Federal Budget 2012: The federal budget winners and losers

By Michelle Hammond
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With such a cut-and-dry approach to this year’s budget, it’s fairly easy to sort the winners from the losers.

We look at who will benefit, and who will lose out, based on the measures unveiled by Treasurer Wayne Swan last night.

The winners

1. Manufacturers

According to AIG chief executive Innes Willox, the scrapping of the company tax cut will reduce incentives to invest and innovate.

Willox said the decision is a particular setback for businesses in non-mining, trade-exposed industries such as manufacturing.

But, for new manufacturers, the Government has pledged $29.8 million for the creation of a Manufacturing Technology Innovation Centre.

The centre will create, foster and leverage industrial design, engineering and product development via leading-edge technologies, business processes and technical know-how.

The MTIC will use existing Enterprise Connect infrastructure to provide grants for projects, and will call on expert bodies to provide tailored advice to individual firms.

2. Tradies

A total of $19.4 million will be spent over four years to provide business and finance training to newly qualified tradespeople in order to help them start their own businesses.

Grants of up to $5,000 will be available for 500 people in 2012-13, and then 1,000 people each year from 2013-14.

People can apply for a grant within two years of completing a trade-related apprenticeship.

“Lots of people who come out of their apprenticeship end up being independent contractors because of the nature of the industry,” small business lobbyist Peter Strong says.

“$5,000 to help them get it right – you can’t say that’s a bad thing.”

3. University students

While there’s plenty of debate about the importance of university degrees for would-be entrepreneurs, they are still a useful asset, particularly for entrepreneurs who lack experience.

A total of $38.8 billion will be invested over the next four years to support the Government’s decision to lift the cap on student places, making it easier for students to gain a spot.

The losers

1. Retailers

There’s nothing in this year’s budget aimed specifically at retailers, despite being one of the highest suffering sectors at present.

The Australian Retailers Association says retailers will benefit through the Family Tax A and the Schoolkids Bonus, saying it will take the pressure off low and middle income households.
However, it believes the measure should have gone further.

“ARA would also like to have seen these [measures] provide a real difference in consumer confidence by putting more money put the pockets of upper and middle income earners,” ARA president Roger Gillespie says.

2. Start-ups looking for overseas talent

The Government is cracking down on the tax concession for living-away-from-home allowances and benefits. This could affect start-ups looking to recruit overseas talent.

One of the issues raised at last year’s tax forum was the increasing exploitation and misuse of this tax concession, particularly among highly-paid executives and foreign workers.

The Government will now ensure it can only be used for the expenses of people who are legitimately maintaining a second home in addition to their actual home, for up to 12 months.

“The changes to the tax treatment of Living Away From Home allowances and benefits will exacerbate the difficulties for business in attracting highly-skilled employees to fill positions away from their home,” says Innes Willoxf of Australian Industry Group.

3. High-income earners

From July 1, individuals with income greater than $300,000 will have the tax concession on their contributions cut from 30% to 15%.

While there’s not too many start-up founders who earn $300,000, this measure could affect more established self-made entrepreneurs.

The reform is designed to reduce the tax concession that very high income earners receive on their concessional contributions, so it is more in line with the concession received by average income earners.

It is expected to affect around 128,000 people or 1.2% of people contributing to superannuation.