

12 October 2020

What the 2020 budget means for bus business

The Morrison Government delivered their 2020-2021 'stimulus' budget for the Australian tax-payer on 6 October 2020. There are mixed reviews from the 'experts' and in varying degrees depending on what media outlet you tune into. The various polls are mixed - Newspoll [Oct 11] claims that 80% of Australians support the income tax cuts for low and middle income earners; the Essential Poll [Oct 6] states that only 25% of voters think the budget will be of benefit to them.

My bet is, if I was to conduct a bus industry poll, I think there would be reasonable support for this budget especially the tax breaks for small business - asset write-offs and tax loss 'carry back' up to June 2022, and the significant stimulus being injected into transport infrastructure.

The infrastructure spend is a big one in my view because ultimately the federal government purse is open for business for the states and territories to get going on new and improved road infrastructure. A possible bus rapid transit first in any federal budget that I can think of is the \$17.5 million for the Bus Lane Program — Stirling and Canning Highways in Western Australia.

The budget also comes with a \$3b commitment over 2 years for two nation-wide infrastructure programs. The "Local Roads and Community Infrastructure Program" will be extended with another \$1b over 2 years for local councils to maintain and deliver local infrastructure. Another program, the "Infrastructure Investment – Road Safety and Upgrades Project" aims to provide \$2b for shovel-ready projects on a first-come-first-serve basis where states/territories ready to start will get priority.

The BIC has long advocated for the federal government to provide a greater focus through a specific funding program available to states, territories and local governments on the 'low hanging fruit' improvements across the PT network in the form of bus priority infrastructure and smart technology to prioritise bus services on the road.

I have been holding discussions with the Deputy Prime Minister Michael McCormack and his Department since May of this year regarding a number of key projects for road and transport infrastructure - specifically bus shovel-ready (smart, sheltered and accessible bus stops), integrated PT mode stations and bus layover and traffic light priority projects. I have also taken this agenda to the states and territories, including local government, to keep bus infrastructure in their city planning and new infrastructure or improvements to existing infrastructure.

The \$1.5b put forward in the Modern Manufacturing Strategy is an interesting one. The strategy aims to "to help our manufacturers to scale-up, become more competitive and build more resilient supply chains". Although vehicle and parts manufacturers are not included specifically in the 6 sectors set to receive the direct benefit of this scheme, I can say that I do have the attentive ear of all State Manufacturing Ministers, Federal Manufacturing Minister Karen Andrews and Ben Morton Parliamentary Secretary to the Prime Minister on where bus manufacturing and parts supply/manufacturing fits.

As mentioned in last month's column, the new energy technology coming out of our sector has become a significant eye-catcher of all state/territory and local governments. Watch this space - the wheel is in forward motion on this one and I will be looking closely at proposed procurement and vehicle replacement programs. I have long contended that the federal government needs to provide a capital differentiation payment to support state/territory governments in their purchase of low emission buses. In order for state/territory governments to receive this funding they would have to do one of two things - increase actual public transport bus services or increase the frequency of services by an agreed percentage-amount or invest in recharging infrastructure at bus depots for electric buses, as an example.

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View from Canberra



The federal budget is a good indicator of the possible investment trajectory longer term. I think the infrastructure and manufacturing commitment are the jobs-and-more-jobs winner which will need to be sustained long term. Although I think this budget is definitely a green-light for business to get busy, it is extremely clear that the economic recovery of Australia and the success of this budget is based on a number of assumptions - unfettered national and international borders, a covid-vaccine being available for mass distribution by December 2021 and any substantial interim covid-outbreaks likely to effect confidence of households to spend and businesses to invest and employ people.

Keep safe and well. Stay informed at ozebus.com.au/covid.

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