

7 October 2020

NECA FEDERAL BUDGET 2020-21 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 6 October 2020.

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 2020-21 federal budget.

Links to government information pages are provided where available.

Please note, current [JobKeeper payment](#) arrangements remain unchanged. Other arrangements including the [Boosting cash flow for employers payments](#), [Small and Medium Enterprises \(SMEs\) Guarantee Scheme](#), [early release of superannuation](#) and [HomeBuilder](#) also remain in place.

EMPLOYMENT

The **JobMaker Hiring Credit** initiative to encourage businesses to hire younger Australians who are receiving JobSeeker payments – payable for up to 12 months, effective immediately:

- \$200 per week to employers for new hires aged between 16 and 30;
- \$100 per week to employers for new hires aged 30-35;
- New hires must work at least 20 paid hours per week on average;
- All businesses other than employers subject to the major bank levy are eligible – supporting up to 450,000 new youth jobs.

Note, employees receiving a wage subsidy under another Commonwealth program such as the Boosting Apprenticeship Commencements wage subsidy, Supporting Apprentices and Trainees subsidy, and the Australian Apprentice Wage Subsidy Trial are not eligible for the JobMaker Hiring Credit.

These measures will make it easier for contracting businesses to hire new employees.

Factsheet: https://budget.gov.au/2020-21/content/factsheets/download/jobmaker_hiring_credit_factsheet.pdf

SKILLS, TRAINING AND APPRENTICESHIPS

- \$1.2bn to create 100,000 new apprenticeships and traineeships. Eligible employers and Group Training Organisations will receive a wage subsidy of up to 50% of the gross wage paid for new or recommencing apprentices or trainees undertaking a Certificate II or higher for the period up to 30 September 2021, up to \$7,000 per quarter per apprentice. Payments are made in arrears, with first claims available from 1 January 2021. The subsidy is not available for any apprentice receiving any other form of Australian Government wage subsidy e.g. Supporting Apprentices and Trainees, or JobKeeper
- \$2.8bn to protect 180,000 existing apprenticeships and trainees;
- \$1bn to create up to 340,000 free or low-cost training places for school leavers and job seeker through the *JobTrainer Fund*;
- \$91.7m over four years from 2020-21 (and \$1.8m per year ongoing) for a new Apprenticeships Data Management System to better support government service delivery through the operation of the Australian Apprenticeship Support Network and administration of apprenticeship programs;
- \$29.6m over 4 years to support the ongoing role of the National Careers Institute;
- \$49.5m to fund 14,485 additional places in the Skills for Education and Employment program to ensure new job seekers who lack basic language, literacy and numeracy skills will be able to access the training and support they need;
- \$1.7m over four years from 2020-21 for the development of a National Skills Priority List for Apprenticeships to replace the current three lists with a single list based on a skills shortage methodology;
- \$14.5m to extend and expand several existing Women in Science, Technology, Engineering and Mathematics (STEM) programs, including the Women in STEM and Entrepreneurship (WISE) Grants Program, the Girls in STEM Toolkit, and the Women in STEM Ambassador role;
- A continuation of the VET Student Loan fee exemptions through to 30 June 2021 (subject to legislation). This extends the exemption of the 20% loan fee for full fee-paying VET students. The initial exemption applied to loan amounts incurred between 1 April 2020 and 30 September 2020.

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

Factsheet: <https://docs.employment.gov.au/documents/boosting-apprenticeships-commencements-fact-sheet>

BUSINESS AND INVESTMENT

- Instant Asset Write-Off:
 - 99% of businesses can write off the full value of any eligible asset purchased;
 - Available to any business with annual turnover up to \$5bn, and available to June 2022;
- Losses incurred up to June 2022 can be offset against prior profits made in or after 2018-19;
- Insolvency reforms to support small business.

These measures provide greater surety to businesses struggling to stay afloat during the COVID-19 downturn, and make retooling and acquiring new assets more affordable more quickly.

Factsheet: <https://budget.gov.au/2020-21/content/factsheets/download/insolvency-reforms-factsheet.pdf>

MANUFACTURING AND INDUSTRY

- \$1.3bn Modern Manufacturing plan targeting a range of industries including clean energy;
- \$2bn in Research and Development incentives;
- \$1.9bn investment in new renewable energy technologies and emissions reduction

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 INVESTMENT

- New and pre-announced funds totaling \$14bn over 10 years to fund roads, bridges and rail;
- \$2bn new funding for road safety upgrades;
- \$1bn to help local councils immediately upgrade roads, footpaths and street lighting;
- \$2bn in new funding for water infrastructure: dams, weirs and pipelines;
- \$250m to modernise recycling infrastructure.

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

TAXES

- Legislated personal income tax cuts brought forward and backdated to 1 July 2020:
 - 19% threshold lifted from \$37,000 to \$45,000;
 - 32.5% threshold lifted from \$90,000 to \$120,000;
 - Low and Middle Income Tax Offset continued for a further year;
 - overall tax relief in 2020-21 of up to \$2,745 for singles and up to \$5,475 for families.

These changes directly benefit employers and employees and pump more money into the economy, which will stimulate economic activity and investment, providing a secondary benefit to the industry.

Factsheet: https://budget.gov.au/2020-21/content/factsheets/download/tax_fact-sheet.pdf

HOUSING

- \$1bn in new low-cost funding to support construction of affordable housing;
- \$150m to an Indigenous Home Ownership Program for building houses in regional areas

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

MENTAL HEALTH

Overall funding packet of \$5.7bn for 2020-21, including:

- Seven million Medicare-subsided mental health consultations (since March 2020);
- Doubling Medicare-funded psychological services through the Better Health Initiative from 10 to 20;
- Additional funds for [Lifeline](#), [headspace](#), [Beyond Blue](#) and [Kids Helpline](#).

These measures will benefit employers, their employees and families by providing support for those struggling personally in the current COVID-19 climate.

OVERALL ECONOMIC OUTLOOK

- No increases in taxation over the forward estimates period
- GDP to fall by 3.75% in calendar year 2020; unemployment to peak at 8% in the December quarter
- GDP to grow 4.25% in calendar year 2021
- Global economy to contract 4.5% in calendar year 2020 (0.1% during the Global Financial Crisis)
- Unemployment to fall to 6.5% by June 2022
- 2020-21 Budget deficit \$213.7bn; deficit to fall to \$66.9bn in 2023-24
- Net debt to rise to \$703bn in 2020-21 (36% of GDP)
- Net debt to rise to \$966bn by June 2024 (44% of GDP)

ADDITIONAL RESOURCES

Economic Recovery Plan for Australia - Creating jobs and rebuilding our economy
https://budget.gov.au/2020-21/content/download/glossy_jobmaker.pdf

Economic Recovery Plan for Australia - Guaranteeing the Essential Services
https://budget.gov.au/2020-21/content/download/glossy_guaranteeing_essentials.pdf

Economic Recovery Plan for Australia – Budget Overview
https://budget.gov.au/2020-21/content/download/glossy_overview.pdf

Budget Speech 2020-21
<https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/speeches/budget-speech-2020-21>

LATEST STATE AND TERRITORY ANNOUNCEMENTS

Contact your local NECA Branch website for regular updates.