

# 2021/22

## Mid-Year Economic and Fiscal Outlook

### Overview

The 2021/22 Mid-Year Economic and Fiscal Outlook (MYEFO) was handed down today by the Treasurer Josh Frydenberg and Minister for Finance Simon Birmingham.

The summary below provides an insight of the updated budgetary forecasts and newly announced measures.

### Forecasts

The MYEFO Statement revises the unemployment rate, previously forecast in the 2021/22 Federal Budget at 5% has been forecasted down to 4.5% in 2021/22. Over the forward estimates the unemployment rate in 2024/2025 is estimated to reach 4.25%, an improvement of 0.25% since the 2021/22 Federal Budget.

The Treasury originally forecast inflation in the 2021/22 Budget to be 1.5% and 2.75% over the forward estimates. The MYEFO statement revises inflation to be 2.25% in 2021/22 and to increase to 3.25% over the forward estimates in 2024/2025. This revised inflation figure remains inside the Reserve Bank's targets.

Australia's gross domestic product (GDP) in the 2021/22 Budget was forecast at 4.25% and will lower over the forward estimates in 2024/2025 to 2.5%. The revised figure has lowered to 3.75% in 2021/2022 but remains expected to be 2.5% in 2024/2025.

The 2021/22 Federal Budget forecast wages growth to 1.25% in 2021/22 and to grow to 2.75% over the forward estimates. MYEFO has revised these forecasts to a higher rate of 2.25% in 2021/22 and 3.25% in 2024/2025. The Treasury states Australians will ask for higher pay because of inflation and employers will be likely to meet such demands.

### Debt and Deficit

The forecast Commonwealth's deficit in 2022/22 is expected to be \$99.2 billion. This is 7.4% billion lower than forecast in the Federal Budget 2021/22. This improvement is despite the lockdowns resulting from the Delta variant COVID-19 lockdowns experienced in Victoria, New South Wales, and the Australian Capital Territory. The revised deficit will account for 4.5% of GDP. In 2024/25, the deficit will be \$57.5 billion, a deterioration of \$0.5 billion as forecast in the 2021/22 Federal Budget. The 2024/2025 deficit will account for 2.3% of GDP in 2024/25.

Net Debt in 2021/22 has been revised from \$729 billion as forecast in the 2021/22 Federal Budget to \$673.4 billion, a decrease of 3.6% of GDP over six months. Over the forward estimates, net debt is expected to reach \$914.8 billion, an improvement of \$65.8 billion over the forward estimates in

2024/25. Net debt is now forecast to be 30.6% of GDP in 2021/22 and 37.4% in 2024/2025. The medium fiscal strategy on debt reduction now relies on economic growth and reducing net debt as a share of the GDP.

## Assumptions

Assumptions underpinning Treasury forecasting and modelling assume that vaccination rates in Australia will soon rise to 90%. Commencing in 2022, restrictions will no longer be required with only basic density restrictions being enforced, but as outlined by government, this is reliant on the stasis in Australian Covid deaths. A plan from government has been set out to control localised outbreaks in a safe manner, and snap lockdowns will be put in place when required. State border restrictions are likely to continue to be lifted by early 2022 with no reopening plans being altered due to the Omicron variant, as of mid-December. There is at present, expectation that international students will be able to return in 2022 with students commencing to return before their first semester starts.

## Unknown spending

Decisions that have not yet been announced, and costs not yet been calculated for, are not able to be publicised account for \$16 billion of unknown spending. This amount is ten times more than last year.

## New spending measures

### Health

- \$41.8 million over four years from 2021/22 amending the Medicare Benefits Schedule (MBS), including:
  - \$22.5 million for a range of genetic testing services for alpha thalassemia, heritable kidney disease, inheritable cardiac arrhythmia disorders, inheritable cardiomyopathies and an expansion of myeloproliferative neoplasms testing services
  - \$14.2 million for prostate specific positron emission tomography services informing the treatment of patients with prostate cancer
  - \$2.4 million expanding access to left atrial appendage closure for patients with an increased risk of stroke
  - \$2.2 million expanding access for self collected cervical screening tests under the National Cervical Screening Programs
  - \$0.5 million for less invasive services for prenatal testing, transcatheter aortic valve implantations, and remote programming of auditory implants and sound processors
- \$32.3 million over four years from 2021/22 responding to the MBS Review Taskforce's recommendations, including:
  - \$29.9 million improving access to primary health care services delivered by allied health professionals for Aboriginal and Torres Strait Islander people and children and young adults accessing complex health services
  - \$4.8 million changing plastic and reconstructive surgery services to align mandible and maxilla osteotomy items
  - \$3.1 million removing extradural spinal lesions and tumours
  - \$2.8 million for aligning anaesthesia services with contemporary clinical practice
  - \$0.8 million updating schedule fees to recognise the complexity of services relating to the extraction of pacemaker and defibrillator leads and preventing service gaps in gynaecological services
  - \$9.1 million of savings resultant from restructuring intrapartum items and maternity care plans for participating midwives

- \$58.3 million over four years from 2021/22 improving health outcomes through preventive and other health initiatives, including:
- \$20.0 million over two years from 2021/22 for a National Skin Cancer Awareness Campaign
- \$17.2 million over two years from 2022/23 for states and territories continuing the National Partnership Agreement for the Participant Follow-up Function of the National Bowel Cancer Screening Program
- \$16.0 million over three years from 2022/23 expanding existing tobacco control program activities for supporting the Government's target of reducing national smoking rates to less than 10 per cent by 2025
- \$2.5 million over four years from 2021/22 to the University of New South Wales, Sydney for managing the Your IVF Success website which supports Australian couples with independent advice and information on fertility support services and In Vitro Fertilisation (IVF)
- \$1.4 million over two years from 2021/22 supporting the Northern Territory Government's Aedes aegypti (dengue) and other diseases mitigation
- \$1.2 million in 2021/22 for the Lives Lived Well continuing drug and alcohol treatment services in the Caboolture and Moreton Bay

### Security and Borders

- \$13.6 million in 2021/22 facilitating inbound movement of international travellers
- \$1.1 million in 2021/22 changing visa settings for retaining and maximising economic participation for onshore visa holders, encouraging offshore priority migrants to return to Australia and delivering concessions for priority visa holders impacted by COVID-19 travel restrictions
- \$50.0 million over two years from 2021/22 funding Round 6 of the Safer Communities Fund and providing grants for local government and community organisations addressing crime and anti-social behaviour

### Industry, Energy and Emissions

- \$1.1 billion over ten years from 2021/22 supporting further investment in reliable energy supplies in Australia's electricity markets and increasing investment in technology solutions that will reduce emissions in Australia and the Indo-Pacific region, including;
  - \$500 million in equity for the Clean Energy Finance Corporation (CEFC) joining with \$500 million from private sector investors supporting the establishment of a \$1.0 billion Low Emissions Technology Commercialisation Fund (LETCF) which includes \$56.6 million over ten years from 2021/22 for the CEFC administering the LETCF
- \$177.7 million over four years from 2021/22 expanding the Future Fuels Fund enhancing consumer choice and accelerating uptake of new vehicle technologies reducing emissions in the transport sector
- \$158.7 million over five years from 2021/22 supporting two additional hydrogen hubs, increasing the Government's commitment to seven hubs
- \$60.0 million of additional funding over three years from 2021/22 expanding the Boosting Australia's Diesel Storage Program
- \$43.9 million over ten years from 2021/22 increasing the number of partner countries in the Indo-Pacific Carbon Offset Scheme which support increased transparency of emissions reporting and investment
- \$33.5 million over four years from 2021/22 supporting the development and deployment of sustainable aviation and marine biofuels

- \$14.0 million over four years from 2021/22 expanding available funding under the National Soil Carbon Innovation Challenge accelerating the development and deployment of reliable, certifiable soil carbon measurement technologies
- \$10.1 million over four years from 2021/22 undertaking analysis and modelling ensuring the electricity grid is ready for increased electric vehicle uptake
- \$2.0 million over two years from 2021/22 supporting the design and implementation of post 2025 market reforms to the National Electricity Market
- \$29.1 million over four years from 2021/22 supporting the Modern Manufacturing Strategy and National Manufacturing Priorities, including:
  - \$18.8 million in 2021/22 funding Industry Growth Centre activities increasing skills, collaboration and commercialisation and improving international opportunities and market access
  - \$10.3 million over four years from 2021/22 aligning existing industry, science and technology programs into outcome based investment streams for better targeted support maximising the impact from intervention and strengthen policy objectives

### Infrastructure

\$2.3 billion from 2021/22 for priority infrastructure projects across Australia as part of the Government's \$110.0 billion infrastructure investment pipeline

### Australian Capital Territory

- \$17.9 million for intersection safety improvements
- \$5.0 million for the Boboyan Road Upgrade
- \$1.0 million for the Canberra South-West Corridor upgrade package

### New South Wales

- \$298.4 million for the Coffs Harbour Bypass Project
- \$200.0 million for the Hawkesbury River Third Crossing
- \$96.0 million for the New England Highway Tenterfield Heavy Vehicle Bypass
- \$90.0 million for projects along the Tenterfield to Newcastle Corridor
- \$80.0 million for the M1 Pacific Motorway Extension to Raymond Terrace
- \$44.8 million for the Mulgoa Road Upgrade
- \$30.0 million for the Prospect Highway Upgrade
- \$30.0 million for the King Georges Road Upgrade
- \$20.0 million for the Port Stephens Cutting Upgrade
- \$6.8 million for Bruxner Highway (Wollongbar to Goonellabah)
- \$4.0 million for Oxley Highway Stage 2 Planning
- \$4.0 million for Appin Road
- \$3.6 million for Princes Highway and Waratah Street Intersection Upgrade

### Queensland

- \$316.1 million for the Coomera Connector Stage 1 (Coomera to Nerang)
- \$243.1 million for projects along the Bruce Highway Corridor
- \$29.3 million for the Bowen Basin Service Link (Walkerston Bypass)
- \$15.0 million supporting the upgrade of the Royal Flying Doctor Service facilities in Townsville under the Townsville City Deal
- \$10.0 million for the Business Case for Toowoomba to Gladstone Inland Rail Connection



- \$3.0 million for Sunshine Coast Rail Extension Investment Planning (Beerwah to Maroochydore)

### South Australia

- \$50.0 million for the Lefevre Peninsula Upgrades
- \$30.0 million supporting the Digital Technologies Academy at Lot Fourteen under the Adelaide City Deal
- \$16.0 million for the Eyre Peninsula Network
- \$16.0 million for the Princes Highway Corridor (Overtaking Lanes)
- \$15.0 million for the Brighton Road Intersection Improvements
- \$5.4 million for the Rural Roads Package (Naracoorte Roundabouts)
- \$5.0 million for the Level Crossing Removal Planning Program
- \$5.0 million for the Automated Train Protection Signals Upgrade (Seaford Line)

### Tasmania

- \$167.8 million for the New Bridgewater Bridge
- \$80.0 million for the Freight Capacity Upgrade Program

### Victoria

- \$6.8 million for the Western Freeway Realignment at Pykes Creek
- \$6.0 million for the Caulfield-Rowville Link Business Case
- \$5.3 million for the Henderson Road Upgrade
- \$1.8 million for the Camberwell Road - Monteath Avenue - Redfern Road Intersection Upgrade
- \$1.4 million for the Plymouth Road Improvements
- Western Australia
- \$300.0 million for projects supporting METRONET
- \$32.0 million for the Newman to Katherine Corridor Upgrade (Port Hedland Airport Deviation)
- \$25.0 million for the Canning Bridge Bus Interchange
- \$5.0 million for the Wanneroo Road – Dunstan Road to Romeo Road (Duplication)

### Justice and Child Safety

- \$155.0 million over four years from 2021/22 preventing and responding to child sexual abuse. Initiatives will contribute to the First National Action Plan (2021-2024) under the National Strategy to Prevent and Respond to Child Sexual Abuse 2021-2030
- \$29.0 million over four years from 2021/22 for awareness raising, education and building child safe cultures, including:
  - \$22.3 million delivering a national awareness raising campaign on child sexual abuse
  - \$2.5 million implementing and promoting the National Principles for Child Safe Organisations and developing an evaluation framework on the implementation and effectiveness of the National Principles.
  - \$1.9 million working with the National Centre for the Prevention of Child Sexual Abuse for developing and delivering education and capacity-building measures
  - \$1.2 million establishing an ongoing national annual reporting framework for non-government organisations to report on their progress to create and maintain child safe cultures



- \$1.1 million enhancing national arrangements for sharing child safety and wellbeing information
- \$22.8 million over four years from 2021/22 supporting and empowering victims and survivors of child sexual abuse, including:
  - \$10.2 million setting up a national support service for nonoffending family members of child sexual abuse perpetrators
  - \$8.7 million delivering a website and helpline for assisting victims and survivors to access help and information
  - \$3.8 million delivering a trauma aware, healing informed and culturally appropriate resource improving early disclosure experiences of, and access to, specialist services for Aboriginal and Torres Strait Islander victims and survivors
- \$4.4 million over four years from 2021/22 enhancing national approaches to children with harmful sexual behaviours, including:
  - \$1.8 million setting up a National Clinical Reference Group
  - \$1.4 million developing national standards for responding to, supporting and safeguarding children with harmful sexual behaviours, and setting up a national clinical framework for responding to children with harmful sexual behaviours
  - \$1.2 million increasing workforce capability for preventing and responding to children with harmful sexual behaviours and supporting the community to better understand and respond to developmentally appropriate sexual behaviours and harmful sexual behaviours in children
- \$51.7 million over four years from 2021/22 improving offender prevention and intervention, including:
  - \$18.6 million implementing a National Victim Identification Framework for online child sexual abuse
  - \$16.6 million (from within existing resources) embedding members of all Australian and New Zealand police forces into the Australian Federal Police led Australia Centre to Counter Child Exploitation
  - \$9.6 million launching an offender prevention service for adults who have sexual thoughts about children or young people
  - \$3.8 million (from within existing resources) setting up a victim coordinator liaison capability
  - \$3.1 million (from within existing resources) delivering a Digital Field Triage Tool and Training Program
- \$32.0 million over four years from 2021/22 improving the evidence base on child sexual abuse, including:
  - \$19.3 million (and \$3.1 million over 2025/26 and 2026/27) conducting a second wave of the Australian Child Maltreatment Study
  - \$5.1 million completing a baseline analysis of specialist and community support services for victims and survivors of child sexual abuse
  - \$3.3 million setting up a monitoring and evaluation framework under the National Strategy
  - \$3.2 million developing a scoping study for, and establishment of, an Australian Child Wellbeing Data Asset
  - \$0.7 million for developing and delivering a strategic child safety research agenda
  - \$0.5 million completing a monitoring and evaluation data feasibility assessment study
- \$15.2 million for other initiatives to prevent and respond to child sexual abuse in addition to the First National Action Plan, including:
  - \$5.9 million over two years from 2023/24 conducting a scoping study and pilot service to prevent child sexual abuse reoffending
  - \$4.7 million over four years from 2021/22 increasing specialist services for children with harmful sexual behaviours



- \$3.9 million over four years from 2021/22 enhancing child protection investigation in the Northern Territory
- \$0.6 million in 2021/22 to further developing and implementing a national evaluation framework to measure government responses to the Royal Commission into Institutional Responses to Child Sexual Abuse

### **Social Services**

- \$120.3 million over four years from 2021/22 and \$151.9 million from 2025/26 to 2031/32 (and \$11.7 million per year ongoing) supporting the delivery and implementation of Australia's Disability Strategy 2021/2031

### **National Disability Insurance Scheme**

- \$30.0 million over two years from 2021/22 to the National Disability Insurance Agency (NDIA) and the National Disability Insurance Scheme (NDIS) Quality and Safeguards Commission (the Commission) for developing and testing new compliance capabilities, targeting fraudulent and unethical provider behaviours