

# 2021 - 22 BUDGET BRIEFING

ARA INSIGHTS

## KEY 2021-22 BUDGET HIGHLIGHTS FOR RAIL

The Federal Government has outlined a much better than expected result for the Australian economy, with a focus on significant investment in infrastructure, business incentives, and skills.

As a result of the recession induced by the COVID-19 pandemic, Australia's budget deficit will reach \$161 billion this year, which is \$52.7 billion less than predicted in last year's Budget. The unemployment rate has dropped to 5.6 per cent, with over 1 million jobs created or restored since this time last year.

While net debt is forecast to approach almost \$1 trillion by June 2025, the Government has reconfirmed its commitment to an infrastructure-led recovery, which the rail industry will play an important role in delivering. This continued spending on infrastructure reinforces the importance of the ARA continuing its efforts in addressing workforce and skills shortages, improving procurement processes, and driving more innovation across the rail industry.

This year's Budget has delivered over \$3 billion in additional funding for rail related projects around the country.

The following provides an overview of the key highlights from this year's Federal Budget that will be of interest to ARA members.

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## BUSINESS INCENTIVES

The Government has announced it will extend two tax incentives announced in last year's Budget by one year — temporary full expensing and temporary loss carry-back. This is estimated to deliver \$20.7 billion in tax relief to businesses over the next four years.

### TEMPORARY FULL EXPENSING (INSTANT ASSET WRITE OFF)

This initiative allows eligible businesses with annual turnover or total income of up to \$5 billion to deduct the full cost of eligible depreciable assets. These assets must be acquired between 6 October 2020 (last year's Budget announcement) and first used or installed ready for use by 30 June 2023. This tax incentive is expected to be available to 99 per cent of business across Australia.

### TEMPORARY LOSS CARRY-BACK

This initiative allows eligible companies to carry-back tax losses from the 2022-23 income year to offset previously taxed profits as far back as the 2018-19 income year. This will be available to businesses with annual turnover of up to \$5 billion and will help increase cash flow in future years. In particular, it will support companies that were profitable and paying tax but found themselves in a loss position as a result of the COVID-19 pandemic.

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## SKILLS AND TRAINING

### INCREASING TRAINING PLACES

The Government will commit an additional \$500 million, to be matched by state and territory governments, to expand the JobTrainer Fund by a further 163,000 places and extend the program until 31 December 2022. The Fund will support training in digital skills and upskilling in critical industries.

The JobTrainer Fund was launched in 2020 and will support hundreds of thousands of job seekers, school leavers and young people by providing access to free or low-fee training places in areas of skills shortages.

### SUPPORTING APPRENTICESHIPS

The Government is spending an additional \$2.7 billion to extend the Boosting Apprenticeship Commencements program.

The demand-driven program is expected to support more than 170,000 new apprentices and trainees by paying businesses a 50 per cent wage subsidy over 12 months for newly commencing apprentices or trainees signed up by 31 March 2022. The subsidy will be capped at \$7000 per quarter per apprentice or trainee.

This Government is also delivering pathway services for 5000 women to commence in a non-traditional apprenticeship.

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## INTERMODAL FACILITIES AND FREIGHT RAIL

### MELBOURNE INTERMODAL TERMINAL

The Government will commit \$61.8 million for the planning and development and up to \$2 billion for the delivery of a new intermodal terminal in Melbourne to increase efficiency and capacity of the national and Victorian freight industry by overcoming the constraints of the Dynon precinct and Melbourne's broader freight network.

The Australian and Victorian governments are jointly considering two potential sites for the intermodal terminal: one at Truganina and the other at Beveridge, which would connect to Inland Rail.

This Commonwealth commitment is contingent on a matching contribution by the Victorian Government.

### NATIONAL FREIGHT DATA HUB

The Government will commit an additional \$16.5 million over four years to establish the National Freight Data Hub, building on the \$5.2 million provided in 2019-20 to settle the design of the Hub.

The Hub will be a federated data sharing network that has an initial focus on governments providing better access to their data; facilitates data exchange, including by establishing data standards; and promotes leadership and innovation. This will enhance the collection and access to freight data across all modes, including rail.

### TENNANT CREEK MULTIMODAL FACILITY AND RAIL TERMINAL

The Government is spending \$260,000 for the development of a fully operational multimodal facility and rail terminal in the Northern Territory to meet the current and future growth needs of Tennant Creek and the Barkly region.



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The study will explore the feasibility and options for proceeding with the multimodal facility through the investigation of land constraints, infrastructure needs (road and essential services) necessary for the facility and the site for a rail freight terminal for the future Mt Isa to Tennant Creek rail link to meet the needs of the surrounding region.

## RAIL UPGRADES

### METRONET

The Government will commit \$237.5 million for the removal of two road-rail level crossings (at Hamilton Street and Wharf Street) on the inner Armadale Line of METRONET through an elevated rail solution, and the reconstruction of Queens Park and Cannington stations as elevated stations. The project will improve safety by resolving conflict between trains, vehicles and pedestrians, and ease traffic movements in the area.

The project is expected to start construction in early 2022 and be completed by mid 2025.

The Government will also spend an additional \$110 million on extending the current Armadale line by 8km south to Byford, with a new grade separated rail crossing at Armadale Road and an elevated station at Armadale.

The main delivery contract expected to be awarded in late 2021.

### GOLD COAST RAIL LINE CAPACITY IMPROVEMENTS

The Government will commit \$178.08 million to undertake pre-construction activities to upgrade the 19km section of existing rail track from Kuraby to Beenleigh of the Gold Coast Light Rail. The project will finalise the scope, cost, timing and procurement for the project and undertake community consultation. Upgrading this section is the critical

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first step in providing faster, more efficient passenger rail services from Brisbane to the Gold Coast.

This project is expected to start in mid 2023 and be finished by mid 2025.

## **GOLD COAST LIGHT RAIL – STAGE 3**

The Government will commit \$126.6 million for the Third Stage of the Gold Coast Light rail, that would deliver a 6.7km extension south of the existing tram network, linking Helensvale to Burleigh Heads and providing eight additional stations.

Major construction is expected to start in 2021.

## **CANBERRA LIGHT RAIL – STAGE 2A**

The Government will commit \$132.5 million for the Canberra Light Rail - Stage 2A, that will extend the Canberra Light Rail network 1.7km from Canberra City to Commonwealth Park with three new stations and associated utilities preparation.

This project is expected to start construction in early 2022 and be completed by early 2026.

## **COMMUTER CAR PARKS**

The Government will commit an additional \$92.8 million for commuter car park upgrades at Berwick, Frankston and Ringwood rail stations in Melbourne to increase the capacity of the park and ride facilities.

The upgrades at Berwick station are expected to be completed in early 2022. The upgrades at Frankston and Ringwood stations are still in the planning stages.

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## GAWLER RAIL LINE ELECTRIFICATION

The Government will commit an additional \$60 million to upgrade and electrification of the rail line between Salisbury and Gawler in Adelaide, the installation of new a signalling system and related equipment.

The electrification project commenced in early 2019 is expected to be completed by late 2021.

## GOODWOOD AND TORRENS RAIL JUNCTIONS

The Government will spend an additional \$3.1 million to complete the final two sections of the Goodwood and Torrens Rail Junctions Project that will improve Adelaide's urban environment through the provision of upgraded cycling and pedestrian linkages.

The Leader Street and the Mike Turtur Bikeway components are in the planning stages and are expected to be completed in late 2022.

## TASMANIAN FREIGHT RAIL REVITALISATION

The Government will commit an additional \$24 million to install a new shiploader at the Burnie Port in North West Tasmania, to replace the existing 50 year-old unit, to enable bulk commodities to be transferred to container ships for domestic and overseas export.

The project is expected to commence construction in late 2021 and be completed by late 2022.

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## SIGNALLING

### METRONET

The Government is spending an additional \$31.5 million on the METRONET High-Capacity Signalling project, to replace the existing rail signalling and control systems, which are nearing the end of their asset lives. New advanced train control systems will be installed to allow trains to operate more frequently, building capacity into the rail network.

The project is expected to commence mid 2021 and be completed in mid 2024.

## PLANNING AND BUSINESS CASES

### KALGOORLIE RAIL REALIGNMENT

The Government will commit \$2 million for the development of a business case for a realignment of the rail line through Kalgoorlie, Western Australia. The business case will look into rail designs that will support efficient access and industrial development in the area.

This project is expected to start in mid 2022 and be completed by mid 2024

## MORE INFORMATION

For more information, please contact ARA General Manager Policy & Government Relations, Simon Bourke at [sbourke@ara.net.au](mailto:sbourke@ara.net.au).