



For immediate release

6 October 2020

Melbourne, Australia

BIG SPENDING BUDGET TACKLES ECONOMIC REPAIR

Australia's first recession budget in 30 years, delivered today, will be the forerunner of successive federal budgets focussed on repairing the economic devastation caused by COVID-19, according to CPA Australia.

CPA Australia General Manager External Affairs Dr Jane Rennie said, "Last year's 'back in black', surplus-spruiking budget has been superseded by an expansionary budget, with a projected deficit of over \$213 billion, focused on repairing the damage caused by the global pandemic.

"Australia's economic recovery will be a marathon and this budget sets the stage for a multi-year program of economic repair."

CPA Australia called on the government to deliver a big spending budget to spur productivity, employment and GDP growth. The government has not held back, with major spending initiatives targeting taxpayers, job creation, infrastructure, manufacturing and regional recovery.

Taxation

The Budget brings forward previously legislated income tax cuts for lower and middle income earners, which will be backdated to July 2020. The government will also retain the Low and Middle Income Tax Offset for an additional year providing further relief.

Dr Rennie said CPA Australia was in favour of the income tax cuts. "Recovery is not just about government spending, but also about getting money back into the economy through individual spending and business investment – personal income tax cuts are critical to this.

"Many small businesses operate as sole traders and these tax cuts will help them with cash flow and put money back into their business. Of course, tax cuts only provide effective stimulus to the extent that they translate to increased consumer spending."

Business support

CPA Australia welcomes the extension of the instant asset write off to businesses with a turnover of up to \$5 billion until June 2022. However, with the business outlook being highly uncertain, many smaller businesses may not be in a position to take advantage of this measure.

We also support the introduction of a tax loss carry back, which will provide much-needed cash to previously profitable businesses that are now making losses due to COVID-19.

Dr Rennie said, "This is an idea that has been on the table for a long time and is being used in other economies to help their recovery."



The Digital Business Plan measures support digital transformation but ultimately are a missed opportunity to directly help Australian businesses take up technology to enhance innovation and jobs growth.

“Initiatives to pilot blockchain technologies to reduce the cost of compliance and support for fintech exports are welcomed. Yet more can be done to bring lagging small businesses along to catch up to their counterparts in the Asia-Pacific.

“JobMaker and wage subsidies are a welcome measure for long-term job creation. The government must do more now to support businesses through the recovery phase, so they are confident to take on new employees and sustain growth.”

In the lead up to the Budget, CPA Australia was vocal in seeking funding for businesses to access professional advice. Dr Rennie said, “The risks of business failure and stagnation are likely to be higher for businesses that are unable to pay for professional advice. We are disappointed that the government has not included an initiative which will meet this need.”

Infrastructure and regional Australia

After enduring the ravages of natural disasters including the devastating bushfires and the pandemic, regional Australia will be a major recipient of government spending. The Budget includes spending promises to support regional job creation, local economic recovery and communications infrastructure.

Dr Rennie said, “The Budget includes a significant focus on regional economic and infrastructure spending, making it one of the biggest infrastructure budgets in Australia’s history.

“Infrastructure spending plays an important role in driving job creation. It is important that provision is made for projects in each state and territory which provide a short-term economic boost, such as repairs and maintenance to existing public assets, as well as long-term, large-scale projects.”

The environment

CPA Australia is pleased to see enhanced funding for the Australian Renewable Energy Agency (ARENA) and Clean Energy Corporation to support the development of new technologies to lower emissions. However, other environmental initiatives fell short of offering a long-term, sustainable vision for Australia in emissions reduction and environmental sustainability.

Said Dr Rennie: “Economic recovery cannot be decoupled from environmental sustainability. Climate change policy needs to be a core principle of Australia’s post-pandemic economic recovery, including in this Budget.

“Unfortunately, big picture environmental considerations have been overlooked in the Budget. CPA Australia believes there is a missed opportunity to embed a long-term climate change strategy and ensure Australia’s contribution to meeting the goals of the Paris Agreement.”



Superannuation

“The announcement to ensure portability of superannuation accounts is a good step towards reducing unnecessary cost of lost superannuation for individuals,” Dr Rennie said.

“It is disappointing that the Budget did not include support for Australians to rebuild their superannuation savings, after so many accessed their superannuation accounts to survive financially as a result of COVID-19.”

Reducing red tape

Dr Rennie said, “CPA Australia is pleased to see the permanent retention of the reforms to allow companies to hold virtual AGMs and execute documents electronically.”

<ENDS>

MEDIA CONTACT

Jane Rennie

+61 425 869 017

media@cpaaustralia.com.au

About CPA Australia

CPA Australia is one of the world's largest accounting bodies, with more than 165,000 members working in 100 countries and regions and supported by 19 offices globally. Our core services to members include education, training, technical support and advocacy. Employees and members work together with local and international bodies to represent the views and concerns of the profession to governments, regulators, industries, academia and the community. Visit cpaaustralia.com.au