

## AUSVEG 2020-21 Federal Budget Summary

### *Key areas in the Federal Budget*

- Incentives and relocation rebates to encourage workers to work in regional areas, particularly in agriculture
- Incentives for seasonal participation in the agricultural industry, by creating a temporary pathway for young people who are seeking to qualify as independent for the purposes of assessing Youth Allowance (student) and ABSTUDY payment eligibility
- Assistance for exporting growers to continue to supply high-quality produce to key global markets, including extension of the International Airfreight Assistance Mechanism until June 2021 and a package of measures to improve the ease of doing business for agricultural exporters
- Incentives to encourage businesses to hire local workers aged 16-35
- Investment in drought resilience and preparedness, biosecurity and water and roads infrastructure
- Income tax changes to bring forward the second stage of tax cuts
- The Modern Manufacturing Strategy, which is focused on building competitiveness, scale and resilience in the Australian manufacturing sector, including the food and beverages industry

AUSVEG's press release following the budget, as well as items that are listed in the Federal Budget around these key areas, appear on the following pages. To view the Budget papers [please click here](#).

## AUSVEG press release

### **Government demonstrates support for vegetable growers and their communities in Federal Budget**

AUSVEG, the peak industry body for the Australian vegetable industry, has welcomed the Government's support of the vegetable growing industry and the horticulture businesses that supply high-quality vegetables and fruits to local and international consumers.

The 2020/2021 Federal Budget includes a range of measures that benefit vegetable growers, including incentives to attract local, displaced workers to work on farm, assistance for exporting growers to continue to supply high-quality produce to key global markets, tax incentives to support business investment and growth, and funding for biosecurity and drought resilience and preparedness.

The Federal Government has committed \$17.4 million over two years for relocation assistance for workers who are prepared to work in regional areas for at least six weeks. Eligible workers will be able to receive one-off relocation rebates of up to \$6,000.

The Budget also provides \$317.1 million to extend the International Freight Assistance Mechanism into 2021, with the initiative supporting Australian growers to export their high-quality produce into key export markets to stay connected with their overseas customers and continue to contribute to the global supply chain.

AUSVEG CEO James Whiteside said that the Government had heeded the concerns of industry and addressed the key areas that were impacting the industry's confidence in the months and years ahead due to the ongoing impacts of COVID-19.

"The issues of ensuring growers have access to an adequate and reliable source of labour and continuing to service critical export markets are vital areas that needed to be addressed in the budget. We are pleased to see the Morrison Government has responded," said Mr Whiteside.

"Growers will always have a preference to use local workers, so the incentives listed in the Budget, including the \$6,000 relocation rebate for workers willing to move to regional Australia to take up farm work, will hopefully make an impact on the worker shortages that the industry is facing by encouraging more people to move to more regional areas."

"It may not be the silver bullet the industry needs, but we are encouraged that the Government is working with industry to find workable and reasonable solutions to this critical problem. We will continue to monitor the success of this initiative and work with the Government on further interventions that attract the required local and international workers our industry needs to get crops off the farm and to consumers."

"AUSVEG encourages growers to lodge their labour requirements using the National Harvest Labour Information Service (NHLIS) and for locals looking for farm work to also use the service."

"The extension of the International Freight Assistance Mechanism into 2021 and additional support to improve the export environment for exporters is also welcome news, as it is vital to ensure the industry can remain a major contributor to the global supply chain as the world emerges from COVID-19 in the years ahead."

"Additional business support through temporary tax incentives to allow businesses to deduct the full cost of eligible depreciable assets of any value in the year they are installed and incentives to hire young local workers are also sensible measures that will work to increase confidence in the industry and encourage investment in regional businesses and people."

"The agriculture industry is working towards a target of \$100 billion in value in 2030, which will help ensure that the industry can be a powerhouse in lifting Australia out of the current economic hardship in the years ahead. We will continue to work with the government to try and improve the trading environment for vegetable growers to help contribute to the growth of the sector," said Mr Whiteside.

**[END]**

## Key items in the 2020/2021 Federal Budget

### Labour

#### *Employment Services*

The Government will provide \$17.4 million over two years from 2020-21 to temporarily modify the existing *Relocation Assistance to Take Up a Job Program* to make it available to all job seekers participating in employment services, and to those who temporarily relocate to take up agriculture work.

Eligible workers will be able to receive one-off relocation rebates of up to \$6,000.

Also included in the Budget package is \$19.4 million over four years from 2020-21 to provide targeted support to employers, disadvantaged job seekers and seasonal workers who are most impacted by the COVID-19 pandemic, including:

- \$9.0 million over three years from 2020-21 to ensure the welfare of Pacific workers participating in the Seasonal Worker's Programme by increasing assurance measures and boosting community connections

#### *Incentives to Encourage Young Australians to Undertake Seasonal Work*

The Government will provide \$16.3 million over three years from 2020-21 to incentivise seasonal participation in the agricultural industry, by creating a temporary pathway for young people who are seeking to qualify as independent for the purposes of assessing Youth Allowance (student) and ABSTUDY payment eligibility.

From 1 December 2020, those who earn at least \$15,000 in the agricultural industry between 30 November 2020 and 31 December 2021 would be automatically assessed as meeting independence requirements, provided their parents meet current parenting income testing requirements.

### Export/Trade

#### *COVID-19 Response Package — additional aviation support*

The Government will provide additional funding of \$355.9 million to support the aviation sector as part of the Government's response to the COVID-19 pandemic. This will ensure domestic services, essential air services to regional communities and other operations across the sector continue, and support jobs and transport safety. This includes:

- \$317 million to extend the International Freight Assistance Mechanism until 30 June 2021 to keep vital two-way supply chains open with key overseas markets

*JobMaker Plan — busting congestion for agricultural exporters — improving the ease of doing business Payments*

The Government will provide \$328.4 million over four years from 2020-21 for a package of measures to improve the ease of doing business for agricultural exporters. This includes:

- \$222.2 million over four years (and \$22.3 million ongoing) for the first phase of modernising the ICT systems and business processes that support the improved delivery of export regulatory services to agricultural exporters, including:
  - simplifying interactions between farmers and exporters and the Department of Agriculture, Water and the Environment in the delivery of agricultural export assessment and certification services;
  - reducing the regulatory burden on industry through streamlined and integrated systems that remove unnecessary costs and delays for exporters; and
  - protecting the value of agricultural exports by ensuring the integrity of systems by mitigating export system outages and improving the cyber security of information.
- \$71.1 million over three years from 2020-21 to improve the financial sustainability of export certification services by returning to full cost recovery of these services over time, while minimising the impost on industry as it recovers from the effects of the drought, bushfires and COVID-19
- \$35.2 million over four years for targeted interventions and regulatory reforms in the meat, live animal, seafood, plant and plant product export sectors to get products to overseas markets faster and more reliably

## **Business support**

*JobMaker Plan — JobMaker Hiring Credit Payments*

The Government will provide \$4.0 billion over three years from 2020-21 to accelerate employment growth by supporting organisations to take on additional employees through a hiring credit. The JobMaker Hiring Credit will be available to eligible employers over 12 months from 7 October 2020 for each additional new job they create for an eligible employee.

Eligible employers who can demonstrate that the new employee will increase overall employee headcount and payroll will receive \$200 per week if they hire an eligible employee aged 16 to 29 years or \$100 per week if they hire an eligible employee aged 30 to 35 years. The JobMaker Hiring Credit will be available for up to 12 months from the date of employment of the eligible employee with a maximum amount of \$10,400 per additional new position created.

To be eligible, the employee will need to have worked for a minimum of 20 hours per week, averaged over a quarter, and received the JobSeeker Payment, Youth Allowance (other) or Parenting Payment for at least one month out of the three months prior to when they are hired.

#### *JobMaker Plan — temporary full expensing to support investment and jobs Receipts*

The Government will support businesses with aggregated annual turnover of less than \$5 billion by enabling them to deduct the full cost of eligible capital assets acquired from 7:30pm AEDT on 6 October 2020 (Budget night) and first used or installed by 30 June 2022. It will improve cash flow for qualifying businesses that purchase eligible assets and bring forward new investment to support the economic recovery.

Full expensing in the year of first use will apply to new depreciable assets and the cost of improvements to existing eligible assets. For small and medium sized businesses (with aggregated annual turnover of less than \$50 million), full expensing also applies to second-hand assets.

Businesses with aggregated annual turnover between \$50 million and \$500 million can still deduct the full cost of eligible second-hand assets costing less than \$150,000 that are purchased by 31 December 2020 under the enhanced instant asset write-off. Businesses that hold assets eligible for the enhanced \$150,000 instant asset write-off will have an extra six months, until 30 June 2021, to first use or install those assets.

Small businesses (with aggregated annual turnover of less than \$10 million) can deduct the balance of their simplified depreciation pool at the end of the income year while full expensing applies. The provisions which prevent small businesses from re-entering the simplified depreciation regime for five years if they opt-out will continue to be suspended.

This measure is estimated to decrease receipts by \$26.7 billion over the forward estimates period and \$3.2 billion over the medium-term. The receipts impact is reduced over the medium-term as this measure brings forward deductions that would have been made in future years.

#### **Biosecurity**

\$28 million over four years to strengthen biosecurity controls, including:

- \$15.3 million in 2019-20 to fund biosecurity interventions at the Australian border to contain and slow the transmission of COVID-19 within the Australian community
- \$8.3 million over three years from 2020-21 to establish new synthetic biology research infrastructure to facilitate rapid responses to emerging disease and biosecurity risks and address critical gaps in technological platforms and informatics

## AgVet

### *Improved Access to Agricultural and Veterinary Chemicals Program — extension Payments*

The Government will provide \$2.4 million over four years from 2020-21 (including \$0.1 million in 2024-25 and 2025-26) to extend the Improved Access to Agricultural and Veterinary Chemicals program. The program will help farmers gain improved access to safe and effective agricultural and veterinary chemicals.

## Water Infrastructure

### *JobMaker Plan — National Water Grid — investing in a long-term approach to water infrastructure Payments*

The Government will provide \$2.0 billion over ten years from 2020-21 for the development and delivery of a 10-year rolling program of priority water infrastructure investments that support agricultural output, increase water security and build resilience. This includes:

- an additional \$2.0 billion for the National Water Infrastructure Development Fund to provide grant funding for the planning and construction of water infrastructure in partnership with the states and territories, including an additional \$162.5 million for the Wyangala Dam (\$325.0 million in total) and \$121.0 million for the Dungowan Dam (\$242.0 million in total)
- \$5.6 million for the National Water Grid Authority to identify and develop projects suitable for inclusion in the 10-year Australian Investment Schedule for water infrastructure projects.

## Tax

### *JobMaker Plan — bringing forward the Personal Income Tax Plan and retaining the low and middle income tax offset*

The Government will bring forward the second stage of its Personal Income Tax Plan by two years to 1 July 2020 while retaining the low and middle income tax offset (LMITO) for 2020-21. The changes will provide immediate tax relief to individuals and support the economic recovery and jobs by boosting consumption.

### Bringing forward the second stage of the Personal Income Tax Plan

The Government will provide additional support to Australian taxpayers by bringing forward the tax cuts in Stage 2 of the Personal Income Tax Plan from 1 July 2022 to 1 July 2020:

- The top threshold of the 19 per cent personal income tax bracket will increase from \$37,000 to \$45,000.
- The low income tax offset (LITO) will increase from \$445 to \$700. The increased LITO will be withdrawn at a rate of 5 cents per dollar between taxable incomes of \$37,500

and \$45,000. The LITO will then be withdrawn at a rate of 1.5 cents per dollar between taxable incomes of \$45,000 and \$66,667.

- The top threshold of the 32.5 per cent personal income tax bracket will increase from \$90,000 to \$120,000.

#### *Retaining the LMITO for the 2020-21 income year*

The Government will retain the LMITO for the 2020-21 income year, providing further targeted tax relief for low- and middle-income earners.

The LMITO provides a reduction in tax of up to \$1,080. It provides a reduction in tax of up to \$255 for taxpayers with a taxable income of \$37,000 or less. Between taxable incomes of \$37,000 and \$48,000, the value of the offset increases at a rate of 7.5 cents per dollar to the maximum offset of \$1,080. Taxpayers with taxable incomes between \$48,000 and \$90,000 are eligible for the maximum offset of \$1,080. For taxable incomes of \$90,000 to \$126,000, the offset phases out at a rate of 3 cents per dollar. Consistent with current arrangements, the LMITO will be received on assessment after individuals lodge their tax returns for the 2020-21 income year.

Retaining the LMITO for 2020-21, together with bringing forward the tax cuts in Stage 2, provides low- and middle-income earning recipients of the LMITO with an additional benefit, supporting them through the economic recovery.

This measure is estimated to reduce receipts by \$17.8 billion over the forward estimates period. Bringing forward legislated changes means this measure has no ongoing budget impact outside the forward estimates period. Stage 3 of the Personal Income Tax Plan remains unchanged and commences in 2024-25 as legislated.

## **Manufacturing**

### *JobMaker Plan — Modern Manufacturing Strategy Payments*

The Government will provide \$1.5 billion over five years from 2020-21 to support the Modern Manufacturing Strategy which is focused on building competitiveness, scale and resilience in the Australian manufacturing sector. Investment and support will focus on creating manufacturing strength and capability in six areas of comparative advantage and strategic interest. These six National Manufacturing Priorities are: resources technology & critical minerals processing; food & beverages; medical products; recycling & clean energy; defence; and space. Funding includes:

- \$1.3 billion over five years from 2020-21 to establish the Modern Manufacturing Initiative which will support manufacturing projects focused on building long-term business collaboration at scale, translating research into commercial outcomes and bringing new products to market, and integrating local firms to deliver products and services into global value chains



- \$107.2 million over four years from 2020-21 to identify and address critical supply chain vulnerabilities by providing manufacturers support through the new Supply Chain Resilience Initiative
- \$52.8 million over three years from 2020-21 for a 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
- \$30.0 million over two years from 2020-21 to the Advanced Manufacturing Growth Centre to continue to support projects, in consultation with other Industry Growth Centres, to build the capability and competitiveness of the manufacturing sector in alignment with the National Manufacturing Priorities
- \$20.0 million in 2021-22 to Industry Growth Centres, including the Advanced Manufacturing Growth Centre, Food Innovation Australia, METS Ignited and MTPConnect in support of the Modern Manufacturing Strategy.