



Budget 2021–22

Securing Australia's Recovery

**Building a more secure
and resilient Australia**

budget.gov.au





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Contents

A more secure and resilient Australia	4
Keeping Australians safe	6
Secure and affordable energy	8
Manufacturing and supply chains	10
Expanding trade opportunities for business	12
Cutting edge science	14
Strengthening regional Australia	16
Better roads for our regions	18
Unlocking the potential of the North.	20
Growing Australian agriculture.	22
Preparing for future droughts	24
Improving disaster resilience	26
Affordable insurance for Northern Australia.	28
Lowering emissions to tackle climate change.	30
Caring for the environment	32



A more secure and resilient Australia

In this Budget, the Government is taking decisive action to build our economic resilience to deal with future shocks.

This investment will help to secure Australia's recovery by keeping energy prices low, diversifying our export markets and supporting a strong domestic manufacturing sector.

To keep Australians safe from threats at home and abroad, the Government is making new investments in our national security, strengthening our borders and enhancing protections from family and domestic violence.

This Budget supports regional Australia so it can grow and prosper through investments in transport and digital infrastructure, enhanced biosecurity protections and drought arrangements for our regional communities and agriculture sector, and enhancing

our world-leading disaster management arrangements.

This Government is taking practical action to tackle the risks of climate change, investing \$20 billion to ensure Australia is leading the way in the adoption of new low-emissions technologies while supporting jobs and strengthening our economy.

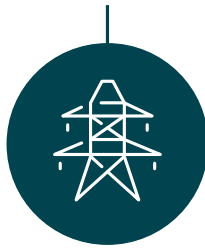
This package of measures will protect Australians' livelihoods and their safety and ensure we secure Australia's recovery.



Keeping
Australians
safe



Secure and
affordable
energy



Manufacturing
and
supply chains



Expanding trade
opportunities for
business



Cutting
edge
science



Strengthening
regional
Australia



Better roads
for our
regions



Unlocking the
potential of
the North



Growing
Australian
agriculture



Preparing
for future
droughts



Improving
disaster
resilience



Affordable
insurance for
Northern Australia



Lowering
emissions to tackle
climate change



Caring
for the
environment





Keeping Australians safe

Protecting Australians from threats at home and abroad

Strong national security is essential for our continued prosperity.

The Government is providing more than \$1.9 billion over the next decade to strengthen our national security and law enforcement capabilities and ensure the security of all Australians.

Enhancing our national security capabilities

The Government is providing \$1.3 billion to the Australian Security Intelligence Organisation (ASIO) over the next decade. This will support ASIO's technological capabilities, enhancing its ability to address threats to Australia's national security.

Enhancing our security capabilities to keep Australians safe

In addition, the Government is providing \$51.8 million to the Australian Criminal Intelligence Commission to enhance its unique capabilities in combatting transnational, serious, and organised crime.

Securing our borders

To support Australia's strong border protection policies, the Government is committing \$464.7 million to bolster domestic detention capabilities and a further \$38.1 million to support Indonesia with its irregular migrant population.

Protecting our interests in the Indo-Pacific

The Government has committed \$747 million to upgrade four key military training areas in the Northern Territory. This funding forms part of the Government's commitment to invest \$270 billion in defence capability across

Australia over the next decade. It further supports our ability to promote an open and peaceful Indo-Pacific.

Safety from family and domestic violence

The Government is committed to ensuring women and their children are safe. We will provide a further \$1.1 billion through the Women's Safety Package to address and prevent family and domestic violence. Further, the Government is committing \$146 million to enhance national law enforcement child protection capabilities.

Delivering
affordable energy to
support households
and create jobs

Secure and affordable energy

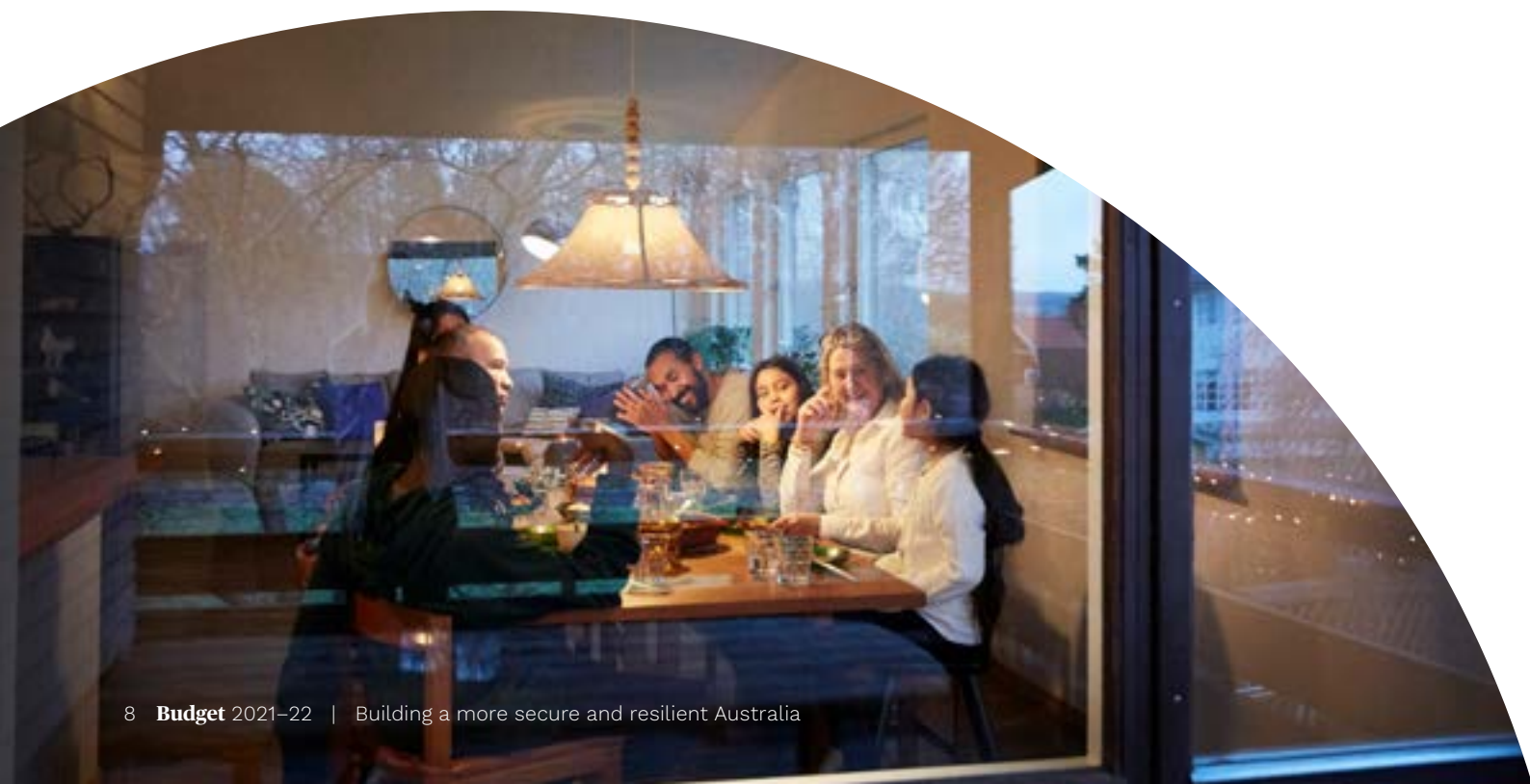
Shoring up Australia's fuel, gas
and electricity supplies

Lower prices for households and business

Affordable and reliable energy is critical for the ongoing competitiveness of our businesses and to keep costs down for households.

Household electricity prices are 11.2 per cent lower than they were a year ago, and wholesale prices in the National Electricity Market are at their lowest levels in six years.

In this Budget, the Government will provide up to \$215.4 million to support investment in new dispatchable generation and deliver affordable and reliable power for consumers in the nation's electricity markets. This includes up to \$76.9 million to underwrite Portland Aluminium Smelter's participation in the Reliability and Emergency Reserve Trader mechanism.





The investment also provides \$49.3 million for battery and microgrid projects and \$24.9 million to assist new gas generators become hydrogen ready, as well as \$30 million for early works on Australian Industrial Power's Port Kembla gas generator project.

Gas-fired recovery

The Government will deliver more gas where it is needed at a competitive price to grow Australian industry and support jobs.

New funding of \$58.6 million will support key gas infrastructure projects, unlock new gas supply and empower gas customers.

Cleaner, more secure fuel

The Government is taking decisive action to support local oil refineries as part of our commitment to jobs and Australia's long-term fuel security. This includes the introduction of a production payment to support local refineries continue operating in Australia.



\$1.5 billion to build our manufacturing capability

Manufacturing and supply chains

Investing in our domestic manufacturing capability and securing supply chains

Implementing the Modern Manufacturing Strategy

Australian manufacturers stepped up to meet the challenge of the COVID-19 pandemic, pivoting their businesses to produce the personal protective equipment (PPE), ventilators and hand sanitisers that were central to our health response.

Our ten-year, \$1.5 billion Modern Manufacturing Strategy is shaping the future of this critical sector. The strategy will deliver scale, enhance competitiveness and improve resilience in areas of our comparative advantage and strategic interest.

The Government has made substantial progress on the Strategy, including:

- Releasing the six National Manufacturing Priority Road Maps;
- Accepting applications for the initial round of the \$1.3 billion Modern Manufacturing Initiative; and
- Rolling out a second round of grants worth \$50 million under the Manufacturing Modernisation Fund to support the adoption of new technologies and secure jobs.





Bolstering our supply chain resilience and sovereign capability

The Government is removing supply chain vulnerabilities to secure access to essential goods for Australians and to guarantee supply in the event of future shocks.

Through the \$107.2 million Supply Chain Resilience Initiative, the Government is examining vulnerable, essential and critical products starting with common medicines, PPE and agricultural production chemicals. From July 2021, the Government will deliver grants to businesses to build capabilities

that address and identify critical supply chain vulnerability. This will ensure we have access to the critical product inputs needed to secure our supply chains and support Australian manufacturers.

The Government is also establishing an Office of Supply Chain Resilience to monitor vulnerabilities and coordinate whole-of-government responses to improve ongoing access to essential goods.

We are committed to further developing our sovereign vaccine manufacturing capability, including the local production of mRNA vaccines.

Australia's manufacturers played a key role in making the products that continue to keep us safe through the COVID-19 response.

Med-Con Pty Ltd – a leading manufacturer of surgical masks near Shepparton – increased production of surgical facemasks amid the initial COVID-19 response.

The Australian Government, including the Australian Defence Force (ADF), assisted Med-Con by helping them design and construct additional machinery.

With this assistance, Med-Con was able to move to 24 hour a day production, purchase seven new machines (to a total of 10 machines), boost its production capacity from two million to over 90 million surgical masks in 2020, and increase staff at its Shepparton facility from 14 to 98.

Around a dozen ADF personnel comprised of highly qualified engineering maintenance specialists filled a short-term gap in skilled workers, assisting Med-Con while it recruited and trained supplementary staff.



Expanding trade opportunities for business

Diversifying our economy

New markets for our exports

COVID-19 and other recent events have shown how important it is to diversify our export markets.

The Government has grown and diversified Australia's exports by signing nine Free-Trade Agreements since 2013, which now cover over 70 per cent of our two-way trade, compared with 26 per cent in 2013. We are pursuing further agreements with a goal of reaching 90 per cent coverage.

The Government is committed to the Export Market Development Grants program which provides support to small and medium sized enterprises establishing or expanding their export business.

Trade is critical for Australian agricultural producers. The Government is providing \$87.7 million to help farmers diversify and increase their exports.

Expanding Australia's tax treaty network

The Government is committing \$11.6 million towards delivering a significant expansion of our bilateral tax treaty network. This will reduce the tax burden on cross-border operations for businesses and provide them with greater tax certainty.

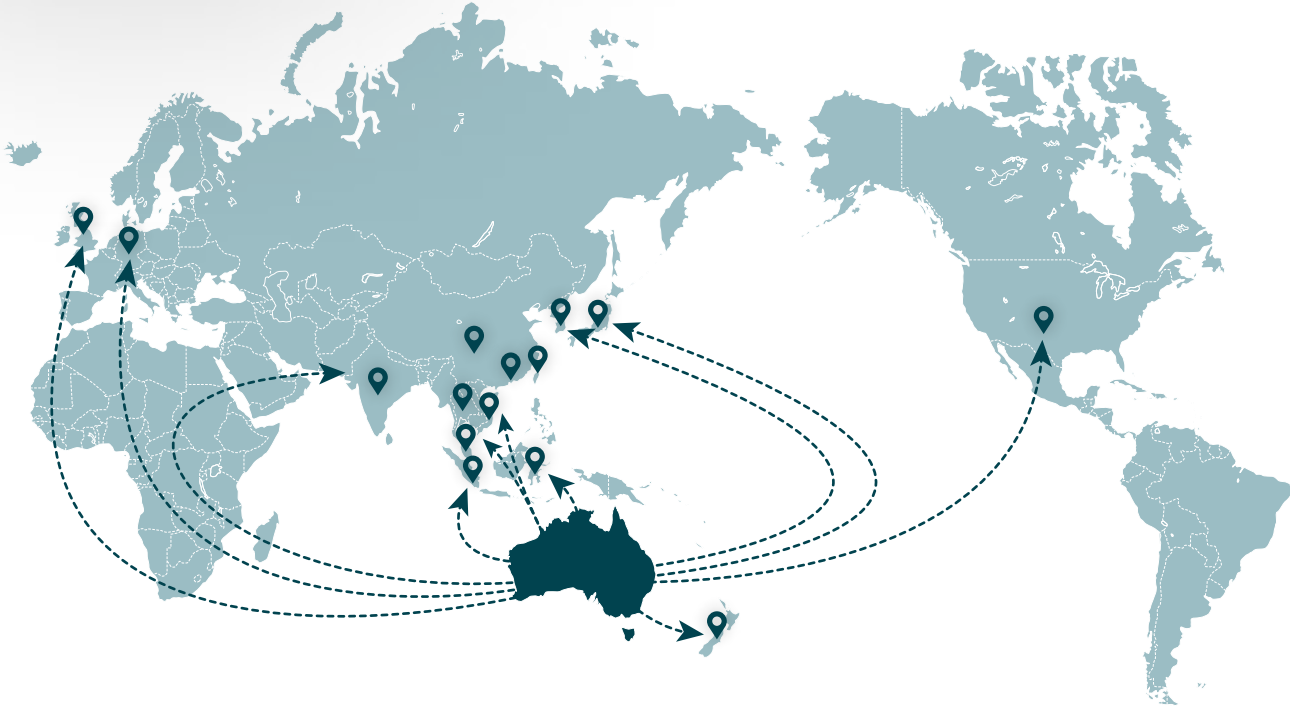
Jill is a premium grass-fed beef producer. Under the Agri-Business Expansion Initiative, Austrade is helping Jill establish new export markets in Saudi Arabia and Kuwait.

By increasing exports, Jill's business is more profitable and employs more regional Australians.



Helping Australian businesses build and diversify their export markets

Australia's top export destinations





Support for science and innovation

Cutting edge science

Keeping our economy at the forefront
of technological advances

Driving investment in science

The Government is backing Australian science and technology through the introduction of the patent box. This will drive research in medical and biotech technologies and support skilled jobs by encouraging companies to base their R&D laboratories in Australia. The Government will consult closely with industry on the design of the patent box and explore whether expanding the incentive would be an effective way of supporting clean energy.

Building the Square Kilometre Array

The Square Kilometre Array (SKA) project is one of the most ambitious science projects of the 21st century, opening up new areas of discovery to revolutionise our understanding of the universe.

The Government will invest \$387.2 million to build one of the SKA telescopes in Western Australia's Murchison region, enabling advancement in fields as diverse as medical imaging and advanced manufacturing.

This includes \$64.2 million to establish a specialist super-computing centre in Perth to process the unprecedented amounts of data that will be generated.

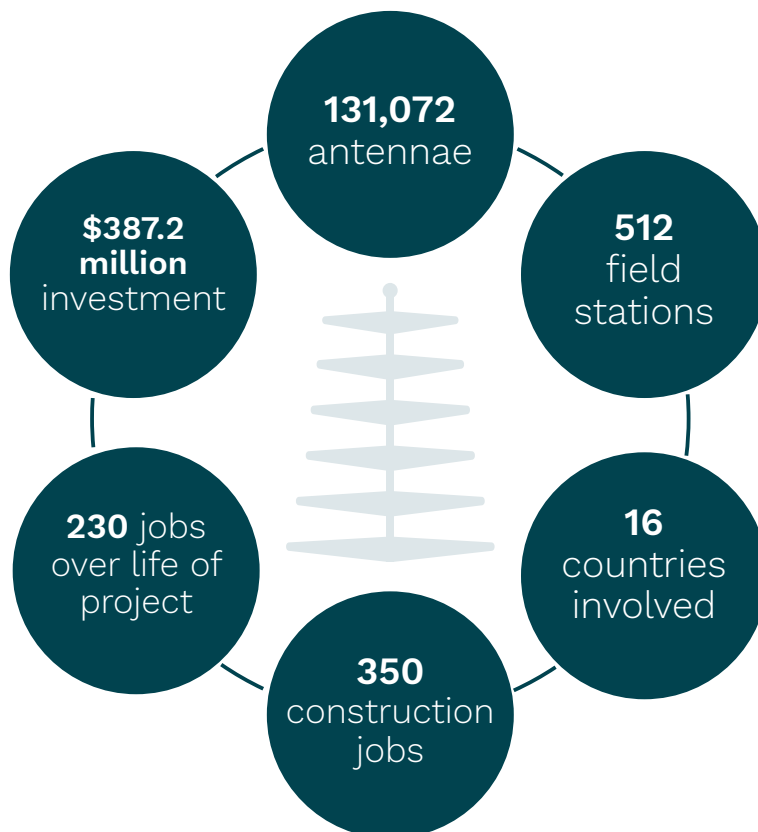
Supporting artificial intelligence

The Government will provide \$124.1 million to reduce barriers and increase adoption of artificial intelligence in Australia. Artificial intelligence has the potential to deliver economy-wide benefits by lifting Australia's competitive capabilities, enabling industry-wide transformation and unlocking local jobs and economic growth.



The Square Kilometre Array project, Murchison, Western Australia

Square Kilometre Array Project Details





Strengthening regional Australia

Backing growth in our regions

In this Budget, the Government is providing \$348 million to further enhance the attractiveness of regional Australia as a place to live and work.

Building Better Regions Fund

The Government is expanding its \$1 billion flagship Building Better Regions Fund by a further \$250 million for a sixth round to create jobs, improve infrastructure and drive economic growth in regional Australia.

Grants of up to \$1 million will be available for infrastructure and community investments to make regional areas even better places to live and work.

The Building Better Regions Fund has already supported 995 projects.

Rebuilding Regional Communities Program

COVID-19 has restricted the ability of smaller community organisations to fund their operations due to social distancing and travel restrictions. As a result local businesses have been unable to support community activities.

The Rebuilding Regional Communities Program provides \$6.1 million to help restart and support community-led activities.

Bringing regions online

COVID-19 has shown the importance of connecting virtually with workplaces, customers, family and friends. This has been particularly important for regional Australians and businesses.

The Government is extending the Regional Connectivity Program by \$84.8 million to keep regional Australians connected and to increase the uptake of technology. This Program is delivering improved broadband and telecommunications to over 80 locations across regional Australia.

Faster speeds and more data will increase the uptake of innovations like digital farming practices and telehealth services, improving the livelihoods of rural Australians.



Mount Gambier Regional Airport — case study

Through the Building Better Regions Fund, the Government provided \$3.5 million towards a \$9.2 million upgrade of Mount Gambier Regional Airport.

This has increased the productivity of businesses and exporters in the region and provided support to critical air transport infrastructure for emergency services.

The improvements also pave the way for more tourists to visit the Limestone Coast's attractions and help the region's farmers increase their exports of premium produce, such as the Coonawarra's world-class wine.



Better roads for our regions

The Government's record 10-year infrastructure pipeline is supporting our regions and delivering a stronger and more resilient regional and rural Australia.

This Budget provides an additional \$15.2 billion in commitments over the next ten years towards road, rail and community infrastructure projects across Australia, to ensure our regions are better connected.

The Government's commitments include:

- \$500 million in funding for the Princes Highway Corridor – Jervis Bay in New South Wales;
- \$400 million in funding for Bruce Highway upgrades in Queensland;
- \$150 million in funding for National Network Highway upgrades in the Northern Territory;
- \$148 million in funding for Augusta Highway upgrades in South Australia; and
- \$113.4 million for upgrades to the Midland Highway in Tasmania.

The Government is extending the successful Road Safety Program with an additional \$1 billion of funding for projects that will upgrade roads and save lives.

\$1 billion is also being provided to extend the Local Roads and Community Infrastructure Program. The Program will deliver upgrades to local roads, footpaths and community infrastructure.

An additional \$79.6 million is being provided for residents of Australia's external territories to access critical services and infrastructure.



**Delivering the
infrastructure
needed for our
regions**



Unlocking the potential of the North

Our north, our future

Our North, Our Future- Next Five Year Plan will ensure Northern Australia is well placed to seize emerging opportunities by supporting business growth, infrastructure and digital connectivity.

The Government's initial four Regions of Growth will benefit from targeted assistance to build economies of scale, encourage private investment and grow key regional industries.

Dedicated funding for Northern Australia digital connectivity

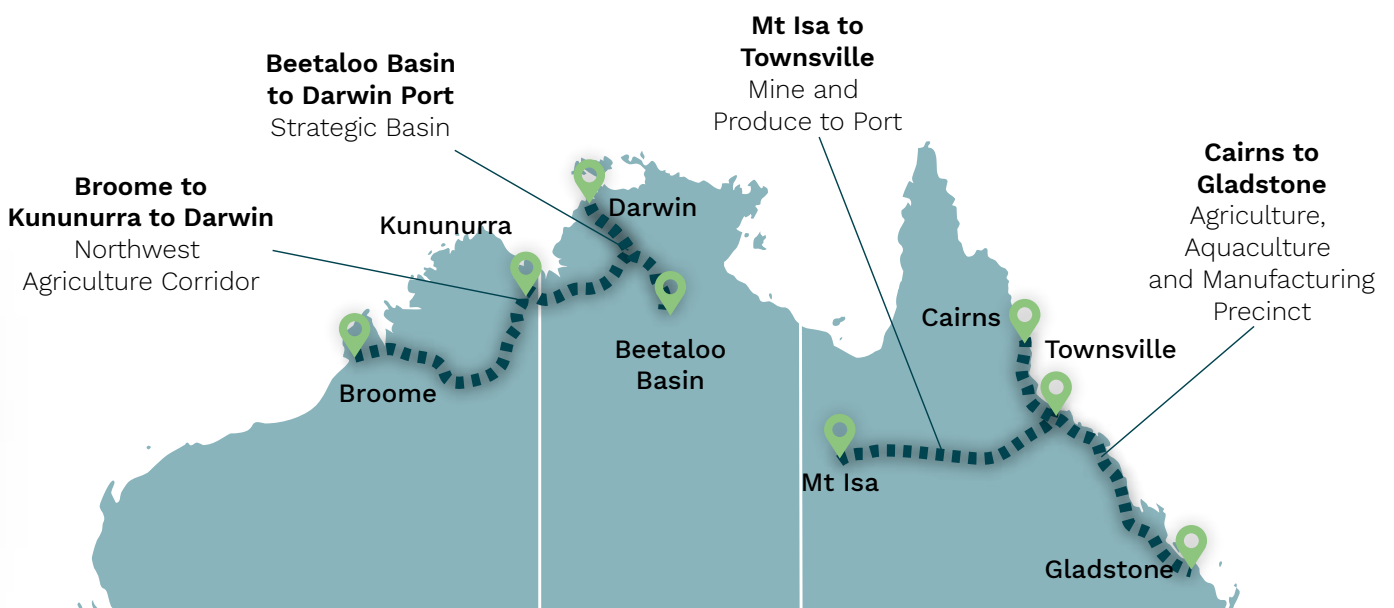
The Government is providing \$68.5 million to deliver accessible, fast and reliable digital connectivity for communities and businesses across Northern Australia.

The Government has also extended the \$5 billion Northern Australia Infrastructure Facility (NAIF) for a further five years and

introduced reforms so that more businesses can get the support they need. The changes will speed up investment approvals and increase flexibility so that a wider range of projects, including small business ventures, can benefit from NAIF financing.



**Investing
\$189.6 million to
support Northern
Australia**





Growing Australian agriculture

Investing \$2.2 billion to support Australia's farmers

Ag2030 Plan

Australia's vibrant regions are underpinned by a prosperous agriculture industry. This Budget will provide \$850.4 million to help farmers reach their goal of increasing farm gate output to \$100 billion by 2030.

Keeping regions safe from pests

Australia's biosecurity system protects more than \$50 billion in agricultural exports and 1.6 million jobs from threats like African swine fever. The Government is investing \$385.5 million for our biosecurity systems,



This Budget will provide \$850.4 million to help farmers reach their goal of increasing farm gate output to \$100 billion by 2030

as well as \$29.1 million in pest and weed reduction activities to help farmers manage threats to their livestock and crops. The Government is also funding cutting edge technologies for increased surveillance and targeting specific threats like African swine fever and khapra beetle breaches.

A strategy for our agricultural workforce

The Government is providing \$29.8 million to help farmers attract and retain skilled workers to create a highly trained and technologically-proficient agriculture workforce of the future.

Healthy soils to improve our farm productivity

The Government is committing \$237.9 million to help farmers better understand and manage their farms' soil health. This will improve farm yields and increase our regions' productive capacity.

Maximising water for irrigation

The Government is putting communities back at the heart of the Murray-Darling Basin Plan, focusing on improving the efficiency of off-farm irrigation infrastructure. In this Budget, the Government will allocate \$1.3 billion to recover water for the environment while maintaining water for irrigation.

Preparing for future droughts

Helping Australia's regions and farmers build their drought resilience

The Government's \$5 billion Future Drought Fund is helping farmers prepare for future droughts. This Budget includes \$103 million to help farmers and communities develop risk management and regional resilience plans to better prepare for future droughts. A further \$59.5 million will help farmers harness new technologies and farming practices.

This will ensure local communities and farmers have secure water supplies into the future.

In addition, the Government is helping Murray-Darling Basin irrigators better understand future water availability and plan for drought and flooding. Farmers will be able to access new technology that will integrate water models across the whole Basin.

Ensuring water availability

Australia's farmers need reliable water sources to keep growing our food. Through the \$3.5 billion National Water Grid Fund the Government is providing \$258 million to fund new dams and irrigation projects, including accelerated pathways to get small-scale water infrastructure done, including in Eurobodalla, Werribee, Warwick and the Bellarine.



Eurobodalla — case study

The Government is contributing \$51.2 million towards a 3,000 ML dam in New South Wales' Eurobodalla region under the National Water Grid Fund. This dam will guarantee water supply to the area and support local irrigators.

Based on current climate projections, future average annual rainfall in the Eurobodalla region is likely to be lower than in the past. Without action, local businesses and residents could face increasing water restrictions.

Working with New South Wales and the Eurobodalla Shire Council, the Government is building a new dam to ensure residents and farmers can access secure water supplies for years to come.

This will benefit the region's 3,300 tourism jobs and support dairy, beef and oyster farming.

The dam will ensure water provision for emergency services and the new hospital.



More resilient regional economies and communities with \$5 billion for drought and \$3.5 billion for dams

National Water Grid Investments

60+ FEASIBILITY STUDIES

Over \$165 million

Across Australia, including five in the Northern Territory

2 PROJECTS

WA | Over \$178 million

3 PROJECTS

SA | Over \$48 million

10 PROJECTS

VIC | Over \$180 million

8 PROJECTS

QLD | Over \$448 million

Warwick Recycled Water for Agriculture (new)

3 PROJECTS

NSW | Over \$615 million

Eurobodalla Southern Storage (new)

Werribee Irrigation District Modernisation (new)

6 PROJECTS

TAS | Over \$125 million

Recycled Water on the Bellarine (new)





Improving disaster resilience

Preparing Australia to respond to the challenges of natural disasters

The Government is investing in communities across Australia to help them prepare for and manage the impacts of more intense and frequent natural disasters.

This Budget implements measures announced by the Government in its response to the recommendations of the Royal Commission into National Natural Disaster Arrangements.

Enhancing Emergency Management Australia

Keeping Australians safe is a core priority of the Government and underlies the response to the Royal Commission. Our enhancements to Emergency Management Australia are central to this commitment and the Government's integrated reform program.

The Government is providing \$90 million to enhance Emergency Management Australia's capabilities, to improve national disaster preparedness and response. This includes

facilitating resource sharing decisions with the states and territories. This will lead to better informed, timely and harmonised government decision making during emergencies.

Providing strong national leadership

The National Recovery and Resilience Agency commenced on 5 May 2021. It provides strong leadership through a national presence, drives the reduction of natural disaster risk, enhances natural disaster resilience and ensures effective relief and recovery from disasters.

A range of new Commonwealth programs, including the Preparing Australia Program, will provide \$895.5 million for initiatives to improve long-term resilience of Australian communities and households and support the ongoing recovery needs of communities impacted by the 2019-20 bushfires.



Reforms to improve Australia's disaster preparedness, response, recovery, and resilience

Building national climate resilience capability

To transform the Commonwealth's capacity to prepare for extreme events and a changing climate, the Government is investing \$209.7 million to establish the Australian Climate Service.

The Australian Climate Service will bring together our world-leading climate and natural disaster information and expertise to better inform how we build climate resilience and respond to natural disasters.

National Climate Resilience and Adaptation Strategy

This year, the Government is developing a new National Climate Resilience and Adaptation Strategy to provide a clear and practical pathway for building the resilience of our communities and the economy to a changing climate.

Affordable insurance for Northern Australia

Lowering the cost of insurance for households and small business

Cyclone and related flooding reinsurance pool

The Government intends to establish a reinsurance pool for cyclones and related flooding, to commence from 1 July 2022 and be backed by an annually reinstated \$10 billion government guarantee.

This means the cost of providing insurance would be lower, and these savings would be passed on to consumers and small business in the form of lower premiums. The reinsurance pool would also increase insurance availability in high-risk areas by helping insurers manage their exposure to cyclone risk.

The scheme would cover consumers with home building, home contents, residential strata, residential mixed-use and certain small business property insurance policies in cyclone-prone areas.

North Queensland strata title resilience pilot program

Strata title properties in Northern Australia can be especially expensive to insure, particularly larger and older properties close to the coast.

The Government has announced \$40 million in funding for a capped, three-year pilot program to subsidise the cost of cyclone risk mitigation works for eligible strata title properties (residential and mixed use residential) in north Queensland.

The Government intends to partner with the Queensland Government on the delivery of the program, with program implementation expected to commence from January 2022.



**Making insurance
more affordable in
Northern Australia**



Investing in strong and practical action to reduce emissions

Lowering emissions to tackle climate change

Australia will meet and beat our 2030 Paris target

Australia's Technology Investment Roadmap is a plan to create jobs, cut energy costs and reduce emissions.

The Government is investing \$20 billion in new and emerging technologies by 2030, leveraging around \$80 billion of total public and private investment over the decade.

Investing in priority technologies and international partnerships

Building on the \$1.9 billion investment package in the 2020-21 Budget, the Government will provide a further \$1.2 billion to establish Australia at the forefront of low emissions technology innovation.

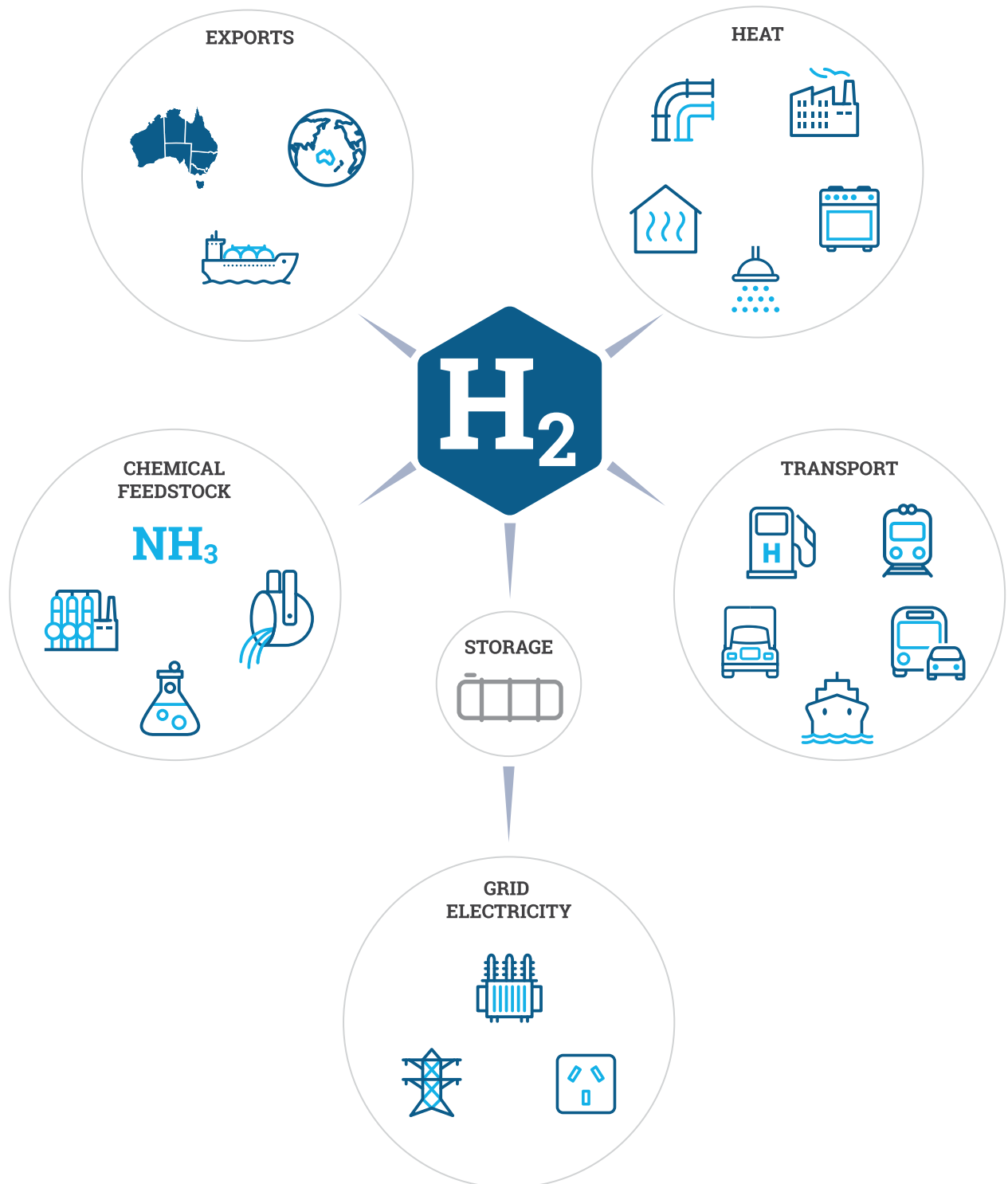
- \$565.8 million to establish international partnerships on practical low emissions projects;

- \$275.5 million to support up to four additional hydrogen hubs;
- \$263.7 million to accelerate the development of Carbon Capture Use and Storage; and
- \$59.6 million to support a National Soil Carbon Innovation Challenge and trial new agricultural feed technologies that reduce emissions from livestock.

Supporting Australian businesses to reduce energy costs and emissions

The Government is also investing \$316.7 million to help businesses and industry lower their emissions by supporting more voluntary action and helping businesses reduce their energy use.

Opportunities for a hydrogen powered future





Caring for the environment

Protecting the environment, increasing recycling and investing in ocean health

Protecting the environment

The *Independent Review of the Environment Protection and Biodiversity Conservation Act 1999* found that our environmental laws need adjusting to ensure they are fit for purpose.

We are investing a further \$29.3 million to ensure our environmental laws maintain strong protections for the environment while supporting economic growth.

This builds on the \$36.6 million provided in the 2020-21 Budget to deliver 'single touch approvals' and maintain timely environmental assessments.

The Government will pay \$22.3 million to farmers to protect and restore native habitat.

A further \$9.1 million will help ensure our natural assets are valued and taken into account in commercial decisions, reducing environmental degradation and supporting greater private investment.

Waste and recycling

The Government will create jobs in the recycling sector and protect the environment by reducing waste sent to landfill, working towards our targets and export ban under the National Waste Policy Action Plan.





The Plan will be supported by \$67 million to reduce the amount of food waste going to landfill and improve soil health.

The Government is providing \$5.9 million in funding for a third round of investments in the National Product Stewardship Investment Fund. This fund supports industry to find new ways to recycle products.

Small businesses will be supported to adopt the Australasian Recycling Label. This label is a world-leading consumer education tool which helps households recycle.

This builds on existing initiatives, such as the \$190 million Recycling Modernisation Fund to help recycling facilities accept and process a wider variety of materials.

Oceans Leadership Package

The Government is investing a further \$100 million to protect our sea life, restore coastal ecosystems, reduce emissions and enhance management of oceans.

This builds on work already underway to improve ocean health, including increasing our Marine Park coverage to 45 per cent

of our oceans, taking us to a massive 4.02 million km², one of the largest in the world.

The funding will provide grants for our marine parks to develop innovative approaches to explore and invest in the health of our oceans. Iconic species such as turtles and whales will be a focus for targeted, enhanced protection including reducing fishing bycatch.

On-the-ground projects will support our coastal ecosystems and regional economies. We are investing in blue carbon to reduce emissions and improve our climate resilience, through projects such as restoring mangroves, tidal marshes and seagrasses.

This package will enable more of our Sea Country to be jointly managed by traditional owners, strengthening the protection of marine biodiversity and cultural values, supporting sustainable ocean economies and creating jobs in remote communities.

Australia will continue in its leadership of the International Partnership for Blue Carbon and the Asia Pacific Rainforest Partnership, sharing our expertise and funding restoration projects with international partners.

