



Federal Budget

2022/23



 buy  sell  rent

A budget to address 'cost of living' pressures

In the lead up to a Federal Election and in the face of surging prices of goods and services, the overarching theme of this year's Federal Budget is about combating the rising 'cost of living' pressures faced by households and businesses. For residential property, this means addressing housing and rental affordability. For commercial real estate, it means easing supply chain bottlenecks and reducing business costs.

The 2022/23 Federal Budget seeks to achieve the government's goal by reducing the fuel excise, increasing the Low and Middle-Income Tax Offset and providing a one-off payment to pensioners, welfare recipients and concession cardholders. It also looks to support businesses by offering subsidies, incentives, and tax deductions to hire new apprentices, train existing staff and invest in new technology.

- A budget deficit of \$78b expected in 2022/23, down from \$79.8b in 2020/21.
- An increase to the Home Guarantee Scheme to 50,000 places per year for 3 years.
- A new Regional Home Guarantee scheme
- An additional \$17.9 billion in infrastructure spending
- A cut to the fuel excise for six months
- An increase to the Low and Middle-Income Tax Offset
- A one-off \$250 payment to pensioners, welfare recipients and concession card holders



Residential Property market implications

Ongoing record-low interest rates, a limited number of properties on the market for sale and stronger economic conditions have seen home values grow considerably since last year's Federal Budget announcement. The 2022/23 Federal budget contains several measures which will directly assist and positively support property markets across the country over the next four years.

First home buyers, single parents and those looking to buy a new home in regional areas are the big housing winners in this year's Federal Budget, with the government expanding the number of places available under their Home Guarantee Scheme. As part of this, the Federal Budget outlines a new Regional Home Guarantee which assists buyers looking to purchase a new home in regional areas.

The expansion of these measures will provide the assistance required for the challenges faced by first home buyers and single-income households to save for a deposit to re-enter the property market or purchase their first home. However, there are no new measures to address housing supply, rental affordability or social and affordable housing.

Commercial Property market implications

The performance of commercial real estate sectors has been diverse over the past year. Industrial property has been the standout performer, with demand from transport and logistics operators, as well as online retail businesses, outstripping the supply of suitable assets on the market for sale or lease. The office and retail sectors have both struggled, in line with government restrictions and changing work habits. However, these sectors are well placed to see a considerable improvement over the coming year, as lockdowns and restrictions become a thing of the past.

The 2022/23 Federal Budget contains several measures which will indirectly assist commercial real estate markets over the coming years. The first is an additional \$17.9 billion spending commitment for a number of important infrastructure projects which, once complete, will help alleviate supply-chain bottlenecks and make transporting goods across the country cheaper and quicker- an example being \$3.1 billion in new commitments to deliver the \$3.6 billion Melbourne Intermodal Terminal. Secondly, several new measures will help with the cost of running a small business. One such measure is that small businesses will be able to claim \$120 for every \$100 they spend on new technology and staff training. This will allow them to reduce costs and reinvest in their future growth.

Federal Budget and economic estimates

	Actual	Estimates/Forecasts				
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Budget position (underlying cash balance)	-\$134.2b	-\$79.8b	-\$78.0b	-\$56.5b	\$47.1b	-\$43.1b
Gross Debt	\$817b	\$906b	\$977b	\$1,056b	\$1,117b	\$1,169b
Growth (Real GDP)	1.50%	4.25%	3.50%	2.50%	2.50%	2.50%
Employment Growth	6.50%	2.75%	1.50%	1.50%	1.00%	1.00%
Unemployment Rate	5.1%	4.00%	3.75%	3.75%	3.75%	4.00%
Inflation (CPI)	3.80%	4.25%	3.00%	2.75%	2.75%	2.50%
Wage Growth (Wage Price Index)	1.70%	2.75%	3.25%	3.25%	3.50%	3.50%

Source: The Commonwealth of Australia ([Budget.com.au/2022-23](https://budget.com.au/2022-23))



Federal Budget measures that will directly impact property markets

Home Guarantee Scheme

The 2022/23 Federal Budget outlines a commitment to expand the government's Home Guarantee Scheme. This scheme, which encompasses the First Home Guarantee, Family Home Guarantee and a new Regional Home Guarantee, provides a government guarantee of part of a buyer's home loan. This enables a home buyer to purchase a home with a smaller deposit and without the need to pay lenders mortgage insurance.

Regional Home Guarantee

This new budget measure allows eligible home buyers (citizens and permanent residents who have not owned a home in the previous five years) to buy or construct a new home in a regional location. Buyers can purchase a home with as little as a 5% deposit, with the government providing a guarantee for up to 15% of the purchase price, negating the need for lenders mortgage insurance. This scheme provides for 10,000 places each year to 30th June 2025.

This is a welcome new policy given the recent strong population growth that rural and regional towns across Australia have seen. New housing stock in these areas can be limited, and this policy should assist in growing the supply of newly built homes in regional areas, which will in turn assist affordability.

Family Home Guarantee

This previously announced measure enables a single parent with dependants to purchase an existing home or build a new home with as little as 2% deposit. The 2022/23 Federal Budget expands this scheme from 10,000 places over four years to 5,000 places each year. Applicants under this scheme need to be Australian citizens over 18 years of age and have an annual taxable income of no more than \$125,000 to be eligible.

First Home Guarantee

The First Home Guarantee (formerly the First Home Loan Deposit Scheme) assists eligible first home buyers to purchase a new or existing home. Under this Scheme, the government guarantees part of the buyer's home loan enabling them to purchase a home with as little as a 5% deposit. The 2022/23 Federal Budget provides for 35,000 places under this scheme each year, up from 20,000 places this year.

Affordable Housing

The only other major housing measure contained in the 2022/23 Federal Budget is an increase in the government guaranteed liability cap of the National Housing and Finance Investment Corporation (NHFIC) by \$2.0 billion to \$5.5 billion. This will enable NHFIC to support increased loans through the Affordable Housing Aggregator. This measure will help support for affordable housing projects.

How will these budget measures impact property markets?

The housing policies contained in the 2022/23 Federal Budget are welcome and positive measures to help support those struggling to save for a deposit to purchase a home. They will greatly assist first home buyers, single-parent households and help stimulate new home building in regional areas. However, this year's Federal Budget fails to provide any real housing affordability relief. There are no additional policies or incentives that will significantly boost housing supply, tackle the rising cost of rents or address the need for social and affordable housing.



Infrastructure

Carefully planned and delivered infrastructure is vital to ensure our cities work efficiently and provide all Australians with basic services. Strategic infrastructure projects can help reduce commute times, increase productivity, boosts local employment opportunities, and make outer-ring suburbs more accessible and attractive. It also plays an important economic role by creating jobs and supporting businesses.

The 2022/23 Federal Budget allocates an additional \$17.9 billion to the, previously announced 10-year infrastructure plan taking total spending to \$120 billion. While a number of these projects have been previously announced, the additional funding will assist the growth of freight and logistic bottlenecks in our capital cities, while \$7.1 billion has been allocated to help key infrastructure projects in regional growth areas.

The major projects for each state, as outlined in the 2022/23 Federal Budget, are detailed below.

Major Projects By State

The government has allocated \$3.3 billion from 2022-23 for priority road projects in New South Wales. The funding includes:

NSW

- \$1.0 billion for the Sydney to Newcastle Faster Rail Upgrade
 - \$352.0 million for the Milton Ulladulla Bypass
 - \$336.0 million for the Pacific Highway, Wyong Town Centre
 - \$300.0 million for Grade Separating Road Interfaces
 - \$264.0 million for the Newell Highway Heavy Duty Pavement Upgrades
 - \$232.5 million for Mulgoa Road Stage 2
 - \$100.0 million for the Southern Connector Road, Jindabyne
 - \$95.6 million for Picton Bypass and Picton Road
 - \$77.5 million for Sydney Metro – Western Sydney Airport – Stage 2 Business Case
 - \$75.0 million for the Wakehurst Parkway
 - \$65.0 million for the Hume Highway Intersection Upgrade, M5 Motorway
 - \$51.2 million for the Central Coast Highway – Tumby Road Intersection Upgrade
 - \$30.0 million for the Tenterfield to Newcastle Corridor Upgrade
 - \$25.0 million for Richmond Road Stage 1
 - \$20.0 million for the Toowoomba to Seymour Corridor Upgrade.

The government will provide \$3.4 billion in funding from 2022-23 for infrastructure projects in Victoria. The funding includes:

VIC

- \$1.2 billion for delivery of the Beveridge Interstate Freight Terminal
 - \$920.0 million for the Outer Metropolitan Ring Rail South
 - \$740.0 million for the delivery of the Western Interstate Freight Terminal
 - \$280.0 million for the Beveridge Interstate Freight Terminal road connections
 - \$109.5 million for the Mickleham Road Upgrade
 - \$45.0 million for Ballarat to Ouyen Corridor Upgrade
 - \$23.1 million for the Canterbury Road Upgrade.

The government will provide \$3.3 billion in funding from 2022-23 for infrastructure projects in Queensland. The project identified include:

QLD

- \$1.6 billion for the Brisbane to the Sunshine Coast Rail Extension
- \$1.1 billion for the Brisbane to the Gold Coast Faster Rail Upgrade
- \$190.0 million for the Mount Isa to Rockhampton Corridor Upgrade
- \$114.4 million for the Tennant Creek to Townsville Corridor Upgrade
- \$68.5 million for the Cooktown to Weipa Corridor Upgrade
- \$36.2 million for the Wyaga Creek Flood Improvement Project
- \$31.6 million for the Cairns to Northern Territory Border Corridor Upgrade
- \$27.2 million for Bruce Highway Upgrade – Business Cases
- \$22.5 million for the Brisbane Olympic and Paralympic Games 2032 – Business Case
- \$19.1 million for the Townsville to Roma Corridor Upgrade
- \$14.4 million for the Phillips Creek Bridge Replacement Project
- \$11.0 million for the Coomera Connector Future Stages Business Case.

The government has allocated \$1.7 billion from 2022-23 for priority road and rail projects in Western Australia. The funding includes:

WA

- \$441.2 million for the METRONET, including the Thornlie-Cockburn Link, High Capacity Signalling, Morrison Road Level Crossing Removal and the Yanchep Rail Extension projects
- \$320.0 million for Stages 2 and 3 of the Bunbury Outer Ring Road
- \$200.0 million for Stage 3 of the Tonkin Highway Extension
- \$178.0 million for Stages 1 and 2 of the Pinjarra Heavy Haulage Deviation
- \$145.0 million for the Thomas Road Dual Carriageway, South Western Highway to Tonkin Highway
- \$140.0 million for Regional Road Safety Upgrades
- \$50.0 million for the Tonkin Highway – North Ellenbrook Interchange
- \$48.0 million for Moorine Rock to Mount Holland Road Upgrades
- \$40.0 million for Newman to Katherine Corridor Upgrade – Great Northern Highway Upgrade – Newman to Port Headland Overtaking Lanes
- \$25.0 million for the Fremantle Traffic Bridge – Swan River Crossing
- \$25.0 million for the Perth CBD Transport Plan – Causeway Bridge
- \$22.4 million for the Mid-West Secondary Freight Network.

The government has allocated \$639.9 million from 2022-23 for road and rail projects in Tasmania. This funding includes:

TAS

- \$336.0 million for the Tasmanian Roads Package – Northern Roads Package
- \$100.0 million for Great Eastern Drive Tourism Support
- \$96.0 million for the Tasmanian Freight Rail Revitalisation Program
- \$56.0 million for the Tasmanian Roads Package – Tasman Highway Sideling Upgrade
- \$24.0 million for the Bell Bay Line – reconnection to the Bell Bay Wharf
- \$14.4 million for the Melba Line Bulk Minerals Rail Hub
- \$13.5 million for the Hobart – Northern Transit Corridor Solution.

SA

The government will provide \$2.8 billion from 2022–23 for priority road projects in South Australia. This funding includes:

- \$2.3 billion for the North–South Corridor – Darlington to Anzac Highway
- \$200.0 million for Marion Road – Anzac Highway to Cross Road
- \$120.0 million for the Adelaide Hills Productivity and Road Safety Package
- \$60.0 million for South East Freeway Managed Motorways – Stage 2
- \$60.0 million for Targeted Investments to Improve National Supply Chain Resilience
- \$50.0 million for the Rural Roads Package
- \$20.0 million for the Marion Road and Sir Donald Bradman Drive Intersection Upgrade
- \$16.2 million for the Port Augusta to Perth Corridor Upgrade
- \$16.0 million for the Main South Road Productivity Package
- \$9.6 million for the South Eastern Freeway Safety Upgrade.

ACT

The government will allocate \$51.0 million from 2022–23 for priority road and rail projects in the Australian Capital Territory. This funding includes:

- \$46.7 million for the Athllon Drive Duplication
- \$2.8 million for Kent Street and Novar Street Intersection Upgrades
- \$1.5 million for the Inner Canberra Corridor Planning Package.

NT

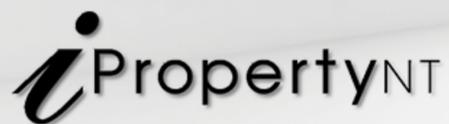
The government has allocated \$237.0 million from 2022–23 for priority road projects in the Northern Territory. This funding includes:

- \$132.0 million for Central Australian Tourism Roads
- \$55.0 million for the Tiger Brennan Drive and Berrimah Road Intersection Upgrade
- \$50.0 million for Alice Springs to Halls Creek Corridor Upgrade.

Additional Regional Infrastructure

The Government will provide \$1.5 billion over 10 years from 2022–23 to fund priority infrastructure projects across regional Australia. These projects include:

- \$678.0 million in additional funding for the Outback Way in the Northern Territory, Queensland and Western Australia
- \$385.4 million in additional funding for the Northern Australia Roads Program
- \$180.1 million to establish the Regional Australia Level Crossing Safety Program and support activities under the National Railway Level Crossing Safety Strategy
- \$150.0 million for the Inland Rail Interface Improvement Program
- \$40.0 million in additional funding for the Bridges Renewal Program
- \$6.0 million for the Amy Gillett Foundation Program to improve road safety for cyclists.



PETER KAFKAS

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