



Budget
2020-21

Economic Recovery Plan for Australia

JobMaker—Creating jobs and rebuilding our economy

budget.gov.au

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ISBN 978-1-925832-16-7

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Printed by CanPrint Communications Pty Ltd

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JobMaker Plan – creating jobs for the economic recovery

Getting Australians back to work

The Government's \$74 billion JobMaker Plan is a key element of the Government's Economic Recovery Plan for Australia, designed to support a stronger economic recovery and bring more Australians back to work.

Creating jobs and boosting the skills of Australians to help them get back into work is at the heart of the Government's Economic Recovery Plan for Australia.

Our JobMaker Plan will boost economic growth, create jobs, invest in our future industries and skills, remove red tape, guarantee essential services and restore confidence in a stronger recovery.

At its core, the Plan will:

- support a stronger economy;
- drive a faster recovery in employment;
- invest in skills and higher education;
- improve the ease of doing business; and
- support the manufacturing and energy sectors.

The Government's first priority is to secure a strong and sustained economic recovery which

will help drive the unemployment rate down as fast as possible.

The JobMaker Plan will support aggregate demand and more jobs in the near term while also starting to deliver the flexible and dynamic economy that we need to unlock Australia's longer term growth potential.

Lower taxes

The Government is lowering taxes by over \$50 billion over the forward estimates, including by \$9 billion in 2020-21 and \$32 billion in 2021-22. This is estimated to create around 100,000 jobs by the end of 2021-22.

The Government will lower personal income taxes for 11.6 million individuals compared with 2017-18 tax settings to put more money back into their pockets.

In response to the pandemic, the Government has also assisted businesses with their cash flow through the increase to the instant asset write-off threshold and the Backing Business Investment measure.



In this Budget, we are extending this support to allow the full expensing of depreciable assets which will be available to around 3.5 million businesses (over 99% of all businesses employing around 11.5 million workers) and to allow companies to carry back losses against previously taxed profits.

Infrastructure

Since the start of the COVID-19 pandemic, the Government has committed to invest an additional \$14 billion in new and accelerated infrastructure projects across Australia over the next four years.

Supporting Australians back into jobs

The Government's new \$4 billion JobMaker Hiring Credit will provide businesses with an incentive to take on additional employees aged between 16 and 35 years old. Around 450,000 positions for young Australians will be supported through the JobMaker Hiring Credit.

The Government is investing an additional \$1.2 billion through the Boosting Apprenticeships Wage Subsidy to support up to 100,000 new apprentices and trainees.

The Government is also investing \$252 million 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 is supporting the delivery of up to 30,000 additional university places in 2021 which means that more Australians will be able to get a university degree.

The establishment of a \$1 billion JobTrainer Fund will support up to 340,700 additional free or low-fee training places for Australians to access new skills by retraining and upskilling them into sectors with job opportunities.

The Government is creating a new digital platform to help job seekers find a job or get back into work.

Supporting Australian industries

In this Budget, the Government is releasing its Modern Manufacturing Strategy totalling \$1.5 billion to support a more competitive, productive and resilient manufacturing sector that can employ more Australians.

Energy security

The Government is investing \$1.9 billion in new energy technologies which will reduce emissions and ensure all Australians have access to reliable and affordable energy. Not only does this mean lower energy prices for families, it also makes our industries strong allowing them to grow and to create jobs.

The Government's \$250.7 million fuel security plan will increase the resilience of the Australian economy to international fuel supply shocks and help secure jobs in fuel-centric industries.

Reducing Red Tape For Business

The Government is committed to making it easier for businesses to invest, create jobs, respond quickly to challenges and seize opportunities, without having to navigate unnecessary red tape.

The biggest reforms to Australia's corporate insolvency system in a generation will help to keep businesses in business and Australians in jobs.

Making it easier for consumers and small businesses to obtain credit by removing a layer of red tape will play a key role in the economic recovery.

Digital Business Plan

The Government is also accelerating digital transformation to increase productivity and jobs growth to bring Australia closer to its goal of a leading digital economy by 2030.

More support to stimulate a stronger economic recovery

Creating the environment for businesses to create jobs

The global COVID-19 pandemic has resulted in Australia's first recession in almost 30 years.

Record-low interest rates have severely limited the scope for monetary policy to support the economy. This has meant the Government's budget has taken primary responsibility for responding to the shock.

The Government has responded quickly and decisively to the health and economic crisis. Temporary and targeted support has replaced lost incomes, helped workers remain connected to employment, and supported business confidence.

The budget has also acted as an economic shock absorber. Lower tax receipts and higher payments of unemployment benefits have provided additional support to households and businesses.

The Government's COVID-19 Economic Recovery Plan reflects its commitment to ensuring we emerge from the pandemic with a stronger,

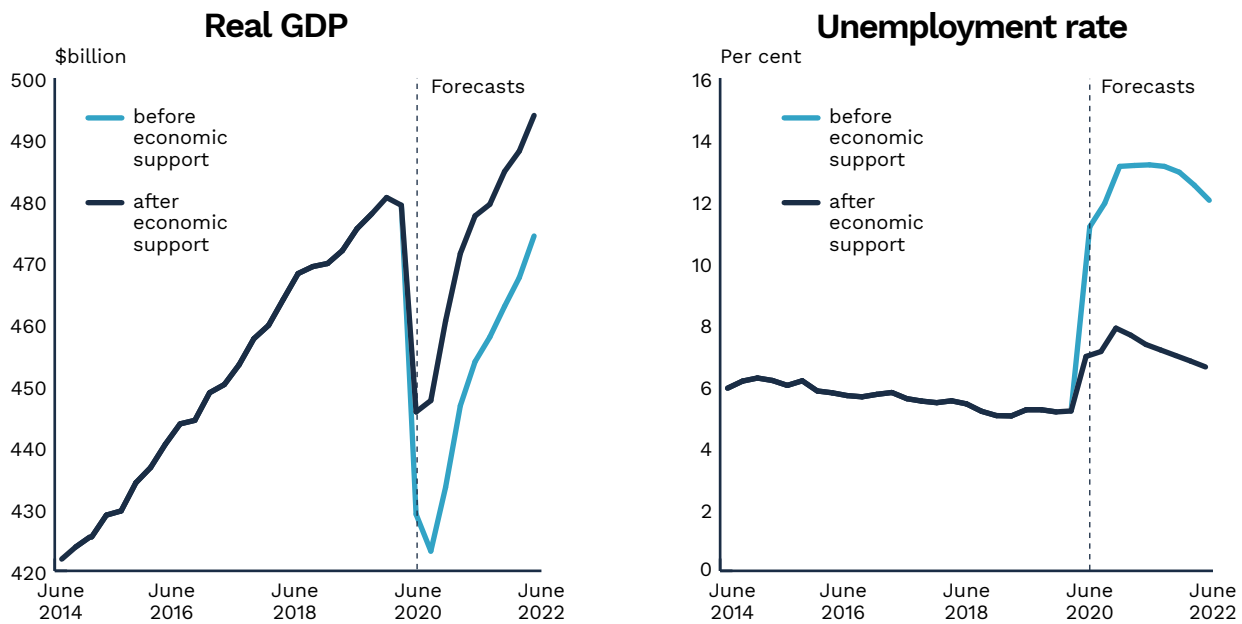
more resilient, and more competitive job-making and income-generating economy.

The Budget commits a further \$25 billion in direct COVID-19 support and \$74 billion in measures to support the economic recovery through our JobMaker Plan, coming on top of the initial overall support of \$299 billion.

The JobMaker Plan will support economic activity and higher employment. It is estimated the Government's total economic support will result in economic activity being 4½ per cent higher by 2021-22 and the peak of the unemployment rate being lower by 5 percentage points. Without the Government's economic support, the unemployment rate would have risen, and remained, above 12 per cent throughout 2020-21 and 2021-22.

The Government has released a revised Economic and Fiscal Strategy, which recognises that a stronger economy is the first step to repairing the budget, while also guaranteeing essential services and keeping taxes low as a share of the economy.

The Government's fiscal support will boost GDP and reduce unemployment



Summary of key policy measures^(a)

	2020-21	2021-22	2022-23	2023-24	TOTAL
	\$m	\$m	\$m	\$m	\$m
The JobMaker Plan					
Supporting aggregate demand to create jobs					
Temporary full expensing to support investment and jobs ^(b)	1,500	11,400	18,100	-4,300	26,700
Bringing forward the Personal Income Tax Plan and a one off additional low and middle income tax offset	6,940	16,870	-5,730	-250	17,830
Infrastructure Investment — states and territories ^(c)	653	1,834	2,349	1,908	6,744
Temporary loss carry-back to support cash flow ^(d)	2	3,121	2,271	-540	4,854
Infrastructure Investment — road safety and upgrades	1,003	1,001	1	1	2,008
National Water Grid — investing in a long-term approach to water infrastructure	21	202	326	481	1,031
Local Roads and Community Infrastructure Program — extension	500	500	-	-	1,000
Driving jobs through housing ^(e)	1	-	-	..	1
Subtotal - Supporting aggregate demand to create jobs	10,620	34,928	17,318	-2,699	60,167
Supporting Australians back into jobs					
JobMaker Hiring Credit	850	2,900	250	-	4,000
Boosting apprenticeships wage subsidy	409	822	-9	-7	1,214

	2020-21	2021-22	2022-23	2023-24	TOTAL
	\$m	\$m	\$m	\$m	\$m
Higher education — additional support for students and education providers	178	227	172	326	904
Skills Reform Package	76	100	48	35	259
Second Women's Economic Security Package	114	55	44	18	231
Subtotal – Supporting Australians back into jobs	1,628	4,103	505	372	6,607
Supporting business to create jobs					
Research and Development Tax Incentive — supporting Australia's economic recovery	310	450	590	650	2,000
Modern Manufacturing Strategy	79	454	587	389	1,510
Research Package	1,040	38	-89	78	1,067
Investment in new energy technologies	68	104	197	168	537
Commonwealth Scientific and Industrial Research Organisation — supporting essential scientific research	133	113	115	99	459
Digital Business Plan	191	168	14	3	377
Busting congestion for agricultural exporters — improving the ease of doing business	100	112	93	24	328
Securing Australia's liquid fuel stocks	18	55	94	64	232
Deregulation Package	27	30	24	6	86
Gas-fired recovery	21	19	10	3	53
Simplified trade system	14	18	2	2	36
Global business and talent attraction taskforce	14	16	-	-	30
Improving energy affordability and reliability	35	-	-	-	35
Accelerated Defence initiatives to support COVID-19 recovery ^(f)	-	-	-	-	-
Expanding and diversifying trade ^(g)	-	-	-	-	-
Supporting small business and responsible lending ^(h)	-	-
Subtotal – Supporting business to create jobs	2,049	1,577	1,638	1,485	6,750
TOTAL – JobMaker Plan measures	14,297	40,608	19,460	-842	73,524

(a) No sign before an estimate indicates a negative impact on the underlying cash balance. A minus sign indicates a positive impact on the 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) The financial impact of this measure is estimated to decrease receipts by \$3.2 billion over the medium term.

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

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

(e) These measures have a fiscal balance impact of \$15.8 million and raise the National Housing Finance and Investment Corporation's cap on total guaranteed liabilities to \$3 billion. The increased guarantee cap is reflected as a contingent liability on the Government's balance sheet.

(f) This measure provides \$1 billion over two years, met from within the existing resources of the Department of Defence.

(g) This measure provides \$7 million over the forward estimates, the costs of which will be met from within the existing resources of the Department of Foreign Affairs and Trade.

(h) This measure aims to reduce regulatory burden to ensure a timely flow of credit and lower cost resolution for financially distressed small businesses.

Supporting Australians back into work

Incentivising businesses to hire and create jobs

The Government's new JobMaker Hiring Credit will help to accelerate growth in employment during the recovery by giving businesses incentives to take on younger employees. This will reduce the risk of young job seekers becoming long-term unemployed and reliant on welfare. Supporting young people to get into work will improve their economic, health and social outcomes.

Backing employers to hire

The JobMaker Hiring Credit will be available to employers for each new job they create over the next 12 months from 7 October 2020 for which they hire an eligible young job seeker aged 16 to 35 years old.

For each eligible employee, employers will receive for a period 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.

Employers must demonstrate that they have increased their overall employment to receive the JobMaker Hiring Credit for a period 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.



Olivia is aged 24 and finished her Bachelor of Engineering in July 2020. Olivia started receiving JobSeeker Payment while she looked for work. Ben owns a small engineering firm which is innovatively manufacturing products for the health sector. Because of the JobMaker Hiring Credit, Ben decides to bring forward hiring for an entry-level engineering position. Olivia is the successful hire in November 2020, and Ben’s business will receive \$200 a week for up to 12 months, provided the firm’s overall employment is higher over this period.

Miles completed secondary school in 2019 and recently finished a Certificate III in Music Industry. Miles has been supported by Youth Allowance (Other) while looking for a job. With many live events postponed, Miles looks for a job in podcasting. Naomi runs a podcast network, and decides to hire Miles as an assistant sound mixer in late October 2020. Naomi’s business will receive \$200 a week for up to 12 months.

Boosting employment

It is expected that around 450,000 positions for young people will be eligible to be supported through the JobMaker Hiring Credit at an estimated cost of \$4 billion from 2020-21 to 2022-23. This support will help businesses to expand and will lift consumption in the economy.

Supporting young people to get a job

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. Employers will be eligible for new additional hires where the employee is aged 16 to 35 years old and received JobSeeker Payment, Youth Allowance (Other) or Parenting Payment for at least one of the previous three months at the time of hiring.

Supporting businesses to hire eligible young people from 7 October 2020

Eligible employee	Rate per week
Aged 16–29 years old	\$200
Aged 30–35 years old	\$100

Growing Australia's skilled workforce

The right skills for the jobs of the future

JobTrainer—growing Australia's skills workforce

The Government is committed to getting people into jobs and ensuring 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, and builds on the more than \$29.2 billion it has invested in the vocational and education training system from 2013-14 to 2019-20. The Government will invest \$6.9 billion in 2020-21 to provide valuable opportunities and skills to Australians and help drive the nation's prosperity in the years to come.

The JobTrainer Fund, with funding matched between the Commonwealth and state and territory governments, will position the workforce for the recovery and beyond.

The JobTrainer Fund is intended to support job seekers, school leavers and young people to remain engaged and have the opportunity to acquire skills that will help them get a job.

The JobTrainer Fund will also enable businesses to access the skilled workers they need as they reopen.

The JobTrainer Fund will support up to 340,700 additional free or low-fee training places. Training places delivered through the JobTrainer Fund will be a mix of national accredited qualifications and short courses, including part qualifications and skillsets. Participating states and territories have flexibility in the mix of course offerings to best suit the needs of job seekers, school leavers and young people.

The JobTrainer Fund will deliver training courses in areas of genuine skills needs, based on the agreement between participating states and territories and the National Skills Commission.

The Government is committed to strengthening our VET system to get Australians into work and help drive the nation's prosperity in the years to come. The Government will work with all states and territories to negotiate a new national skills agreement, as agreed to in the Heads of Agreement for Skills Reform.



Richard's Plastering is a medium-sized business that employs 30 people, including one Australian Apprentice. Grace is a first year Australian Apprentice, aged 22, planning to undertake a Certificate III qualification. She will commence her apprenticeship with Richard's Plastering from 29 October 2020. Grace will receive a weekly wage of \$846.55. Richard's Plastering will receive a \$20,317 subsidy for employing Grace from 29 October 2020 to 30 September 2021.

JobTrainer Fund will support up to **340,700 additional** free or low-fee training places

New apprenticeships to help the recovery

The Government has prioritised skills development as part of its JobMaker Plan. The Government's plan will support getting people into jobs and ensures that Australians have the right skills for the jobs of the future.

The Government has already put in place the \$2.8 billion Supporting Apprentices and Trainees wage subsidy to ensure apprentices and trainees already in work remain engaged and are in a position to support the economic recovery.

This is expected to support 90,000 employers to keep up to 180,000 apprentices and trainees in employment and training.

The Government recognises that apprenticeships are a key pathway into the workforce. To invest further in Australia's training system and skills pipeline, the Government is committing an additional \$1.2 billion through the Boosting Apprenticeship Commencements Wage Subsidy to boost the number of new apprenticeships and traineeships.

This will support up to 100,000 new apprentices and trainees by paying a 50 per cent wage subsidy for commencing apprentices and trainees at businesses of all sizes, in all industries, and in all locations.

Businesses will receive the 50 per cent wage subsidy, up to a cap of \$7,000 per quarter, for commencing apprentices and trainees, including those employed by Group Training Organisations, until 30 September 2021.

\$62.8 million
to establish
new Local Jobs
Program

Existing workers embarking on a new apprenticeship will be included in this scheme to support upskilling and reskilling.

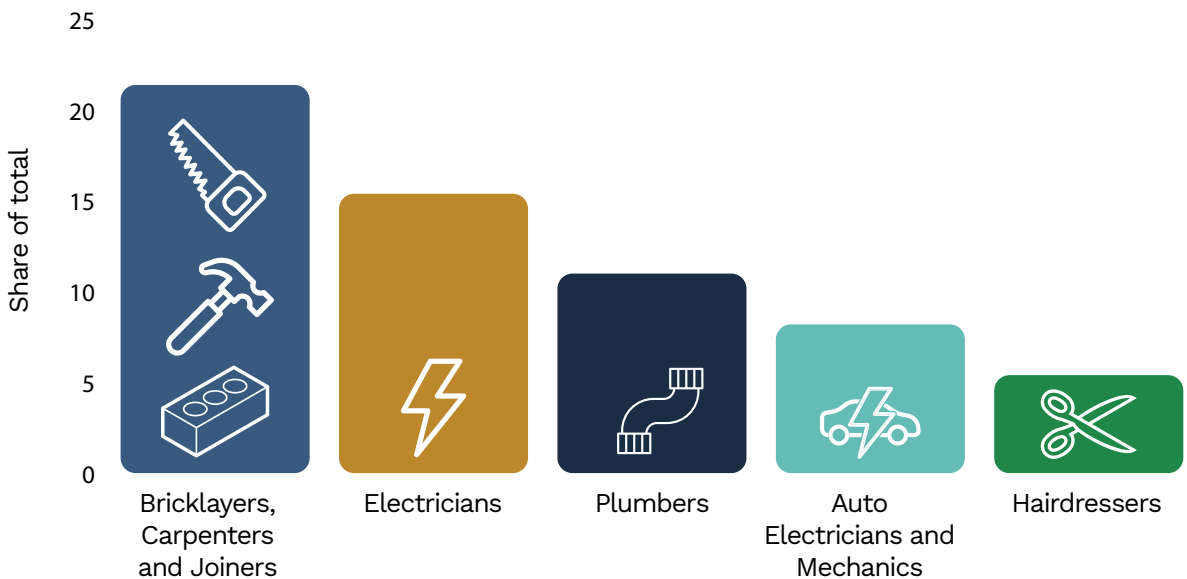
support to online job seekers and \$21.9 million to assist young people to support their transition to and retention in employment.

Supporting job seekers

The Government is implementing a range of measures to help connect job seekers to employment and training opportunities. This includes investing \$296 million to deliver a new Digital Employment Services platform that will assist job seekers in managing their own way into employment and training, providing \$183 million in responsive and individualised

The Government is also investing \$62.8 million to establish the new Local Jobs Program to connect job seekers to local employment opportunities.

Top occupations supported by the Government’s 50 per cent wage subsidy for apprentices and trainees



Source: Department of Education, Skills and Employment – Supporting Apprentices and Trainees wage subsidy recipients.

Note: Data as at 24 September 2020.



More opportunities to earn a tertiary qualification

Additional university places and new short courses will give more Australians the chance to learn new skills

Graduates to power economic recovery

The Government has announced significant reforms to Australia's higher education sector. The Job-ready Graduates Package focuses the public investment in higher education on national priorities and ensures the system delivers for students, industry and the community.

The reforms will create more places at Australian universities for domestic students, including enabling around 17,000 places in 2021, growing to an additional 39,000 places by 2023 and up to 100,000 places in ten years. This means that more Australian students will be able to get a university degree.

The reforms better align government funding to emerging labour market priority areas. Students studying courses in key growth areas will see significant reductions in their student contributions, including by around one-fifth for

Reduced Student Contributions

- ✓ Education
- ✓ Maths
- ✓ IT
- ✓ Health
- ✓ Science
- ✓ Engineering
- ✓ Agriculture
- ✓ Nursing
- ✓ Clinical Psychology
- ✓ Architecture

science, engineering, health, and architecture, almost one-half for education and nursing, and over one-half for mathematics and agriculture. The changes will deliver more job-ready graduates in the disciplines and regions where they are needed most.



The Job-ready Graduates Package is focused on better preparing students for the jobs of the future. It recognises the importance of our tertiary sector to the country's economic recovery.

Investing in our graduates

To complement the long term reform agenda of the Job-ready Graduates Package, the Government is investing \$299 million to provide an additional 12,000 undergraduate Commonwealth Supported Places in 2021.

Demand for bachelor places is expected to significantly increase in 2021 due to the COVID-19 pandemic.

To ensure we have the workforce required for the jobs of the future, the additional places will be prioritised according to labour market need, skills gaps and industry engagement. These places will support school leavers and job seekers to build career pathways and develop skills which meet the needs of prospective employers, and help drive the nation's economic recovery.

Combined with the places provided through the Job-ready Graduates Package, there will be up to 30,000 additional university places available next year.

Short courses to upskill Australians

The economic disruption of the COVID-19 pandemic is expected to encourage more people into tertiary study. To ensure the sector has capacity to meet this increased demand, the Government is committing \$252 million to support the delivery of 50,000 higher education short courses.

This investment will provide opportunities for students and the recently unemployed to retrain in areas of high demand and national priority.

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.

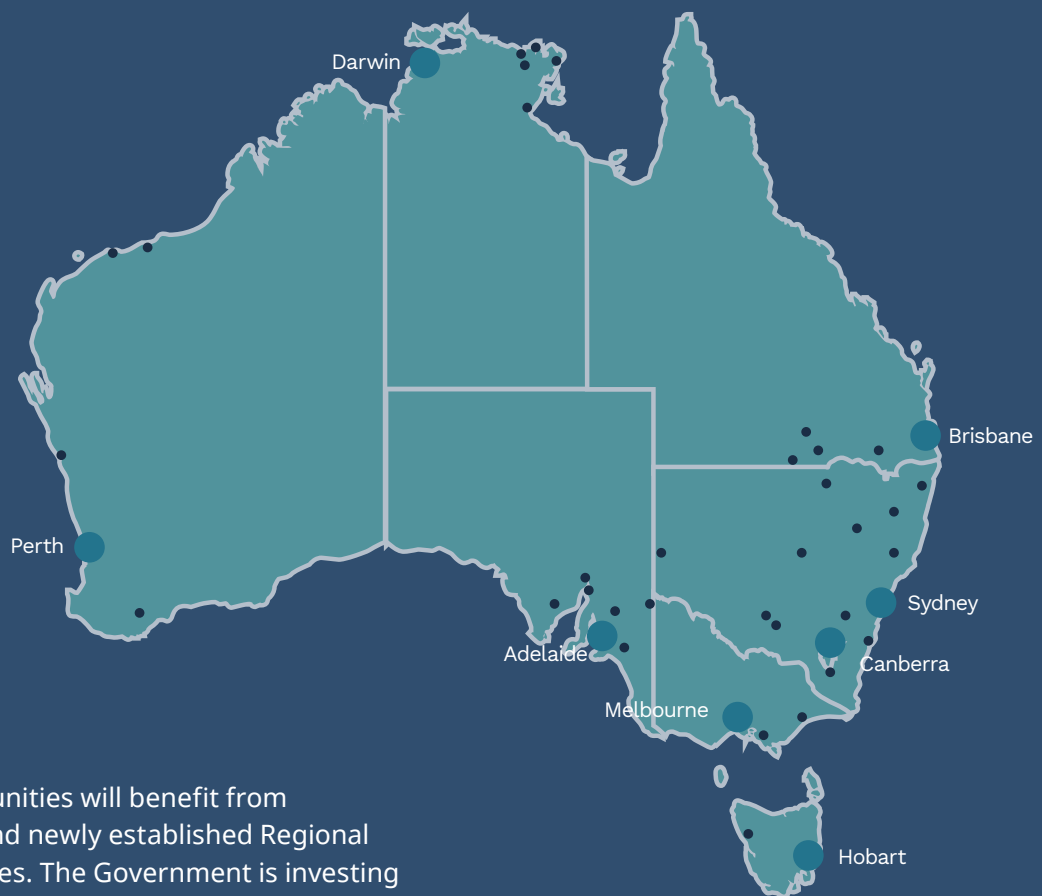
This builds on the Government's investment in short courses in the Higher Education Relief Package announced on 12 April 2020.

Supporting students in the regions

The Job-ready Graduates Package provides additional support for students in regional and remote Australia. Indigenous students from regional and remote areas will receive a guaranteed bachelor-level Commonwealth supported place where they are accepted at any public university.



Regional University Centres



Regional communities will benefit from strengthened and newly established Regional University Centres. The Government is investing \$21 million over four years to establish up to eight additional centres and strengthen the existing program to improve the tertiary education experience of regional students. The Centres provide tertiary study options in regional and remote areas and support students to stay in their communities.

Decisions taken in this year's Budget will provide over **\$50 billion** in tax relief over the forward estimates, including around **\$9 billion** in tax relief in 2020-21 and an additional **\$32 billion** in 2021-22

Lower taxes

Lower taxes to support the economic recovery and create jobs

The Government is delivering lower taxes for families and businesses to support consumption and stimulate investment. This will grow the economy and create jobs.

Decisions taken in this year's Budget will provide over \$50 billion in tax relief over the forward estimates, including around \$9 billion in tax relief in 2020-21 and an additional \$32 billion in 2021-22.

Reducing the personal income tax burden and supporting business investment, through the temporary full expensing and loss carry-back measures, are estimated to **boost GDP by around \$6 billion in 2020-21 and \$19 billion in 2021-22 and create around 100,000 jobs by the end of 2021-22.**

Tax cuts for hard-working Australians form the foundation of this tax package. This rewards effort and improves incentives to work harder and get ahead.

As families have more money in their pockets, they can spend this money which drives consumption and demand. This supports businesses which will expand their operations and hire more staff. As businesses expand to meet the increase in demand, this grows the economy, creating more jobs.

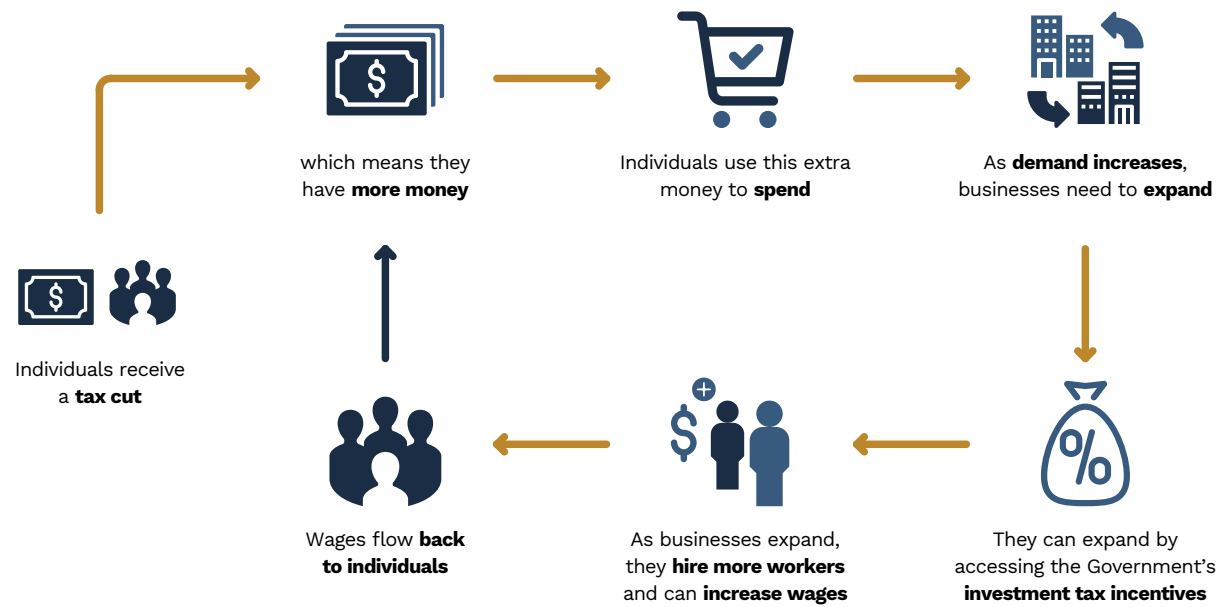
The Government is also supporting businesses to grow and enhance their productivity with time-limited tax incentives, including the temporary full expensing and loss carry-back measures. This will generate investment activity by lowering the cost of investment for a limited time period.

As firms undertake additional investment, there will be an increase in the demand for goods and services produced in Australia. This will boost activity in the short run, and increase the number of firms looking to hire more workers. This will provide opportunities for Australians looking for a job, and those who have had their



Support
the economic
recovery
—

Virtuous cycle of the economy



hours reduced as a result of the economic impacts of the COVID-19 pandemic.

The Government will expand access to the small business tax concessions and invest a further \$2 billion to support firms investing in research and development. This helps firms grow and supports the long-run capacity of the economy.

A dynamic business sector will deliver a strong recovery by growing the economy and creating jobs. These measures will result in higher productivity, wages and living standards for Australians.

This gives Australians the opportunity to work, the freedom to spend and invest, and rewards their effort.

Business tax incentives

Empowering businesses to grow, invest and create more jobs to support Australia's economic recovery

The Government is introducing **temporary full expensing** of eligible depreciable assets for businesses with turnover up to \$5 billion from 7:30pm (AEDT) on 6 October 2020 until 30 June 2022. The measure will be available to around **3.5 million businesses (over 99 per cent of businesses) that employ around 11.5 million workers**.

Companies with turnover up to \$5 billion will also be able to temporarily, up to June 2022, offset tax losses against previous profits and tax paid in or after 2018-19. This will help companies that were profitable and tax paying but now find themselves in a loss position due to the COVID-19 pandemic. By allowing them to access their losses earlier, by way of a cash refund, it will provide a needed cash flow boost to keep their business running, retain their workers and invest with confidence in the future.

Temporary loss carry-back will be available to around 1 million companies that employ up to 8.8 million workers.

Temporary full expensing creates a strong incentive for businesses to bring forward investment to access the tax benefit before it expires. Temporary loss carry-back further assists companies that would experience a loss to take advantage of the temporary full expensing measure.

Combined, the two measures are estimated to deliver **\$31.6 billion in tax relief** to businesses over the forward estimates period, **supporting around \$200 billion worth of investment**.

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



Bogong Builders Pty Ltd has aggregated annual turnover of \$60 million for the 2021-22 income year. On 1 July 2021, Bogong purchases a truck-mounted concrete pump for \$1 million, exclusive of GST.

Bogong's taxable income for 2021-22 was \$600,000 before the purchase. Without temporary full expensing, Bogong would claim a tax deduction of around \$300,000, resulting in a taxable profit of \$300,000, and a tax bill of \$90,000.

Under temporary full expensing, Bogong will instead deduct the full cost of the asset of \$1 million, resulting in a tax loss of \$400,000.

Under temporary loss carry-back, Bogong offsets this tax loss against profits in 2018-19, resulting in a tax refund of \$120,000. Without the refund, the company may have had to defer the investment until their cash flow position recovered, or may not have purchased the new pump at all.

Tax relief for hard-working Australians

\$17.8 billion in personal income tax relief to support the economic recovery and create jobs

The Government legislated our Personal Income Tax Plan in 2018 and enhanced it in 2019. Now, for the third year in a row, the Government is lowering taxes by accelerating our Plan.

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 is being delivered for the 2020-21 income year under our already legislated Plan.

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

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,** when compared with 2017-18 settings.

Around **11.6 million individuals will receive a tax cut in 2020-21, 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 through this measure 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.**

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.



Tax relief by taxable income, 2020–21 compared with 2017–18

Taxable Income (\$)	2017-18		2020-21		
	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 Medicare levy (with 2017-18 Medicare levy single low-income threshold). Actual outcomes for many individuals and households would differ.

Building on the Government’s Plan

Lower taxes will play a key role in the economic recovery effort. Reducing the burden of personal income tax supports workers trying to get ahead.

This is why the Government is bringing forward the tax cuts from Stage 2 of its Plan to begin immediately.

This stage involves three tax changes:

- **First**, the low income tax offset will provide up to \$255 in tax relief as it increases from \$445 to \$700.
- **Second**, the top threshold of the 19 per cent bracket will increase from \$37,000 to \$45,000. This will provide up to \$1,080 in tax relief.
- **Third**, the top threshold of the 32.5 per cent bracket will increase from \$90,000 to \$120,000. This prevents average income earners from facing higher marginal tax rates in the future and provides tax relief of up to \$1,350.

The Government will provide low- and middle-income earners with a one-off additional benefit from the low and middle income tax offset for the 2020-21 income year. This offset provides tax relief of up to \$1,080 for low- and middle-income earners. Around 10.1 million individuals will be eligible for the offset in 2020-21.


This offset was due to be removed with Stage 2 commencing, but the one-off additional benefit in 2020-21 rewards hard-working Australians, supports consumption and eases cost of living pressures.

These tax cuts build on the Government’s Plan which will see around **95 per cent of taxpayers facing a marginal tax rate of 30 per cent or less in 2024-25**. This embeds genuine reward for effort.

More Australians with more money to spend will grow the economy and create jobs.

Rates and thresholds in 2017–18 compared with 2024–25

Rates in 2017–18	Thresholds in 2017–18	New rates in 2024–25	New thresholds in 2024–25
Nil	Up to \$18,200	Nil	Up to \$18,200
19 per cent	\$18,201–\$37,000	19 per cent	\$18,201–\$45,000
32.5 per cent	\$37,001–\$87,000	30 per cent	\$45,001–\$200,000
37 per cent	\$87,001–\$180,000	–	–
45 per cent	Above \$180,000	45 per cent	Above \$200,000
Low income tax offset in 2017–18	Up to \$445	Low income tax offset in 2024–25	Up to \$700



Additional
\$14 billion
over four years since
start of COVID-19
pandemic to support
40,000 jobs

Infrastructure and transport

Investing in infrastructure to create jobs now

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.

Our COVID-19 infrastructure program will kick-start our economic recovery by providing important stimulus for the economy while delivering the infrastructure Australians need now to address congestion in our cities and save lives on regional roads.

Over the next two years, the Government will inject significant additional stimulus to create jobs by working with state and local

governments to ensure an additional \$3 billion in shovel-ready projects are rolled out as soon as possible, supporting over 10,000 jobs across Australia.

This includes \$2 billion to deliver small scale road safety projects and an additional \$1 billion for the Local Roads and Community Infrastructure Program. These programs will continue to drive a community-led recovery from COVID-19.

Funding will be provided on a 'use it or lose it' basis to incentivise states and territories to prioritise funding to support jobs in the recovery. Unused funding for road safety projects will be reallocated to state and territories that have successfully deployed 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 jobs in residential construction

The Government is boosting housing demand to support jobs

Backing the residential construction industry

The Government's HomeBuilder program is assisting the residential construction industry by encouraging Australians to build a new home or rebuild an existing dwelling in 2020.

HomeBuilder provides eligible owner-occupiers, including first home buyers, with a tax free grant of \$25,000 to build a new home or to rebuild.

Increasing investment to support more jobs

The Government is introducing further housing measures that are estimated to generate over \$1.5 billion of additional economic activity.

An additional 10,000 places will be provided in an extension to our First Home Loan Deposit Scheme in 2020-21 to support first home buyers to build a new home or purchase a newly built home.

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.

The expanded First Home Loan Deposit Scheme will provide more Australians with the opportunity to build their first home and support jobs in the residential construction industry.

The Government is enabling the National Housing Finance and Investment Corporation (NHFIC) to provide a further \$1 billion of finance, taking its Commonwealth guarantee up to a total of \$3 billion. NHFIC will be able to provide more low-cost finance to eligible applicants, including community housing providers, so they can build more affordable housing.

Supporting housing investment through simplified lending laws

The Government is implementing reforms to reduce the time taken for consumers to apply for credit and simplify the application process. This will significantly reduce the regulatory burden on consumers and lenders. The reforms will allow more Australians to invest in housing, supporting the construction industry by unlocking the demand currently restricted by overly prescriptive lending laws.





Energy security

Securing Australia's electricity, fuel and gas supplies to keep prices low, create new jobs and support local industries

Gas-fired recovery

The Government will provide \$52.9 million to support a gas-fired recovery to strengthen our economy. To help unlock Australia's vast gas reserves, \$28.3 million will be invested in five Strategic Basin Plans. The first National Gas Infrastructure Plan will identify priority projects, ensuring gas is delivered where it is needed. 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.

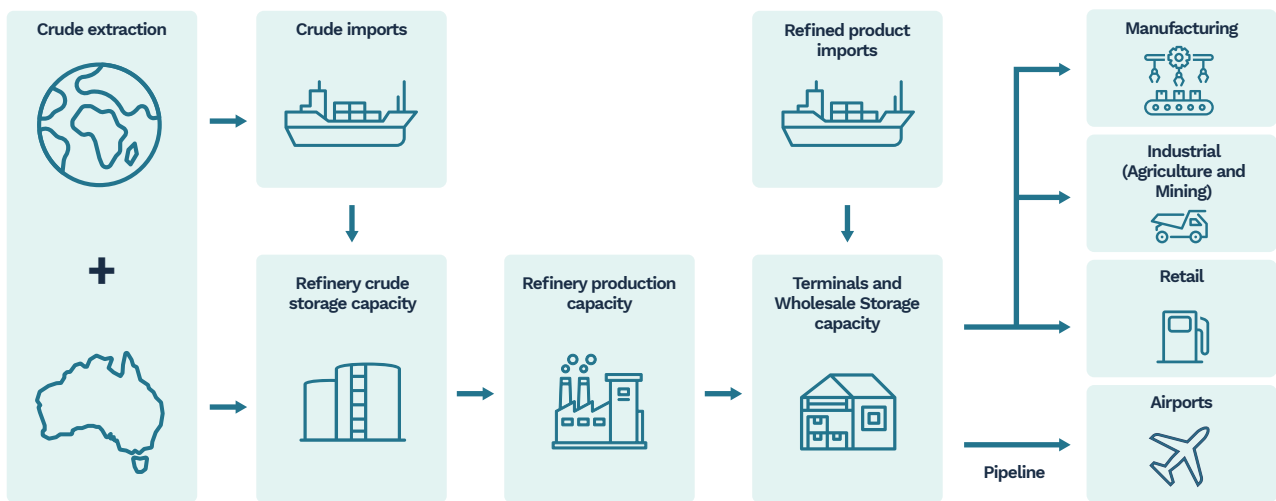
Strengthening Australia's fuel security

The Government's \$250.7 million fuel security plan will increase the resilience of the Australian economy to international fuel supply shocks and help secure jobs in fuel-centric industries. The Government is implementing a minimum onshore stockholding obligation. To help expand onshore diesel storage by 40 per cent, the Government will invest \$203.7 million to support the construction of additional storage.

Refineries help safeguard domestic fuel supplies and put downward pressure on fuel prices. To assist their continued operation, refineries will receive a production payment recognising the security benefits they provide.

Support
a stronger
economic
recovery

Strengthening Australia's long-term fuel security



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 industry to increase generation capacity and with 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.

Investing in new and emerging technologies

\$1.9 billion
investment
package

Developing and deploying new technologies across the economy will reduce emissions, create jobs, drive down costs and improve reliability

Following on from the renewable energy boom that has seen \$30 billion invested since 2017, the Government has released the first Low Emissions Technology Statement. Delivery of the Statement will accelerate the development of future technologies that will lower emissions, increase investment, lower costs and create jobs to support the economic recovery.

Investment in new technologies

The Statement will in part be delivered through a \$1.9 billion investment package. The Australian Renewable Energy Agency (ARENA) and the Clean Energy Finance Corporation will have their remits broadened to support this next wave of technologies.

ARENA will receive \$1.6 billion in new funding, including \$1.4 billion in base funding, to

accelerate the development of new and emerging technologies that will cut emissions in sectors like agriculture, manufacturing and transport. ARENA will also become a clean technology grants hub for future initiatives, including Future Fuels and microgrids.

Amongst other actions, the Government will directly support:

- establishing a hydrogen export hub worth \$70.2 million to scale up demand; and
- piloting carbon capture projects that will help cut emissions with a \$50 million investment in the Carbon Capture Use and Storage Development Fund.

These actions will reduce the cost of new and emerging technologies without compromising energy affordability or reliability for households and businesses.



Investing in new and emerging technologies

Our Vision

A prosperous Australia, confirmed as a global low emissions technology leader.

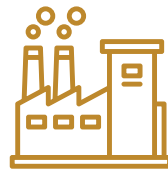
The big technology challenges



Delivering more affordable, clean and resilient energy to households and industry for transportation, housing, production and power



Increasing productivity, creating jobs and substantially reducing emissions from Australia's primary industries



Preserving and expanding onshore manufacturing of energy intensive products and capturing new export markets for low emissions commodities



Scaling geological and biological sequestration such that we provide globally significant permanent sequestration of CO₂



Government and Private Investment



New opportunities for Australian industry

The Australian Government's Modern Manufacturing Strategy

Our JobMaker Plan to boost Australia's manufacturing sector will play a key role in economic recovery. Manufacturing is already a significant part of the Australian economy, employing over 860,000 people. It has also been critical to our COVID-19 response, with many manufacturing businesses retooling to deliver the essential products we need.

The Government's \$1.5 billion Modern Manufacturing Strategy will deliver high value jobs, improve our competitiveness, and ensure we have access to the essential products needed to keep us secure and resilient. It prioritises industries that match our areas of strength or strategic interest, where Australia has the capability to compete with the rest of the world. This includes building our capability in defence, space, food and beverages, recycling and clean energy, medical products, resources technology and critical minerals processing industries.

The centrepiece is the Modern Manufacturing Initiative. This will provide the Government with \$1.3 billion to invest in our manufacturers to help them collaborate and build scale, commercialise their ideas and connect to global supply chains.

The Government is also investing \$107 million through the Supply Chain Resilience Initiative to address supply chain vulnerabilities for key products.

The Government will also provide \$52.8 million for the second round of the Manufacturing Modernisation Fund, which co-funds capital investments that 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 provide immediate support to our manufacturing priority industries.



\$1 billion
worth of
targeted capability
and workforce
initiatives

A more secure, resilient Australia

Strengthening our defence industry

The Government is bringing forward \$1 billion worth of targeted capability and workforce initiatives to provide direct support to the Australian defence industry sector and the wider economy.

These initiatives will support jobs across Australia, with direct investments into states and territories, small and medium businesses, regional areas and bushfire affected communities.

Opportunities and jobs will be created in sectors such as air and space transport, computer system design, engineering, manufacturing, construction and scientific and technical services by:

- accelerating capability projects targeting key manufacturing, construction and high-tech sectors;
- building and maintaining Defence infrastructure and assets across regional Australia, including at RAAF bases in East Sale, Pearce, Wagga and Amberley;

- sustaining ADF platforms and capabilities, including the upgrade of the Australian designed Bushmaster protected mobility vehicles;
- expanding defence industry grants programs; and
- supporting current and ex-serving ADF members and reserves, including with an allocation of up to an extra 210,000 days of paid work.

The Australian defence industry is a national strategic asset that relies on companies all over Australia to deliver the capability our ADF needs today and to provide a support base for responding to challenges in our strategic environment.



Opportunities for Australian research

Strengthening the immediate and long-term capability of Australian research to create jobs

Output from Australia's university community is essential to productivity and innovation, supplying the vast majority of basic translational research. The Government is taking steps to protect the base capability of the research system so research can be a platform for economic recovery. It is also reframing the priorities for research in our universities to ensure Australia is positioned at the cutting edge of innovation and productivity.

These steps will result in a Government investment in the university research sector of around \$3.3 billion in 2021.

Research as a platform for recovery

To protect the long term capability of the university research sector from the COVID-19 shock, the Government is providing \$1 billion in new research funding to the sector in 2021.

This investment will alleviate immediate financial pressures on universities, safeguard researcher effort and make research a platform for economic recovery.

To further support essential research, the Government is providing an additional \$459 million over four years to the Commonwealth Scientific and Industrial Research Organisation (CSIRO).

Driving industry engagement

To help drive change in universities, the Government will undertake a scoping study of potential options to accelerate the translation and commercialisation of university research. These options will include new partnerships between universities and industry and opportunities for investments, demonstrating the Government's leadership and commitment to translate non-medical research.

To create greater collaboration between universities and their local communities, the Government is establishing the Strategic University Reform Fund. The \$41.6 million Fund will encourage universities to develop targeted and innovative solutions that are focused on priority areas in local communities, and will trial new approaches to enhancing university and business engagement. Greater collaboration means more job creation and business opportunities.

Supporting business research and development

Investing in new products and ideas to provide jobs now and jobs for tomorrow

The Government is investing an additional \$2 billion through the Research and Development Tax Incentive to help innovative businesses that invest in research and development (R&D).

Business investment in R&D is central to the development of new products, processes and services that will help make Australia more competitive and create more jobs in the long-term.

As part of our economic recovery plan, the Government will increase support for R&D, by enhancing previously announced reforms to the incentive.

Small claimants of the incentive, with less than \$20 million annual turnover, will benefit from an increase in the refundable R&D tax offset rate and there will be no \$4 million cap on annual cash refunds.

Larger claimants, with annual turnover of \$20 million or more, will benefit from a more generous non-refundable R&D tax offset. The intensity test for determining the non-refundable R&D tax offset rate will also be streamlined from three tiers to two.

The cap on R&D expenditure that can be claimed under the incentive will be lifted from its current level of \$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.



These changes apply from 1 July 2021 and will support more than **11,400** companies

Supporting business research and development

Small claimants (annual turnover less than \$20 million)

- ✓ Refundable tax offset of the company tax rate plus **18.5 per cent**
- ✓ **No cap** on cash refunds

Larger claimants (annual turnover of \$20 million or more)

- ✓ **Streamlined** two-tiered intensity test
- ✓ Non-refundable tax offset of the company tax rate plus:
 - **8.5 per cent** for R&D expenditure between 0 and 2 per cent R&D intensity; and
 - **16.5 per cent** for R&D expenditure above 2 per cent R&D intensity

All claimants

- ✓ Eligible R&D expenditure threshold increased from \$100 million to **\$150 million** per annum
- ✓ Improvements to the administration, integrity and transparency of the R&D Tax Incentive
- ✓ Changes apply from 1 July 2021

Increasing women's economic participation

An investment in economic security for women

The Government is investing in women's workforce participation, supporting women into jobs and helping to boost economic growth.

Continuing to invest in women's economic capability and leadership

In 2018 the Government released the first Women's Economic Security Statement. The Statement focused on improving opportunity and choice for women. Prior to COVID-19 women's participation was at record highs.

The refreshed Women's Economic Security Statement 2020 provides \$240.4 million in funding and builds on the Government's ongoing commitment to delivering opportunities for women through five priorities: repair and rebuild women's workforce participation and further close the gender pay gap; greater choice and flexibility for families to manage work and care; support women as leaders and positive role models; respond to the diverse needs of women; and support women to be safe at work and home.

Supporting women in the workplace

The Government is investing in a range of programs for women. The \$50 million Women@Work Plan will expand the Women's Leadership and Development Program grants to address barriers to women's participation through \$47.9 million in funding for projects that will create opportunities for women, help women retain employment and build career pathways, including in male-dominated industries. It will also establish a Respect@Work Council to address sexual harassment at work.

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. This will support 282 start-ups and 4,300 mentoring engagements for female entrepreneurs.





**The Government
is expanding the
Women in STEM and
Entrepreneurship (WISE)
Grants Program**

Greater choice and flexibility for families to manage work and care

The Government is supporting families by extending the Paid Parental Leave scheme. This change will extend the work test period, providing access to Paid Parental Leave where eligibility has been impacted by COVID-19. As a result, an additional 9,000 individuals will gain eligibility to Parental Leave Pay and 3,500 to Dad and Partner Pay.

The Government is also providing \$24.7 million to reduce complexity and streamline the ParentsNext program to ensure more targeted support to vulnerable parents with young children and to address barriers to employment and participation in education and training. This will provide assistance to approximately 235,000 parents.

Increasing opportunities for women in STEM

The Government is enhancing initiatives that support girls and women to enter science, technology, engineering and mathematics (STEM) study and STEM skilled jobs.

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 Program over two years from 2022-23, to support at least 20 additional projects. The program will fund projects led by business, industry and the community which focus on increasing girls' and women's participation in STEM. This builds on the success of the first two rounds of the WISE grants program, which have increased the skills of girls, women and educators to build interest and confidence in STEM.

The Government is increasing access to the Girls in STEM Toolkit by expanding the program over 2020-21 to 2023-24. 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 expanding the Women in STEM Ambassador initiative for two years from 2022-23. The Ambassador has been a positive advocate and established thought leader on STEM gender equity.

Digital business plan

Empowering businesses to adopt digital technologies

The Government is accelerating reforms and investments to enable greater adoption of digital technologies. Better use of technology will drive improvements in productivity, wages and living standards, and support our goal for Australia to be a leading digital economy by 2030.

Fostering digital transformation

Reforms will lower business costs, enhance consumer choice and allow business to choose how they interact with customers and shareholders.

An additional \$4.5 billion of investment in the NBN will bring ultra-fast broadband to millions of families and businesses.

Funding of \$29.2 million will accelerate the rollout of the 5G networks across Australia.

The Government will make permanent the temporary reforms to allow companies to hold virtual AGMs and execute documents electronically. To support innovation and competition, we will also review the payments system and modernise regulations of stored value facilities.

The Government will provide \$28.5 million to support the Consumer Data Right in the banking sector and continue the rollout into the energy

sector. Unlocking data will empower small businesses and consumers to obtain better deals which will drive market innovation and competition.

The Government is providing \$24.7 million to help small business operators use technology to improve their processes. This includes providing an additional 10,000 places for the Australian Small Business Advisory Services – Digital Solutions (ASBAS-DS) program. The ASBAS-DS offers low cost, high quality advice on a range of digital solutions. We will also improve access by businesses and workers to digital skills training.

We will also fund pilots in the use of blockchain to reduce compliance costs.

Dealing with government

The Commonwealth will mandate e-invoicing by all agencies by 1 July 2022, with over 80 per cent of invoices being able to be received electronically by 1 July 2021.

The Government will allocate \$419 million to modernise business registers and \$256 million to expand the Digital Identity initiative. These investments will make it simpler and easier to start and run a business and interact with government.



We will fund pilots in the use of blockchain to reduce compliance costs

The Government is providing \$11.4 million for a new Regtech Commercialisation Initiative, making it easier for businesses to comply with regulations. Government agencies and regulators will collaborate with SMEs to develop technology-driven solutions to improve policy and service delivery.

Increasing trade investment

The Government is providing \$9.6 million to support fintechs to export financial services and foster inward investment. This will complement the roll out of the Consumer Data Right in banking and ensure that Australia is fully leveraging the Australia-UK FinTech Bridge.



Reducing red tape for business

A comprehensive deregulation agenda

A dynamic, market-driven economy is crucial for a strong economic recovery and fundamental to the Economic Recovery Plan for Australia.

The Government has a solid track record helping business lower their costs, having already delivered \$5.8 billion in red tape savings through the 'Cutting Red Tape' initiative.

Quick action by the Government in response to the COVID-19 pandemic has kept businesses in business – allowing companies to electronically conduct annual general meetings and sign documents; supporting the release of reliable, forward-looking guidance to the market; and modifying lending requirements to ensure a free flow of credit to small businesses.

The Government also temporarily changed visa conditions to secure workers in critical sectors. This meant that around 30,000 working holiday makers and international students already working in key sectors such as health and aged care, supermarkets and food production could continue to fill labour shortages.

Building on this strong foundation, the Government will take further action to make it easier for business to invest, create jobs, respond quickly to challenges and seize opportunities.

By streamlining and digitising regulatory processes, the Government is making it simpler

for business to trade carbon credits and is facilitating quicker, more efficient decisions on the safety and quality of medical products.

The Government is also reducing the regulatory barriers that impose unnecessary costs and stifle business activity. This includes reforms to Australia's lending laws to reduce the regulatory burden on consumers and small businesses, supporting the flow of credit to the economy.

Registration requirements for early childhood services will be streamlined, making it faster and easier for the 1,500 applicants per year which seek to establish a new service. Faster approvals for providers means earlier employment of staff as educators, administrators and support workers.

It is not just the legislation passed by Parliament that has an impact on business. It is also the performance and culture of government regulators. The Government is prioritising improving regulatory capability and performance, including by investing \$6.4 million in training for export regulators.

The Government's deregulation agenda will continue to be pragmatic during the recovery and make it easier to do business now and in the years to come. These measures will unlock the potential of Australian businesses by promoting jobs, growth and investment.



Making
it easier to
export
—

Investing in Australia's global competitiveness

Supporting export growth and attracting global talent


A Simplified Trade System will improve processes at the border to support Australia's exporters and importers to invest and grow local jobs. Setting the foundations for a Trade Single Window is an important part of this work and will build on reforms of trade regulations and processes to make it easier for businesses to integrate into global supply chains.

The Government is investing \$328 million to slash red tape in agricultural exports regulation. This includes \$222 million to modernise digital services for agricultural exporters, and \$35 million to introduce sensible, technology-based regulation for seafood, meat, live animal and plant exporters. This will make it easier for producers to access new export markets, grow their businesses and create more jobs, particularly in regional Australia.

The Government is investing a further \$7.2 million to streamline and modernise agricultural levies legislation. This will save time and money for the almost 8,000 businesses that collect levies, as well as for thousands of farmers.

Attracting talent and investment to Australia

The Government has established the Global Business and Talent Attraction Taskforce to attract business and talent to Australia. Bringing together experts from across the Commonwealth, states and territories as well as the private sector, the Taskforce will encourage international businesses and exceptional talent to move to Australia to support the recovery and boost local jobs.



The continued
flow of credit is vital
to the recovery

Removing barriers to credit

Simplifying access to credit for consumers and small business

The continued flow of credit is vital to Australia's economy. To support the economic recovery, the Government is taking action to remove unnecessary barriers to the flow of credit so that consumers can continue to spend and businesses can invest and create jobs.

Simplifying the framework and removing regulatory overlap

To achieve this, the Government is simplifying the 'one-size-fits-all' regulatory framework currently applying to consumer credit while

at the same time strengthening consumer protections for those who need it. The new regulatory framework will remove responsible lending obligations under the *National Consumer Credit Protection Act 2009* for all but the highest risk products – small amount credit contracts (SACCs) and consumer leases.

Under the new regulatory framework, banks will continue to comply with APRA's lending standards. These standards take a more principles-based approach which will allow banks to engage with customers more effectively.

Key principles from these standards will also be adopted and applied to non-banks, ensuring these institutions continue to extend credit in a consistent manner.

The new regime will significantly reduce the time taken for consumers to apply for credit and simplify the application process. These changes will also allow lenders to rely on information provided to them by the consumer which will replace the current practice of 'lender beware' with a system underpinned by 'borrower responsibility'.

The Government's reforms will support businesses who have been unable to access appropriate credit as a consequence of ambiguous and prescriptive consumer lending laws. The new credit framework will enable lenders to lend to small business confidently, further supporting businesses as Australia recovers from the COVID-19 pandemic.

Increasing consumer protections

The Government will increase consumer protections to ensure consumers receive the greatest protection under the law for high cost credit products. These reforms include heightened obligations for providers of SACCs (commonly referred to as 'payday' loans) and consumer leases. The new laws will limit the amount consumers are charged for consumer leases and the amount of income consumers dedicate towards repayments. Consumers will also be protected from the predatory practices of debt management firms by requiring firms representing consumers in disputes to be licensed by ASIC.

**Making it
easier for small
businesses to apply
for credit**

Insolvency reforms to support small business

Keep businesses in business and Australians in jobs

The Government is embarking on the biggest reforms to Australia's corporate insolvency system in nearly 30 years.

The goal is to ensure our insolvency framework meets the needs of Australian small businesses, their creditors and their employees.

A new, quicker and lower-cost process will be introduced to allow small businesses to restructure their debts, while they stay in control of their company. Ultimately, this will help more Australian small businesses to avoid liquidation and trade on.

This will be particularly important for those businesses that have taken on significant debts while in 'hibernation' during the COVID-19 outbreak, but are still viable in the long term.

For small businesses that unfortunately cannot survive, there will be a new, quicker and lower-cost simplified liquidation process. This will help these businesses wind up more quickly and cheaply, and allow greater returns for creditors and employees.

Both new processes will commence on 1 January 2021.

They will be available to incorporated businesses with liabilities of less than \$1 million. Around 76 per cent of companies entering into external administration in 2018-19 met this threshold. Of these, around 98 per cent are estimated to have less than 20 full-time equivalent employees.

The Government is also taking steps to build the capacity of the insolvency sector, and ensure that small businesses who need the help of an insolvency practitioner can access one.

As a result of these changes, more Australian small businesses will have the opportunity to survive, and to continue to contribute to economic and jobs growth.

And for the Australian economy, the changes will generate more business dynamism, kick-starting confidence and activity as the economy continues to move through the recovery phase.

A new
insolvency
process to help
small business
survive