Federal Budget (October) 2022-23

Quick facts

Federal Budget super update

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Federal Budget super update

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The October 2022–23 Federal Budget was delivered on **Tuesday 25 October 2022.**

This was the first budget delivered by the new Labor Government, which was elected in May. No major changes impacting your super have been proposed, but a big announcement was the planned investment in affordable housing.

This fact sheet outlines some of the key proposals and how they could impact members and employers.

Investing in affordable housing

The Labor Government has proposed to address the significant shortfall in affordable housing with a new Housing Accord. Through the Accord, all levels of government, investors (like super funds) and the construction industry will come together so that one million new and well-located homes can be built over five years from 2024.

Cbus Super has long been an advocate for increased investor participation in social and affordable housing. This Accord has the potential to provide attractive returns for our members and address the affordable housing gap. It will also create more work and jobs for our members in the building and construction industry.

The Government has announced a proposal to kick-start the Accord. In the Budget, it has committed $350 million to construct another 10,000 new and affordable homes. States and territories are also committing to build 10,000 new homes between them, bringing the total number of homes from governments to 20,000.

Key residential building and construction industry representatives have also supported the construction of homes with high energy efficiency standards.

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If you're working

Low and middle income tax offset expired

The low and middle income tax offset (LMITO) expired on 30 June 2022 and the Government has proposed not to extend it. This means it won't apply in this financial year or beyond.

The low income tax offset has not been impacted and will continue to apply.

Paid parental leave expansion

The Government has proposed to expand the existing paid parental leave (PPL) scheme.

- **Increased time:** It is proposed to increase by two weeks every year from July 2024 until it reaches 26 weeks in July 2026.
- **Increased flexibility:** From July 2023, PPL will be available as a total allowance for both parents to choose how and when they take it.
- **Increased eligibility:** Families will now be eligible if the combined household income is $350,000 or less. Single parents will be able to access the full entitlement.

More affordable childcare

From July 2023, families earning less than $80,000 will have 90% of their childcare fees subsidised for their first child. This is an increase from the current rate of 85%.

The subsidy will then reduce by 1% for each additional $5,000 in household income, until the subsidy reaches 0% for families earning $530,000. Families with two or more children will receive existing higher subsidy rates, which remain unchanged.

Top up super while you're not working

If you or your partner have stopped or reduced work to care for your children, your super may not be receiving the contributions it used to. While these government incentives for making super contributions aren't new, these proposed Budget changes could provide a great opportunity to take advantage of them.

- **Spouse contributions:** You can contribute to your spouse's super with your after-tax income. If you contribute $3,000 or more and their income is less than $40,000, you may also be eligible for tax offsets yourself. See the *Spouse contributions* form at **cbussuper.com.au/forms** for more.
- **Government contributions:** If you qualify, the Government will contribute 50¢ to your super for every $1 of after-tax contributions you make, up to a maximum of $500.

For the 2022-23 financial year, your annual income needs to be $42,016 or less to receive the full co-contribution or less than $57,016 for a reduced co-contribution. See *Boost your super* at **cbussuper.com.au/forms** for more.

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If you're in or nearing retirement

Expanding eligibility for downsizer contributions

Are you thinking about selling your home? The Government plans to reduce the minimum age to make a downsizer contribution to age 55 (from the current minimum age 60).

Downsizer contributions let you make a once-off contribution of up to $300,000 to your super from the proceeds of the sale of your home. Both you and your spouse can contribute up to $300,000 each (totalling up to $600,000 combined) and contributions do not count towards any contribution caps.

Please see the *Downsizer contribution* fact sheet at **cbussuper.com.au/forms** for more.

More incentives to downsize or sell your home

Your eligibility for the Age Pension depends on things like the value of your assets (assets test) and the income you receive (income test). If you receive the Age Pension and sell your home:

- The proceeds of your sale won't count towards your assets test for 24 months (this is up from 12 months). An additional 12-month extension is available in special circumstances, like building delays because of a natural disaster.
- When calculating your income for the income test, only the lower deeming rate (0.25 per cent) will apply to the proceeds of sale for 24 months after you sell your home.

Allowing pensioners to work a little more

The Government plans to provide age and veterans pensioners a one-off credit of $4,000 to their Work Bonus income bank. If you receive the pension, this means you could earn up to $11,800 (up from $7,800) in the 2022-23 financial year before your pension is reduced.

Commonwealth Seniors Health Card

The Government has proposed an increase to the income threshold for the Commonwealth Seniors Health Card from $61,284 to $90,000 for singles and from $98,054 to $144,000 (combined) for couples.

Minimum income stream payments remain halved until 30 June 2023

If you have an income stream, the law requires you to draw a minimum income from your account each year. This minimum was temporarily halved back in 2020 to help limit the impact of the pandemic and investment market volatility.

Given ongoing ups and downs in investment markets, in its March 2022 Budget, the former Liberal Government extended this reduction to 30 June 2023. The Labor Government is proposing to honour this extension until 30 June 2023.

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If you're an employer

Investment in transport infrastructure projects

In addition to existing infrastructure investment, the Government has proposed $8.1 billion over 10 years from 2022–23 for priority rail and road infrastructure projects across Australia to support economic growth and development. Funding is planned to hit each state and territory and includes:

- **Victoria:** $2.6 billion, including $2.2 billion for the Suburban Rail Loop East
- **Queensland:** $2.1 billion, including $866.4 million for the Bruce Highway, $400 million for the Inland Freight Route (Mungindi to Charters Towers) upgrades, $400 million for Beef Corridors and $210 million for the Kuranda Range Road upgrade
- **NSW:** $1.4 billion, including $500 million for planning, corridor acquisition and early works for the Sydney to Newcastle High Speed Rail, $268.8 million for the New England Highway – Muswellbrook Bypass and $110 million for the Epping Bridge
- **Western Australia:** $634.8 million, including $400 million for the Alice Springs to Halls Creek Corridor upgrade and $125 million for electric bus charging infrastructure in Perth
- **Northern Territory:** $550 million for projects, including $350 million to seal the Tanami Road and Central Arnhem Road
- **South Australia:** $460 million, including $400 million for the South Australian component of the Freight Highway Upgrade Program
- **ACT:** $85.9 million for the Canberra Light Rail Stage 2A project
- **Tasmania:** $78 million, including $48 million for the Tasmanian Roads Package

Addressing skills shortage

The Government has proposed a number of measures to help address the skilled labour shortage. These include:

Skilled migrant works

- An extra $36.1 million to accelerate visa processing times and work through the backlog of almost 1 million visa applications, paving the way for more skilled migrant workers to enter Australia.

Free courses in areas of skills shortages

- Creating an additional 180,000 free TAFE places, made up of 60,000 additional places and by waiving the fees of 120,000 existing paid spots. These are in addition to the 465,000 places in nominated areas of skills shortages that were previously promised by the Government.
- $485.5 million to support an extra 20,000 Commonwealth-supported university places from next year.

New Energy Skills Program

The Government has proposed a New Energy Skills Program to support the transition to clean energy. As part of this program, it will help deliver 10,000 New Energy Apprentices.

Eligible apprentices will be able to claim a New Energy Apprentice Support Payment of up to $10,000 over the duration of their apprenticeship: $2,000 when they start, $2,000 a year for up to three years, and then $2,000 when they complete their apprenticeship.

New Energy Apprentices will also be eligible for additional in-training support places.

More information

Full details on the October 2022–23 Federal Budget are available from **budget.gov.au**.

Cbus Super
Locked Bag 5056
PARRAMATTA NSW 2124

1300 361 784
8am to 8pm (AEST/AEDT)
Monday to Friday

cbusenq@cbussuper.com.au
cbussuper.com.au

Visit us in person in Adelaide, Brisbane, Melbourne, Perth and Sydney.
Details: **cbussuper.com.au/contact**