



2021-22 Federal Budget

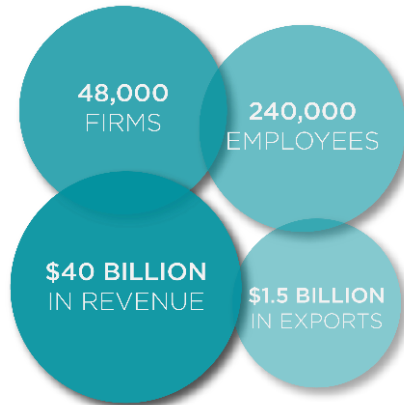
Summary for members



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About us



Consult Australia is the industry association representing consulting businesses in design, advisory and engineering. Our industry comprises some 48,000 businesses across Australia, 90% of which are small business but also include some of Australia's top 500 companies. They provide solutions for individual consumers through to major companies in the private sector and across all tiers of government. Our industry is a job creator for the Australian economy, directly employing 240,000 people. The services we provide unlock many more jobs across the construction industry and the broader community.

Some of our member businesses include:



Key economic and tax announcements

Economic forecast

The outlook for the Australian economy has strengthened and output is expected to have exceeded its pre-pandemic level in the March quarter of 2021, nine months earlier than forecast last budget. Real GDP is forecast to grow by 1.25 per cent in 2020-21, by 4.25 per cent in 2021-22 and 2.5 per cent in 2022-23.

Robust growth over the forecast period is expected to drive continued steady growth in employment and further declines in the unemployment rate, which is forecast to fall below 5 per cent by late 2022, to reach 4.75 per cent in the June quarter 2023.

The outlook for household spending and housing construction has strengthened. Consumer sentiment has recovered substantially and is currently at its highest level in 11 years, with household consumption rebounding at record rates over the second half of 2020. Robust activity in the housing market has also been sustained, reflecting government programs to support first home buyers and residential construction.

While new business investment will take some time to fully recover from the uncertainty following the recession, business conditions reached a record high in March 2021, confidence indicators have recovered to be well above average and there has been an improvement in firms' capital expenditure intentions, with some measures at their highest level since 1994.

The gradual arrival of international students and migrants over 2022 will support growth, particularly for education services exports and consumption, and assist in filling skill gaps.

The following key assumptions are underpinning this economic forecast:

- A population-wide vaccination program is likely to be in place by the end of 2021
- Localised outbreaks of COVID-19 occur but are effectively contained
- Most domestic activity restrictions have been lifted, however general social distancing restrictions and hygiene practices continue
- There are no extended or sustained state border restrictions
- A gradual return of temporary and permanent migrants from mid-2022
- Inbound and outbound international travel to remain low through to mid-2022.

Tax announcements

The Government will allow taxpayers to self-assess the tax effective lives of eligible intangible depreciating assets, such as patents, registered designs, copyrights and in-house software. This measure will apply to assets acquired from 1 July 2023, after the temporary full expensing regime has concluded.

The tax effective lives of such assets are currently set by statute. Allowing taxpayers to self-assess the tax effective life of an asset will allow for a better alignment of tax outcomes with the underlying economic benefits provided by the asset. It will also align the tax treatment of these assets with that of most tangible assets.

Taxpayers will continue to have the option of applying the existing statutory effective life to depreciate these assets. This measure will allow taxpayers to adopt a more appropriate useful life and encourage investment and hiring in research and development. This measure is estimated to decrease receipts by \$170.0 million over the forward estimates period.

This measure forms part of the Government's \$1.2 billion Digital Economy Strategy. Further information can be found in the joint press release of 6 May 2021 issued by the Prime Minister, the Treasurer and the Minister for Superannuation, Financial Services and the Digital Economy.

Business support and practice

Digital Economy Strategy

The Government will provide \$1.2 billion over six years from 2021-22 (including \$127.7 million in capital funding over two years from 2021-22) for the *Digital Economy Strategy*, to support Australia to be a leading digital economy and society by 2030. The strategy includes support for the following priorities:

Enhancing our Artificial Intelligence (AI) capability:

- \$53.8 million over four years from 2021-22 to create a National AI Centre and four AI and Digital Capability Centres to drive and support small and medium enterprises (SMEs) to adopt and use transformative artificial intelligence technologies
- \$33.7 million over four years from 2021-22 to provide grants to businesses to work with the Government to develop AI based solutions to solve national challenges
- \$24.7 million over six years from 2021-22 to establish the Next Generation AI Graduates Program to attract and train AI specialists through national scholarships
- \$12.0 million over five years from 2021-22 to deliver co-funded grants to support community and business driven projects that build AI capabilities in regional areas.

Unlocking the value of data

\$40.2 million over four years from 2021-22 (and \$6.3 million per year ongoing) to enhance the Australian Government's location-based data infrastructure to create a secure, dynamic and three-dimensional Digital Atlas of Australia's geography, to support business investment, environmental management and natural disaster responses.

\$16.5 million over four years from 2021-22 (and \$0.2 million per year ongoing) to identify Australian Government data assets and establish a searchable data catalogue.

This will also include developing an *Australian Data Strategy 2021-2025* in partnership with state and territory governments, and in consultation with the private and not for profit sectors, with costs to be met from within the existing resources of the Department of the Prime Minister and Cabinet.

An enhanced payment times report scheme

An additional \$16 million over four years from 2021-22 to ensure the effective operation of the Payment Times Reporting Scheme, which came into effect on 1 January 2021. This scheme requires large businesses to report their payment times to small businesses.

Automatic Mutual Recognition of Occupational Licenses

The Federal Budget includes \$11.0 million over three years from 2021-22 to support the implementation of automatic mutual recognition of occupation licences across states and territories.

Future pipeline of investments

The below list of projects and initiatives are for investments over \$50 million listed in the budget papers.

We note the investments highlighted below include a mixture of new announcements, previously announced funding, and changes to funding timelines to support economic stimulus efforts. Much of these commitments are also beyond the four-year forward estimate years included in the budget.

A full list of projects announced in the 2021-22 Budget is in [budget paper number 2](#).

National

- \$1.5 billion over four years from 2021 for a package of measures to continue efforts to achieve a sustainable and certain future for the Murray-Darling Basin. This includes 1.3 billion for projects to modernise irrigation infrastructure networks through state-led off-farm water savings projects.
- \$1.2 billion over five years from 2020-21 to improve Australia's capability to better prepare for, respond to, and recover from natural disasters. This includes \$615.5 million over six years from 2021-22 for the Preparing Australia program to provide grants for projects that support disaster risk reduction and resilience. Additionally, \$280 million over three years from 2021-22 will be provided in grants for projects in bushfire affected areas.
- \$1 billion in 2022-23 for the *Road Safety Program* to support small-scale projects such as road widening, audio tactile line marking and barriers.
- \$774.8 million over two years from 2021-22 for the HomeBuilder program to extend the construction commencement requirements from six months to 18 months for all existing applicants.
- \$348 million over four years from 2021-22 for a package of measures to support regional Australia's sustainability, resilience and job creation, including \$256.5 million for the *Building Better Regions Fund* to support investment in community infrastructure and capacity building projects.
- \$275.9 million over three years from 2021-22 under the Disaster Recovery Funding Arrangements to support efforts in New South Wales, Western Australia and Queensland.
- \$215.4 million over six years from 2020-21 to support investment in new dispatchable energy generation.
- \$160 million over two years from 2021-22 to establish the National Water Grid Connections funding pathway to deliver small scale water infrastructure projects.

- \$58.6 million over four years from 2021-22 to support key gas infrastructure projects.
- \$263.7 million to support the development of carbon capture technologies and hubs, building on the \$50.0 million provided in the 2020-21 Budget.

Australian Capital Territory

- \$137 million to upgrade Commonwealth Avenue Bridge.
- \$132.5 million for Canberra Light Rail – Stage 2A.

New South Wales

- \$2 billion for the Great Western Highway Upgrade – Katoomba and Lithgow.
- \$500 million for the Princes Highway Corridor, including the Jervis Bay Road Intersection and Jervis Bay to Sussex Inlet Stage 1.
- \$240 million for the Mount Ousley Interchange.
- \$229.4 million for the M12 Motorway.
- \$87.6 million for the M5 Motorway – Moorbank Avenue and Hume Highway Intersection Upgrade.
- \$66.1 million over two years from 2021-22 to upgrade the Newcastle Airport runway.
- \$52.8 million for the Manns Road – Intersection Upgrades.

Northern Territory

- \$173.6 million for NT Gas Industry Roads Upgrades.
- \$150 million for the NT National Highway Upgrades (Phase 2).

Queensland

- \$400 million for Bruce Highway additional funding.
- \$400 million for the Inland Freight Route (Mungindi to Charters Towers) Upgrades.
- \$240 million for the Cairns Western Arterial Road Duplication.
- \$178.1 million for the Gold Coast Rail Line Capacity Improvement (Kuraby to Beenleigh) – Preconstruction.
- \$160 million for the Mooloolah River Interchange Upgrade (packages 1 and 2).
- \$126.6 million for Gold Coast Light Rail — Stage 3.

South Australia

- \$2.6 billion for the North-South Corridor — Darlington to Anzac Highway.
- \$161.6 million for the Truro Bypass.
- \$148 million for the Augusta Highway Duplication — Stage 2.
- \$64 million for the Strzelecki Track Update — Sealing.

- \$60 million for the Gawler Rail Line Electrification.

Tasmania

- \$113.4 million for the Midland Highway Upgrades, including Campbell Town North (Campbell Town to Epping Forest), Oatlands (Jericho to South of York Plains), Ross (Mona Vale Road to Campbell Town), and preconstruction works.
- \$80.0 million for the Tasmanian Roads Package—Bass Highway Safety and Freight Efficiency Upgrades Package—Future Priorities.

Victoria

- Up to \$2 billion for the Melbourne Intermodal Terminal, with specific funding arrangements, including an option for equity investment, to be settled at a later date, with an equivalent contribution to be provided by the Victorian Government.
- \$380 million for the Pakenham Roads Upgrade.
- \$250 million for the Monash Roads Upgrade.
- \$92.8 million for the Commuter Car Park Upgrades including Berwick Railway Station, Frankston Railway Station, and Ringwood Railway Station.
- \$56.8 million for the Hall Road Upgrade.
- \$51.1 million for the Princes Highway East, between Rosedale and the New South Wales border.

Western Australia

- \$237.5 million for the METRONET: Hamilton Street/Wharf Street Grade Separations and Elevation of Associated Stations.
- \$200 million for the Great Eastern Highway Upgrades — Coates Gully, Walgoolan to Southern Cross and Ghooli to Benari.
- \$160 million for the WA Agricultural Supply Chain Improvements — Package 1.
- \$112.5 million for the Reid Highway — Altone Road and Daviot Road/Drumpellier Drive — Grade Separated Intersections.
- \$110 million for the METRONET: Byford Extension.
- \$85 million for the Perth Airport Precinct — Northern Access.
- \$64 million for the Toodyay Road Upgrade — Dryandra to Toodyay.
- \$55 million for the Mandurah Estuary Bridge Duplication.

National Freight and Supply Chain Strategy – additional funding

\$28.6 million over four years from 2021-22 to deliver initiatives as part of the *National Freight and Supply Chain Strategy*. Funding includes:

- \$16.5 million to establish a National Freight Data Hub

- \$12.1 million for the National Heavy Vehicle Regulator to fund engineering assessments for local government owned road network infrastructure.

Skills and workforce-related measures

Deregulation agenda – interpret and comply with modern awards

\$10 million over four years from 2021-22 to implement regulatory technology solutions to assist employers to interpret and comply with modern awards, and to explore and promote new ways of assisting employers through regulatory technology. This will support a number of initiatives, including allowing payroll and business software developers to integrate, in real-time, data on award pay and conditions from the Fair Work Commission directly into payroll and business products at a lower cost.

A roadmap for respect – Respect@Work response implementation

\$9.3 million over four years from 2021-22 to support the implementation of the Government's response to the *Respect@Work: Sexual Harassment National Inquiry Report*, along with \$6 million over four years from 2021-22 to the Workplace Gender Equality Agency and Australian Public Service Commission to strengthen reporting on sexual harassment prevalence, prevention and response.

Addressing workforce shortages in key areas – JobTrainer Fund (extension)

\$506.3 million over two years from 2021-22 to extend the JobTrainer Fund. With funding matched by contributions by states and territories, this will deliver around 163,000 additional low fee and free training in places of skills need, including 10,000 places for digital skills courses.

Investment in digital skills

\$10.7 million over three years from 2021-22 to trial up to four industry-led Digital Skills Cadetship pilots to develop new and innovative pathways to increase the number of Australians with high level digital skills.

Women's economic security package – women in STEM

\$42.4 million over seven years from 2021-22 to establish the boosting the next generation of women in Science, Technology, Engineering and Mathematics (STEM) program by co-funding scholarships in partnership with industry.

Further funding (\$0.6 million over three years from 2021-22) will also be provided for the Women in STEM Ambassador to develop reporting tools for the STEM sector in the evaluation of STEM gender equity initiatives.

Women's economic security package – childcare subsidy

\$1.7 billion over five years from 2020-21 to increase the childcare subsidy by 30 per cent for the second child and subsequent children aged five and under. This will cover up to a maximum childcare subsidy rate of 95 per cent for eligible children. These changes will commence from July 2022.

\$16.9 million over four years from 2021-22 (and \$0.6 million per year ongoing) is also provided to streamline the childcare regulatory system by building a single government website to better inform families' choice of care, to reduce the administrative burden on providers and families that can arise from changes in eligibility, and to pilot a more aligned approach between regulators with two state or territory governments.

Mental health – prevention and early support

\$0.9 million over five years from 2020-21 to continue the *Ahead for Business* digital hub, which aims to support small business owners to take proactive, preventive and early steps to improve their mental health.

Procurement announcements

Increasing small business participation in Commonwealth procurement

The Government will provide \$2.6 million over four years from 2021-22 to support and strengthen Australian business participation in Commonwealth procurement. Funding includes:

- scans of procurements to map any common 'pain points' for small and medium enterprises (SMEs)
- increased communication of procurement opportunities to potential suppliers
- targeted Government Procurement Learning Events for SMEs about how to access supply chains (including with government buyers) and work in major project environments
- mandated use of Dynamic Sourcing for Panels to make best use of panel arrangements
- a pilot of direct engagement of SMEs by the Department of Industry, Science, Energy and Resources for contracts up to \$200,000.

Contact us

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