

12 May 2021

NECA FEDERAL BUDGET 2021-22 MEMBER ALERT

OVERVIEW

NECA is pleased to provide members with a snapshot of key measures contained in the federal government's budget delivered by the Treasurer, the Hon Josh Frydenberg MP, on 11 May 2021.

This document is a high-level guide only to those initiatives that are of direct or indirect relevance and/or benefit to businesses in the electrical and communications contracting industry, and to employers, employees and their families. It is not intended to be a complete analysis of the 2021-22 federal budget.

Links to government information pages are provided where available.

Please note JobKeeper has now ended. Other arrangements including the [Small and Medium Enterprises \(SMEs\) Recover Loan Scheme](#), and [HomeBuilder](#) remain in place.

CORONAVIRUS AND RECOVERY MEASURES

- Additional \$1.9 billion for vaccine rollout;
- \$1.5 billion for COVID-related health services, including for testing and tracing, respiratory clinics and telehealth;
- Total funding of \$20 billion for vaccine rollout and COVID-19 related health system improvements.

Factsheet: [Recovery and response support](#)

These measures will mitigate against, and help prevent, further major outbreaks of the Coronavirus, helping to ensure Australia's economic recovery remains on track.

SKILLS, TRAINING AND APPRENTICESHIPS

- \$2.7 billion to expand the [Boosting Apprenticeship Commencements](#) wage subsidy:
 - This measure will uncap the number of eligible places and increase the duration of the 50 per cent wage subsidy to 12 months from the date an apprentice or trainee commences with their employer;
 - From 5 October 2020 to 31 March 2022, businesses of any size can claim the Boosting Apprenticeship Commencements wage subsidy for new apprentices or trainees who commence during this period;
 - Eligible businesses will be reimbursed up to 50 per cent of an apprentice or trainee's wages up to \$7,000 per quarter.
- \$506.3 million over two years to extend the [JobTrainer Fund](#) – a partnership with the states to deliver around 163,000 additional low fee and free training places;
- Support for 5,000 training places to help women break into non-traditional trades;
- 2,700 places in Indigenous girls' academies to help them finish school and enter the workforce;

- \$149 million over four years to establish up to 15 industry owned Skills Enterprises to deliver improved skills and workforce outcomes.

These measures will help the sector retain existing apprentices, and directly fund new intakes.

TAX REFORMS

- Low and Middle Income Tax Offset retained for 10.2 million Australians for a further year, providing a benefit of up to \$1,080 for singles and up to \$2,160 for families;
- An “independent umpire” introduced to resolve disputes between small business and the ATO;
- Continuation of the instant asset write-off until 30 June 2023:
 - 99% of businesses can write off the full value of any eligible asset purchased;
 - Available to any business with annual turnover up to \$5 billion.
- Extension of the temporary loss carry back scheme, allowing eligible companies to carry-back tax losses from the 2022-23 income year to offset previously taxed profits as far back as 2018-19;
- Reforms to employee company share schemes, removing the cessation of employment taxing point for tax-deferred Employee Share Schemes (ESS):
 - This is designed to help companies attract and retain talent.
- A “patent box” – effective 1 July 2022, income earned from new patents developed in Australia to be taxed at a concessional 17 per cent rate.

Factsheet: [Tax incentives](#)

The further extension of the Low and Middle Income Tax Offset benefits employers and employees, and the additional money injected into the economy will stimulate economic activity and investment, providing a secondary benefit to our industry. These measures also assist businesses which are working to recover following the COVID-19 downturn, and make retooling and acquiring new assets more affordable more quickly.

BUSINESS AND INDUSTRY INVESTMENT

- Small Business Loan Scheme extended;
- \$1.5 billion to expand manufacturing activity across priority areas including medical products and clean energy;
- An additional \$2 billion in Research and Development incentives;
- \$53.8 million over four years to create a National AI Centre and four AI and Digital Capability Centres to drive SME adoption and use of Artificial Intelligence.

Businesses in the electrical and communications contracting sector stand to benefit from these initiatives as a knock-on from the direct response to them, as contractors are engaged to perform requisite works on these projects.

INFRASTRUCTURE AND ENERGY INVESTMENT

- New funding of \$15 billion for road, rail, light rail and freight projects across Australia;
- \$1 billion for road safety upgrades, and \$1 billion for local road infrastructure projects;
- An additional \$250 million, through the Building Better Regions Fund, for regional community infrastructure projects;
- \$1.2 billion for a Digital Economy Strategy, including a new national network of Artificial Intelligence Centres to drive adoption of new technologies;
- \$643 million over four years to create regional hydrogen hubs, carbon capture, use and storage technologies;

- \$26.4 million over four years to support Australian businesses and supply chains reduce energy costs and improve productivity through the uptake of more energy efficient industrial equipment and practices;
- Up to \$30 million for the Katherine-Darwin Interconnected System big battery project and microgrid rollout in the Northern Territory;
- \$30.0 million to support Australian Industrial Power to undertake early works on its proposed Port Kembla Power Station;
- \$24.9 million to support the development of hydrogen ready gas generation infrastructure;
- \$19.3 million to support the development of a renewable energy microgrid incorporating hydrogen for the Daintree community in Far North Queensland.

The projects funded by this investment will generate opportunities for contractors working across these areas.

HOUSING

- 10,000 first home buyers supported to build new homes with 5 per cent deposits;
- 10,000 single parents supported to buy new or existing homes with 2 per cent deposits;
- Amount that can be released under the First Home Super Saver Scheme increased from \$30,000 to \$50,000.

These initiatives will directly benefit electrical and communications contractors operating in the residential sector through significant new home construction projects.

MENTAL HEALTH

- Overall funding of \$2.3 billion for mental health care and suicide prevention, including:
 - More HeadSpace centres to support young people;
 - A new network of 40 Head to Health centres for people aged over 25;
 - Increased funding for the treatment of eating disorders;
 - Greater access to psychiatrists, psychologists and GPs through Medicare;
 - Creating a new National Suicide Prevention Office.
- A Royal Commission into Defence and Veterans suicide.

These measures will benefit employers, their employees, their families and their children by providing support for those struggling personally.

WOMEN'S SAFETY

- \$1.1 billion in new funding for women's safety initiatives:
 - More counselling, legal assistance and emergency accommodation facilities;
 - Financial support, including cash payments, for those escaping abusive relationships;
 - Targeted services for Indigenous, migrant and refugee women and women with disability.
- Improvements to the family law system to better protect children, give victims of domestic violence greater access to justice, and reduce time spent in court.

Animation: [Supporting the safety and economic security of women](#)

These measures will help women retain employment through the expanded support and monetary resources available to those in vulnerable or violent situations, which in turn will benefit business.

OVERALL ECONOMIC OUTLOOK

- Employment already above pre-pandemic levels; unemployment currently at 5.6 per cent;
- 250,000 new jobs to be created by June 2023;
- No increases in taxation over the forward estimates period;
- GDP to grow by 4.25 per cent in 2021-22; unemployment to fall to 5.0 per cent by June 2022;
- CPI (inflation) at 1.75 per cent in 2021-22; WPI (wages growth) of 1.5 per cent;
- 2021-22 Budget deficit \$161 billion; deficit to fall to \$57 billion in 2024-25;
- Net debt to rise to \$617.5 billion in 2021-22 (30 per cent of GDP);
- Net debt to peak at \$980.6 billion by June 2025 (40.9 per cent of GDP).

ADDITIONAL RESOURCES

[2021-22 Budget Home Page](#)

[Budget Overview – Securing Australia’s Recovery](#)

[Budget Statements by Portfolio](#)

[Creating jobs and rebuilding our economy](#)

[Guaranteeing the Essential Services](#)

[Building a more resilient Australia](#)

[Supporting Australians through COVID-19](#)

[Treasurer’s Budget Speech 2021-22](#)

LATEST STATE AND TERRITORY ANNOUNCEMENTS

Contact your local NECA Branch website for regular updates.