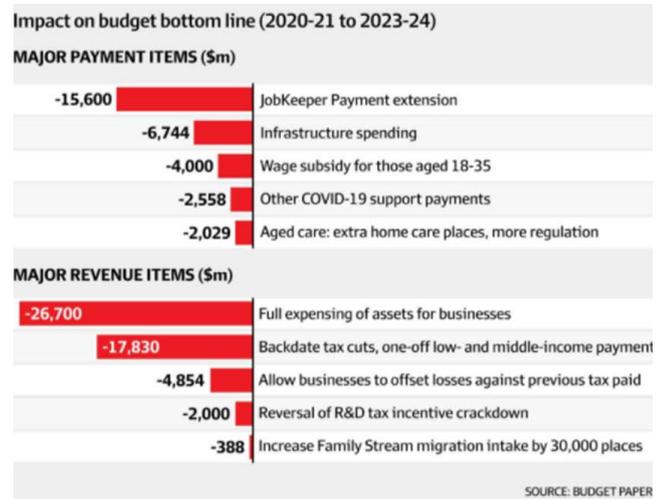


# 2020-21 FEDERAL BUDGET BRIEFING

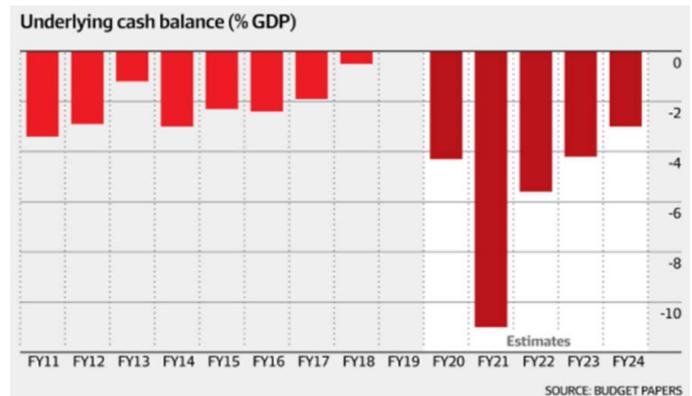
## BUDGET OVERVIEW

As well as revealing a staggering federal budget deficit of more than **\$213.7bn** for the 2020-21 financial year, expected to approach **\$1tn** by 2024, the Federal Government's Budget has unveiled a suite of tax cuts, wage subsidies, business incentives, infrastructure funding, and upskilling initiatives in a bid to stimulate the economy and create jobs in the wake of the Covid-19 pandemic. In pleasing news for the technology and innovation sector, the Government will deliver major billion-dollar investments in creating digital capability across the economy including the SME sector; from 5G and broadband infrastructure, government digitisation projects, to investments in digital skills and cyber uplift capability.

## MAJOR PAYMENT ITEMS



## CASH BALANCE



## BY THE NUMBERS

- **7.25%** – the 2020-21 unemployment rate – with unemployment set to dip to 5.5% by 2023-24
- **\$213.7bn** – the forecast deficit for 2020-21 (11% of GDP)
- **\$966bn** – the peak deficit in June 2024 (44% of GDP)
- **11m** – the number of Australians to benefit from income tax relief.
- **\$507bn** – the aggregate value of tax cuts, cash payments and wage subsidies being injected into the economy.

## 5G and NBN

The Government has announced a \$4.5bn NBN upgrade, with

- **\$3.5bn** invested in a range of upgrades to the existing network architecture to make ultra-fast speeds accessible to households and businesses, together with
- **\$300m** of funding for NBN Co to partner with governments and local councils to improve broadband in regional areas and **\$700m** to improve business access to high-speed fibre broadband.
- In a separate announcement, **\$29m** was allocated to accelerate the takeup of 5G technology:
- **\$22.1** million to establish the Australian 5G Innovation Initiative, to invest in 5G commercial trials and testbeds in key industry sectors such as agriculture, mining, logistics and manufacturing
- **\$7.2** million over two years to the communications regulator, **ACMA**, to invest in more efficient spectrum allocation and simplification of the digital spectrum licence system.

## Election Systems Rebuild

- **\$96.7m** will enable an overhaul of Australia's 30-year-old election IT systems. The funding will roll out over three years and enable the AEC's long-overdue election system modernisation program.

## R&DTI Backdown, Changes

- The Government has scrapped plans to wind back the R&D Tax Incentive, pouring **\$2bn** into the scheme
- The **\$4m** cap on RDTI refunds will be removed, as well as the potential for 2020 clawbacks
- For SMEs with turnover of <\$20m, no tiered approach and for businesses of >\$20m, there will be a two-tiered approach

## Income Tax Cuts

- **\$17.8b** in personal income tax relief to support economic recovery, including an additional **\$12.5b** over the next 12 months.
- Tax cuts are in addition to the **\$8.1bn** in tax relief already legislated for under for under the existing Personal Income Tax Plan
- The threshold of the 19 per cent personal income tax bracket will be increased from \$37,000 to \$45,000, and the threshold of the 32.5 per cent tax bracket will increase from \$90,000 to \$120,000

## Temporary Full Expensing

- Businesses of up to **\$5bn** in turnover will be able to deduct the full cost of eligible depreciable assets, of any value, in the year of installation, until 30 June 2022. Improvement costs may also be deducted.
- Loss carry-backs for businesses of up to **\$5bn** turnover have also been announced.

## Business Digitisation Package

- The Federal Government will fund an **\$800m** package to support Australian business digitisation, including **\$420m** to amalgamate the Australian Business Register with ASIC's 31 registers.
- Another **\$256.6m** will be used to improve access to government services by expanding the Digital Identity Program. This will make Digital Identity – the equivalent of a 100-point ID check – available as a whole-of-economy solution.

The remaining **\$120m** will be allocated to technology adaptation measures, including:

- the rollout of open banking
- **\$19.2m** for the expansion of a "go digital" advisory program for small businesses
- A **\$29m** acceleration of the take-up of 5G technology
- A **\$9.6m** promotion of Australian fintech in priority overseas markets
- **\$3.6m** for an electronic invoicing mandate for Commonwealth agencies to take effect by July 1 2022.
- The Government is also investing **\$295.9m** in a new digital employment services platform

## Upskilling

- In addition to its **\$4bn** JobMaker hiring credit scheme, available to businesses taking on employees aged between 16-35 years.
- The Government is also investing **\$252m** over two years to support the delivery of 50,000 higher education short courses in areas including teaching, health, information technology, science and agriculture.
- The Government will also deliver up to 30,000 additional University places and establish a **\$1bn** JobTrainer fund to support 340,700 new free or low-free training places for Australians to access new skills by retraining and upskilling them with a view to employment in sectors with job opportunities.

## Women in STEM

- The Women in STEM and Entrepreneurship (WISE) Grants Program has been expanded.
- This comes as part of a **\$240.4m** package termed the 2020 Women's Economic Security Statement, to deliver employment opportunities, support to parents and support for women in the workplace.

## Welfare Payment Infrastructure Transformation

- **\$539.6m** has been allocated for the fourth stage of the seven-year *Welfare Payment Infrastructure Transformation (WPIT)* program. This system delivers more than **\$500m** in welfare payments with almost 2.7m customer interactions.

## Other Agency IT Projects

- **\$86.3m** for a new IT platform to support foreign investment reforms
- **\$35.6m** for government's new enterprise resource planning (ERP) system, GovERP (Finance)
- **\$222m** for IT system modernisation at the Department of Agriculture, Water and the Environment
- **\$25.4m** for the Digital Transformation Agency and Services Australia to support digital transformation and improve IT systems
- **\$18.6m** for the Department of Health to progress IT systems to support quality assurance for MBS telehealth services
- **\$17.9m** for TGA business system modernisation
- **\$8m** for NSW to deliver a Public Safety Mobile Broadband proof-of-concept trial
- **\$7.7m** to establish a unique device identification system for implanted medical devices for the Department of Health
- **\$4.9m** to improve cyber resilience of the electricity, gas and liquid fuel industries
- **\$2.5m** for a new case management system for the Family Court of WA
- **\$1.6m** for the Commonwealth Ombudsman to oversee Telecommunications Act use

- **\$1.8m** for a new Grainbelt Wireless Solutions Program for wireless ISPs in WA (DIDRC)
- **\$1.4m** to establish the Australian Broadband Advisory Council
- Portion of **\$64.1m** Department of Veterans Affairs package to commence scoping work on data sharing and analytics

## National Security

- **\$104.9m** for modernisation of AUSTRAC's ageing reporting system.
- **\$201.5m** for the 2020 Cyber Security Strategy, building new cybersecurity and law enforcement capabilities, assisting industry to protect themselves and raising awareness of eSafety amongst citizens
- **\$8.3m** for critical infrastructure entities' security and resilience, creating a critical technologies policy coordination office in the DPM&C with **\$39.2m** towards new IT systems for the Office of the National Data Commissioner to regulate public sector data sharing and release
- **\$110m** for Defence innovation, industry grants, skilling, micro credentialing, and cyber training

## FOR MORE INFORMATION

<https://budget.gov.au>

<https://aiia.com.au/documents/aiia-news>

<https://treasury.gov.au/policy-topics/budget>