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# *The Courier*

*Information and Advice for NSW Transport Operators*

## **Newsletter Vol.6 No. 24: 2020-21 Federal Budget Edition 8 October 2020**

*ARTIO NSW acknowledges the following sources for this edition of The Courier: Australian Financial Review, Treasurer's Budget Speech, Budget papers, media releases, various Ministers*

### **Contents**

1. The Big Picture
2. Major Announcements Affecting Business and PAYE Taxpayers
3. Transport Infrastructure Funding

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### **The Big Picture**

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Federal Treasurer, Josh Frydenberg, handed down the 2020-21 Budget on 6 October, almost 5 months later than normal and 18 months after the previous budget.

The reason for the delay in the budget is the high level of uncertainty regarding the impact of COVID-19 on Australia's economic outlook and the consequential need to frame an appropriate response once the virus was better understood in terms of its spread within the community and how government and the community needed to manage that response.

It is reasonable to state that while much uncertainty remains, we have a better idea of the virus's characteristics and the economic measures that are necessary to manage what remains an uncertain outlook.

It is also important to state at the outset that this Budget assumes there will be no further major outbreaks of the type experienced in Victoria and that a vaccine will be developed and widely available during the second half of 2021.

The following are big picture highlights:

<b>Economic Indicator</b>	<b>2019-20 Forecast (%)</b>	<b>2020-21 Forecast (%)</b>	<b>2021-22 Forecast (%)</b>
GDP	-0.2	-1.5	4.75
Household Consumption	-2.6	-1.5	+7
Dwelling Investment	-8.8	-11	+7
Total Business Investment	-1.8	-9.5	+6

CPI	-0.3	+1.75	+1.5
Wage Price Index	+1.8	+1.25	+1.5
Employment Growth	-4.3	+2.75	+1.75
Unemployment Rate	7	7.25	6.5

#### Budget aggregates

Economic Indicator	2019-20	2020-21	2021-22
Underlying cash balance (\$b)	-85.3	-213.7	-112
% of GDP	-4.3	-11	-5

The projected deficit is the largest since World War II.

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## Major Announcements Affecting Business and PAYE Taxpayers

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The 2020-21 Budget contains the following major announcements:

#### Business Taxes

- Any depreciable asset eligible under rules in existence prior to this announcement will be able to be written off effective 6 October. This means buildings will not be eligible. This measure applies to any incorporated business with an annual turnover of up to \$5 billion but will not apply to sole traders or partnerships. Companies with a turnover exceeding \$5 billion will not be eligible.
- Incorporated businesses with an annual turnover of up to \$5 billion will be able to writ off any losses incurred until June 2022 against profits made on or after 2018-19.

#### Helping the Unemployed into Work

- Rebates will be offered to eligible employers under the JobMaker Hiring Credit scheme:
  - A rebate of \$200/week will be paid to an eligible employer hiring a person aged 16 to 29 for up to 12 months.
  - This rebate falls to \$100/week when an eligible employer hires a person aged 30-35 for up to 12 months.
  - It does not apply where somebody aged over 35 is hired.
  - The JobMaker Hiring Credit scheme applies from 7 October.
  - Further details, including other eligibility conditions are available from [https://budget.gov.au/2020-21/content/factsheets/download/jobmaker\\_hiring\\_credit\\_factsheet.pdf](https://budget.gov.au/2020-21/content/factsheets/download/jobmaker_hiring_credit_factsheet.pdf).

#### Personal Taxes

- Stage 2 of the income tax cuts will take effect from 1 July 2020. This measure:
  - Increases the top threshold of the 19% tax bracket from the previously legislated \$41,000 to \$45,000.
  - Increases the top threshold of the 37% tax bracket from the previously legislated \$90,000 to \$120,000.
- The low and middle income tax offset valued at \$1,080 will be lifted from \$41,000 to \$45,000 and made permanent. It will be subject to a rebate the end of 2020-21.

#### Other Support Measures

- Pensioners, veterans, low income families and concession card holders will receive two further payments of \$250 each in December and again in March.

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## Transport Infrastructure Funding

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#### National Overview

- \$110 billion to be allocated to transport infrastructure over the next decade, up from \$100 billion in 2019-20.

### Funding Announcements in NSW

Commitments have been made to the following new initiatives in NSW in 2020-21:

Project	Federal Funding 2020-21 (\$m)	Total Project Funding (\$m)
Singleton Bypass	560	700
Bolivia Hill Upgrade	43	98
Coffs Harbour Bypass	490.6	1461.6
Newcastle Inner City Bypass, Rankin Park to Jesmond	360	450
Newell Highway - Dubbo Bridge	176.2	220.2
Newell Highway - Pavement Upgrades	205.7	257.2
Newell Highway - Overtaking Lanes	60	72
Parkes Bypass	149.7	187.2
M1 North Smart Mwy - ANZAC Bridge to Warringah Fwy	60	120
Heathcote Rd, Hammondville to Voyager Point	94	188
Prospect Highway Upgrade	120	240
Central Coast Roads Package	16.7	86.5
Dunheved Rd Upgrade, Penrith	63.5	127
Jane St/Mulgoa Rd Infrastructure Upgrade	37.5	72.5
Mulgoa Rd Upgrade	46.4	126.4
Dixons Long Point Crossing (Orange to Hill End	9.8	29.8
Pooncarie Road (Wentworth Shire)	4.6	9.2
Hogbin Dr, Coffs Harbour Airport Freight Access	3	6
Grade separating road interfaces with Inland Rail	150	187.5
Northern NSW Inland Port – Narrabri	7.8	7.8

Ettamogah Rail Hub	2.6	12,2
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### **Funding Announcements in the ACT**

Commitments have been made to the following new initiatives in the ACT in 2020-21:

<b>Project</b>	<b>Federal Funding 2020-21 (\$m)</b>	<b>Total Project Funding (\$m)</b>
Canberra - South West Corridor upgrade package	50	100
Molonglo River Bridge	87.5	175
Parkes Way Upgrade - Planning and Design	2.5	5
Monaro Highway Upgrade	15.25	115.3