

Federal Budget

NAVIGATING THE NEW NORMAL

2020



DAY ONE



Grant Thornton's National Federal Budget webinar



Expert panel



Greg Keith
Chief Executive Officer
Grant Thornton Australia



Besa Deda
Chief Economist
St.George Bank



Yan Wong
Partner, Tax
Grant Thornton Australia



Hugh Riminton
National Affairs Editor
Channel 10

Facilitated by

Federal Budget Virtual Conference

Agenda

Day 1 – Wednesday, 7 October 2020

Grant Thornton's National Federal Budget webinar

Time: 12pm – 1pm (AEDT) | 9am - 10am (AWST)

Speakers:

Greg Keith, CEO, Grant Thornton Australia

Besa Deda, Chief Economist, St. George Bank

Yan Wong, Partner - Tax, Grant Thornton Australia

Facilitated by Hugh Riminton, National Affairs Editor at Channel 10

Innovation incentives & industry

Time: 1.30pm – 2.15pm (AEDT) | 10.30am - 11.15am (AWST)

Speakers:

Jacky Millership, Partner, Innovation Incentives, Grant Thornton Australia

Sukvinder Heyer, Partner, Innovation Incentives, Grant Thornton Australia

Facilitated by Iain Kemp, Partner & National Head of Industry, Grant Thornton Australia

Supporting businesses through the recession

Time: 2.15pm – 3pm (AEDT) | 11.15am - 12pm (AWST)

Speakers:

Matt Byrnes, Partner, Financial Advisory, Grant Thornton Australia

Tianne Nagy-Jones, Director, Financial Advisory, Grant Thornton Australia



Federal Budget Virtual Conference

Agenda

Day 2 – Thursday, 8 October 2020

Growing out of the recession: Where are investors placing their bets?

Time: 12.00pm – 12:45pm (AEDT) | 9am - 9.45am (AWST)

Speakers:

Neil Cooke, Partner, Financial Advisory, Grant Thornton Australia
Matt Storey, Director, Corporate Finance, Bell Potter
Cyrus Church, Managing Director, Neu Capital
Holly Stiles, Partner, Financial Advisory, Grant Thornton Australia
Cameron Bacon, Partner, Financial Advisory, Grant Thornton Australia

Social expectations on mid-sized business

Time: 1pm – 2pm (AEDT) | 10am - 11am (AWST)

Speakers:

Dr Ian Norton, Founder and Managing Director, Respond Global
Greg Keith, CEO, Grant Thornton Australia
Madina Aziz, Partner, Grant Thornton Consulting
Facilitated by Phillip Coorey, Political Editor, Australian Financial Review

Day 3 – Friday, 9 October 2020

Cost of cyber security

Time: 2.00pm - 2.45pm (AEDT) | 11.00am - 11.45am (AWST)

Speakers:

Matt Green, Partner, Risk Consulting, Grant Thornton Australia
Louise McCann, Chair, Grant Thornton Australia
Chris Watson, Partner, Risk Consulting, Grant Thornton Australia

Embracing technology in the new normal

Time: 3.00pm – 3.30pm (AEDT) | 12.00pm - 12:30pm (AWST)

Speakers:

Ian Renwood, Partner & National Head of Technology Consulting, Grant Thornton Australia
Catherine Graham, General Manager, APAC at Beyond Analysis
Senator Andrew Bragg, Senator for New South Wales, Chair of Select Committee on Financial Technology and Regulatory Technology

Housekeeping

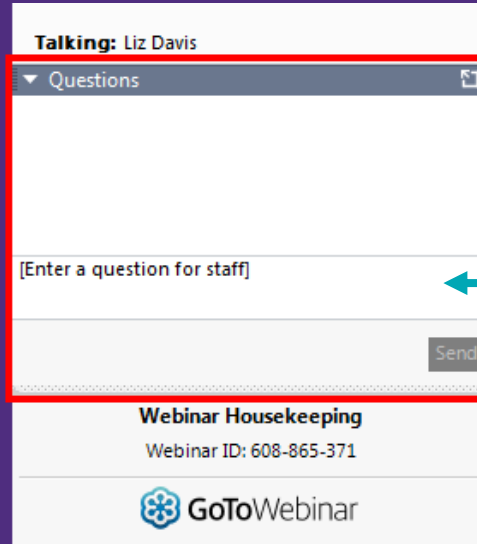


This is an interactive session so we encourage your participation



This session is being recorded and will be shared with all registrants and on our GTAL website and socials.

How to ask questions?



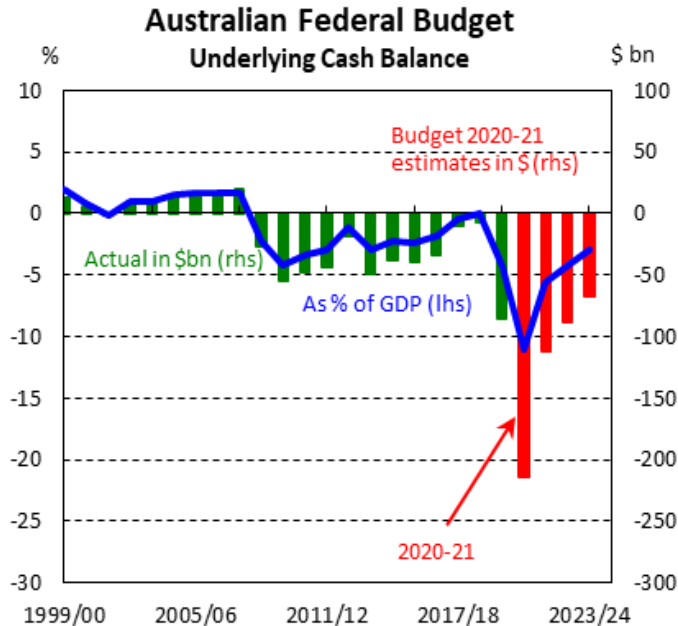
Submit your questions via the Questions panel

FEDERAL BUDGET 2020-21 – A BUDGET FOR OUR TIME

Besa Deda, Chief Economist – St.George, Bank of Melbourne & BankSA

7 October, 2020

RECORD FEDERAL BUDGET DEFICIT EXPECTED



- Without doubt, the COVID-19 pandemic is the largest hit to our economy in 90 years. To do nothing, or to do little, risks leaving future generations with a severely degraded economy and lower living standards.
- The Federal government delivered a Budget for our times.
- The forecast for the budget deficit to widen to a record \$213.7 billion in 2020-21 is consistent with this narrative.
- The Budget aims to fill the hole in demand, ripped out by the COVID-19 pandemic.
- It gives tax relief to businesses, provides tax cuts for households, and support for those employers hard hit by government-imposed restrictions.
- There is a deep awareness within the Budget that businesses create jobs and creating more jobs is the best way to limit the scarring in the economy from the shock of this pandemic.

TAX RELIEF FOR BUSINESSES AND HOUSEHOLDS

Tax Cuts for Low- and Middle-Income Earners				
	Actual		2020-21	
Taxable Income (\$)	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	-2,445	-11.3
100,000	26,632	24,187	-2,745	-9.2
120,000	34,432	31,687	-2,565	-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

- A core theme of the budget was **creating jobs** and providing tax relief for businesses and households.
- The main measures for **businesses** involved the instant asset write-off provisions and the introduction of temporary 'loss carry-back' tax provisions.
- For **households** - personal income tax cuts have been brought forward 2 years (and backdated) to 1 July 2020 – raising the start of the 32.5% and 37% tax brackets. Also increases to the low-income tax offset.
- Infrastructure spending was also another theme.
- There was also job creation initiatives through JobMaker, JobTrainer and the apprentice wage-subsidy scheme.

AN AMBITIOUS ECONOMIC RECOVERY

Key Budget Aggregates and Parameters

	Actual		Forecasts		
	2019-20	2020-21	2021-22	2022-23	2023-24
Budget Aggregates					
Underlying cash balance (\$bn)	-85.3	-213.7	-112.0	-87.9	-66.9
% of GDP	-4.3	-11.0	-5.6	-4.2	-3.0
Net debt (\$bn)	491.2	703.2	812.1	899.8	966.2
% of GDP	24.80	36.1	40.4	42.8	43.8
Major Economic Parameters					
Real GDP	-0.20	-1.50	4.75	2.75	3.00
Employment	-4.30	2.75	1.75	1.00	1.75
Unemployment rate	7.00	7.25	6.50	6.00	5.50
Consumer price index	-0.30	1.75	1.50	1.75	2.00
Wage price index	1.80	1.25	1.50	2.00	2.25
Nominal GDP	1.70	-1.75	3.25	4.50	5.00

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

- The government forecasts the economy to move out of recession and pick up from late 2020, assuming COVID-19 is effectively contained.
- However, the challenges and uncertainty for the economy from COVID-19 remain significant.
- The government forecasts a contraction of 1.5% in real GDP in 2020-21 before growth of 4.75% in 2021-22.
- The unemployment rate is forecast to peak at 8.0% in the December quarter of this year, before falling to 6.5% by the June quarter of 2022.
- Whilst we anticipate the peak to be 8.0% early next year, we expect the unemployment rate is likely to remain above 7.0% by the June quarter of 2022. The JobKeeper scheme is still due to expire at the end of March 2021.
- A huge factor constraining growth is that net immigration is expected to be negative resulting in population growth of just 0.2% - the lowest since 1917!

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It's time to Reinvent, Reimagine, Innovate, Grow & Invest



Instant Write Offs - \$26.7b



Apprentice Subsidies - \$1.2b



R&D - \$2b



Modern Manufacturing Initiative -
\$1.3b



JobMaker - \$4b



Transformational manufacturing
technologies & processes -
\$52.8b

What's next

Innovation Incentives & industry

1.30pm-2.15pm (AEDT)
10.30am-11.15am (AWST)

Speakers

Iain Kemp

Partner & National Head of Industry
Grant Thornton Australia

Sukvinder Heyer

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Jacky Millership

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