

Federal Budget 2022-23

Key points

- Commitments for university places, childcare, affordable housing, cheaper medicines, and primary care feature prominently in this year's federal budget.
- The \$40-billion improvement to the bottom line is widely credited to a boost in commodity prices, increased tax takings due to inflation and targeted savings measures.
- In response to the high inflation environment, the government has kept new spending commitments beyond its election promises relatively muted.
- The Federal Government will continue to prioritise controlling spending on its five key 'pressure points' of expenditure: debt, NDIS, health, defence and aged care.
- Measures of wellbeing have been introduced into the budget papers.

Overview

On Tuesday 25 October 2022, Treasurer Jim Chalmers handed down the Federal Budget 2022-23. It is the first budget to be delivered by the newly elected Albanese Labor Government, one that is being delivered at a time of high inflation, workforce shortages and soaring government debt.

Inflation forecast		
	Previous forecast	Revised forecast
2022-23	3%	5.75%
2023-24	2.75%	3.5%

Wellbeing measures

In what the government widely billed as a 'wellbeing budget', this budget laid the foundation of the government's intention to publish wellbeing measures in areas such as education levels, health standards and the state of the environment as a way to gauge the 'wellbeing' of the nation.

Australia does not have an overarching progress and wellbeing national framework or centralised set of indicators. The government has signalled in its budget papers that it is interested in developing a national framework of indicators to measure wellbeing.

The OECD [Framework for Measuring Well-being and Progress](#) has been referenced several times as a policy basis.

In 2023, the government will release a new stand-alone 'Measuring What Matters Statement' tailored to Australia. Treasury will continue to research and consult experts and other stakeholders on what the

Statement should measure, how the Statement should link to other frameworks and goals – including at the state and territory level – and how the Statement should be communicated.

Savings

The government has identified areas for savings, most notably its claim that it conducted a line-by-line savings review of previous commitments by the previous government. This is expected to yield approximately \$10 billion in savings.

Expenditure

The Treasurer has identified key pressure points of note to the Government:

Government expenditure	Medium-term growth projection (approx.)
Interest payments	14%
NDIS	14%
Health	6.5%
Defence	4.4%
Aged care	6.5%

In post-budget interviews, the Treasurer noted that the NDIS could potentially grow into hundreds of billions of dollars beyond the forward estimates.

Key policy announcements

Health and aged care programs

Policy	Funding	Election policy	Further information	Description
Urgent Care Clinics	\$235m (over 4 years) from 2022-23	Yes	Link	The Urgent Care Clinics are meant to reduce pressure on hospital emergency departments – and are already being piloted in Victoria, with 50 sites being established. Includes \$100m to develop and pilot innovative models of care
Strengthening Medicare Fund	\$750m (held in contingency)	Yes	Link	The delivery of the Fund will be informed by the recommendations of the Strengthening Medicare Taskforce, which is scheduled to report by the end of 2022

COVID-19 Package – hospitals and emergency response	\$808m for 2022-23	No	Link	<p>The following will be extended until 31 December 2022:</p> <ul style="list-style-type: none"> • A \$759.9m extension of the 50:50 health cost sharing provision of the National Partnership on COVID-19 Response • \$48.3m for GP Respiratory Clinics • Extending medical indemnity arrangements to support returning doctors and midwives
Fixing the aged care crisis	\$2.5b (over 4 years) from 2022-23	Yes	Link	<p>This will deliver on key election promises, such as:</p> <ul style="list-style-type: none"> • implementing the increased requirement in care minutes for residential aged care • increased support for older First Nations peoples and older Australians from diverse communities and regional areas • Funding to establish the Aged Care Complaints Commissioner • Creating a national registration scheme and code of conduct for personal care workers in the sector
Implementing Aged Care Reform	\$540.3m (over 4 years) from 2022-23	No	Link	<p>This will deliver on key Royal Commission reforms, including:</p> <ul style="list-style-type: none"> • \$43.8m to expand eligibility for the Australian National Aged Care Classification Transition Fund • \$312.6m for essential aged care information and communication technologies system maintenance and enhancements • \$68.5m to extend and expand the Regional Stewardship of the Aged Care outreach model • \$23.1m towards the Support at Home Program from July 2024
Plan for Cheaper Medicines	\$787.1m (over 4 years) from 2022-23	Yes	Link	<p>The Government will decrease the general co-payment for treatments on the Pharmaceutical Benefits Scheme from \$42.50 to \$30 on 1 January 2023</p>

Regional Mental Telehealth Services	\$47.7m (over 4 years) from 2022-23	Yes	Link	The Government will reinstate Medicare Benefits Schedule item 288, which is a 50% loading for bulk-billed telehealth psychiatry consultations in eligible areas in regional and rural Australia
Rural and regional health	\$143.3m (over 4 years) from 2022-23	No	Link	This includes <ul style="list-style-type: none"> \$74.1m to introduce tiered financial incentive payments to recognise rural and remote doctors with additional skills \$29.4m to expand the list of eligible health professionals and increase the rural loading as part of the Workforce Incentive Program \$24.7m to fund an additional three rounds of the Innovative Models of Care Program to trial primary care models
Support for Community Sector Organisations	\$560m (over 4 years) from 2022-23	No	Link	This will provide funding supplementation due to additional staff wages pressures and higher inflation
National Health Sustainability and Climate Unit and Strategy	\$3.4m (over 4 years) from 2022-23	No	Link	The funding will develop a National Health and Climate Strategy and establish a National Health Sustainability and Climate Unit. This unit will address emerging health risks resulting from climate change and coordinate the sector's climate change responses

Broader programs of interest

Policy	Funding	Election policy	Further information	Description
Boosting parental leave	\$531.6m (over 4 years) from 2022-23	No	Link	Reforms from 1 July 2023 will make the Paid Parental Leave Scheme flexible for families. The scheme will be expanded by two additional weeks a year until it reaches a full 26 weeks

Plan for Cheaper Childcare	\$4.7b (over 4 years) from 2022-23	Yes	Link	<p>The commitment will deliver cheaper childcare through:</p> <ul style="list-style-type: none"> increasing the maximum Child Care Subsidy (CCS) rate from 85% to 90% for the first child in care and increase the CCS rate for all families earning less than \$530,000 maintaining current higher CCS rates for families with multiple children aged five or under in childcare
Permanent migration planning levels	\$487.2m (over 4 years) from 2022–23	No	Link	<p>The 2022–23 permanent Migration Program planning level will increase from 160,000 to 195,000. This will be complemented by increased funding to address the visa processing backlog. Includes \$154.6m in payments for the Department of Health and Aged Care</p>
Strengthening Australia’s Higher Education Sector	\$485.5m (over 4 years) from 2022–23	Yes	Link	<p>Funding for 20,000 additional supported places at universities and other higher education (HE) providers in 2023 and 2024. These places are dedicated to students under-represented in HE, including First Nations peoples and students from rural and remote Australia. The places are for courses in areas of skills shortage, including nursing</p>
Housing accord	\$350m (over 5 years) from 2024-25	No	Link	<p>The accord will support funding of an additional 10,000 affordable homes in partnership with state and territory governments and other stakeholders</p>



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