



Budget

2020–21

Economic Recovery Plan for Australia

Overview

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COVID-19 and the Australian Government's response

Australians have experienced a year like no other

The COVID-19 pandemic has had a profound impact on Australia's health system, community and economy, as it has all around the world.

The Government has acted quickly and decisively to address the consequences of COVID-19. As a result, Australia has achieved some of the best health and economic outcomes in the world. However, the impacts of COVID-19 will continue to be felt in the Australian economy for years to come. The Australian community also continues to feel the effects of COVID-19, through disruption to their lives, education and health. The global economic outlook remains highly uncertain, with many countries experiencing their worst downturns since the Great Depression.

This is a once-in-a-century shock that requires an unprecedented level of support across the economy. The Government's initial response to the COVID-19 pandemic provided \$299 billion in overall support.

The Government's economic response is designed to support Australian households and businesses through an exceptionally difficult period. It has helped keep businesses in business and Australians in jobs through the JobKeeper Payment and Boosting Cash Flow for Employers, and supported Australians in need with the Coronavirus Supplement and \$750 payments to those on certain income support.

The Government's response is now transitioning to ensure the Australian economy recovers strongly by targeting additional temporary

support measures to boost household incomes, bring forward business and infrastructure investment activity, and drive the unemployment rate back down.

The Government is continuing to support those sectors, regions and communities that face significant challenges.

The Government's response to the 2019-20 bushfire season is also supporting families, farmers, business owners and communities to recover.

The path to recovery

The Government's Economic Recovery Plan for Australia will rebuild our economy, create jobs and secure Australia's future.

The 2020-21 Budget commits further response and recovery support, bringing the Government's overall support to \$507 billion, including \$257 billion in direct economic support.

The Government's response continues to be temporary and well-targeted, use existing delivery mechanisms where possible, and proportionate to the shock and its impact on the economy.

Our economic recovery plan for Australia is focused on growing the economy so Australia can create jobs, increase economic resilience and create a more competitive and income-generating economy.

Our plan is also reflected through the revised Economic and Fiscal Strategy, firmly setting our focus on driving the economic recovery to strengthen the budget position in the near term, then stabilising and reducing debt as a share of the economy over the medium term.

Australians can be confident that the Government will ensure that Australia emerges from the COVID-19 recession in a strong position.

Response	<ul style="list-style-type: none"> ● JobKeeper Payment Supporting businesses to keep Australians in jobs through a wage subsidy for eligible employees and business participants 	➔ A \$101 billion economic lifeline, currently supporting around 3.5 million individuals
	<ul style="list-style-type: none"> ● Supporting Apprentices and Trainees \$2.8 billion for the Supporting Apprentices and Trainees wage subsidy to help businesses keep their apprentices and trainees employed 	➔ Supporting up to 180,000 apprentices and trainees
	<ul style="list-style-type: none"> ● Income Support for Individuals Support for income support recipients, including extending the Coronavirus Supplement 	➔ Providing \$16.8 billion in support
	<ul style="list-style-type: none"> ● Boosting Cash Flow for Employers Tax-free cash flow boosts of between \$20,000 and \$100,000 for eligible employers 	➔ Around 800,000 employers have benefited
	<ul style="list-style-type: none"> ● Small and Medium Enterprises Guarantee Scheme Guaranteeing 50 per cent of eligible loans issued by participating lenders to small and medium businesses 	➔ Supporting up to \$40 billion in lending
	<ul style="list-style-type: none"> ● Early Release of Superannuation Allowing individuals impacted by COVID-19 to access up to \$20,000 of their superannuation early 	➔ Providing relief to nearly 3 million individuals
	<ul style="list-style-type: none"> ● Supporting Pensioners Support payments to our pensioners and other eligible recipients 	➔ \$12 billion in support for pensioners and other eligible recipients
	<ul style="list-style-type: none"> ● HomeBuilder Providing grants of \$25,000 to eligible owner-occupiers (including first home buyers) to build a new home or rebuild an existing home 	➔ Supporting an industry that employs an estimated 1 million people
	<ul style="list-style-type: none"> ● JobMaker Hiring Credit Incentivising businesses to take on additional employees that are young job seekers aged 16 to 35 	➔ Supporting around 450,000 young Australians into jobs
	Recovery	<ul style="list-style-type: none"> ● JobTrainer Fund Providing school leavers and job seekers access to additional free or low-cost courses to boost their skills
<ul style="list-style-type: none"> ● Accelerating Personal Income Tax Cuts Bringing forward Stage 2 of the Personal Income Tax Plan and providing a one-off additional tax benefit to low- and middle-income earners in 2020-21 to deliver tax relief to hard-working Australians 		➔ Benefiting over 11 million hard-working individuals
<ul style="list-style-type: none"> ● Supporting Business Investment Temporary tax incentives for businesses to support new investments and increase business cash flow 		➔ Available to over 99% of businesses
<ul style="list-style-type: none"> ● Infrastructure Stimulus \$14 billion committed since the onset of the COVID-19 pandemic to boost demand and create jobs over the next four years 		➔ Supporting 40,000 jobs over the construction period

Budget at a glance

The once-in-a-century COVID-19 pandemic has fundamentally reshaped Australia's economic and fiscal outlook

At the 2019-20 MYEFO, the underlying cash balance for 2020-21 was forecast to be a surplus of \$6.1 billion (0.3 per cent of GDP).

Since then, the Government has responded decisively to the 2019-20 bushfires and COVID-19 pandemic.

The initial COVID-19 response totalled \$299 billion, including health measures, the JobKeeper Payment, Boosting Cash Flow for Employers and the Coronavirus Supplement. The \$2 billion National Bushfire Recovery Fund has supported families, farmers, business owners and communities.

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.

The underlying cash deficit in 2020-21 is expected to be \$213.7 billion (11.0 per cent of GDP). This is

expected to improve over the forward estimates to \$66.9 billion deficit (3.0 per cent of GDP) in 2023-24 and to a \$49.5 billion deficit (1.6 per cent of GDP) by the end of the medium term.

Gross debt is expected to be 44.8 per cent of GDP at the end of 2020-21, increasing to 51.6 per cent of GDP by the end of the forward estimates. Gross debt is projected to stabilise at around 55 per cent of GDP in the medium term.

Net debt is expected to be 36.1 per cent of GDP at the end of 2020-21, peaking at 43.8 per cent of GDP at the end of the forward estimates. Net debt is then projected to fall to 39.6 per cent of GDP at the end of the medium term.

Until a vaccine is developed and widely deployed, significant uncertainty remains. Through this phase, the Government will maintain flexibility to respond to the circumstances as they evolve.

Budget aggregates and major economic parameters^(a)

	Actual	Estimates				Total ^(b)
	2019-20	2020-21	2021-22	2022-23	2023-24	
Underlying cash balance (\$b)^(c)	-85.3	-213.7	-112.0	-87.9	-66.9	-480.5
Per cent of GDP	-4.3	-11.0	-5.6	-4.2	-3.0	
Gross debt^(d)	684.3	872.0	1,016.0	1,083.0	1,138.0	
Per cent of GDP	34.5	44.8	50.5	51.6	51.6	
Net debt	491.2	703.2	812.1	899.8	966.2	
Per cent of GDP	24.8	36.1	40.4	42.8	43.8	

	Outcomes	Forecasts			
	2019-20	2020-21	2021-22	2022-23	2023-24
Real GDP	-0.2	-1 1/2	4 3/4	2 3/4	3
Employment	-4.3	2 3/4	1 3/4	1	1 3/4
Unemployment rate	7.0	7 1/4	6 1/2	6	5 1/2
Consumer price index	-0.3	1 3/4	1 1/2	1 3/4	2
Wage price index	1.8	1 1/4	1 1/2	2	2 1/4
Nominal GDP	1.7	-1 3/4	3 1/4	4 1/2	5

a) Real GDP and nominal GDP are percentage change on preceding year. The consumer price index, employment, and the wage price index are through the year growth to the June quarter. The unemployment rate is the rate for the June quarter.

b) Total is equal to the sum of amounts from 2020-21 to 2023-24.

c) Excludes net Future Fund earnings before 2020-21.

d) Gross debt measures the face value of Australian Government Securities (AGS) on issue.

Source: ABS Australian National Accounts: National Income, Expenditure and Product; Labour Force, Australia; Wage Price Index, Australia; Consumer Price Index, Australia and Treasury.

Revised Fiscal Strategy

The Government's previous fiscal strategy served Australia well, ensuring we entered the COVID-19 pandemic from a position of strength

The Government returned the budget to balance for the first time in 11 years in 2018-19, with debt-to-GDP significantly lower than the average of the G20 advanced economies. The Government's responsible fiscal management meant it was well placed to provide an unprecedented level of support to households and businesses.

The Government's revised Economic and Fiscal Strategy recognises that economic growth and job creation will be essential to repair the budget and ensure a sustainable budget position over time.

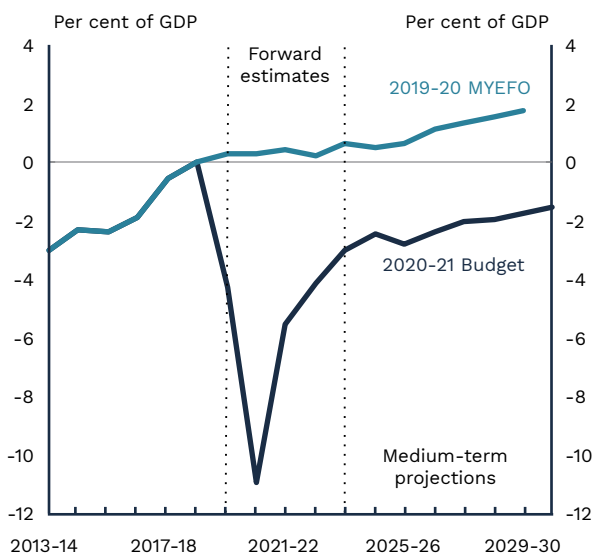
The Government's strategy includes two phases – a COVID-19 Economic Recovery Plan that targets job creation; and a medium-term phase focused on stabilising and then reducing debt as a share of the economy.

During the economic recovery, the Government will continue to use fiscal policy to support demand and confidence to achieve a private sector-led recovery that drives employment and productivity. As the economic recovery progresses, the budget position will also strengthen.

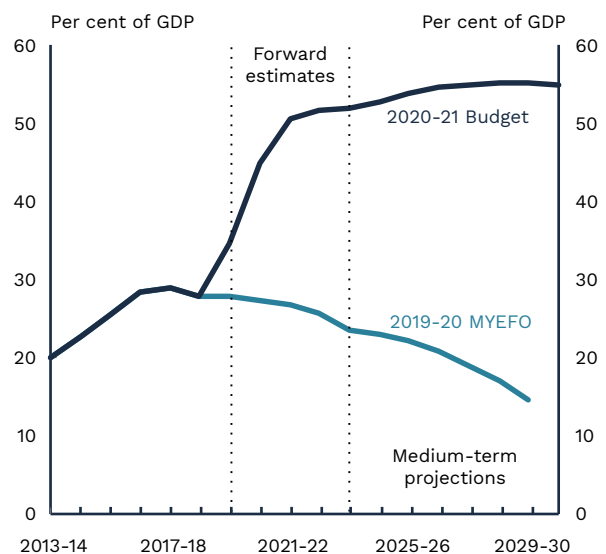
Once the unemployment rate is comfortably below 6 per cent and on a path toward previous levels, the focus will shift towards stabilising and then reducing debt as a share of GDP, while still allowing for flexibility in response to changing economic conditions.

The strategy maintains the Government's long-standing commitments to a low and sustainable tax burden, the guaranteed provision of essential services, and budget and balance sheet discipline.

Underlying cash balance



Gross debt



Global economic outlook

The worst global economic crisis since the Great Depression

The COVID-19 pandemic has caused a global crisis like no other in living memory. With countries taking action to protect the health of citizens, most economies have recorded historic contractions this year. Global growth is forecast to fall by 4½ per cent in 2020.

Australia stands out among advanced economies for its low infection rates and comparatively strong economic outcomes.

Uncertainty about economic and health outcomes has weighed on consumer and business confidence, and has put pressure on the global economic and financial architecture. Physical distancing and restrictions introduced to control the virus will constrain economic activity for some time, and renewed outbreaks remain a key risk to the outlook.

The pandemic has hit workers hard. According to the International Labour Organization, hours worked fell by the equivalent of 600 million full-time jobs in the June quarter 2020, compared to the December quarter 2019.

Governments and central banks have responded to the crisis decisively. Fiscal support aimed at stood down and laid-off workers has limited the impact on household balance sheets, particularly in advanced economies. Near-zero policy interest rates and unconventional monetary policy have helped central banks around the world to maintain liquidity.

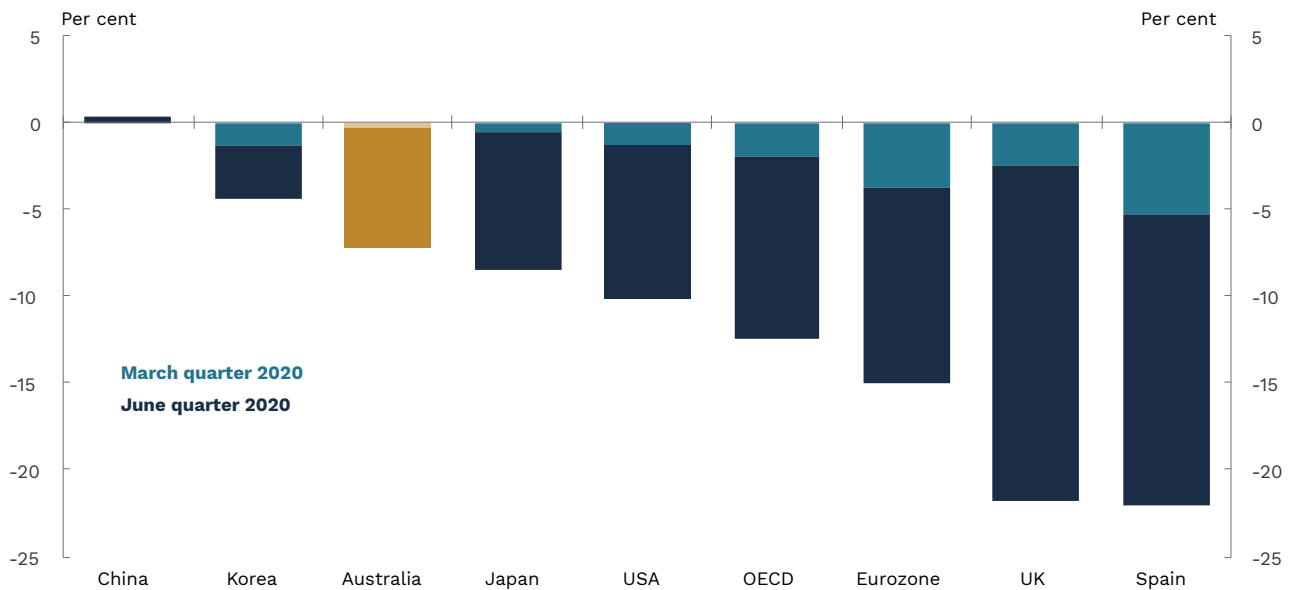
Global merchandise trade was 9 per cent lower in the first half of 2020 than in the second half of 2019. International travel restrictions have disproportionately affected services trade, such as tourism and education.

Major trading partner GDP is expected to fall by 3 per cent in 2020, before growing by 5¾ per cent in 2021. China's economic performance is important for Australia's Major trading partner growth as it accounts for over one-third of Australia's trade. With Chinese GDP expected to grow this year, Australia's external outlook remains in a better position than many other economies.

With countries taking action to protect the health of citizens, most economies have recorded historic contractions this year

Global growth is forecast to fall by **4½ per cent in 2020**

Cumulative GDP growth since December quarter 2019



Source: National statistical agencies, Refinitiv.
 Note: Data for China not broken down by quarters.

Domestic economic outlook

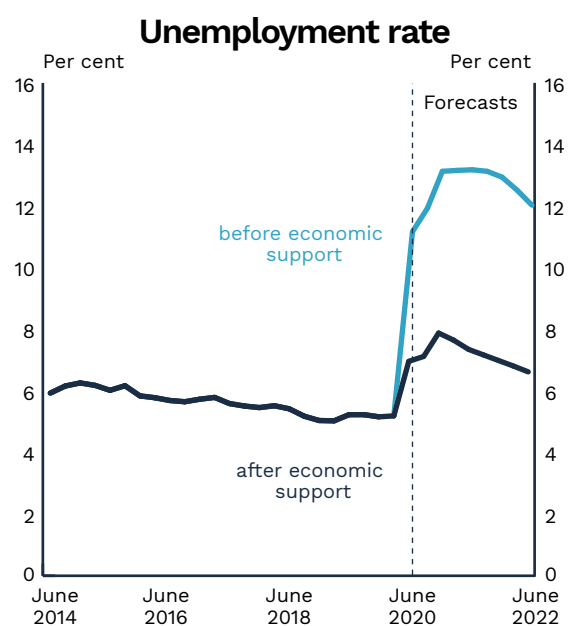
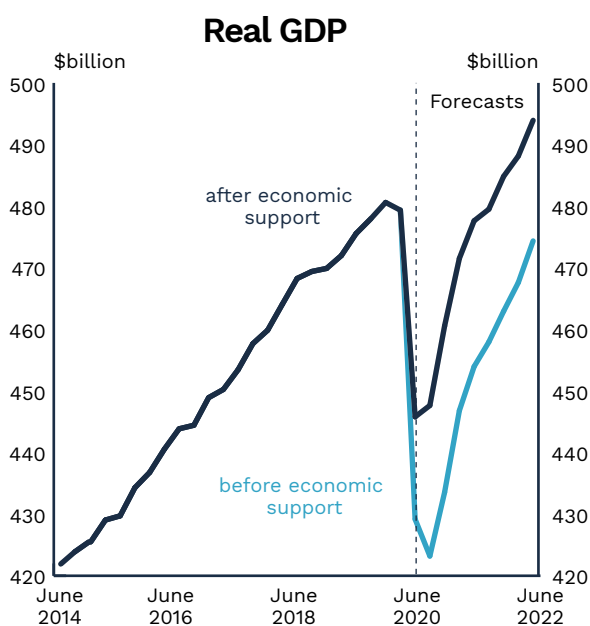
Economic recovery is underway


The Australian economy is currently in recession as a result of the COVID-19 pandemic, its first recession in almost 30 years.

Real GDP fell by 7.0 per cent in the June quarter 2020 after a modest contraction of 0.3 per cent in the March quarter, as travel restrictions and other pandemic containment measures affected the ability of consumers and businesses to undertake their usual spending and investment activities.

As the virus has come under control and containment measures have been eased, the jobs lost have started to come back. Of the 1.3 million people who lost their job or were stood down on zero hours for economic reasons in April, almost 60 per cent or 760,000 are now back at work.

Economic activity is forecast to pick up strongly from late 2020 and into early 2021, driven by a further easing of containment measures and improving business and consumer confidence. Activity will also be significantly supported by an unprecedented \$257 billion in Government economic support.





Almost **60 per cent**
or **760,000** of the
1.3 million people who
lost their job or were stood
down on zero hours are
now back at work

Real GDP is forecast to fall by 3¾ per cent in 2020 before recovering in 2021 to grow by 4¼ per cent.

The unemployment rate is expected to peak at around 8 per cent in the December quarter of this year, before falling over the next few years as the economy recovers and businesses gain confidence to employ more workers. By the June quarter 2022, the unemployment rate is expected to be 6½ per cent and will continue to decline over the forecast period.

The Government's economic support measures, including the JobKeeper Payment, are reducing the damage to the economy and the labour market from the COVID-19 pandemic. Without this support, GDP would have fallen further and the unemployment rate would have been much higher.

New initiatives in this Budget as part of the Government's economic recovery plan are helping households and businesses to get back on their feet.

The challenges for the Australian economy from the virus remain significant. Further outbreaks of the virus are likely until a vaccine is developed and becomes widely available. Any substantial outbreaks that affect the confidence of households to spend and businesses to invest and employ people remain a key risk to the national recovery.

Lower taxes for hard-working Australians

More money in your pocket and creating jobs

In this Budget, the Government is delivering an additional \$17.8 billion in personal income tax relief to support the economic recovery, including an additional \$12.5 billion over the next 12 months. It builds on the \$8.1 billion in tax relief that will be delivered for the 2020-21 income year under the already legislated Personal Income Tax Plan.

Under the Government's changes, individuals will benefit from bringing forward the tax cuts in Stage 2 of its Plan, as well as a one-off additional benefit from the low- and middle-income tax offset in 2020-21.

This will provide around 11.6 million individuals with a tax cut in 2020-21, compared with 2017-18 settings.

In 2020-21, low- and middle-income earners will receive tax relief of up to \$2,745 for singles, and up to \$5,490 for dual income families, compared with 2017-18 settings.

The majority of the benefit for 2020-21 will go to those on incomes below \$90,000.

Treasury estimates that reducing the personal income tax burden on hard-working Australians will boost GDP by around \$3.5 billion in 2020-21 and \$9 billion in 2021-22 and will create an additional 50,000 jobs by the end of 2021-22.

Tax relief targeted to low- and middle-income earners in 2020-21 compared with 2017-18

Taxable Income (\$)	2017-18		2020-21		
	Tax Liability (\$)	Tax Liability (\$)	Tax Liability (\$)	Change in Tax (\$)	Change in Tax (%)
40,000	4,947	3,887	-1,060	-21.4	
60,000	12,147	9,987	-2,160	-17.8	
80,000	19,147	16,987	-2,160	-11.3	
100,000	26,632	24,187	-2,445	-9.2	
120,000	34,432	31,687	-2,745	-8.0	
140,000	42,232	39,667	-2,565	-6.1	
160,000	50,032	47,467	-2,565	-5.1	
180,000	57,832	55,267	-2,565	-4.4	
200,000	67,232	64,667	-2,565	-3.8	

*The table provides stylised cameos based on the tax payable for an individual, excluding any transfer payments. The tax liability and tax relief are calculated only taking into account the basic tax scales, low income tax offset, low and middle income tax offset and the Medicare levy (with 2017-18 Medicare levy single low-income threshold). Actual outcomes for many individuals and households would differ.


Building on our Personal Income Tax Plan

By putting more money in their pockets, families will keep more of what they earn, allowing them to spend more on what they need.

This keeps businesses operating and ensures employers can retain their staff. As sales increase, this will improve business confidence and encourage them to create more jobs and invest. This grows our economy now and in the future.

Lower taxes also give Australians the incentive to work hard and get ahead, knowing that they can keep more of their money.

The Government is committed to keeping taxes low so that hard-working Australians are rewarded for their effort and keep more for what they need. **When the Plan is fully implemented in 2024-25, around 95 per cent of taxpayers are expected to face a marginal tax rate of 30 per cent or less.**



Lower taxes also give Australians the incentive to work hard and get ahead, knowing that they can keep more of their money



The Government is supporting jobs in the residential construction industry

Supporting housing construction

Supporting first home buyers

As part of our economic recovery plan to create jobs, rebuild our economy and secure Australia's future, an additional 10,000 first home buyers will be able to purchase a new home sooner under the extension to the First Home Loan Deposit Scheme.

The additional 10,000 places will be provided in 2020-21 to support the purchase of a new home or a newly built home. This will allow first home buyers to secure a loan to build a new home or purchase a newly built dwelling with a deposit of as little as 5 per cent, with the Government guaranteeing up to 15 per cent of a loan.

Our First Home Loan Deposit Scheme is already helping almost 20,000 first home buyers purchase a home this year with a deposit as low as 5 per cent.

This measure will stimulate activity in housing construction and is estimated to generate an additional \$800 million in economic activity.

The extension to the First Home Loan Deposit Scheme complements the Government's broader suite of reforms to Australia's lending laws which will reduce the regulatory burden on lenders and borrowers, boosting the flow of credit to the economy.

Building more homes

The Government is creating new opportunities for Australian industry and boosting jobs by supporting housing supply.

The Government will increase its guarantee of the National Housing Finance and Investment Corporation (NHFIC) by \$1 billion, enabling NHFIC to increase its bond issuance into the wholesale capital market. This will attract institutional investment into affordable housing for Australians.

These measures build on the success of the Government's HomeBuilder program, which was announced on 4 June. HomeBuilder provides eligible owner-occupiers with a grant of \$25,000 to build a new home or rebuild an existing home.

The Government recognises the residential construction sector's important role in the Australian economy and its investment in supporting new construction will help maintain and support jobs in the construction industry.



Infrastructure investment

Infrastructure investment to boost growth and jobs

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. These projects will support a further 40,000 jobs during their construction.

This investment is part of the Government's record 10-year transport infrastructure investment pipeline, which has been expanded to \$110 billion and is already supporting 100,000 jobs on worksites across the country.

This investment pipeline includes projects in every state and territory, as well as the generation-defining Melbourne to Brisbane Inland Rail and Western Sydney International (Nancy-Bird Walton) Airport.

Fast-tracking shovel-ready projects to create jobs

The Government is providing an additional \$3 billion towards shovel-ready projects to support further job creation and economic recovery, building on the \$2 billion announced since May 2020.

This includes \$2 billion to deliver small scale road safety projects as well as an additional \$1 billion of funding for the Local Roads and Community Infrastructure Program, on top of the \$500 million already announced. These programs are expected to support over 10,000 jobs over the next two years.

Funding will be provided to state and local governments on a "use it or lose it" basis, with unused funding for road safety projects to be reallocated to states and territories that have successfully deployed their previous allocations.

This will help ensure projects are delivered efficiently and the economic stimulus effects are maximised.

National snapshot

The Government's **\$110 billion** 10-year infrastructure investment pipeline.

Around 100,000 direct and indirect jobs are already being supported by projects currently under construction, over the construction lives of the projects.

Since the start of the COVID-19 pandemic, the Government has committed an additional \$14 billion in infrastructure projects across Australia over the next four years, supporting more than 40,000 jobs during their construction.

Northern Territory

Investment of **\$2.7 billion** since 2013.

Projects include the:

- \$180 million Central Arnhem Road Upgrade
- \$120 million Carpentaria Highway Upgrade (new)

Western Australia

Investment of **\$15.4 billion** since 2013.

Projects include the:

- \$2.3 billion METRONET
- \$275.8 million Great Northern Highway - Muchea to Wubin Upgrade
- \$75 million Canning Bridge Bus Interchange (new)

South Australia

Investment of **\$9.8 billion** since 2013.

Projects include the:

- \$4.5 billion North-South Corridor
- \$200 million Hahndorf Township Improvements and Access Upgrade (new)

Queensland

Investment of **\$28.5 billion** since 2013.

Projects include the:

- \$10 billion Bruce Highway Upgrade Program
- \$800 million Gateway Motorway – Bracken Ridge to Pine River
- \$750 million Coomera Connector Stage 1 (new)

New South Wales

Investment of **\$39 billion** since 2013.

Projects include the:

- \$5.3 billion Sydney Metro – Western Sydney Airport
- \$4 billion Pacific Highway – Woolgoolga to Ballina
- \$603 million New England Highway – Singleton Bypass and Bolivia Hill Upgrade (new)

ACT

Investment of **\$975 million** since 2013.

Projects include the:

- \$115 million Monaro Highway Upgrade, including new funding of \$15.3 million
- \$87.5 million Molonglo River Bridge (new)

Victoria

Investment of **\$31.5 billion** since 2013.

Projects include the:

- \$684 million Monash Freeway Upgrade
- \$528 million Shepparton Line Upgrade and Warrnambool Rail Upgrade Stage 2 (new)
- \$500 million M80 Ring Road Upgrade

Tasmania

Investment of **\$3.2 billion** since 2013.

Projects include the:

- \$150 million Hobart to Sorell Corridor – Midway and Sorell Causeways (new)
- \$120 million for Tranches 1 and 2 of the Tasmanian Freight Rail Revitalisation

Supporting business and investment

The Government is supporting Australian businesses to invest, grow and create more jobs

Business investment is vital to Australia's short-term economic recovery and longer term productive capacity and wage growth.

Temporary full expensing

To support new investment and increase business cash flow, the Government is providing a temporary tax incentive, which will be available to around 3.5 million businesses (over 99 per cent of businesses) that employ around 11.5 million workers. The incentive will apply to around \$200 billion worth of investment, including 80 per cent of investment in depreciable assets by non-mining businesses.

From 7:30pm (AEDT) on 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. The cost of improvements to existing eligible depreciable assets made during this period can also be fully deducted.

Full expensing significantly reduces the after-tax cost of eligible assets, providing a cash flow benefit. It creates a strong incentive for businesses to bring forward investment before it expires. Full expensing builds on the enhanced instant asset write-off and the accelerated depreciation previously announced through the Backing Business Investment incentive.

This measure is estimated to deliver \$26.7 billion in tax relief over the forward estimates, and \$3.2 billion over the medium term.

Temporary loss carry-back

The Government will also allow companies with turnover up to \$5 billion to offset losses against previous profits on which tax has been paid, to generate a refund. Loss carry-back will be available to around 1 million companies that employ up to 8.8 million workers.

Losses incurred up to 2021-22 can be carried back against profits made in or after 2018-19. Eligible companies may elect to receive a tax refund when they lodge their 2020-21 and 2021-22 tax returns.

This measure will provide further cash flow support and promote investment by encouraging more businesses to take advantage of full expensing.

This measure is estimated to deliver \$4.9 billion in tax relief to businesses over the forward estimates, and \$3.9 billion over the medium term.

Supporting Australia's economic recovery

Treasury estimates that these two measures will create around 50,000 jobs by the end of 2021-22, and boost GDP by around \$2.5 billion in 2020-21 and \$10 billion in 2021-22.



Modernising Australia's tax treaty network

The Government will support the recovery from COVID-19 by modernising and expanding our tax treaty network to eliminate double taxation, settling taxing rights between countries and attracting foreign investment and skilled workers.

FBT retraining

The Government is exempting from the 47 per cent fringe benefits tax (FBT) employer-provided retraining activities to employees who are redeployed to a different role in the business. This will encourage employers to help redeployed workers transition to a new role within or outside the business.

Small business tax concessions

Around 20,000 small to medium businesses will access up to ten small business tax concessions for the first time, providing tax relief and reducing red tape so they can get on with running their business.

This builds on other Government measures including the cut to the tax rate to 25 per cent for companies with a turnover of less than \$50 million that has been legislated and fast tracked by five years.



Fred's Medical Services Pty Ltd has an aggregated annual turnover of \$200 million for the 2021-22 income year. Fred's business engages Shane's Software Pty Ltd to create new software to create a new medical database for \$400,000, exclusive of GST. The in house software is first installed and used on 1 July 2021.

Under the depreciation arrangements in current law, Fred's business would claim a total tax deduction of \$80,000 for the 2021-22 income year, with the remainder of the cost being depreciated over future years.

Under temporary full expensing, Fred's business will instead claim a deduction of \$400,000 for the full cost of the software in 2021-22, which is \$320,000 more than before. Fred's business will pay \$96,000 less tax in 2021-22. This will improve the company's cash flow and help Fred's business invest and grow.

Increased demand due to temporary full expensing from customers such as Fred's business also helps Shane's Software Pty Ltd to grow, enabling Shane to hire more staff.



A digital Australia

The Government is enabling businesses to take advantage of digital technologies to help grow their businesses and create jobs

The COVID-19 pandemic has accelerated the adoption of digital technologies by Australian businesses and consumers which has enabled many to transform their operations and continue to trade through the crisis.

The Government's Digital Business Plan will build on this momentum to support an even greater adoption of new technologies across the economy – by both businesses and consumers.

It will support our goal for Australia to be a leading digital economy by 2030. An additional \$4.5 billion investment in NBN Co will bring ultra-fast broadband to millions of families and businesses. Funding of \$29.2 million will also accelerate the rollout of the 5G network.

The Government will continue to invest in establishing secure and convenient Digital Identity arrangements to enable users to verify their identity online when dealing with government and, in future, the private sector.

Reforms will make permanent the measures enabling companies to hold virtual Annual General Meetings to engage with their shareholders and e-signatures to more efficiently transact with others.

The Government will expand its commitment to providing consumers and businesses with greater control over their own data through the continued rollout of the Consumer Data Right for Open Banking and for the energy sector.

Australian businesses and consumers expect digital services from Commonwealth agencies on par with the private sector. Commonwealth agencies will be able to receive e-invoices from their private sector suppliers. Our business registries will be modernised, improving the ease, cost and choices available for the establishment and maintenance of businesses.



The JobMaker
Digital Business Plan
will advance Australia
towards the goal of being
a leading digital economy
by 2030

The Government will provide \$24.7 million to help small business operators use technology, including providing an additional 10,000 places for the Australian Small Business Advisory Service – Digital Solutions program. We will also improve access by businesses and workers to digital skills training.

There will be a comprehensive review of the regulatory architecture of the payments system to ensure that it is well placed to foster innovation and competition that lowers business costs and enhances consumer choice.

Support will be increased through Austrade for our fintech sector to expand exports of financial services and foster inward investment. This support will assist in the growth of Australia's fintech sector which will complement the roll out of the Consumer Data Right in banking.



Improving the ease of doing business

Cutting red tape is a key element of the Government's Economic Recovery Plan

Cutting red tape is a key element of the Government's Economic Recovery Plan for Australia.


The Government has already delivered \$5.8 billion of red-tape savings through the 'Cutting Red Tape' initiative.

That is why the Government is making it easier for businesses to invest, create jobs, respond quickly to challenges and seize opportunities.

In this Budget, the Government will:

- streamline and digitise a wide range of regulatory processes;
- reduce regulation that imposes unnecessary costs and hinders business activity; and
- support small business through the recovery.

Dealing with Government regulation will be simpler and faster, saving individuals and businesses time and money.



The Government
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the 'Cutting Red Tape'
initiative

Promoting business dynamism

New insolvency processes
for incorporated small
businesses

A simpler credit framework
to help consumers and small
businesses access credit
faster

Automatic mutual
recognition of occupational
licenses and registration
between states and
territories by 1 January 2021

Driving digital transformation

A streamlined and digitised
process for trading
Australian Carbon Credit
Units

Digital transformation of
the Therapeutic Goods
Administration

Faster and improved
services for farmers and
businesses who export
agricultural products

Enabling virtual annual
general meetings and
electronic document
execution

Mandating e-invoicing for
Commonwealth agencies

Modernising business
registers

Secure and efficient digital
identity

Cutting unnecessary red tape

Investing in fast-tracking
environmental assessments

Slashing red tape and
modernising digital services
for farmers

Modernising record keeping
requirements for Fringe
Benefits Tax for employers
and employees

Making it easier for
education providers to offer
supplementary courses to
overseas students

Streamlining early childhood
education and care approval
processes

Boosting exports

Cutting red tape on Australia's exports

Boosting exports is vital to creating jobs across Australia. The Government is removing barriers to exports and making it easier for Australian businesses to access international markets.

Facilitating agricultural exports

The Government is investing \$328 million to turbocharge agricultural exports and help farmers recover from drought, bushfires and COVID-19.

The Government is slashing red tape by delivering improved digital services for farmers. It is providing \$222 million to modernise digital services for agricultural exporters, making it cheaper and easier for farmers and exporters to get their products to overseas markets.

The new platform will bring together different systems so exporters can spend less time filling in forms and more time growing their businesses.

Farmers will also have access to up-to-date information to help them make the most of Australia's free trade agreements.

The Government is also investing \$35.2 million to cut the regulatory burden on seafood, meat, live animal and plant exporters. Sensible, technology-based regulation will leave businesses to focus on doing what they do best, while safeguarding Australia's reputation as a premium producer of agricultural goods.

Trade Single Window

As part of the Government's \$28.6 million investment in the Simplified Trade System, a Trade Single Window will play a key role in busting congestion at the border. The Government is providing \$7.8 million to continue simplifying Australia's trade system by overhauling outdated regulations and streamlining compliance processes for businesses.

By modernising border systems the Government is driving down costs for traders, improving Australia's global competitiveness and creating local jobs.

Greg, a grapefruit grower from Mildura, has been working hard to build his business and is now thinking about breaking into export markets.

Currently, Greg would need to submit up to 20 forms and certificates across multiple different emails, websites and databases.

With the Government's investment in this Budget, Greg will only need to sign in to one system, where he could also get up-to-date information on new market opportunities, such as those available under Australia's free trade agreements.



The JobMaker Hiring Credit will support 450,000 young people to get into work and will improve their economic, health and social outcomes

JobMaker Hiring Credit

The Government's new JobMaker Hiring Credit will help to accelerate growth in employment during the recovery by giving businesses incentives to take on additional employees that are young job seekers aged 16 to 35 years old. The JobMaker Hiring Credit is a key part of the Government's JobMaker Plan to boost Australia's economic recovery.

Job losses have been extensive during the COVID-19 pandemic and young people have been particularly hard hit. Through the JobMaker Hiring Credit, the Government will help young people access job opportunities and rebuild their connection to the labour force as the economy recovers.


The JobMaker Hiring Credit is estimated to **support around 450,000 positions for young people** and cost \$4 billion from 2020-21 to 2022-23.

The JobMaker Hiring Credit will be available to employers from 7 October 2020 for each new job they create over the next 12 months for which

they hire an eligible young person. 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.

Eligible young job seekers will have received JobSeeker Payment, Youth Allowance (Other) or Parenting Payment for at least one of the previous three months at the time of hiring. Employers must demonstrate that they have increased their overall employment to receive this payment for up to 12 months for each position created. To claim the JobMaker Hiring Credit, employers need to report their employees' payroll information to the Australian Taxation Office through Single Touch Payroll.



50,000 short courses to give people the skills they need to get a job —

Investing in education, skills and apprenticeships

JobTrainer – growing Australia’s skills workforce

The Government is making skills development a high priority as part of its JobMaker Plan. The Government’s commitment will support getting people into jobs and ensures that Australians have the right skills for the jobs of the future.

The Government’s JobMaker Plan includes the establishment of the \$1 billion JobTrainer Fund, with funding matched between the Commonwealth and state and territory governments. **The Fund will support up to 340,700 additional free or low-fee training places** in areas of genuine need to help upskill and retrain job seekers and young people, including school leavers.

New apprenticeships to help the recovery

The Government has a plan to upskill and reskill Australians into jobs and to deliver the pipeline of skills needed for the economic recovery.

In addition to the \$2.8 billion Supporting Apprentices and Trainees Wage Subsidy that supports existing apprentices and trainees through to 31 March 2021, the Government is investing a further \$1.2 billion in Australia’s skills pipeline and boosting the number of new apprenticeships and traineeships.

The Boosting Apprenticeships Wage Subsidy will support up to 100,000 new apprentices and trainees by paying a 50 per cent wage subsidy, up to a cap of \$7,000 per quarter, for commencing apprentices and trainees at businesses of all sizes, in all industries, and in all locations.

Supporting job seekers

The Government is also implementing a range of measures to help connect job seekers to employment and training opportunities. This includes \$296 million to deliver a new Digital Employment Services platform, \$183 million to provide individualised support to online job seekers, and \$21.9 million to assist young people to access specialised support more quickly.



Record funding
of \$21.8 billion for
schools in 2020

More job-ready graduates

The Government is supporting school leavers and displaced workers by creating additional undergraduate places to help Australia’s COVID-19 recovery.

Demand for bachelor places is expected to significantly increase in 2021 due to the COVID-19 pandemic. The Government is enabling around 17,000 additional places in 2021, as part of the growth in undergraduate places from the Job-ready Graduates Package. To complement this growth in undergraduate places, the Government is investing a further \$299 million to **provide an additional 12,000 undergraduate places in 2021.**

Short courses to reskill and upskill Australians

The Government is providing opportunities for students and the recently unemployed to retrain in areas of high demand and national priority by **supporting the delivery of 50,000**

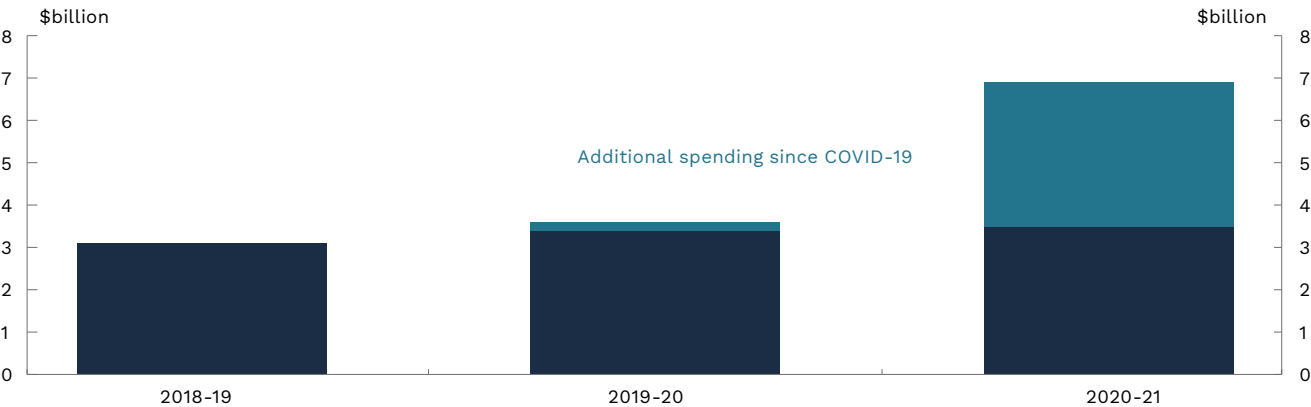
higher education short courses. Short online courses including in teaching, health, science, information technology and agriculture will provide faster training pathways and alternative study options for workers looking to upskill.

Helping young Australians through COVID-19

The COVID-19 pandemic has resulted in unprecedented disruption to teaching and learning for school children. To support these students, the Government is investing \$146 million in a range of programs to improve the educational outcomes of disadvantaged students and school leavers.

This is on top of the Government’s record spending on school funding, which has increased from \$13.8 billion in 2014 to \$21.8 billion in 2020, and will grow to \$34 billion in 2030.

Government increasing VET sector investment to support the economic recovery



Source: Department of Education, Skills and Employment, 2020-21 Budget and Treasury



Delivering economic security for women

The Government is delivering the 2020 Women's Economic Security Statement to increase women's workforce participation, improve earning potential and enhance economic independence. The \$240.4 million package will deliver employment opportunities, support to parents and support for women in the workplace.

This includes employment programs to support women's leadership and development, and increase opportunities for women in science, technology, engineering and mathematics (STEM), business and male-dominated industries.

The \$50 million Women@Work Plan will expand the Women's Leadership and Development Program grants and establish a Respect@Work Council to address sexual harassment at work. This builds on the Government's commitment to support women's safety at work and at home.

The Government is providing an additional \$35.9 million to expand the Boosting Female Founders initiative to provide women entrepreneurs access to expert mentoring and business advice.

The Government is providing \$25.1 million to assist 500 women through STEM Industry Cadetships or Advanced Apprenticeships. The Government is expanding the Women in STEM and Entrepreneurship (WISE) Grants. The program will fund projects led by business, industry and the community which focus on increasing girls' and women's participation in STEM.

The Government is increasing access to the Girls in STEM Toolkit. The Toolkit is a valuable online resource for students, parents and teachers which helps girls match their interests to careers in STEM and prepares them to engage in the STEM jobs of the future. The Government is also extending the Women in STEM Ambassador role.

These measures will assist in repairing and rebuilding women's workforce participation and further close the gender pay gap.

The Government is supporting families where employment has been interrupted by COVID-19 by extending the Paid Parental Leave scheme and investing more in the ParentsNext program. These measures will allow for greater choice and flexibility for families to manage work and care.

Supporting manufacturing and research and development

The Government's **\$1.5 billion** Modern Manufacturing Strategy is a long-term plan to support Australia's economic recovery —

Modern Manufacturing Strategy

The COVID-19 pandemic has shone a light on the critical importance of supply chains and having a flexible, adaptable and innovative manufacturing capability.

The Government's Modern Manufacturing Strategy is a long-term plan to support Australia's economic recovery, deliver higher value jobs and improve the competitiveness of our manufacturing sector. It will build scale in areas where Australia has the capability to compete with the rest of the world. This includes our defence, space, food and beverages, recycling and clean energy, medical products, resource technologies and critical minerals processing industries.

To support the Strategy, the Government is investing \$1.3 billion through the Modern Manufacturing Initiative. With this funding, the Government will co-invest with our world-leading manufacturers to help them achieve scale, commercialise our world-leading research, and connect to international markets.

The Government is investing \$107 million through the Supply Chain Resilience Initiative to identify and address supply chain vulnerabilities for key products, building our resilience for the future.

The Government is also helping small and medium manufacturers by providing \$52.8 million for a second round of the Manufacturing Modernisation Fund. This will help manufacturers scale-up, invest in new technologies, create and maintain jobs and upskill their workers.

A further \$50 million is being provided to Industry Growth Centres to deliver immediate support to our manufacturing priority industries.

Supporting research and development

The Government is investing an additional \$2 billion through the Research and Development Tax Incentive.

For small claimants (turnover less than \$20 million), the Government will increase the refundable R&D tax offset and there will be no cap on annual cash refunds. For larger claimants, the intensity test will be streamlined and the non-refundable R&D tax offset will be increased. The cap on eligible R&D expenditure will be lifted from \$100 million to \$150 million per annum.

These changes apply from 1 July 2021 and will support more than 11,400 companies that claim the incentive.



Energy security and market reforms

Securing electricity supply and lower prices

Nationally, household electricity prices have fallen by 4.7 per cent since December 2018, with wholesale electricity prices decreasing over the past 12 months. To maintain lower prices, the Government will work with private providers to increase dispatchable generation capacity and the National Cabinet to ensure an efficient and integrated system.

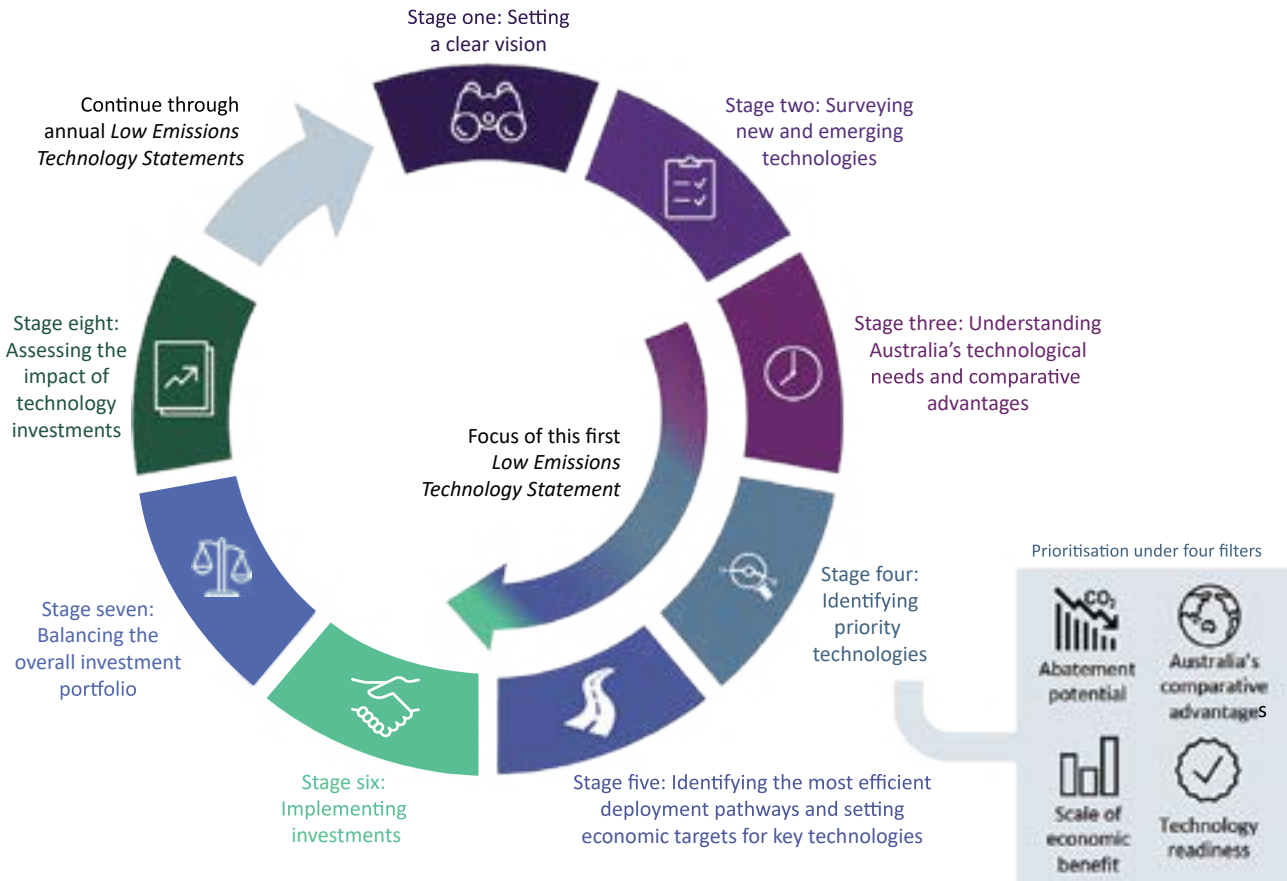
The Government will work with the states, through a program worth up to \$250 million, to accelerate three important electricity transmission projects – the Marinus Link, Project Energy Connect and VNI West. These projects will reduce prices and create over 4,000 jobs.

Technologies and jobs of the future

The Government released the first Low Emissions Technology Statement, supported by a \$1.9 billion package, to accelerate technologies that will deliver lower emissions, increase investment, lower costs and create jobs to support the economic recovery.

To help deliver this the Australian Renewable Energy Agency and the Clean Energy Finance Corporation will have their remits expanded to enable them to back new technologies in sectors like agriculture, manufacturing and transport.

Technology investment roadmap



Gas-fired recovery

The Government will provide \$52.9 million to support a gas-fired recovery to help strengthen our economy. Australia's vast gas reserves will be unlocked to support the manufacturing sector and ensure affordable and reliable gas. Key reforms will create an Australian Gas Hub with more competitive and transparent prices, deliver an efficient pipeline and transportation market and empower gas customers.

Maintaining our fuel security

The Government's \$250.7 million fuel security plan will protect and create jobs in the fuel sector and dependent industries. Onshore diesel storage, essential for critical services, will be increased by 40 per cent. To help their continued operation, onshore refineries will receive a production payment recognising the fuel security benefits these businesses provide.



Supporting resilient regions

Local approaches to drive the recovery

The Government continues to stand with regional Australia who has withstood flood, fire, drought and now, COVID-19. Through a regional package of more than \$550 million the Government will support our regions to recover from the impacts of COVID-19. This builds on support provided through the \$1 billion COVID-19 Relief and Recovery Fund.

Regional tourism recovery

The tourism sector is a key contributor to many regional economies and employed more than 660,000 Australians pre-COVID-19, with 315,000 of these people in regional areas. With domestic and international border closures having a significant impact on the tourism sector, the Government will invest over \$250 million for a Regional Tourism Recovery Package.

Regional communities will benefit from \$200 million in grants through the Building Better Regions Fund with \$100 million of the fund earmarked for tourism-related infrastructure projects that will boost regional tourism.

Tourism regions particularly hard hit by the international border closures like Tropical North Queensland and Tasmania will benefit from \$51 million over two years to attract domestic visitors.

In addition, \$100 million over two years will go towards Regional Recovery Partnerships to coordinate investments with other levels of government and support recovery, diversification and growth in ten regions across Australia such as the Snowy Mountains, Kangaroo Island, and the Hunter.

Boosting capacity on the ground

The Government is helping our rural workforce by providing \$50.3 million to expand the Rural Health Multidisciplinary Training Program and invest in increased training and infrastructure for the rural health workforce. Capability on the ground will also be improved through \$5.7 million in new support for Building Resilient Regional leaders.

The Government is also establishing a \$41 million Research and Development Program that will support activities directly benefitting regionally based industries, including securing raw material inputs for manufacturing in regional Australia.

Staying connected

\$30.3 million will be provided to improve mobile and broadband services in regional areas, through the extension of the Regional Connectivity Program.

Investments by NBN Co will also assist small and medium businesses across our regions, providing faster network access for millions of households. This includes a \$300 million fund to invest alongside governments and local councils to improve broadband services for rural and regional communities. Upgrading services will stimulate regional and rural Australia with remote work becoming increasingly common across many occupations.

The Government continues to support our aviation industry to maintain essential networks and connect regions through the extension of the Domestic Aviation Network Support and the Regional Airline Network Support programs.

Supporting Australia's primary industries

Like the tourism sector, Australia's primary industries have faced unique challenges from the COVID-19 pandemic after having borne the brunt of the 2019-20 bushfires, severe floods and years of drought.

The Government is making sure primary producers can get their high-quality perishable products into overseas markets while flights remain limited. The Government is providing an additional \$317 million to the International Freight Assistance Mechanism, which has already supported \$1.9 billion in Australian produce to key export markets through existing supply chains.

The Government is also providing an extra \$51 million in grants to help exporters meet the costs of reaching new markets and growing their businesses overseas.

The Government will spend \$156 million over four years to help farmers recover from the current drought and prepare for future droughts. This includes \$19.6 million to extend the National Drought and North Queensland Flood Response and Recovery Agency for another year. It will also provide a further \$2 billion in drought concessional loans.

The Government is also providing targeted support to the fishing and forestry industries through waiving \$10 million of fees on Australia's fishing industry, a \$4 million information campaign to encourage Australians to eat our healthy, sustainable seafood and \$25 million to haul salvaged logs to timber mills that survived the bushfires and for new timber storage facilities to ensure fire affected trees do not go to waste and can help secure our domestic timber supply.

Supporting the agriculture workforce

The Government is helping ensure Australia's farmers can find employees to pick their fruit and harvest their crops. After years of drought, Australian agriculture is on track for recovery, but without a workforce boost, our farmers and the regional communities that rely on them won't be able to benefit from the recent rains.

The Government will provide \$17.4 million to expand the Relocation Assistance to Take Up a Job Program, including for those who temporarily relocate to take up agriculture work. Temporary changes are being made to the income support system to encourage school leavers to undertake work in the sector and additional flexibility has been provided for temporary Visa holders to help Australian farmers get their food and fibre to market.



A more secure and resilient Australia

Securing Australia's water supply

The Government is building water infrastructure for the 21st Century helping to increase our water security, build regional resilience, deliver jobs and grow our critical agriculture sector. The National Water Grid will help secure reliable supplies of water for rural and regional Australia now and into the future. An investment of \$2 billion for new projects under the National Water Infrastructure Development Fund will support the next generation of water infrastructure through the Grid.

A further \$50 million to build on-farm dams, tanks and troughs will also help create jobs in rural communities impacted by COVID-19. This is on top of the Government's \$5 billion Future Drought Fund, which is enhancing drought resilience.

Murray-Darling Basin

The Government's \$270 million Murray-Darling Communities Investment Package will improve the health of the Basin while supporting regional development. The package includes \$70.5 million for projects that will accelerate implementation of the Murray-Darling Basin Plan. It also includes a \$77.2 million investment to increase confidence in the Basin Plan, including through the establishment of a new Inspector-General of Water Compliance.

Northern Australia Infrastructure Facility

To ensure that Northern Australia can continue to benefit from infrastructure to support essential services, the Government has extended the Northern Australia Infrastructure Facility (NAIF) for an additional five years, to June 2026, and expanded its lending criteria. The NAIF has already invested more than \$2 billion in projects such as the development of a new gas pipeline from Port Hedland to support premium fertiliser production.



The Government is investing **\$47.4 million** to protect our oceans and restore their health

Protecting our environment

Recycling initiatives

The Government is banning the export of waste plastic, paper, tyres and glass. This will help protect our oceans while creating jobs in the recycling industry. This ban will stop 645,000 tonnes of waste ending up in landfill each year, which is the equivalent of 400,000 cars.

The Government will invest \$249.6 million over four years to modernise recycling infrastructure, reduce waste and recycle more within Australia.

This includes a \$190 million Recycling Modernisation Fund, which will invest in new infrastructure to sort and recycle plastic, paper, tyres and glass waste. This will stimulate \$600 million of investment in Australia's recycling industry.

Oceans

The Government is investing \$47.4 million to protect our oceans and restore their health. We will do this through our world-leading management of marine protected areas and through working with countries in our region, including our Pacific family, to protect our region's mangroves, tidal marshes, seagrasses and coral reefs. The Government will also employ more Indigenous rangers to clean up abandoned ghost nets across northern Australia's oceans. This will help save marine life such as turtles and dugongs.

Chemicals

The Government is committing \$29.1 million to reduce the risk of chemical contamination on Commonwealth land and tightening the regulation of chemical use.



Preventing, detecting and treating COVID-19

In this Budget, the Government is investing \$4.9 billion for a range of health measures ensuring Australians continue to receive the medical care and support they need throughout the pandemic. The flexible and scalable response enables the health system to respond, protecting all Australians.

Ensuring access to personal protective equipment


The Government has invested \$3.2 billion in personal protective equipment (PPE). More than 76 million masks, and other protective equipment has been distributed from the National Medical Stockpile to protect healthcare and other frontline workers from COVID-19.

Supporting our hospitals

The Government is continuing to support our hospitals to respond to the pandemic by providing a further \$1.1 billion to states and territories through the National Partnership Agreement on COVID-19 Response.

Investing in COVID-19 vaccines and treatments

The Government is committed to providing all Australians with access to safe and effective COVID-19 vaccines as soon as they become available. All vaccines and treatments will be subject to the strict safety assessment of the Therapeutic Goods Administration.



The Government is committed to providing all Australians with access to safe and effective COVID-19 vaccines as soon as they become available

The Government is providing \$1.7 billion to secure access to over 84.8 million doses of potential vaccines developed by the University of Oxford and the University of Queensland. The Government is also investing \$123 million to join the international COVAX facility, to provide Australians access to a large portfolio of vaccine candidates around the world.

Funding of almost \$6 million has been provided to support research and development of COVID-19 vaccines at Australian universities.

Guaranteeing access to Medicare through telehealth

The Government is providing \$112 million for the continuation of Medicare rebated telehealth services for GP, allied health and specialist consultations to ensure ongoing access to essential health services.

Supporting the mental health of all Australians

The Government has responded early and rapidly to address the mental health impacts of the COVID-19 pandemic. In this Budget, more than \$148 million in additional funding for mental health support is being provided. All Australians will be able to access up to 10 additional Medicare rebated psychology sessions with the support of their GP. Critical frontline services, including headspace, Lifeline, Kids Helpline and Beyond Blue, will receive additional funding.

This in addition to \$48.1 million of funding provided to support the National Mental Health and Wellbeing Pandemic Response Plan.

Investing in primary health

The Government is supporting Australia's primary care system, including over \$750 million in funding for COVID-19 testing and \$171 million for the extended operation of up to 150 dedicated respiratory clinics to manage and diagnose COVID-19 cases.

These measures will ensure access to safe assessment and testing for all Australians, including in regional and remote communities.

Protecting older Australians in aged care

Since the start of the COVID-19 pandemic, the Government has provided \$1.6 billion to ensure the safety of older Australians in aged care.

In this Budget, the Government is providing an additional \$746.3 million to support senior Australians in aged care, workers and providers to respond to the COVID-19 pandemic. This includes \$245 million for a COVID-19 Support Payment to assist providers with additional costs and \$205.1 million for the Workforce Retention Bonus Payment for frontline aged care workers.

Supporting Australians through the pandemic

The Government is providing unprecedented financial assistance to Australians to support them through the COVID-19 pandemic

JobKeeper Payment

The JobKeeper Payment is one of the largest fiscal and labour market interventions in Australia's history. It is estimated to cost \$101.3 billion over 2019-20 and 2020-21 and is currently supporting around 3.5 million individuals, in over 900,000 businesses.

The Government has extended the JobKeeper Payment support for a further six months until 28 March 2021, with the Payment targeted to those businesses that continue to be most significantly impacted by the economic downturn.

Additional income support for individuals

The Government is providing \$16.8 billion to support new and existing income support recipients during the pandemic, with the temporary Coronavirus Supplement and expanded eligibility for income support payments.


The Coronavirus Supplement has been extended until 31 December 2020 at a rate of \$250 per fortnight from 25 September 2020.

Supporting Pensioners

The Government will provide \$2.6 billion for two additional Economic Support Payments of \$250 to pensioners and other eligible recipients. These payments are additional to the \$9.4 billion in support provided through the two previous Economic Support Payments of \$750 to social security and other eligible recipients.

Temporary early access to superannuation

The Government has allowed individuals affected by the adverse economic impacts of COVID-19 to access up to \$10,000 of their superannuation in 2019-20 and is allowing them access to a further \$10,000 up to 31 December 2020.



The Government has extended the **JobKeeper Payment** support for a further six months until 28 March 2021, with the Payment targeted to those businesses that continue to be most significantly impacted by the economic downturn

Reduction in social security deeming rates

The Government has provided additional payments of around \$876 million to income support recipients by reducing social security deeming rates. From 1 May 2020, the lower deeming rate has been 0.25 per cent and the upper deeming rate has been 2.25 per cent.

Temporary reduction in superannuation minimum drawdown requirements

The Government has reduced the superannuation minimum drawdown rates for account-based pensions and similar products by 50 per cent for the 2019-20 and 2020-21 financial years. This measure helps retirees manage the impact of volatility in financial markets on their retirement savings.

Your Future, Your Super

Reforms to make your super work harder for you

The Government is committed to making Australians' super work harder for them to boost their retirement savings.

The Government's Your Future, Your Super reforms are the next phase of the Government's reform agenda and will see **Australians save \$17.9 billion over the next decade.**



Your superannuation follows you


Unintended superannuation accounts erode members' balances through unnecessary fees and insurance premiums.

For the first time, Australians will automatically keep their superannuation fund when they change employers. 'Stapling' the super fund to the employee will ensure that their super follows them when they change jobs, stopping the creation of unintended multiple accounts.

Empowering members

The Government is making it simple for Australians to choose a better super fund. This will result in more competition, which will drive down fees and increase retirement savings.

The new online YourSuper comparison tool will help people compare the performance of MySuper products and make it easy to choose a fund.



For the first time,
Australians will
automatically keep
their superannuation
fund when they change
employers

Australians pay
\$30 billion a year
in super fees, which is
more than the \$27 billion
a year they spend on
energy bills

Holding funds to account for underperformance

The Government is protecting members from super funds that deliver poor outcomes by requiring funds to meet an annual performance test. If funds fail the test they will be required to write to inform members and give them the option to move their money to a better performing fund.

Funds that continue to underperform will no longer be allowed to receive new members until their performance improves.

Increasing transparency and accountability

The Government is raising the standard for all super funds to ensure they only spend members' retirement savings on activities that are in their best financial interests so as to maximise their retirement savings.

The Government is also ensuring that super funds are more transparent by ensuring key information is provided to members ahead of Annual Members' Meetings.



The Government will provide an additional **\$201.5 million** to deliver the **2020 Cyber Security Strategy**

Keeping Australians safe

Securing the online environment

Australia’s cyber security capabilities are strong, but the threats we face online are increasing. COVID-19 has highlighted how much we live and work online.

The Government will provide an additional \$201.5 million to deliver the 2020 Cyber Security Strategy, creating a more secure online world for all Australians.

This takes the Government’s total funding for the Strategy to \$1.7 billion to provide a cyber security uplift that is fit for purpose in the evolving online environment.

The Strategy is needed to protect Australians, their businesses, and the essential services upon which we depend.

As part of the Strategy, the Government will invest \$37.7 million in growing Australia’s cyber security skills for an industry that contributes around 20,000 jobs to the economy.

In addition to creating jobs, the Government is committed to protecting them. It is estimated that a significant cyber attack impacting Australia for four weeks could cost the economy as much as \$30 billion and around 163,000 jobs. To address the risk of such attacks, the Government is investing \$128.1 million to counter cyber criminals.

Supporting those who keep us safe

The Australian Federal Police (AFP) is an organisation with unique capabilities – it must be agile and able to plan for the long-term.

The Government is committing \$300.2 million to the AFP to strengthen their capacity to keep Australians safe in an increasingly complex threat environment.

Supporting our region

Ensuring recovery in our region

Australia has a deep and abiding interest in the stability, prosperity and resilience of the Pacific and Southeast Asia, reflected in the Pacific Step-Up and other initiatives.

The COVID-19 pandemic continues to have profound negative impacts on our region. Australia responded quickly to help our neighbours deal with the immediate health and economic challenges and will continue to work alongside our Pacific and Southeast Asian partners to respond to and recover from this crisis and support regional development.

COVID-19 vaccines

Australia will invest \$23.2 million over three years from 2020-21 on the COVID-19 Vaccine Access and Health Security Program to support development of national immunisation policies in Pacific and Southeast Asian countries. This will ensure that our neighbours can efficiently and effectively plan for, and roll out, vaccines for COVID-19 when they become available. We will continue to work with partner countries in support of equitable access to vaccines.

Australia will also provide \$80 million to support the Global Alliance for Vaccines and Immunisation COVAX Facility Advance Market Commitment to improve access for Pacific and Southeast Asian countries to safe, effective and affordable COVID-19 vaccines. Pacific countries eligible include Papua New Guinea, Solomon Islands, Vanuatu, Fiji, Samoa, Tonga, Tuvalu and Kiribati. Eligible countries from Southeast Asia are Indonesia, Timor-Leste, Cambodia, Laos, Myanmar, The Philippines and Vietnam.

COVID-19 Recovery – Support to the Pacific and Timor-Leste

The Government will provide \$304.7 million over two years from 2020-21 for additional support for Pacific Island countries and Timor-Leste to recover from the impacts of COVID-19. This COVID-19 supplementary funding will support Pacific governments and Timor-Leste to deliver essential services, including public health services, to enhance food security, and re-establish and sustain air connectivity.

Australian Infrastructure Financing Facility for the Pacific

Australia continues to support the development in the region through the Australian Infrastructure Financing Facility for the Pacific. Through this Facility, the Government has agreed a financing package to the Solomon Islands Electricity Authority to complete the connection of the Tina River Hydropower Development Project to the main electricity grid distribution point in Honiara, the capital. This will provide access to low cost, reliable electricity to support economic growth.

Delivering security infrastructure

The Government will provide \$124.3 million over 10 years from 2020-21 for further infrastructure projects in the Southwest Pacific, including to construct a border and patrol boat outpost in Solomon Islands' western provinces. These construction projects enhance Australia's long standing security cooperation in the region and expand Australia's existing Pacific Step-Up measures.

Appendix A | Budget aggregates

The table below shows the main cash and accrual budget aggregates for the Australian Government general government sector over the period from 2019-20 to 2023-24. The underlying cash deficit is estimated to be \$213.7 billion in 2020-21. The net operating deficit is estimated to be \$197.9 billion in 2020-21.

	Actual	Estimates				Total ^(a)
	2019-20	2020-21	2021-22	2022-23	2023-24	
	\$b	\$b	\$b	\$b	\$b	\$b
Receipts	469.4	463.8	451.9	482.6	526.4	1,924.7
Per cent of GDP	23.7	23.8	22.5	23.0	23.9	
Payments^(b)	549.6	677.4	563.9	570.5	593.3	2,405.2
Per cent of GDP	27.7	34.8	28.0	27.2	26.9	
Net Future Fund earnings ^(c)	5.0	na	na	na	na	na
Underlying cash balance^(d)	-85.3	-213.7	-112.0	-87.9	-66.9	-480.5
Per cent of GDP	-4.3	-11.0	-5.6	-4.2	-3.0	
Revenue	486.3	472.4	464.1	491.4	538.1	1,966.0
Per cent of GDP	24.5	24.3	23.1	23.4	24.4	
Expenses	578.5	670.3	567.5	574.9	596.6	2,409.3
Per cent of GDP	29.2	34.4	28.2	27.4	27.1	
Net operating balance	-92.3	-197.9	-103.4	-83.5	-58.5	-443.3
Per cent of GDP	-4.7	-10.2	-5.1	-4.0	-2.7	
Net capital investment	4.0	7.8	9.9	11.0	10.8	39.6
Fiscal balance	-96.3	-205.7	-113.3	-94.5	-69.3	-482.9
Per cent of GDP	-4.9	-10.6	-5.6	-4.5	-3.1	
<i>Memorandum:</i>						
Net Future Fund earnings ^(c)	5.0	3.7	3.8	4.0	4.3	15.8
Headline cash balance	-93.9	-230.0	-123.8	-100.8	-56.2	-510.7

(a) Total is equal to the sum of amounts from 2020-21 to 2023-24.

(b) Equivalent to cash payments for operating activities, purchases of non-financial assets and net cash flows from financing activities for leases.

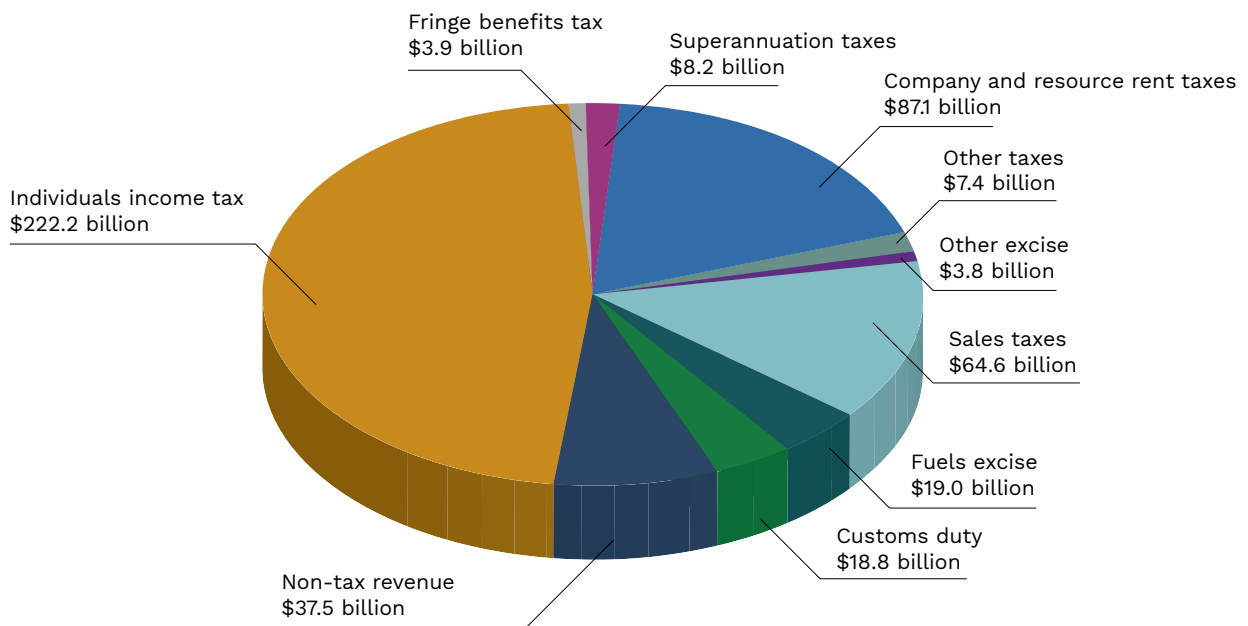
(c) Under the *Future Fund Act 2006*, net Future Fund earnings will be available to meet the Australian Government's superannuation liability from 2020-21. From this time, the underlying cash balance includes expected net Future Fund earnings.

(d) Excludes net Future Fund earnings before 2020-21.

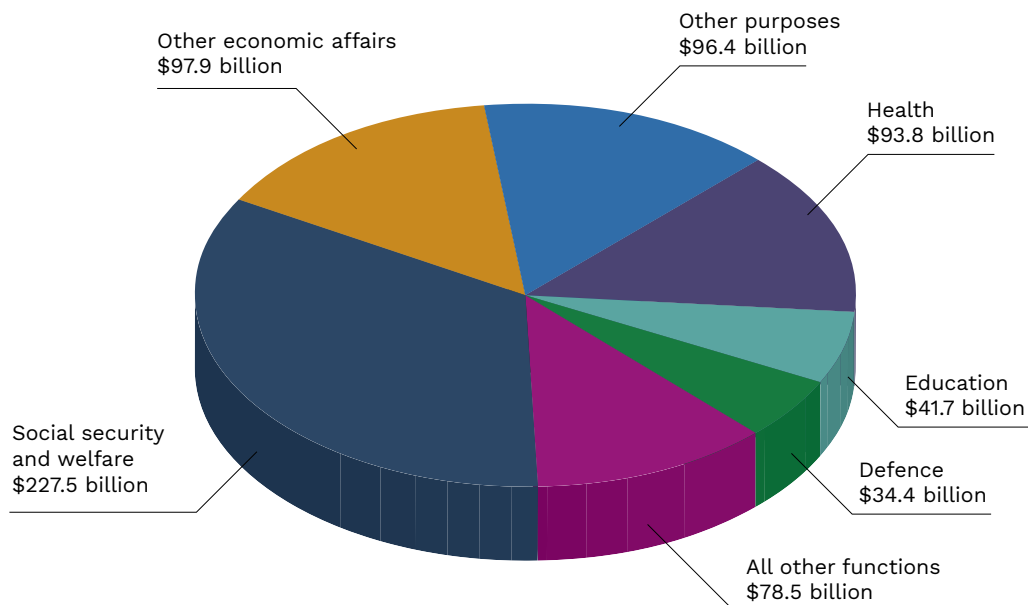
Appendix B | Revenue and spending

Total revenue for 2020-21 is expected to be \$472.4 billion. Total expenses for 2020-21 are expected to be \$670.3 billion.

Where revenue comes from (2020-21)



Where taxpayers' money is spent (2020-21)



Appendix C | Major initiatives – payments

This table summarises the major payments initiatives in the 2020-21 Budget and their impact on the underlying cash balance. More comprehensive information is provided in Budget Paper No. 2, *Budget Measures 2020-21*.

Initiatives ^(a)	2020-21	2021-22	2022-23	2023-24	Total
	\$m	\$m	\$m	\$m	\$m
JobKeeper Payment extension ^(b)	-15,600	-	-	-	-15,600
Infrastructure Investment — states and territories ^{(c)(d)}	-653	-1,834	-2,349	-1,908	-6,744
JobMaker Hiring Credit ^(c)	-850	-2,900	-250	-	-4,000
Further economic support payments ^(b)	-2,512	-43	-3	-	-2,558
Ageing and Aged Care ^(e)	-716	-390	-438	-485	-2,029
Infrastructure Investment — road safety and upgrades ^(c)	-1,003	-1,001	-1	-1	-2,008
Access to COVID-19 vaccines and consumables ^(b)	-1,165	-704	-	-	-1,870
Modern Manufacturing Strategy ^(c)	-79	-454	-587	-389	-1,510
Boosting apprenticeships wage subsidy ^(c)	-409	-822	9	7	-1,214
Supporting our hospitals — continuation ^(b)	-1,103	-	-	-	-1,103
Research Package ^(c)	-1,040	-38	89	-78	-1,067
Guaranteeing Medicare and access to medicines — extension ^(b)	-1,040	-1,040
National Water Grid — investing in a long-term approach to water infrastructure ^(c)	-21	-202	-326	-481	-1,031
Local Roads and Community Infrastructure Program — extension ^(c)	-500	-500	-	-	-1,000
Employment Services	276	240	253	158	927

(a) Impact on underlying cash balance. '.' denotes not zero, but rounded to zero. Figures are rounded to the nearest million and totals may not sum due to rounding.

(b) Part of the Government's COVID-19 Response Package.

(c) Part of the Government's JobMaker Plan.

(d) Sum of Infrastructure Investment — Australian Capital Territory; New South Wales; Northern Territory; Queensland; South Australia; Tasmania; Victoria; and Western Australia.

(e) Refers to the measure on page 90 of Budget Paper No. 2.

Appendix D | Major initiatives – receipts

This table summarises the major receipt initiatives in the 2020-21 Budget and their impact on the underlying cash balance. More comprehensive information is provided in Budget Paper No. 2, *Budget Measures 2020-21*.

Initiatives ^(a)	2020-21	2021-22	2022-23	2023-24	Total
	\$m	\$m	\$m	\$m	\$m
Temporary full expensing to support investment and jobs ^{(b)(c)}	-1,500	-11,400	-18,100	4,300	-26,700
Bringing forward the Personal Income Tax Plan and retaining the low and middle income tax offset ^(b)	-6,940	-16,870	5,730	250	-17,830
Temporary loss carry-back to support cash flow ^{(b)(d)}	-2	-3,121	-2,271	540	-4,854
Research and Development Tax Incentive — supporting Australia's economic recovery ^(b)	-310	-450	-590	-650	-2,000
Migration Program — 2020-21 planning levels	-70	-85	-115	-117	-388
Increase the small business entity turnover threshold	-	-25	-55	-25	-105

(a) Impact on underlying cash balance. Figures are rounded to the nearest million and totals may not sum due to rounding.

(b) Part of the Government's JobMaker Plan.

(c) The financial impact of this measure is estimated to decrease receipts by \$3.2 billion over the medium term.

(d) The financial impact of this measure is estimated to decrease receipts by \$3.9 billion over the medium term.

Appendix E | Detailed economic forecasts

Domestic economy detailed forecasts^(a)

	Outcomes ^(b)	Forecasts	
	2019-20	2020-21	2021-22
Real gross domestic product	-0.2	-1 1/2	4 3/4
Household consumption	-2.6	-1 1/2	7
Dwelling investment	-8.8	-11	7
Total business investment ^(c)	-1.8	-9 1/2	6
<i>By industry</i>			
Mining investment	4.8	5 1/2	1 1/2
Non-mining investment	-3.7	-14 1/2	7 1/2
Private final demand ^(c)	-2.9	-3 1/2	7
Public final demand ^(c)	5.6	5 3/4	2 1/2
Change in inventories ^(d)	-0.4	0	1/4
Gross national expenditure	-1.2	-1	6
Exports of goods and services	-1.6	-9	2
Imports of goods and services	-7.1	-9 1/2	8 1/2
Net exports ^(d)	1.1	-1/4	-1
Nominal gross domestic product	1.7	-1 3/4	3 1/4
Prices and wages			
Consumer price index ^(e)	-0.3	1 3/4	1 1/2
Wage price index ^(f)	1.8	1 1/4	1 1/2
GDP deflator	1.9	-1/4	-1 1/2
Labour market			
Participation rate (per cent) ^(g)	63.4	65 1/4	65 1/2
Employment ^(f)	-4.3	2 3/4	1 3/4
Unemployment rate (per cent) ^(g)	7.0	7 1/4	6 1/2
Balance of payments			
Terms of trade ^(h)	1.0	-1 1/2	-10 3/4
Current account balance (per cent of GDP)	1.8	2	-1 1/2

(a) Percentage change on preceding year unless otherwise indicated.

(b) Calculated using original data unless otherwise indicated.

(c) Excluding second hand asset sales between the public and private sector.

(d) Percentage point contribution to growth in GDP.

(e) Through-the-year growth rate to the June quarter.

(f) Seasonally adjusted, through the year growth rate to the June quarter.

(g) Seasonally adjusted rate for the June quarter.

(h) The detailed forecasts are underpinned by price assumptions for key commodities: Iron ore spot price assumed to decline to US\$55/tonne free-on-board (FOB) by the end of the June quarter 2021; metallurgical coal spot price assumed to remain at US\$108/tonne FOB; and thermal coal spot price assumed to remain at US\$51/tonne FOB.

Note: The detailed forecasts for the domestic economy are based on several technical assumptions. The exchange rate is assumed to remain around its recent average level — a trade weighted index of around 62 and a \$US exchange rate of around 72 US cents. Interest rates are assumed to move broadly in line with market expectations. World oil prices (Malaysian Tapis) are assumed to remain around US\$46 per barrel.

Population growth is assumed to be around 1.2 per cent in 2019-20, 0.2 per cent in 2020-21 and 0.4 per cent in 2021-22.

Source: ABS Australian National Accounts: National Income, Expenditure and Product; Balance of Payments and International Investment Position, Australia; Labour Force, Australia; Wage Price Index, Australia; Consumer Price Index, Australia; unpublished ABS data and Treasury.

