

Bus Industry Confederation Budget Brief 2020-21 7 October 2020

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Overview

On 6 October 2020, the Treasurer, the Hon Josh Frydenberg MP delivered the 2020-21 Budget, which is essentially a ‘stimulus’ budget as a response to the Covid-19 pandemic. Prime Minister, the Hon Scott Morrison MP described this as the most important Budget since World War II.

The theme of the Budget was job creation and employment due to the economic impacts of the pandemic. Other key focus areas were infrastructure spending, expedited tax cuts and further cash payments for welfare recipients.

The 2020-21 Budget includes \$98 billion in response and recovery support, including \$25 billion under the COVID-19 Response Package and \$74 billion under the JobMaker Plan.

Key Forecast Economic Position

- Debt ceiling: \$1.1 trillion. Deficit 2020-21: \$213.7 billion.
- Spending as a proportion of GDP: 34.8 per cent.
- Unemployment: Below 10 per cent (expected to peak at 8% in December quarter)
- Real GDP fall: 1.5 per cent.
- Net debt 2020-21: \$703.2 billion.

Key take-outs for businesses

- Small business (turnover between \$10-50 mil) will have access to up to 10 small business tax concessions, including deductions of certain start-up and prepaid expenses, exemptions from the 47% FBT tax on car parking and multiple work-related portable electronic devices, such as phones or laptop and easier PAYG Instalments.
- From now and until 30 June 2022, businesses with turnover up to \$5 billion will be able to deduct the full cost of eligible depreciable assets of any value in the year they are installed.
- Organisations who give a job to an unemployed young person will receive a wage subsidy at a cost of around \$1.2 billion:
 - Accounts for as much as 50 per cent of salaries for new or recommencing apprentices or trainees and up to \$7,000 per quarter available is until 30 September 2021.
 - Capped at 100,000 workers and is available to anyone regardless of geographic location, industry, business size, or occupation.
- The second wage subsidy is for employers taking on people under 35 who have been forced onto JobSeeker during the pandemic.
- \$26.2 million to enable small businesses to access the benefits of digital technology and to look after themselves and their businesses as they manage the stress of the COVID-19 crisis.
- 50 per cent wage subsidy for all businesses that take on new apprentices over the period 5 October 2020 to 30 September 2021. Subsidy will be capped at \$7,000 per quarter for gross wages for new apprentices and trainees.
- JobMaker Hiring Credit - incentives to take on additional employees that are young job seekers aged 16 to 35 years old.

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- \$3 billion committed over 2 years for two nation-wide infrastructure programs:
 - ‘Local Roads and Community Infrastructure Program’ will be extend with another \$1b over 2 years for local councils to maintain and deliver local infrastructure.
 - ‘Infrastructure Investment – road safety and upgrades project’ aims to provide \$2b for shovel-ready projects on a first-come-first-serve basis where states ready to start will get priority.

Finance and Treasury

Individuals Tax cuts

- The Government will backdate the "stage two" tax cuts that were due to start in July 2022 to 1 July 2020.
- The 19 per cent tax rate will increase from \$41,000 to \$45,000.
- The 32.5 per cent tax rate will increase from \$90,000 to \$120,000.
- Incomes over \$200,000 will be taxed at 45 per cent.

Individual concessions (from 1 July 2020)

- The low-income tax offset will increase from \$445 to \$700.
- Low and middle-income earners will receive a one-off additional benefit of up to \$1,080 from the low and middle-income tax offset.

Income tax deduction for retraining

- The government will consult on changes to existing rules that deny people from claiming tax deductions for the cost of training for a future career.

Business

Depreciable asset deduction

- Businesses with a turnover of up to \$5 billion can deduct the cost of eligible depreciable assets acquired between 6 October 2020 and 30 June 2022.

Tax loss ‘carry back’ benefits

- Small businesses will be able to offset current losses against previously paid taxes to boost cash flows. Eligible conditions apply for entities less than \$5 billion turnover in a relevant loss year can carry back losses made in the 2019–20, 2020–21 and 2021–22 financial years to a prior financial year’s income tax liability in the 2018–19, 2019–20 and 2020–21 financial years.

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Small business start-up tax breaks

- \$105 million on ten tax breaks for operators with turnover between \$10 million and \$50 million. These small business will have access to up to 10 small business tax concessions, including deductions of certain start-up and prepaid expenses, exemptions from the 47% FBT tax on car parking and multiple work-related portable electronic devices, such as phones or laptop and easier PAYG Instalments.

Fringe benefit tax break for training

- Retraining or reskilling workers who face redundancy will be exempt from fringe benefits tax.

Superannuation

- Superannuation reform through the 'Your Future, Your Super' to eliminate super fees
- Under these reforms, you will keep your super fund when you change jobs, stopping the creation of unintended multiple super accounts and the erosion of your super balance.
- If an employee does not nominate an account at the time they start a new job, employers will pay their superannuation contributions to their existing fund.
- Changes commencing on 1 July 2021.

[Joint Super Release from the Treasurer and Assistant Minister for Superannuation, Financial Services and Financial Technology.](#)

Infrastructure

Since the start of the COVID-19 pandemic the Government has committed to invest an additional \$14 billion in new and accelerated infrastructure projects over the next four years. This funding is from the 10-year transport infrastructure investment pipeline, which has now been expanded to \$110 billion.

Download the Minister's media release on transport infrastructure [here](#).

Download detailed state by state transport infrastructure investment [here](#). Key bus take-out of interest is the \$17.5 million for the Bus Lane Program — Stirling and Canning Highways in Western Australia.

The states will gain \$10.4 billion in a use-it-or-lose-it infrastructure payments designed to encourage them to spend by providing more for those who get the money out the door the quickest.

Jobs & Small Business

\$2.3 billion to support state skills and workforce development services, including \$1.6 billion through the National Skills and Workforce Development SPP, \$500.0 million (to be matched by the states) towards the \$1 billion JobTrainer Fund, and \$200.0 million through other National Partnership payments.

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Wage subsidies

- Organisations who give a job to an unemployed young person will receive a wage subsidy at a cost of around \$1.2 billion:
 - Accounts for as much as 50 per cent of salaries for new or recommencing apprentices or trainees and up to \$7,000 per quarter available is until 30 September 2021.
 - Capped at 100,000 workers and is available to anyone regardless of geographic location, industry, business size, or occupation.
- The second wage subsidy is for employers taking on people under 35 who have been forced onto JobSeeker during the pandemic.

Business investment allowance

- Business investment allowance applying to plant, equipment and other assets. From 6 October 2020 until 30 June 2022, businesses with turnover up to \$5 billion will be able to deduct the full cost of eligible depreciable assets of any value in the year they are installed.

Digital Business Plan

- \$800 million Digital Business Plan is targeted at building Australia's digital transformation to drive productivity growth, encourage innovation and create jobs and to boost the digital capacity of businesses and promote the adoption of new technologies. See the Barton Deakin [brief](#).
- \$26.2 million to enable small businesses to access the benefits of digital technology and to look after themselves and their businesses as they manage the stress of the COVID-19 crisis.

Job Maker Hiring Credit

- Incentives to take on additional employees that are young job seekers aged 16 to 35 years old.
- For each eligible employee, employers will receive for up to 12 months
 - \$200 a week if they hire an eligible young person aged 16 to 29 years; or
 - \$100 a week if they hire an eligible young person aged 30 to 35 years.

Job Trainer Fund

- \$1 billion for the Job Trainer Fund.
- Government is investing \$299 million to provide an additional 12,000 undergraduate Commonwealth Supported Places in 2021. Prioritised according to labour market need, skills gaps and industry engagement. This is on top of the additional 100,000 undergraduate places by 2030 announced through the Job-ready Graduates Package, including around 17,000 additional places in 2021.

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Tourism

- \$231.6 million for Tourism Australia for 2020-21 to ramp up domestic marketing activities to encourage Australians to travel again, and ensure they are well placed to aggressively execute new campaigns to again attract international visitors when overseas travel is back on the agenda.
- \$11.6 million over three years to the Great Barrier Reef Marine Authority. This includes:
 - \$6 million over two years to local tourism operators and to temporarily waive Environmental Management Charge for visitors and tourists until 30 June 2021
 - \$5.6 million over three years to improve education offerings and tourism experiences.
- As previously announced, \$129.9 million to fund addition projects under the Relief and Recovery Fund. Funding has already been provided for this measure. This includes:
 - \$50 million to support businesses to participate in trade shows
 - \$33.5 million to upgrade and refurbish iconic World and national heritage sites
 - \$20 million to support coastal ecosystems by rebuilding shellfish reefs,
 - \$15.5 million to support Australia Day 2021 events
 - \$5.0 million to the Great Barrier Reef Marine Park Authority (GBRMPA) to engage local businesses to undertake capital projects to refurbish and replace external structures at Reef HQ Aquarium in Townsville
 - \$3.2 million to the GBRMPA to ensure business continuity for tourism operators in the Great Barrier Reef (the Reef) by engaging them to undertake reef science, including in-water conservation, monitoring, intervention and restoration activities to ensure the continued health of the Reef
 - \$2.7 million to support organisers of agricultural field days that cancelled their events in 2020 due to COVID-19 and to support the Association of Agricultural Field Days of Australasia
- As announced last month, \$552.9 million over four years from 2020-21 to Regional Tourism Recovery Package. The cost will be met by the Relief and Recovery Fund and from within existing resources at the Department of Infrastructure. This includes:
 - \$207.7 million over five years from 2020-21 (including \$0.5 million in 2024-25) for round five of the Building Better Regions Fund.
 - \$100 million over two years from 2020-21 to facilitate Regional Recovery Partnerships with states, territories and local governments
 - \$51 million over two years from 2020-21 to assist regions heavily reliant on international tourism by funding tourism businesses to grow their markets and diversify into new products until the international tourism market recovers
 - \$41 million over three years from 2020-21 to establish the Securing Raw Materials Program and the Regional Cooperative Research Centres Project to support research and development activities in regional areas
 - \$30.3 million over two years from 2020-21 to extend Round One of the Regional Connectivity Program

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- \$13.7 million over four years from 2020-21 (and \$1.6 million per year ongoing) to improve the coordination, collection and tracking of regional economic, social and demographic data to improve the targeting and delivery of projects in regional Australia
- \$5.7 million over three years from 2020-21 to establish the Building Strong, Resilient Regional Leaders program to develop the skills, capacity and capability of local leaders
- \$5.0 million over three years from 2020-21 for the Regional Australia Institute to fund research and support an awareness campaign promoting regional Australia
- \$0.2 million in 2020-21 to support the installation of mobile phone infrastructure to cover mobile and digital black spots for Cherry Gardens in South Australia, a high-risk bushfire area.

The Technology Investment Roadmap

The Technology Investment Roadmap will see \$18 billion of Commonwealth investments over the next decade. There are three key objectives of the Roadmap – lower emissions, lower costs and more jobs.

- Up to \$250 million will go to three projects: the Marinus Link, Project Energy Connect, and VNI West.
- Creation of an Australian Gas Hub at a cost of \$52.9 million.
- Onshore diesel storage will be increased by 40 per cent.
- \$50 million investment in the Carbon Capture Use and Storage Development Fund to pilot carbon capture projects that will help dramatically cut emissions from large industrial facilities;
- \$74.5 million over four years to enable Australian consumers and businesses to adopt future fuel and vehicle technologies in Australia, including hydrogen, electric, and bio-fuelled vehicles; and
- \$45.2 million for the Government to progress reforms to make it easier and cheaper for business to participate in the Emissions Reduction Fund, and to support investment in offshore clean energy generation and transmission.

Industry, Innovation & Science

The Modern Manufacturing Strategy

The Modern Manufacturing Strategy will receive around \$1.5 billion in funding. This forms another part of the Morrison Government's JobMaker plan, the centrepiece of the COVID-19 economic recovery.

The Modern Manufacturing Strategy includes \$1.3 billion for strategic investments in programs and projects which will assist manufacturers in scaling up and creating jobs. There are six focus areas: resources and critical minerals; food and beverages; medical products; recycling and clean energy; defence and space.

In addition to strategic investments, the Strategy will also seek to improve the competitiveness of individual sectors, these initiatives include:

- \$52.8 million to modernise manufacturing and scale up
- \$107 million to reduce supply chain vulnerabilities.

The Budget provides additional funding for research and development including:

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- \$459 million for the CSIRO and other major STEM.
- \$238.1 million for the Australian Nuclear Science and Technology Organisation.
- \$18.840 million for the Australian Institute of Marine Science.
- \$76.965 million for the Australian Nuclear Science and Technology Organisation.
- \$98.714 million for Geoscience Australia.
- \$149,000 for Intellectual Property (IP) Australia.
- \$89.786 million for the Civil Aviation Safety Authority (CASA).

Other key Budget initiatives for Industry, Innovation and Science include:

- \$29.7 million to help businesses digitise and adjust their operations in the wake of COVID-19
- A number of initiatives focused on enhancing female participation in science, technology, engineering, and mathematics (STEM):
- \$35.9 million for the Boosting Female Founder Initiatives
 - \$10 million for grants through the Women in STEM and Entrepreneurship
 - \$2 million to extend the Women in STEM Ambassador Initiative. This also ties in to the Women's Economic Security Statement

Further Information

[Budget Documents](#) [Budget Speech](#) [Transcript](#) [Budget Overview](#)

[Appropriation Bill \(No 1\) 2020-2021](#)