | 0.7 | - | - | - |
| Total — Payment | 113.7 | 72.2 | - | - | - |
| <i>Related receipts (\$m)</i> | | | | | |
| <i>Department of Health</i> | - | - | - | - | - |
| <i>Related capital (\$m)</i> | | | | | |
| <i>Department of Health</i> | 2,082.6 | 1,162.5 | - | - | - |
| <i>Commonwealth Scientific and Industrial Research Organisation</i> | - | 0.2 | - | - | - |
| Total — Capital | 2,082.6 | 1,162.6 | - | - | - |

The Government will provide \$3.4 billion over two years from 2019-20 (including \$3.2 billion in capital funding) to support Australia's emergency response to the COVID-19 pandemic.

This package includes:

- \$3.2 billion over two years from 2019-20 for the urgent purchase of personal protective equipment including face masks, pharmaceuticals and medical equipment, and to increase the domestic manufacture of pathology testing kits
- \$176.9 million over two years from 2019-20 for the surveillance and modelling of COVID-19, upscaling the Department of Health's capacity, including the National Incident Room, a central patient triage hotline and the coordination of a national communication campaign
- \$9.2 million over two years from 2019-20 to increase the domestic production of medical protective equipment.

Further information can be found in the joint press release of 11 March 2020 issued by the Prime Minister, the Minister for Health, the Minister for Aged Care and Senior Australians and the Minister for Youth and Sport, and the joint press release of 17 March 2020 issued by the Minister for Industry, Science and Technology and the Minister for Defence.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

COVID-19 Response Package — guaranteeing Medicare and access to medicines

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---------------------------------|---------|---------|---------|---------|---------|
| Department of Health | 700.8 | 713.8 | - | - | - |
| Department of Veterans' Affairs | 8.5 | 9.7 | - | - | - |
| Services Australia | 7.8 | 8.4 | - | - | - |
| Total — Payment | 717.1 | 731.9 | - | - | - |

The Government will provide \$1.5 billion over two years from 2019-20 to support access to health care services as part of the COVID-19 response and to help reduce the risk of community transmission of COVID-19, including:

- temporary items on the Medicare Benefits Schedule to enable access to medical, nursing and mental health services via telehealth
- \$619.1 million for a temporary increase in the value of General Practice bulk billing incentives
- \$206.7 million to establish dedicated respiratory clinics to manage and diagnose COVID-19 cases and take pressure off public hospitals
- \$350.6 million to the pathology sector to support the testing of COVID-19 in the community
- \$57.8 million to support remote communities to minimise the likelihood of exposure to COVID-19
- \$54.8 million in increased Practice Incentive Payments to support General Practice during the COVID-19 pandemic
- \$25.0 million for home medicine services that allow Pharmaceutical Benefits Scheme (PBS) and Repatriation Pharmaceutical Benefits Scheme (RPBS) prescriptions to be filled remotely and delivered to patient homes
- \$20.0 million to provide up-to-date infection control training to the health workforce
- \$10.0 million to support the return of medical professionals to the workforce
- \$5.0 million in 2019-20 to accelerate the implementation of electronic prescribing for PBS medicines
- \$6.3 million in 2019-20 to the Australian Health Practitioner Regulation Agency for activities undertaken in response to the COVID-19 pandemic
- modifying existing medical indemnity legislative arrangements to allow eligible doctors and midwives no longer practising to assist during the COVID-19 response

- expanding Continued Dispensing arrangements for PBS and RPBS medicines to provide patients with continued access to medicines during the COVID-19 pandemic.

COVID-19 Response Package — medical research

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|----------|-------------|----------|----------|----------|
| Commonwealth Scientific and Industrial Research Organisation | - | 10.0 | - | - | - |
| Department of Health | - | - | - | - | - |
| Total — Payment | - | 10.0 | - | - | - |

The Government will provide \$42.0 million over two years from 2019-20 to support medical research and vaccine development in response to the COVID-19 pandemic. This includes:

- \$32.0 million from the Medical Research Future Fund (MRFF) over two years from 2019-20, which will build on the \$34.1 million already provided through the 10-year investment plan for the MRFF for the COVID-19 research response. This will support research to identify and accelerate the development of antiviral therapies, support vaccine development and respiratory medicine, and support clinical trials to better treat and manage COVID-19 patients
- up to \$10.0 million to the Commonwealth Scientific and Industrial Research Organisation to fast track development of a vaccine in Australia.

Partial funding for this measure has already been provided for by the Government.

Further information can be found in the press releases of 25 February and 2 June 2020 issued by the Minister for Health, the press release of 11 March 2020 issued by the Prime Minister and the press release of 4 April 2020 issued by the Minister for Industry, Science and Technology.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

COVID-19 Response Package — prioritising mental health and preventive health

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---------------------------------|-------------|-------------|-------------|----------|----------|
| Department of Health | 22.9 | 81.9 | -6.3 | - | - |
| Australian Bureau of Statistics | - | 0.8 | 0.5 | - | - |
| Services Australia | - | - | - | - | - |
| Total — Payment | 22.9 | 82.6 | -5.8 | - | - |

The Government will provide \$122.1 million over three years from 2019-20 to support implementation of the National Mental Health and Wellbeing Pandemic Response Plan and the mental health of Australians during the COVID-19 pandemic, including:

- \$49.6 million over two years from 2019-20 for targeted support for vulnerable groups to address emerging gaps in mental health services, such as social isolation and anxiety, due to the COVID-19 pandemic
- \$28.4 million in 2020-21 to support clients of community mental health programs who are yet to transition to the National Disability Insurance Scheme for a further 12 months
- \$24.0 million over two years from 2019-20 for Beyond Blue to establish a dedicated counselling and support line for people experiencing stress and anxiety due to COVID-19, and for additional support for services such as Lifeline Australia and Kids Helpline
- \$11.8 million over two years from 2019-20 to deliver a national mental health communication campaign and enhancements to the Head to Health website
- \$4.7 million over two years from 2019-20 to extend the Suicide Prevention Research Fund and National Gateway to Best Practice and Quality Improvement project for a further 12 months to 30 June 2021
- \$3.6 million over two years from 2020-21 to establish a national reporting dashboard to monitor mental health services, and develop pathways for crisis support services to better engage with mental health services.

Funding for this measure will be partly met from within the existing resources of the Department of Health and Services Australia.

Further information can be found in the press releases of 29 March and 15 May 2020 issued by the Prime Minister.

COVID-19 Response Package — supporting our hospitals

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Department of the Treasury | 2,955.2 | 708.3 | - | - | - |
| Department of Health | - | - | - | - | - |
| Total — Payment | 2,955.2 | 708.3 | - | - | - |

The Government will provide \$3.7 billion over two years from 2019-20 for the National Partnership Agreement on COVID-19 Response. This includes an initial upfront \$100.0 million payment and funding on a 50-50 basis with states and territories for the costs to diagnose and treat patients with, or suspected of having COVID-19, to minimise the spread of the disease in the Australian community. This covers hospital services and activities for care such as respiratory clinics and drive-through testing services.

This measure includes a viability guarantee for private hospitals during COVID-19 as a result of reduced elective surgery activity and to provide surge capacity to assist public hospitals.

Further information can be found in the joint press release of 11 March 2020 issued by the Prime Minister, the Minister for Health, the Minister for Aged Care and Senior Australians and the Minister for Youth and Sport.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

Guaranteeing Medicare and access to medicines

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------------|-------------------|--------------|-------------------|---------------|---------------|
| Department of Health | 90.1 | 129.3 | 20.4 | -135.4 | -123.4 |
| Department of Veterans' Affairs | 3.2 | 3.7 | 3.7 | 4.3 | 5.0 |
| Services Australia | 0.5 | 0.8 | 1.0 | 1.1 | 1.2 |
| Australian Digital Health Agency | - | 215.4 | - | - | - |
| Department of the Treasury | - | 107.8 | 0.6 | 0.5 | 0.5 |
| Total — Payment | 93.8 | 457.0 | 25.7 | -129.5 | -116.7 |
| <i>Related receipts (\$m)</i> | | | | | |
| Australian Digital Health Agency | - | 32.3 | - | - | - |
| Department of Health | <i>nfp</i> | <i>nfp</i> | <i>nfp</i> | - | - |
| Total — Receipts | <i>nfp</i> | 32.3 | <i>nfp</i> | - | - |
| <i>Related capital (\$m)</i> | | | | | |
| Australian Digital Health Agency | - | 15.5 | - | - | - |
| Department of Health | - | 14.8 | - | - | - |
| Total — Capital | - | 30.3 | - | - | - |

The Government will provide \$328.1 million over five years from 2019-20 to support patient access to medicines, vaccines and therapeutic devices, and to delay the commencement of some measures to enable further consultation. This includes:

- \$703.5 million over five years from 2019-20 for new and amended listings on the Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme (RPBS). The costs of some of these medicines will be reduced by revenue from rebates negotiated as part of pricing arrangements, the details of which are not for publication (nfp) due to commercial sensitivities
- \$200.0 million in 2020-21 to continue the operation of the Australian Digital Health Agency to deliver the national digital health strategies including the My Health Record system
- \$107.8 million in 2020-21 to extend the National Partnership Agreement on Adult Public Dental Services for one year to provide services to around 180,000 additional public dental health patients
- \$49.0 million over four years from 2020-21 to increase the availability and extend the eligibility of certain vaccines on the *National Immunisation Program* from 1 July 2020
- \$16.0 million in 2020-21 to continue the National Medical Stockpile and replenish supplies as they expire, such as for vaccines and chemical, biological or radio-nuclear products

- \$4.8 million in 2020-21 for continued operations of the Antimicrobial Use and Resistance in Australia (AURA) surveillance system, which facilitates national monitoring and reporting on antimicrobial resistance
- delaying the commencement of PBS deed management fees included in the 2018-19 MYEFO measure *Improving Access to Medicines – streamlined listings* until 1 July 2021, which is estimated to reduce revenue and expenses by \$1.2 million in 2020-21
- implementing the recommendations of the Stoma Product Assessment Panel to list eight new items, eight amendments and 15 deletions on the Stoma Appliance Scheme from 1 April 2020.

Prioritising Mental Health and Preventive Health — continued support

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|-----------------------------------|---------|---------|---------|---------|---------|
| National Mental Health Commission | 1.0 | - | - | - | - |
| Department of Health | -0.9 | 53.3 | 15.6 | 5.7 | 9.0 |
| Total — Payment | 0.1 | 53.3 | 15.6 | 5.7 | 9.0 |

The Government will provide an additional \$104.6 million over five years from 2019-20 to improve the health and wellbeing of Australians and provide support for people with mental illness or at risk of suicide. Funding includes:

- \$23.7 million over five years from 2019-20 to support the continuation of diagnostic services and models of care projects and to provide support and counselling services across Australia for Fetal Alcohol Spectrum Disorder
- \$18.9 million over five years from 2019-20 to enhance the National headspace Network by upgrading Batemans Bay (New South Wales), Roma and Emerald (Queensland) to full centres, commencing early service delivery in Rosebud and Pakenham (Victoria), establishing an outpost service in Hastings (Victoria), continuing the headspace Schools Suicide Prevention Activities for a further two years from 2020-21, and to conduct an independent evaluation of the Network
- \$17.0 million over three years from 2019-20 to expand the *Standby Support After Suicide* program and the *Way Back Support Service* in partnership with the Victorian Government, to support individuals impacted by suicide
- \$14.5 million in 2020-21 to improve access to psychosocial support services for people with complex mental illness who are not receiving support from the National Disability Insurance Scheme

Appendix A: Policy decisions taken since the 2019-20 MYEFO

- \$13.4 million over two years from 2019-20 to extend the National Suicide Prevention Trial to 30 June 2021 and to enhance coordination and translation of suicide prevention trial evaluations currently underway
- \$7.2 million in 2020-21 to extend the *Good Sports Program*, which provides tools and support for community sporting clubs to promote good mental health and reduce harmful alcohol consumption and drug use
- \$4.6 million in 2020-21 for the Raise Foundation, ReachOut, Harrison Riedel Foundation and Stand Tall to deliver suicide prevention, peer support and mentoring services for young people, including the development of culturally safe prevention and early intervention services for Aboriginal and Torres Strait Islander young people
- \$4.2 million in 2020-21 for the continued operation of the Head to Health website and for the Australian Commission on Safety and Quality in Health Care to continue to develop safety and quality standards to ensure digital mental health services are safe and effective
- \$1.0 million in 2019-20 in additional resourcing for the National Mental Health Commission for it to support the Government's mental health and suicide prevention priorities.

The cost of this measure will be partially met from within the existing resources of the Department of Health.

Further information can be found in the press release of 12 January 2020 issued by the Prime Minister, and the press release of 30 January 2020 issued by the Minister for Health.

Revised Implementation Timeline for the Kava Commercial Importation Pilot

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---------|---------|---------|---------|---------|
| Department of Foreign Affairs and Trade | - | - | - | - | - |
| Department of Health | - | - | - | - | - |
| Department of Home Affairs | - | - | - | - | - |
| Total — Payment | - | - | - | - | - |

The Government recognises the importance of kava to the social and cultural life of Pacific Islanders, including those living in Australia. Due to COVID-19 the Government will delay the second phase of the pilot program to ease restrictions on the commercial importation of kava, to commence instead in 2021.

The cost of this measure will be met from within the existing resources of the Department of Foreign Affairs and Trade, the Department of Health and the Department of Home Affairs.

Seventh Community Pharmacy Agreement

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---------------------------------|---------|---------|---------|---------|---------|
| Department of Health | - | 171.0 | 110.0 | 55.1 | 55.2 |
| Department of Veterans' Affairs | - | 4.7 | 3.0 | 1.4 | 1.2 |
| Services Australia | - | 1.0 | 0.1 | 0.1 | 0.1 |
| Total — Payment | - | 176.7 | 113.1 | 56.6 | 56.5 |

The Government will provide \$18.3 billion in new and existing funding for pharmacy and wholesaler remuneration under the Seventh Community Pharmacy Agreement over five years from 2020-21 for the Pharmaceutical Benefits Scheme and Repatriation Pharmaceutical Benefits Scheme.

Further information can be found in the press release of 12 June 2020 issued by the Minister for Health.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

Strengthening Primary Care — continuing the Office of the National Rural Health Commissioner

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------|---------|---------|---------|---------|---------|
| Department of Health | - | - | - | - | - |

The Government will provide \$11.2 million over four years from 2020-21 to extend and expand the Office of the National Rural Health Commissioner. The Commissioner will be assisted by Deputy Commissioners with expertise across a range of vital rural health disciplines, will provide advice on rural health policy, ensure targeted rural health initiatives are achieving practical outcomes in regional Australia, and support delivery of key projects and priorities. The Office will provide guidance on integrated, multidisciplinary models of care for rural and remote communities.

The cost of this measure will be met from within the existing resources of the Department of Health.

Further information can be found in the press release of 12 June 2020 issued by the Minister for Regional Health, Regional Communications and Local Government.

Support for High Performance Athletes

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|------------------------------|---------|---------|---------|---------|---------|
| Australian Sports Commission | - | 25.3 | 25.3 | - | - |

The Government will provide \$50.6 million over two years from 2020-21 for high performance grants to National Sporting Organisations to ensure Australia remains a world-leading sporting nation.

The grants will be distributed by the Australian Institute of Sport and will support Olympic and Paralympic athletes, coaches and officials prepare for the Tokyo Olympics and Paralympics in 2021, the Beijing 2022 Winter Olympics and Paralympics, and the Birmingham 2022 Commonwealth Games.

Funding for this measure is in addition to \$50.7 million in financial support for athletes preparing for the Tokyo Olympics and Paralympics through the measure *Sport 2030 – high performance funding* in the 2018-19 MYEFO.

Further information can be found in the press release of 14 June 2020 issued by the Minister for Youth and Sport.

Supporting our Hospitals

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Department of Health | - | 10.0 | - | - | - |
| Department of the Treasury | -4.2 | 155.0 | 125.4 | -70.3 | -177.5 |
| Total — Payment | -4.2 | 165.0 | 125.4 | -70.3 | -177.5 |

The Government will provide \$131.4 billion over six years from 2019-20 to the states and territories for public hospital services and implementation of the 2020-25 National Health Reform Agreement (NHRA), including to:

- provide a minimum funding guarantee for all states and territories to ensure payments are not impacted by the COVID-19 pandemic
- support the delivery of high cost therapies in public hospitals with funding shared on a 50:50 basis with states and territories and with an exemption from the national growth funding cap under the NHRA for the first two years for each therapy
- implement cost neutrality in the funding provided for private patients in public hospitals
- extend an agreement with the Australian Capital Territory, Tasmania and the Northern Territory to support their funding share under activity-based funding arrangements.

The Government will also provide \$131.2 million over five years from 2019-20 to the states and territories to support projects that reduce avoidable hospitalisations, improve access to mental health care and improve hospital infrastructure.

The Government will also provide \$5.7 million over two years from 2020-21 to support improved clinical care and better patient outcomes through extending operational funding for the National Cardiac Registry, Australian Breast Device Registry, Australian and New Zealand Hip Fracture Registry and the Australian National Diabetes Audit.

Funding for this measure has been partially met from within existing resources.

This measure builds on the 2019-20 Budget measure titled *Guaranteeing Medicare – operational costs of Cardiac, Breast, Hip Fracture and Trauma Registries*.

Further information can be found in the press release of 29 May 2020 issued by the Prime Minister.

HOME AFFAIRS

Bushfire Response Package — disaster recovery funding arrangements

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Department of the Treasury | 109.6 | 13.7 | - | - | - |
| Department of Home Affairs | - | - | - | - | - |
| Total — Payment | 109.6 | 13.7 | - | - | - |

The Government has provided \$109.6 million in 2019-20 under Categories C and D of the Disaster Recovery Funding Arrangements for recovery packages for communities and assistance for primary producers affected by the 2019-20 bushfire season.

This assistance is provided to communities and sectors severely affected by a natural disaster, with the cost of the assistance shared between the Commonwealth and the relevant state or territory government.

The Government will also provide an additional \$13.7 million to the Tasmanian Government in recognition of the impacts of the 2018-19 Tasmanian bushfires.

See also the related cross portfolio payment measure titled *National Bushfire Recovery Fund*.

Bushfire Response Package — national aerial firefighting capability

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Department of Home Affairs | - | 11.0 | 11.2 | 11.4 | 11.5 |

The Government will provide an additional \$11.0 million a year, indexed, from 2020-21 to the National Aerial Firefighting Centre, to support fleet standing costs and to increase access to large air tankers across all jurisdictions.

This measure will bring the annual Australian Government investment from 2020-21 onwards to \$26.0 million and will increase aerial firefighting capacity across the country helping the states and territories to prepare for summer and protect communities across the country.

The additional funding to the National Aerial Firefighting Centre will increase the length of existing lease arrangements and/or the number of contract opportunities available to aircraft owners/operators.

The Government also provided \$20.0 million in 2019-20 to lease four extra aircraft to assist in firefighting.

See the related cross portfolio payment measure titled *National Bushfire Recovery Fund*.

Further information can be found in the joint press release of 12 December 2019 issued by the Prime Minister and the Minister for Water Resources, Drought, Rural Finance, Natural Disaster and Emergency Management and the press release of 4 January 2020 issued by the Prime Minister.

INDUSTRY, SCIENCE, ENERGY AND RESOURCES

COVID-19 Response Package — fuel security

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---------|---------|---------|---------|---------|
| Department of Industry, Science, Energy and Resources | - | 2.5 | - | - | - |
| <i>Related capital (\$m)</i> | | | | | |
| Department of Industry, Science, Energy and Resources | - | 91.5 | - | - | - |

The Government will provide \$94.0 million in 2020-21 to boost Australia's long-term fuel security by establishing Australian Government oil reserves for domestic fuel security in the United States Strategic Petroleum Reserve.

By purchasing during the COVID-19 crisis the Government is able to take advantage of historically low prices, minimising cost to the taxpayer. Arrangements for storage beyond 2020-21 will be considered in the future.

Further information can be found in the press release of 22 April 2020 issued by the Minister for Energy and Emissions Reduction, and the press release of 24 April 2020 issued by the Minister for Finance.

COVID-19 Response Package — support for small businesses impacted by COVID-19

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---------|---------|---------|---------|---------|
| Department of Industry, Science, Energy and Resources | 4.8 | 7.1 | - | - | - |

The Government will provide \$6.9 million over two years from 2019-20 to increase the operations at the business.gov.au Contact Centre to provide more support to small and medium businesses impacted by the COVID-19 pandemic.

In addition, \$5.0 million will be provided over two years from 2019-20 for a national campaign to encourage Australians to support their local small businesses.

Further information can be found in the joint press release of 23 March 2020 issued by the Minister for Employment, Skills, Small and Family Business and the Minister for Industry, Science and Technology, and the press releases of 27 May and 10 July 2020 issued by the Minister for Employment, Skills, Small and Family Business.

Former British Nuclear Testing Site at Maralinga — funding support

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---------|---------|---------|---------|---------|
| Department of Industry, Science, Energy and Resources | - | 0.8 | 0.4 | 0.4 | 0.4 |

The Government will provide \$2.5 million over four years from 2020-21 to support monitoring and maintenance work at the former British nuclear testing site on the Maralinga Tjarutja lands in South Australia. The funding will also enable detailed site investigations to inform a long-term remediation action plan for the site, and support construction of permanent accommodation for current and future Maralinga caretakers.

This measure will be partially offset by redirecting funding from existing resources within the Department of Industry, Science, Energy and Resources.

Further information can be found in the press release of 8 July 2020 issued by the Minister for Resources, Water and Northern Australia.

Northern Endeavour Temporary Operations Program

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---------|---------|---------|---------|---------|
| Department of Industry, Science, Energy and Resources | nfp | nfp | nfp | nfp | nfp |

The Government will provide funding over two years from 2019-20 to ensure the safe and stable operations of the *Northern Endeavour* floating oil production storage and offtake facility, which is permanently moored between the Laminaria and Corallina oil fields in the Timor Sea. The funding will enable the operational activities required to maintain the facility in 'lighthouse mode', as well as critical safety maintenance works, maintenance of appropriate insurance, and advice to develop a complete long-term solution for the facility and surrounds.

The expenditure for this measure is not for publication (nfp) due to commercial-in-confidence sensitivities.

Further information can be found in the press release of 23 April 2020 issued by the Minister for Resources, Water and Northern Australia.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

Unlocking Australia's Resources Potential — Exploring for the Future 2

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|------------------------------|---------|---------|---------|---------|---------|
| Geoscience Australia | - | 20.4 | 37.7 | 44.0 | 19.8 |
| <i>Related capital (\$m)</i> | | | | | |
| <i>Geoscience Australia</i> | - | - | 2.6 | - | - |

The Government will provide \$124.5 million over four years from 2020-21 to continue and expand the *Exploring for the Future* program. The expanded program will extend the geoscientific mapping of the mineral, critical mineral, energy and groundwater resources from northern Australia into southern Australia. This program will provide the public geoscientific data and analyses required to attract future investment in resource exploration and development.

Further information can be found in the press release of 23 June 2020 issued by the Minister for Resources, Water and Northern Australia.

INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

Consumer Safeguards — targeted measures — amendments

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---------|---------|---------|---------|---------|
| Australian Communications and Media Authority | -1.0 | -0.9 | -0.8 | -0.8 | -0.8 |
| <i>Related receipts (\$m)</i> | | | | | |
| Australian Communications and Media Authority | - | -1.4 | -1.3 | -0.8 | -0.8 |
| <i>Related capital (\$m)</i> | | | | | |
| Australian Communications and Media Authority | .. | .. | .. | - | - |

The Government is revising its 2019-20 Budget measure *Consumer Safeguards — targeted measures*. The Government will not proceed with legislative amendments to provide the Australian Communications and Media Authority with responsibility for direct oversight of the Telecommunications Industry Ombudsman (TIO).

This measure is expected to have a negligible financial impact as related costs were to be recovered from 2020-21.

The Government will continue to proceed with improvements to dispute resolution for Australian telecommunications consumers by providing enhanced analysis and reporting of complaints data through the TIO.

COVID-19 Response Package — communications, cyber safety and the arts

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|--------------|--------------|-------------|-------------|-------------|
| Department of Infrastructure, Transport, Regional Development and Communications | - | 239.8 | 27.0 | 32.0 | 80.0 |
| Department of the Treasury | - | .. | .. | .. | .. |
| Australian Communications and Media Authority | -10.4 | -9.9 | - | - | - |
| Total — Payment | -10.4 | 230.0 | 27.0 | 32.0 | 80.0 |
| <i>Related receipts (\$m)</i> | | | | | |
| Australian Communications and Media Authority | -8.0 | -33.0 | - | - | - |

The Government will provide \$676.8 million over nine years from 2019-20 (including \$240.5 million over four years from 2024-25) for COVID-19 support measures in the communications, cyber safety and arts sectors.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

The package includes:

- \$55.0 million over two years from 2019-20 to establish a Public Interest News Gathering Program to support broadcasters and publishers who are producing news in regional Australia, partially offset by redirecting unallocated funds from the *Regional and Small Publishers Jobs and Innovation Package*
- waiving the Commercial Broadcasting Tax for 12 months from 14 February 2020, providing commercial television and radio broadcasters with an estimated \$41.0 million in tax relief for the use of broadcasting spectrum over two years from 2019-20
- \$10.0 million over three years from 2020-21 to extend the *Supporting Television and Online Coverage of Under-represented Sports Program* to provide further support for the broadcasting of underrepresented sports on subscription television, including women's sports, niche sports and sports with a high level of community involvement and participation
- \$10.0 million in 2020-21 for the Office of the eSafety Commissioner to respond to increased online activity.

In addition, as a component of the Government's JobMaker plan to restart Australia's creative economy:

- support for up to \$90.0 million in concessional loans through establishing the Arts and Entertainment Guarantee Scheme, including \$0.8 million over eight years from 2020-21 to administer the program, to assist creative economy businesses to fund new productions and events
- \$75.0 million in 2020-21 to establish a Restart Investment to Sustain and Expand (RISE) Fund to provide competitive grants to support new events or productions as social distancing restrictions ease
- \$50.0 million in 2020-21 to establish a Temporary Interruption Fund to support the local film and television sector so it can secure funding to commence productions
- \$35.0 million in 2020-21 to support Commonwealth-funded arts and culture organisations facing threats to their viability
- a Creative Economy Taskforce to implement the JobMaker plan, with costs to be met from within the existing resources of the Department of Infrastructure, Transport, Regional Development and Communications.

The Government will also provide \$400.0 million over seven years from 2020-21 to extend the *Location Incentive Program* to attract international investment in the screen industry and provide local employment and training opportunities.

Infrastructure, Transport, Regional Development and Communications

The Arts and Entertainment Guarantee Scheme component of this measure has unquantifiable financial impacts at this time.

Further information can be found in the press releases of 15 April, 7 May, 25 June and 28 June 2020 issued by the Minister for Communications, Cyber Safety and the Arts, and the joint press release of 17 July 2020 issued by the Prime Minister and Minister for Communications, Cyber Safety and the Arts.

COVID-19 Response Package — external territories

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---------|---------|---------|---------|---------|
| Department of Infrastructure, Transport, Regional Development and Communications | - | 7.8 | - | - | - |
| <i>Related capital (\$m)</i> | | | | | |
| <i>Department of Infrastructure, Transport, Regional Development and Communications</i> | - | 5.7 | - | - | - |

The Government will provide \$13.5 million in 2020-21 (including \$5.7 million in capital funding) for an infrastructure package to stimulate and support the economies of Norfolk Island and the Indian Ocean Territories during the COVID-19 pandemic.

COVID-19 Response Package — freeze and maintain the Heavy Vehicle Road User Charge

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---------|---------|---------|---------|---------|
| Australian Taxation Office | - | 20.0 | - | - | - |
| Department of Infrastructure, Transport, Regional Development and Communications | - | - | - | - | - |
| Total — Payment | - | 20.0 | - | - | - |

The Government will maintain the Road User Charge rate at the 2017-18 level of 25.8 cents per litre for one year.

This measure will support the heavy vehicle industry during the COVID-19 pandemic, which is crucial to sustaining our economy and distributing critical goods.

This will increase expenditure on the Fuel Tax Credit by \$20.0 million in 2020-21.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

Further information can be found in the joint press release of 1 May 2020 issued by the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development and the Assistant Minister for Road Safety and Freight Transport.

COVID-19 Response Package — infrastructure stimulus

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---------|---------|---------|---------|---------|
| Department of the Treasury | - | 1,739.4 | 1,071.5 | 549.5 | 11.3 |
| Department of Infrastructure, Transport, Regional Development and Communications | - | 429.0 | 80.0 | - | - |
| Total — Payment | - | 2,168.4 | 1,151.5 | 549.5 | 11.3 |

The Government will provide \$2.0 billion over three years from 2020-21 for priority regional and urban transport infrastructure across Australia to support local jobs and economic recovery post-COVID-19. This includes:

- \$1.0 billion over three years from 2020-21 towards shovel ready priority projects and \$500.0 million over two years from 2020-21 for targeted road safety works under the Infrastructure Investment Program, with:
 - \$320.3 million in Victoria, including an additional \$178.2 million for regional rail revival projects, \$70.6 million for the Princes Highway East and \$71.5 million for Targeted Safety Works
 - \$451.0 million in New South Wales, including \$120.0 million for pinch points, \$191.0 million to fix local roads and \$140.0 million for Targeted Safety Works
 - \$324.3 million in Queensland, including \$126.4 million for a regional economic enabling fund and \$120.0 million for Targeted Safety Works
 - \$176.0 million in Western Australia, including \$80.0 million for a regional state road safety improvement program, \$68.0 million for the Bussell Highway Duplication and \$16.0 million for Exmouth Roads
 - \$115.6 million in South Australia, including \$41.6 million for a regional road network package, \$12.0 million for the Heysen Tunnel refit and \$47.6 million for Targeted Safety Works
 - \$34.3 million in Tasmania, including \$8.0 million for state road network enhancements and \$12.3 million for Targeted Safety Works
 - \$40.4 million in the Northern Territory, including \$26.8 million for Targeted Safety Works

- \$17.6 million in the Australian Capital Territory, including \$6.0 million for the new Mitchell Light Rail Stop.
- \$500.0 million over two years from 2020-21 for the Local Roads and Community Infrastructure Program to support local councils to maintain and deliver social infrastructure, improve road safety and bolster the resilience of our local road networks.

The Government will also provide an additional \$1.9 billion towards other infrastructure priorities, including \$1.8 billion for the Sydney Metro - Western Sydney Airport rail project.

This measure builds on the 2019-20 MYEFO *Infrastructure Investment Program* measures.

Further information can be found in the following press releases:

- the joint press release of 22 May 2020 issued by the Prime Minister, the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development and the Minister for Regional Health, Regional Communications and Local Government
- the joint press release of 1 June 2020 issued by the Prime Minister, the Minister for Population, Cities and Urban Infrastructure, the Premier of New South Wales, the New South Wales Minister for Investment, Tourism and Western Sydney and the New South Wales Minister for Transport and Roads
- the joint press release of 21 June 2020 issued by the Prime Minister, the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, the Minister for Finance, the Minister for Population, Cities and Urban Infrastructure, the Premier of Western Australia and the Western Australian Minister for Transport and Planning
- the joint press release of 22 June 2020 issued by the Prime Minister, the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, the Minister for Population, Cities and Urban Infrastructure, the Northern Territory Chief Minister and the Northern Territory Minister for Infrastructure, Planning and Logistics
- the joint press release of 22 June 2020 issued by the Prime Minister, the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, the Minister for Population, Cities and Urban Infrastructure, Senator for the Australian Capital Territory Senator the Hon Zed Seselja, the Australian Capital Territory Chief Minister and the Australian Capital Territory Minister for Roads and Active Travel

Appendix A: Policy decisions taken since the 2019-20 MYEFO

- the joint press release of 22 June 2020 issued by the Prime Minister, the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, the Minister for Population, Cities and Urban Infrastructure, the Premier of Queensland and the Queensland Minister for Transport and Main Roads
- the joint press release of 24 June 2020 issued by the Prime Minister, the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, the Minister for Population, Cities and Urban Infrastructure, the Premier of South Australia and the South Australian Minister for Transport, Infrastructure and Local Government
- the joint press release of 25 June 2020 issued by the Prime Minister, the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, the Minister for Population, Cities and Urban Infrastructure, the Premier of Tasmania and the Tasmanian Minister for Infrastructure and Transport
- the joint press release of 29 June 2020 issued by the Prime Minister, the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, the Minister for Population, Cities and Urban Infrastructure, the Premier of New South Wales, the New South Wales Minister for Transport and the New South Wales Minister for Regional Transport and Roads
- the joint press release of 6 July 2020 issued by the Prime Minister, the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, the Minister for Population, Cities and Urban Infrastructure, the Treasurer, the Premier of Victoria and the Victorian Minister for Transport Infrastructure.

Darwin City Deal — education and community precinct

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|-------------|-------------|-------------|-------------|--------------|
| Department of the Treasury | 17.5 | 40.0 | 17.3 | -9.8 | -20.0 |
| Department of Infrastructure, Transport, Regional Development and Communications | - | - | - | - | - |
| Total — Payment | 17.5 | 40.0 | 17.3 | -9.8 | -20.0 |

The Government will bring forward \$74.8 million over three years from 2019-20 to fast-track the delivery of the education and community precinct, which includes construction of a university campus, library and carpark in Darwin's city centre.

Funding for the precinct was provided through the Government's \$97.3 million contribution to the Darwin City Deal.

Further information can be found in the press release of 2 June 2020 issued by the Minister for Population, Cities and Urban Infrastructure.

National Collecting Institutions — additional funding

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|----------|-------------|-------------|------------|------------|
| Department of Infrastructure, Transport, Regional Development and Communications | - | 8.4 | 6.3 | 4.4 | 2.2 |
| National Library of Australia | - | 4.0 | 4.0 | - | - |
| Department of the Prime Minister and Cabinet | - | 0.5 | - | 1.4 | - |
| Total — Payment | - | 12.9 | 10.3 | 5.8 | 2.2 |

The Government will provide \$31.2 million over four years from 2020-21 to support the National Collecting Institutions, including:

- \$12.7 million over three years from 2020-21 to complete critical asset management works at the Australian National Maritime Museum, the National Library of Australia (NLA), Old Parliament House and the National Film and Sound Archive (NFSA) and planning and audit activities
- \$10.5 million over four years from 2020-21 for the National Museum of Australia, the NLA and the NFSA to safeguard and digitise at-risk elements of the national collection, including establishing the National Centre for Excellence in Audiovisual Digitisation at the NFSA

Appendix A: Policy decisions taken since the 2019-20 MYEFO

- \$8.0 million over two years from 2020-21 to support the NLA's digital information resource, Trove.

Further information can be found in the press releases of 26 June and 30 June 2020 issued by the Minister for Communications, Cyber Safety and the Arts.

Redress of Institutional Child Sexual Abuse in the Australian Capital Territory Prior to Self-Government

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Department of Infrastructure, Transport, Regional Development and Communications | nfp | nfp | nfp | nfp | nfp |

The Government has settled a claim brought outside the National Redress Scheme relating to institutional child sexual abuse that was alleged to have occurred in the Australian Capital Territory prior to self-government.

The expenditure for this measure is not for publication (nfp) due to legal sensitivities.

PRIME MINISTER AND CABINET

Bushfire Response Package — National Bushfire Recovery Agency

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|------------|------------|------------|----------|----------|
| Department of the Prime Minister and Cabinet | 10.9 | 21.5 | 10.8 | - | - |
| <i>Related capital (\$m)</i> | | | | | |
| <i>Department of the Prime Minister and Cabinet</i> | <i>1.8</i> | <i>0.1</i> | <i>0.1</i> | <i>-</i> | <i>-</i> |

The Government will provide \$45.2 million over three years from 2019-20 to establish the National Bushfire Recovery Agency (NBRA). The NBRA will operate for two years from 6 January 2020.

The NBRA is a national response to rebuild and support communities affected by the 2019-20 summer bushfires. The agency is also responsible for administering the \$2.0 billion National Bushfire Recovery Fund, which is supporting recovery efforts across Australia.

Further information can be found in the press release of 6 January 2020 issued by the Prime Minister.

See also the related payment measure titled *National Bushfire Recovery Fund* in the Prime Minister and Cabinet Portfolio.

COVID-19 Response Package — National COVID-19 Coordination Commission

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Department of the Prime Minister and Cabinet | - | - | - | - | - |

The Government has established the National COVID-19 Coordination Commission (the Commission). The Commission will coordinate advice to the Australian Government on actions to anticipate and mitigate the economic and social effects of the global COVID-19 pandemic.

The cost of this measure will be met from within the existing resources of the Department of the Prime Minister and Cabinet.

Further information can be found in the press release of 25 March 2020 issued by the Prime Minister.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

COVID-19 Response Package — support for Indigenous and remote communities

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Department of the Treasury | nfp | nfp | nfp | nfp | nfp |
| National Indigenous Australians Agency | nfp | nfp | nfp | nfp | nfp |
| Total — Payment | - | - | - | - | - |

The Government will provide \$19.8 million over two years from 2019-20 to support three Commonwealth wholly-owned Indigenous subsidiaries that have been severely impacted by the COVID-19 pandemic. This funding will support the National Centre of Indigenous Excellence, Voyages Indigenous Tourism Australia and Tjapukai Aboriginal Cultural Park to manage the financial impacts of the COVID-19 pandemic, ensure continued business viability and secure jobs.

The Government will also provide funding in 2020-21 to support the Northern Territory, South Australia, Western Australia, and Queensland with the cost of implementing COVID-19 related travel restrictions to remote communities. These costs will be met from the existing resources of the Indigenous Advancement Strategy, and are not for publication (nfp) as negotiations with jurisdictions are not yet finalised.

SOCIAL SERVICES

Changes to the Income Compliance Program

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|-------------------------------|---------|---------|---------|---------|---------|
| Department of Social Services | - | nfp | nfp | nfp | nfp |
| Services Australia | nfp | nfp | nfp | nfp | nfp |
| Total — Payment | nfp | nfp | nfp | nfp | nfp |

The Government will provide \$721 million over four years from 2020-21 to refund all repayments made on debts raised based on wholly or partially averaged Australian Taxation Office (ATO) data under the Income Compliance Program.

Refunding of eligible debts commenced in July and will continue through the 2020-21 financial year.

The financial implications of this measure are not for publication (nfp) due to ongoing legal proceedings.

Further information can be found in the press release of 29 May 2020 issued by the Minister for Government Services.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

COVID-19 Response Package — income support for individuals

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|----------------|-----------------|-------------|-------------|-------------|
| Department of Social Services | 5,873.7 | 11,869.9 | 0.2 | - | - |
| Services Australia | 31.5 | 109.6 | 2.1 | 0.7 | 0.8 |
| Department of Agriculture, Water and the Environment | 18.1 | 47.7 | - | - | - |
| Department of Education, Skills and Employment | 14.5 | 150.2 | 63.3 | 32.9 | 21.6 |
| Department of Veterans' Affairs | 2.9 | 5.8 | - | - | - |
| Department of Health | 1.6 | 1.3 | - | - | - |
| Total — Payment | 5,942.3 | 12,184.5 | 65.6 | 33.6 | 22.4 |
| <i>Related receipts (\$m)</i> | | | | | |
| <i>Australian Taxation Office</i> | - | 600.0 | 900.0 | - | - |
| <i>Related capital (\$m)</i> | | | | | |
| <i>Department of Education, Skills and Employment</i> | 2.1 | 0.4 | - | - | - |
| <i>Department of Veterans' Affairs</i> | 0.3 | 0.3 | - | - | - |
| Total — Capital | 2.3 | 0.8 | - | - | - |

The Government will provide \$16.8 billion over five years from 2019-20 to new and existing income support recipients during the COVID-19 pandemic.

Since 27 April 2020, the Government established a new time-limited Coronavirus Supplement to be paid at a non-income tested rate of \$550 per fortnight. This is paid to both existing and new recipients of JobSeeker Payment, Youth Allowance, Parenting Payment, Austudy, ABSTUDY Living Allowance, Farm Household Allowance, Special Benefit, and recipients of the Department of Veterans' Affairs Education Schemes, *Military Rehabilitation and Compensation Act* Education and Training Scheme and Veterans' Children's Education Scheme.

From 25 September 2020 this supplement will change to \$250 per fortnight and continue to 31 December 2020. The income free area will change to \$300 per fortnight with a 60 cents taper for income earned above the income free area for JobSeeker Payment (except principal carer parents who have an income free area of \$106 and a taper rate of 40 cents) and Youth Allowance (other) recipients.

Payment eligibility has been relaxed on a temporary basis, with the One Week Ordinary Waiting Period being waived from 12 March 2020, and a range of further exemptions, including waiving the Newly Arrived Residents' Waiting Period, Assets Test, Liquid Assets Waiting Period and Seasonal Work Preclusion Period, have been applied from 25 March 2020. Eligibility criteria for JobSeeker and Youth Allowance (Other) has also been extended to allow sole traders and the self-employed to access the payments provided they meet income test requirements. From 25 September 2020 the Assets test

and Liquid Assets Waiting Period will be reinstated with all other eligibility waivers continuing to 31 December 2020.

Mutual obligation requirements were temporarily lifted on 24 March 2020 and then gradually reinstated from 9 June 2020 in line with the gradual removal of COVID-19 restrictions. Mutual obligations will be changed to give job seekers greater flexibility to count education and training toward their activity requirements.

This measure forms part of the Government's economic response to COVID-19.

Further information can be found in the following press releases:

- the press releases of 12 March and 24 March 2020 issued by the Minister for Families and Social Services
- the joint press release of 22 March 2020 issued by the Prime Minister and the Treasurer
- the joint press release of 26 March 2020 issued by the Minister for Families and Social Services and the Minister for Employment, Skills, Small and Family Business
- the joint press release of 22 April 2020 issued by the Minister for Families and Social Services and the Minister for Employment, Skills, Small and Family Business
- the joint press release of 31 May 2020 issued by the Minister for Families and Social Services and the Minister for Employment, Skills, Small and Family Business.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

COVID-19 Response Package — JobSeeker Partner Income Test measure

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|--------------|----------------|--------------|-------------|-------------|
| Department of Social Services | 378.7 | 839.5 | 0.2 | .. | - |
| Department of Education, Skills and Employment | 107.2 | 420.0 | 153.0 | 83.6 | 56.2 |
| Services Australia | 20.0 | 49.0 | - | - | - |
| Department of Health | 1.8 | 3.7 | - | - | - |
| Total — Payment | 507.7 | 1,312.2 | 153.2 | 83.6 | 56.2 |
| <i>Related receipts (\$m)</i> | | | | | |
| <i>Australian Taxation Office</i> | - | 50.0 | 50.0 | - | - |

The Government will provide \$2.0 billion over five years from 2019-20 to temporarily relax the partner income test taper of the JobSeeker Payment to provide additional support for couples and families whose employment has been impacted by COVID-19.

From 27 April 2020 to 24 September 2020 the JobSeeker Payment partner income test taper will be temporarily revised from 60 cents in the dollar to 25 cents in the dollar above the current partner income free area of \$996 per fortnight.

From 25 September 2020 to 31 December 2020 the partner income test taper will be further revised to 27 cents in the dollar above the partner income free area of \$1,165 per fortnight. The personal income test for individuals on the JobSeeker Payment will still apply.

This measure forms part of the Government's economic response to COVID-19.

Further information can be found in the press release of 30 March 2020 issued by the Prime Minister.

COVID-19 Response Package — payments to support households

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|----------------|----------------|-------------|------------|----------|
| Department of Social Services | 5,405.6 | 3,542.4 | 34.0 | 1.8 | - |
| Department of Veterans' Affairs | 170.6 | 170.6 | - | - | - |
| Services Australia | 19.2 | 13.9 | 0.3 | - | - |
| Department of Agriculture, Water and the Environment | 5.3 | - | - | - | - |
| Total — Payment | 5,600.7 | 3,726.9 | 34.3 | 1.8 | - |
| <i>Related capital (\$m)</i> | | | | | |
| <i>Department of Veterans' Affairs</i> | <i>0.4</i> | <i>0.4</i> | <i>-</i> | <i>-</i> | <i>-</i> |

The Government will provide \$9.4 billion over three years from 2019-20 to provide eligible pensioners, income support recipients, carers and student payment recipients two separate \$750 economic support payments.

The first payment was made from 31 March 2020, while the second payment commenced on 13 July 2020.

The payments are exempt from taxation and will not count as income for the purposes of any income support payment.

This measure forms part of the Government's economic response to COVID-19.

Further information can be found in the joint press releases of 12 March and 22 March 2020 issued by the Prime Minister and the Treasurer.

COVID-19 Response Package — Social Services

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|--------------|--------------|----------|----------|----------|
| Services Australia | 200.0 | 0.3 | - | - | - |
| Department of Social Services | 140.7 | 113.2 | - | - | - |
| Department of the Treasury | 32.5 | 97.5 | - | - | - |
| NDIS Quality and Safeguards Commission | 2.6 | 3.6 | - | - | - |
| Total — Payment | 375.8 | 214.6 | - | - | - |

The Government will provide \$590.4 million over two years from 2019-20 to increase services and support available to vulnerable Australians affected by COVID-19. The package includes:

- \$200.0 million in additional funding to Emergency Relief and Food Relief, to expand the No Interest Loan Scheme and scale up the delivery of financial counselling services

Appendix A: Policy decisions taken since the 2019-20 MYEFO

- \$150.0 million to support Australians at risk of domestic, family and sexual violence during the COVID-19 pandemic. This includes up to \$130.0 million for states and territories to invest in specialist services, including crisis accommodation, and \$20.0 million for a nationwide awareness campaign, additional programs including 1800RESPECT and other national responses
- \$64.2 million to extend over 3,100 grants to 31 March 2021 to support a range of family and community based services, with the cost to be met from existing resources of the Department of Social Services
- \$34.2 million to increase services and support available to people with disability and businesses providing employment supports and services to people with disability
- \$6.2 million to enable the National Disability Insurance Scheme Quality and Safeguards Commission to provide additional support to individuals and service providers impacted by COVID-19.

To facilitate increased support services, the Government increased the capacity of Services Australia to meet the additional workload caused by COVID-19, including to respond to the Prime Minister's announcement in March 2020 that the agency would recruit an additional 5,000 staff.

Further information can be found in the joint press release of 29 March 2020 issued by the Prime Minister, the Minister for Women, the Assistant Minister for Health and the Minister for Families and Social Services, and the joint press release of 9 April 2020 issued by the Minister for Families and Social Services and the Minister for Government Services and the National Disability Insurance Scheme.

TREASURY

Census 2021 — building for the future

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---------------------------------|---------|---------|---------|---------|---------|
| Australian Bureau of Statistics | - | - | - | - | - |

The Government will provide \$39.6 million over three years from 2019-20 to the Australian Bureau of Statistics to facilitate and enhance the delivery of the 2021 Census. The additional funding will address areas of risk which were identified in the course of the 2016 Census and encourage greater participation to ensure the successful delivery of the 2021 Census.

Funding for this measure has already been provided for by the Government.

COVID-19 Response Package — boosting cash flow for employers

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|----------|----------|---------|---------|---------|
| Australian Taxation Office | 14,900.0 | 17,000.0 | - | - | - |

The Government is providing tax-free cash flow boosts of between \$20,000 and \$100,000 to eligible small and medium businesses and not-for-profit organisations that employ individuals. Eligible entities automatically receive payments upon lodgment of relevant activity statements for the March to September 2020 reporting periods. This will support the connection between employers and employees and help entities continue to operate through the economic downturn associated with COVID-19.

This measure is estimated to increase payments by \$31.9 billion over two years from 2019-20.

This measure forms part of the Government's economic response to COVID-19.

Further information can be found in the joint press releases of 12 March and 22 March 2020 issued by the Prime Minister and the Treasurer.

COVID-19 Response Package — Government support for immediate cash flow needs to small and medium enterprises

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Department of the Treasury | - | 1.3 | 1.2 | 1.3 | 1.9 |

The Government will support up to \$40 billion of new lending through the *Coronavirus Small and Medium Enterprises (SME) Guarantee Scheme* (the Scheme). Under the Scheme, the Government will guarantee 50 per cent of new loans provided by eligible lenders to SMEs.

The Scheme will provide businesses with funding to meet cash flow needs by further enhancing lenders' willingness and ability to provide credit. The Scheme will assist otherwise viable businesses across the economy, which are facing significant challenges due to disrupted cash flow.

The total financial impact of the Scheme cannot be quantified at this time.

This measure forms part of the Government's economic response to COVID-19.

Further information can be found in the press releases of 22 March and 9 April 2020 issued by the Treasurer.

COVID-19 Response Package — HomeBuilder Grant

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| Department of the Treasury | - | 680.0 | - | - | - |

The Government will provide \$680.0 million in 2020-21 for the *HomeBuilder* program to support jobs in the residential construction sector.

HomeBuilder will provide eligible owner-occupiers (including first home buyers) with a grant of \$25,000 to build a new home or substantially rebuild an existing home where a contract was entered into between 4 June 2020 and 31 December 2020 and building commenced within three months of the contract date. *HomeBuilder* is limited to new homes worth less than \$750,000 and to renovations of between \$150,000 and \$750,000 where the total value of the property is less than \$1.5 million pre-renovation. *HomeBuilder* will assist the residential construction market by encouraging the commencement of building and renovation projects.

Further information can be found in the press release of 4 June 2020 issued by the Prime Minister.

COVID-19 Response Package — International Monetary Fund's Poverty Reduction and Growth Trust

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|-------------------------------|---------|---------|---------|---------|---------|
| Department of the Treasury | - | - | - | - | - |
| <i>Related receipts (\$m)</i> | | | | | |
| Department of the Treasury | - | 0.3 | 0.8 | 0.8 | 0.8 |

The Government has committed to provide a loan of 500 million Special Drawing Rights (AUD \$1.1 billion) to the International Monetary Fund's Poverty Reduction and Growth Trust (PRGT). The PRGT provides concessional financial support to low income countries to help them achieve, maintain, or restore a stable and sustainable macroeconomic position.

COVID-19 Response Package — JobKeeper Payment

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|----------|----------|---------|---------|---------|
| Australian Taxation Office | 20,576.0 | 65,125.7 | - | - | - |

The JobKeeper Payment is a wage subsidy for businesses and not-for-profits significantly affected by the COVID-19 pandemic to assist them to maintain the connection with their employees.

From 30 March 2020 to 27 September 2020, the JobKeeper Payment is \$1,500 per fortnight for eligible employees and business participants.

From 28 September 2020 to 3 January 2021, the JobKeeper Payment will generally be \$1,200 per fortnight for eligible employees and business participants. A JobKeeper Payment of \$750 per fortnight will apply for all eligible employees and business participants who worked for the business or not-for-profit for less than 20 hours per week, on average, in the four weekly pay periods ending prior to 1 March 2020.

From 4 January 2021 to 28 March 2021, the JobKeeper Payment will generally be \$1,000 per fortnight for eligible employees and business participants. A JobKeeper payment of \$650 per fortnight will apply for eligible employees and business participants who worked for the business or not-for-profit for less than 20 hours per week, on average, in the four weekly pay periods ending prior to 1 March 2020.

A business must remunerate each eligible employee a minimum of the JobKeeper Payment that applies for that employee per fortnight, before tax.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

To be eligible from 30 March 2020 to 27 September 2020, an employer must project that their turnover has, or is expected to, decline by at least:

- 50 per cent for businesses with an aggregated turnover of more than \$1.0 billion
- 30 per cent for businesses with an aggregated turnover of \$1.0 billion or less or
- 15 per cent for Australian Charities and Not-for-profits Commission-registered charities (excluding schools and universities).

Further rules apply to working out the decline in turnover of some charities and universities.

To be eligible from 28 September 2020 to 3 January 2021, an employer will need to demonstrate that their actual turnover has fallen by the relevant percentage in both the June quarter and the September quarter relative to comparable periods (generally the corresponding quarter in 2019).

To be eligible from 4 January 2021 to 28 March 2021, an employer will again need to demonstrate that their actual turnover has fallen in each of the June, September and December quarter in 2020 by the relevant percentage.

The following entities are ineligible for the JobKeeper Payment:

- Entities subject to the major bank levy as at 1 March 2020
- Commonwealth, State and Territory government agencies and local governing bodies
- entities wholly owned by Commonwealth, State and Territory government agencies and local governing bodies
- sovereign entities and entities wholly owned by a sovereign entity.

Additionally, a company that is in liquidation, or a partnership, trust or sole trader in bankruptcy will not be eligible.

Self-employed individuals are eligible to receive the JobKeeper Payment if they meet the turnover test and are not a permanent employee of another employer. Entities are eligible to receive only one JobKeeper Payment in respect of owners, partners, directors, shareholders or trust beneficiaries, in addition to any payments they receive for eligible employees. Registered religious institutions may claim a JobKeeper Payment for religious practitioners. From 13 July 2020, the Government will pay child care providers an additional transition payment to replace the JobKeeper Payment, with child care providers becoming ineligible for the JobKeeper Payment from 20 July 2020.

The JobKeeper Payment is estimated to increase payments by \$85.7 billion over the forward estimates period.

This measure forms part of the Government's economic response to COVID-19.

Further information can be found in the press releases of 30 March, 5 April and 24 April 2020 issued by the Treasurer.

COVID-19 Response Package — Treasury

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---------------------------------|---------|---------|---------|---------|---------|
| Department of the Treasury | 10.0 | 31.1 | 8.0 | 3.8 | 2.8 |
| Australian Bureau of Statistics | - | 22.6 | 1.0 | 0.4 | - |
| Office of Parliamentary Counsel | - | 1.6 | 1.6 | - | - |
| Total — Payment | 10.0 | 55.3 | 10.7 | 4.1 | 2.8 |
| <i>Related receipts (\$m)</i> | | | | | |
| Australian Taxation Office | 2.6 | 7.8 | - | - | - |

The Government will provide \$82.9 million over five years from 2019-20 to the Treasury portfolio, including to the Australian Bureau of Statistics and to the Office of Parliamentary Counsel, to help support the transition from the economic impact of COVID-19 and continue the delivery of the Government's legislative program. The funding will support:

- the production of statistical information that informs the development and delivery of the Government's response
- addressing the existing backlog of legislation and escalation in Treasury's legislative program
- the Financial Services Reform Taskforce implementing the recommendations from the Financial Services Royal Commission
- an advertising campaign to raise public awareness about assistance available through the Government's COVID-19 Response Package.

The Government has also temporarily reduced all foreign investment monetary screening thresholds to \$0 from 29 March 2020 to protect Australia's national interest during the COVID-19 crisis. This measure is estimated to increase receipts by \$10.4 million over the forward estimates period.

Further information can be found in the press release of 29 March 2020 issued by the Treasurer.

Appendix A: Policy decisions taken since the 2019-20 MYEFO

National Consumer Data Right — implementation

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---------|---------|---------|---------|---------|
| Department of the Treasury | - | 12.6 | - | - | - |
| Australian Competition and Consumer Commission | - | 6.6 | - | - | - |
| Total — Payment | - | 19.2 | - | - | - |
| <i>Related capital (\$m)</i> | | | | | |
| <i>Australian Competition and Consumer Commission</i> | - | 6.2 | - | - | - |

The Government will provide additional funding to the Australian Competition and Consumer Commission to continue to progress the key elements of the Consumer Data Right (CDR). The Government will also provide funding to the Department of the Treasury to support an information and awareness campaign to introduce CDR to consumers and businesses, and drive uptake.

This measure builds on the 2019-20 MYEFO measure *National Consumer Data Right*.

Reforming Australia's Foreign Investment Framework

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|---------|
| Department of the Treasury | - | 12.0 | 13.2 | 10.9 | 10.9 |
| Australian Taxation Office | - | 2.2 | 1.9 | 1.9 | 1.8 |
| Department of Home Affairs | - | 0.6 | 1.3 | 1.3 | 1.3 |
| Australian Security Intelligence Organisation | - | 0.5 | 1.0 | 1.0 | 1.0 |
| Total — Payment | - | 15.3 | 17.3 | 15.0 | 15.1 |
| <i>Related receipts (\$m)</i> | | | | | |
| <i>Australian Taxation Office</i> | - | 0.7 | 1.4 | 1.5 | 1.6 |
| <i>Department of the Treasury</i> | - | 0.5 | 0.9 | 0.9 | 1.0 |
| Total — Receipts | - | 1.2 | 2.4 | 2.5 | 2.6 |
| <i>Related capital (\$m)</i> | | | | | |
| <i>Australian Security Intelligence Organisation</i> | - | .. | .. | - | - |

The Government will provide \$62.8 million over four years from 2020-21 (and \$15.1 million per year ongoing) to support reforms to Australia's foreign investment framework.

These reforms will ensure that Australia's foreign investment framework keeps pace with emerging risks and global developments, including similar changes to foreign investment regimes in comparable countries. The changes address national security risks, strengthen compliance measures, streamline approval processes and provide administrative enhancements.

Further information can be found in the press release of 5 June 2020 issued by the Treasurer.

VETERANS' AFFAIRS

COVID-19 Response Package — maintaining support for Veterans

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---------------------------------|---------|---------|---------|---------|---------|
| Department of Veterans' Affairs | - | 24.8 | -3.6 | - | - |
| Department of Health | - | -2.5 | -0.3 | - | - |
| Total — Payment | - | 22.3 | -3.9 | - | - |

The Government will provide \$18.4 million over two years to continue the *Wellbeing and Support Program* and the *Provisional Access to Medical Treatment Program* for a further 12 months from 1 July 2020. These pilot programs provide community-based case management services for vulnerable veterans and early access to medical treatment for those submitting claims for a range of commonly accepted conditions.

Additional funding will also be provided to process an increased number of claims for rehabilitation, compensation and income support being submitted by veterans and their dependants.

Mental Health and Suicide Prevention for Veterans

| Payment (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--------------------------------------|------------|------------|----------|----------|----------|
| Attorney-General's Department | 1.1 | 14.7 | 8.9 | 8.0 | 8.1 |
| Department of Veterans' Affairs | - | 0.5 | 0.5 | 0.5 | 0.5 |
| Department of the Treasury | nfp | nfp | nfp | nfp | nfp |
| Total — Payment | 1.1 | 15.2 | 9.4 | 8.5 | 8.6 |
| <i>Related capital (\$m)</i> | | | | | |
| <i>Attorney-General's Department</i> | <i>0.1</i> | <i>1.8</i> | <i>-</i> | <i>-</i> | <i>-</i> |

The Government will provide \$31.0 million over five years from 2019-20 (including capital of \$1.9 million over two years from 2019-20) to establish the National Commissioner for Defence and Veteran Suicide Prevention, including to undertake an independent review of more than 400 Defence and Veteran deaths by suicide since 2001, and to establish a new Veteran Family Advocate.

The National Commissioner will be an independent, publicly accountable body, with the powers of a Royal Commission to inquire into the systemic issues relevant to these deaths by suicide, including the ability to compel the production of evidence, summon witnesses and make findings and recommendations to Government focused on the prevention of further deaths by suicide.

The Government will establish a new Veteran Family Advocate who will be responsible for engaging with the families of veterans to help shape policy and improve the design of veterans' programs and services, including mental health support.

The Government will also provide funding of \$6.4 million over four years from 1 July 2020 for additional case coordinators and health workers to support young and vulnerable veterans who have mental health conditions. Funding for the case coordinators has already been provided for by the Government.

The Government will also work with jurisdictions and state and territory Coroners to establish a new National Coronial Centre for Defence and Veteran Suicides. The financial implications for the Department of the Treasury are not for publication (nfp) pending ongoing discussions regarding the new National Coronial Centre.

Further information can be found in the joint press release of 5 February 2020 issued by the Prime Minister and the Minister for Veterans and Defence Personnel.

Part 3: Capital Measures

Table 3: Capital measures since the 2019-20 MYEFO^(a)

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|----------------|----------------|----------------|----------------|----------------|
| AGRICULTURE, WATER AND THE ENVIRONMENT | | | | | |
| <i>Department of Agriculture, Water and the Environment</i> | | | | | |
| Environmental Management — the use and disposal of industrial chemicals(b)(c) | 1.9 | - | - | - | - |
| National Bushfire Recovery Fund(b) | - | 0.2 | 0.2 | - | - |
| Transforming Australia's Waste and Recycling Industry(b) | - | 4.4 | 3.5 | 3.9 | 3.3 |
| <i>Director of National Parks</i> | | | | | |
| COVID-19 Response Package — investing in our Commonwealth national parks(b) | - | 25.4 | 126.2 | 56.7 | - |
| <i>Great Barrier Reef Marine Park Authority</i> | | | | | |
| COVID-19 Response Package — Relief and Recovery Fund(b)(c) | 1.2 | 1.3 | - | - | - |
| Portfolio total | 3.1 | 31.4 | 129.9 | 60.7 | 3.3 |
| ATTORNEY-GENERAL'S | | | | | |
| <i>Attorney-General's Department</i> | | | | | |
| Bushfire Response Package — Royal Commission into Bushfires(b) | 1.3 | - | - | - | - |
| COVID-19 Response Package — Attorney-General's(b) | - | - | 0.4 | 0.7 | - |
| Mental Health and Suicide Prevention for Veterans(b) | 0.1 | 1.8 | - | - | - |
| Portfolio total | 1.4 | 1.8 | 0.4 | 0.7 | - |
| CROSS PORTFOLIO | | | | | |
| <i>Various Agencies</i> | | | | | |
| COVID-19 Response Package — aviation support(b)(c) | - | - | - | - | - |
| COVID-19 Response Package — Relief and Recovery Fund(b)(c) | - | - | - | - | - |
| National Bushfire Recovery Fund(c) | - | - | - | - | - |
| Portfolio total | - | - | - | - | - |
| EDUCATION, SKILLS AND EMPLOYMENT | | | | | |
| <i>Australian Skills Quality Authority</i> | | | | | |
| COVID-19 Response Package — JobTrainer Fund — establishment(b) | - | 0.3 | 1.1 | 1.2 | 1.2 |
| <i>Department of Education, Skills and Employment</i> | | | | | |
| COVID-19 Response Package — higher education(b)(c) | - | 0.5 | - | - | - |
| COVID-19 Response Package — income support for individuals(b)(c) | 2.1 | 0.4 | - | - | - |

Table 3: Capital measures since the 2019-20 MYEFO^(a) (continued)

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| EDUCATION, SKILLS AND EMPLOYMENT (continued) | | | | | |
| COVID-19 Response Package — supporting apprentices and trainees(b) | 3.3 | 1.1 | - | - | - |
| COVID-19 Response Package — supporting job seekers(b) | 2.9 | 1.4 | - | - | - |
| Higher Education Reform — additional support for regional Australia(b)(c) | - | 0.5 | - | - | - |
| Higher Education Reform — more job ready graduates(b)(c) | - | 0.8 | - | - | - |
| Skills Reform Package(b) | - | 3.8 | 0.7 | 0.8 | 0.8 |
| <i>Tertiary Education Quality and Standards Agency</i> | | | | | |
| Higher Education Reform — more job ready graduates(b)(c) | - | 0.4 | 0.1 | 0.1 | 0.1 |
| Portfolio total | 8.3 | 9.2 | 1.9 | 2.1 | 2.1 |
| HEALTH | | | | | |
| <i>Australian Digital Health Agency</i> | | | | | |
| Guaranteeing Medicare and access to medicines(b)(c) | - | 15.5 | - | - | - |
| <i>Department of Health</i> | | | | | |
| Ageing and Aged Care(b) | - | 21.3 | 2.9 | - | - |
| COVID-19 Response Package — emergency response(b)(c) | 2,082.6 | 1,162.5 | - | - | - |
| Environmental Management — the use and disposal of industrial chemicals(b)(c) | - | 0.6 | - | - | - |
| Guaranteeing Medicare and access to medicines(b)(c) | - | 14.8 | - | - | - |
| Portfolio total | 2,082.6 | 1,214.6 | 2.9 | - | - |
| HOME AFFAIRS | | | | | |
| <i>Australian Security Intelligence Organisation</i> | | | | | |
| Reforming Australia's Foreign Investment Framework(b)(c) | - | .. | .. | - | - |
| <i>Department of Home Affairs</i> | | | | | |
| Permanent Migration — encouraging uptake of the New Zealand Pathway to permanent residency(b)(c) | - | 0.4 | - | - | - |
| Portfolio total | - | 0.4 | .. | - | - |
| INDUSTRY, SCIENCE, ENERGY AND RESOURCES | | | | | |
| <i>Commonwealth Scientific and Industrial Research Organisation</i> | | | | | |
| COVID-19 Response Package — emergency response(b)(c) | - | 0.2 | - | - | - |

Table 3: Capital measures since the 2019-20 MYEFO^(a) (continued)

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|---|----------------|----------------|----------------|----------------|----------------|
| INDUSTRY, SCIENCE, ENERGY AND RESOURCES (continued) | | | | | |
| <i>Department of Industry, Science, Energy and Resources</i> | | | | | |
| COVID-19 Response Package — fuel security(b) | - | 91.5 | - | - | - |
| <i>Geoscience Australia</i> | | | | | |
| Unlocking Australia's Resources Potential — Exploring for the Future 2(b) | - | - | 2.6 | - | - |
| Portfolio total | - | 91.7 | 2.6 | - | - |
| INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS | | | | | |
| <i>Australian Communications and Media Authority</i> | | | | | |
| Consumer Safeguards — targeted measures — amendments(b)(c) | .. | .. | .. | - | - |
| <i>Department of Infrastructure, Transport, Regional Development and Communications</i> | | | | | |
| COVID-19 Response Package — external territories(b) | - | 5.7 | - | - | - |
| <i>National Capital Authority</i> | | | | | |
| Land Exchange with Australian Capital Territory Government | - | - | - | - | - |
| Portfolio total | .. | 5.7 | .. | - | - |
| PRIME MINISTER AND CABINET | | | | | |
| <i>Department of the Prime Minister and Cabinet</i> | | | | | |
| Bushfire Response Package — National Bushfire Recovery Agency(b) | 1.8 | 0.1 | 0.1 | - | - |
| Portfolio total | 1.8 | 0.1 | 0.1 | - | - |
| SOCIAL SERVICES | | | | | |
| <i>Services Australia</i> | | | | | |
| Ageing and Aged Care(b) | - | 35.1 | 26.6 | - | - |
| Higher Education Reform — additional support for regional Australia(b)(c) | - | 1.1 | - | - | - |
| Portfolio total | - | 36.2 | 26.6 | - | - |
| TREASURY | | | | | |
| <i>Australian Competition and Consumer Commission</i> | | | | | |
| COVID-19 Response Package — aviation support(b)(c) | - | 0.4 | - | - | - |
| National Consumer Data Right — implementation(b) | - | 6.2 | - | - | - |
| Portfolio total | - | 6.6 | - | - | - |

Appendix A: Policy decisions taken since the 2019-20 MYEFO

Table 3: Capital measures since the 2019-20 MYEFO^(a) (continued)

| | 2019-20 \$m | 2020-21 \$m | 2021-22 \$m | 2022-23 \$m | 2023-24 \$m |
|--|----------------|----------------|----------------|----------------|----------------|
| VETERANS' AFFAIRS | | | | | |
| <i>Department of Veterans' Affairs</i> | | | | | |
| COVID-19 Response Package — income support for individuals(b)(c) | 0.3 | 0.3 | - | - | - |
| COVID-19 Response Package — payments to support households(b) | 0.4 | 0.4 | - | - | - |
| Portfolio total | 0.7 | 0.7 | - | - | - |
| Decisions taken but not yet announced(d) | - | 44.2 | - | - | - |
| Total impact of capital measures(e) | 2,097.9 | 1,442.7 | 164.4 | 63.4 | 5.2 |

* The nature of the measure is such that a reliable estimate cannot be provided.

.. Not zero, but rounded to zero.

- Nil.

nfp not for publication.

(a) A minus sign before an estimate indicates a reduction in capital, no sign before an estimate indicates increased capital.

(b) These measures can also be found in the payment measures summary table.

(c) These measures can also be found in the receipts measures summary table.

(d) Includes the impact of measures that are not for publication (nfp).

(e) Measures may not add due to rounding.

AGRICULTURE, WATER AND THE ENVIRONMENT

COVID-19 Response Package — investing in our Commonwealth national parks

| Capital (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|-----------------------------------|---------|---------|---------|---------|---------|
| Director of National Parks | - | 25.4 | 126.2 | 56.7 | - |
| <i>Related payment (\$m)</i> | | | | | |
| <i>Director of National Parks</i> | - | 8.4 | 8.5 | 8.1 | - |

The Government will provide \$233.4 million over three years from 2020-21 to improve infrastructure in Commonwealth national parks. This increased investment in infrastructure will support economic recovery from COVID-19 through stimulating construction activity, regional jobs and improving the tourism draw of these internationally iconic places. The works will improve visitor safety and allow for the renewal and replacement of tourism infrastructure, including campgrounds, walkways, roads, visitors' centres and staff housing. This funding also includes \$51.4 million to renew and replace essential services infrastructure, including water, electricity and sewage in the Mutitjulu Community in the Uluru-Kata Tjuta National Park.

Further information can be found in the joint press release of 12 July 2020 issued by the Minister for the Environment, the Minister for Trade, Tourism and Investment and the Assistant Minister for Regional Development and Territories.

INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS

Land Exchange with Australian Capital Territory Government

| Capital (\$m) | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|----------------------------|---------|---------|---------|---------|---------|
| National Capital Authority | - | - | - | - | - |

The Government has agreed to a no-cost land exchange with the Australian Capital Territory (ACT) Government to facilitate the development of a new diplomatic estate in the ACT, including:

- the transfer of Block 4 Section 106 and part Block 5 Section 121 Curtin, ACT from the ACT Government to the National Capital Authority (NCA)
- the transfer of a portion of the bed of Lake Burley Griffin at Part Block 1 Section 89 Acton, ACT from the NCA to the ACT Government.

This will remedy the lack of suitable land to accommodate foreign missions who seek to establish a permanent presence in Canberra.

The land exchange agreement was given effect by the gazetted publications on the Federal Register of Legislation on 23 March 2020.