

# Budget wrap 2022



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## HERE COMES THE BUDGET!

Last week, finance minister Josh Frydenberg announced the budget and there was a little bit there for most people but not a whole lot of direction and plan for the long term. This was hardly surprising seeing that the government is really getting ready for the next elections and the idea would be to do enough to keep people engaged but not too much, that it ruffles feathers just ahead of the election.

Here are some of the key announcements:

**1. Minimum Pension** - 50% reduction to minimum pension retained for the FY 22-23 FY. This was introduced during the pandemic to assist people trying to save cash. This has now been extended to the next financial year as well. Please note this is the minimum that one must draw from their account-based pension/ income streams, you are able to draw down additional funds

**2. Cost of living tax offset** - Eligible individuals will receive a one-off \$420 cost of living tax offset i.e. the tax bill for those eligible will reduce by \$420

**3. Cost of living payment** - Eligible social security recipients and concession card holders will receive a tax exempt payment - \$250 for individuals and \$500 for couples. This is automatic and expected in April.

**4. Fuel Excise cut** - Given the meteoric rise in fuel prices the government will reduce the excise on fuel by 50% for the next 6 months. This will result in excise

on fuel reducing from 44.2 cents per litre to 22.1 cents per litre.

**5. Paid parental leave** - the Government has announced changes to enhance the Paid Parental Leave Scheme and improve economic security for women from 1 March 2023. This scheme rolls Dad and Partner Pay into a single Parental Leave pay scheme of up to 20 weeks (combining the 18 weeks for primary carers and 2 weeks for secondary carers), which is fully flexible and able to be shared between eligible working parents as they see fit. It will give families the opportunity to take leave at any time within two years of the birth or adoption of a child. The intent is to reduce the gender pay gap.

**6. Home Guarantee Scheme** - introduced in 2021 and has guaranteed 10,000 mortgages for eligible individuals to purchase a home with a minimum 5% deposit. This year the Government has extended the scheme to provide 35,000 places to first home buyers, 5,000 places to single parents, and 10,000 places for buyers in regional areas in the newly released Regional Home Guarantee.

All in all, the budget delivers \$8.6bn in tax rebates and one-off payments as well as the fuel excise cuts. And while the Australian economy proved resilient through the pandemic and the geo-political unrest, this budget as expected did not deliver any great reform to help the economy into the future. For that we will have to just wait and watch this space post the elections in May.