


CCHQ 2022

STRONG ECONOMY. STRONGER FUTURE.

16 May 2022

Mr Andrew McKellar
Chief Executive Officer
Australian Chamber of Commerce and Industry
Via email: ea@australianchamber.com.au


Dear Mr McKellar,

Thank you for the opportunity to provide the views of the Coalition on important issues facing your members. A response to your questions is attached.

The last two years have been tough for our country.

Despite the setbacks, Australia's economic recovery is leading the world.

Unemployment is at 4%, the equal lowest in 48 years. And the recent Budget included the biggest turnaround in our finances in over 70 years.

There's much more to be done. To build a stronger future, our plan will:


1. Deliver more jobs and working towards unemployment below 4%.
2. Deliver tax relief for workers and small businesses.
3. Invest in roads, rail, water infrastructure and renewable energy technology.
4. Make record investments in health and other essential services.
5. Invest in stronger defence, security and borders.

This election provides a clear choice, with real consequences for Australia.

The alternative at this election is Anthony Albanese and Labor. Labor would weaken our economy and put Australia's recovery at risk. Now is not the time to change course.

Thank you for communicating our response to your members.

Yours sincerely,


Andrew Hirst
Federal Director

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INATIONALS
for Regional Australia

MORRISON GOVERNMENT RESPONSE TO THE AUSTRALIAN CHAMBER OF COMMERCE AND INDUSTRY

Skills

1. Investing in apprenticeships and training

Taking on a beginner apprentice with no experience is an expense many a business can't afford. The incredibly effective Boosting Apprenticeship Commencements program was vital in arresting downward trend during the pandemic, but the new proposed incentives to operate from 1 July 2022 will not deliver the apprentices and trainees required for growth in trade commencements and will lead to a fall in trainee numbers.

Will the Liberal National Party Coalition commit to upgrading the wage subsidy to 30% for 12 months for long-term trade apprentices and 6 months for 1-year traineeships?

The Coalition has a strong record of backing apprentices and trainees.

We have delivered record levels of support to protect Australians during the COVID-19 pandemic. These efforts saved a generation of skilled Australians and prioritised retention, growth and completions in trade and non-trade apprenticeships and traineeships.

The Morrison Government is investing a record \$7.8 billion this financial year to keep apprentices and trainees in jobs and help Australian's re-skill. This follows an unprecedented package of support to apprentices throughout the pandemic including programs such as *Supporting Apprentices and Trainees (SAC)*, *Boosting Apprenticeship Commencements (BAC)* and *Completing Apprenticeship Commencements (CAC)*—all of which fundamentally supported employers and helped apprentices and trainees keep their jobs during the COVID crisis.

Over 530,000 apprentices and trainees will be supported by the wage subsidies we have announced since the pandemic hit, with total pandemic apprentice wage subsidy support now reaching over \$7.9 billion.

The Morrison Government's support has seen the number of trade apprentices in training rise to 220,000 – the highest level since records began in 1963.

The Morrison Government took an informed and balanced approach to designing the streamlined apprentice support system and is investing an additional \$2.4 billion to support employers and apprentices from 1 July 2022.

The new Australian Apprentices Incentives System (AAIS) provides, for the first time, ongoing wage subsidies for employers of 10 per cent for the first two years and 5 per cent for the third year for priority occupations. This support is considerably higher than support provided by any government pre-pandemic.

The AAIS also introduces a new \$5,000 support payment for apprentices, combined with more in-training support places, which will encourage apprentices to complete their apprenticeship or traineeship. This will help realise the investment made by employers and will further boost the number of skilled and qualified Australians entering the workforce.

2. More skilled workers for our job vacancies

There are plenty of jobs in Australia but not enough workers with the skills to match. While this extra funding is welcome, we believe that Australia will need an additional 400,000 funded students to get us close to the numbers that were being funded previously.

How will a re-elected Coalition government ensure that the already announced funding in the 2022-23 Budget delivers the skills needed?

The Commonwealth and State and Territory governments continue to work towards a new National Skills Agreement, which would provide each jurisdiction with a major boost to their funding for skills training in priority areas.

The Morrison Government is providing an additional \$3.7 billion, on top of the existing \$8.3 billion National Skills and Workforce Development Specific Purpose Payment, under the new agreement.

This additional funding has the capacity to deliver an additional 800,000 training places.

A new agreement would increase transparency in the system and lower student fees, ensuring students can access high-quality, relevant training to ensure they have the appropriate skills for the jobs of the future.

3. Skilled Migration

With such acute workforce shortages and skills gaps, we need to urgently restore Australia's migration program by improving its accessibility and responsiveness.

ACCI advocates for a removal of the complexity of lists and a return to the ability for employers to access all skilled occupations for employers nominating workers under the employer sponsored temporary and permanent skilled streams.

Is this something the Coalition would commit to so that migration can again be an effective and accessible tool to address our skills shortages?

Will a Coalition Government also reconsider the permanent cap of 160,000 announced in the budget and commit to a cap of 200,000 permanent skilled migrants for each of the next two years?

In this year's Budget, the Coalition announced a review of the skilled visa occupation lists will take place in mid-2022. A re-elected Morrison Government would make this a priority, with a particular focus on critical skills based on advice from the National Skills Commission.

Additionally, the Budget allocated funding to the Australian Bureau of Statistics for a significant review of emerging occupations that are driving economic growth.

The Government has also made regulations to create a pathway to permanent residence for all skilled workers who remained in Australia during the pandemic.

The Morrison Government will manage Australia's population growth, while backing our critical industries and regions to grow and drive the Australian economy.

The Government's 2022-23 Migration Program is backing businesses, backing the regions, and backing families.

We are also backing businesses with 109,900 places for the critical skilled workers they need to grow – more than 30,000 places above 2021-22 planning levels.

Regions will also benefit with the commitment to more than double the number of regional visas to 25,000 places.

We are also backing families with 50,000 family stream places.

The Morrison Government conducts wide consultations on the size and composition of the migration program, and will consult widely across Australia leading up to Budget 2023-24.

Jobs and Labour Force Participation

4. Getting aged pensioners into the workforce

Aged pensioners want to get back into the workforce and certainly employers need experienced workers, but many are prevented due the effect it has on their pension.

Does the Coalition intend to reintroduce the Social Services Legislation Amendment (Workforce Incentive) Bill 2022 once Parliament resumes?

Will the Coalition commit to further measures to increase participation of aged pensioners?

For example, raising the income-free threshold and work bonus to allow older Australians to keep more of their pension while simultaneously earning income?

The Morrison Government can be trusted to look after older Australians.

Since the Coalition was elected in 2013, pensions have increased by \$179 a fortnight for singles and by \$270 a fortnight for couples combined.

Pensioners who want to work, are able to take advantage of the income free area of \$180 per fortnight, with no impact on their pension. The Work Bonus operates in addition to the income free area, and allows the first \$300 of employment income each fortnight to be exempt from the income test. Any unused work bonus amount builds up in an income bank up to a total of \$7,800. This can be used to exempt future earnings from the income test, so a pensioner could earn up to \$7800 a year from extra work without it affecting their pension at all.

Additionally, the Pension taper rates also allow for a single pensioner to earn up to \$2,155.20 a fortnight and continue to receive a part-rate of pension.

The Morrison Government is also making it easier for age pensioners to move between periods of work and the Age Pension. The Government has introduced legislation to allow age pensioners with employment income whose payment stops because their income is too high will be suspended for up to two years, instead of cancelled after 12 weeks. To receive the pension again, the individual will simply only need to provide an update of their circumstances including their current income and assets information. They will also be able to keep their Pensioner Concession Card, and associated benefits, for up to two years. The Morrison Government remains committed to this legislation.

5. Getting more unemployed young people into traineeships

The current Youth Jobs PaTH program, which is meant to help job seekers undertake training, followed by a work trial and then secure a job, is not working as intended. ACCI recommends this be replaced with Training to Work, where the training and work happen concurrently. This is far more likely to lead to a job outcome than the current program. We note the Government's recently released National Workforce Strategy. Is replacing PaTH with Training to Work something a re-elected Coalition government would be willing to explore as part of the Strategy?

The Morrison Government is committed to helping young people get the support they need to increase their employability and move into work or appropriate training. Youth Jobs PaTH helps young people become more competitive in the labour market by ensuring they have the basic employability skills that businesses need, while providing them with opportunities to demonstrate those skills and secure ongoing employment.

The Prepare, Trial and Hire elements of Youth Jobs PaTH are flexible, which allows eligible young people to be referred to the elements that best suit their needs and level of work-readiness, and in any order.

The Morrison Government remains committed to supporting young people through the successful Youth Jobs PaTH program, investing \$449.7 million in the program over five years from 2021-2022 to 2025-26. At the end of February 2022, over 139,300 young people had participated in at least one element of Youth Jobs PaTH, with over 88,900 (63.8 per cent) obtaining a job placement.

6. More job vacancies filled through publicly funded employment services

Jobactive has not been able to secure more than 5% of employer vacancies, due to lack of awareness as well as confidence by employers that the system will deliver suitable candidates.

How does the Coalition propose to build confidence in the new employment services system, Workforce Australia, to connect unemployed Australians with employers effectively?

Once the new system is up and running, will the Coalition consider reintegrating the employment service for people with disabilities back into the core employment system so that it becomes a higher profile one-stop shop for employers to list vacancies?

The Morrison Government is investing \$5.9 billion to provide an innovative, flexible, and targeted service that will modernise how job seekers access assistance to prepare for work and connect with employers.

Workforce Australia is the largest reform to employment services since 1998 and will make it easier for Australians to find a job, and for businesses to find skilled staff, when it replaces jobactive in July 2022.

Workforce Australia will support business and industry with tailored recruitment and workforce planning. The new service will streamline how businesses find and hire the right people, with the right skills at the right time. Business and Industry will also have access to additional support packages for specific tailored projects to connect job seekers to large employers, key industries, and occupations with high demand for workers through Workforce Specialists.

7. Getting parents back into the workforce

We note the Government has already brought forward the childcare subsidy 30 per cent uplift for parents with multiple children in care to 7 March from 1 July 2022.

Will the Coalition consider investing more in the childcare subsidy to ensure childcare remains accessible, particularly for lower-income earners as well as providing further options for others through subsidies for nannies and/or the development of new visa arrangements for au pairs to further make it easier for mums, children and working families to get ahead, and increase workforce participation?

The Morrison Government is investing around \$11 billion in child care during 2022-23.

Under our policy, more support goes to those on low and middle incomes, with extra support for families in need through the Child Care Safety Net, which can cover up to the full fee for full time care.

The Morrison Government abolished the annual cap on the Child Care Subsidy, and since March, it has been providing a higher subsidy of up to 95 per cent for families with multiple children in child care at once, because this is where out-of-pocket costs double or treble and create a barrier to work.

Since 2018, the government's once-in-a-generation reform to child care funding has continued to support Australian families through average hourly out-of-pocket costs for Centre Based Day Care are still 12.5 per cent lower than when we reformed the child care system (\$4.26 an hour in June 2021, down from \$4.87 in June 2018). In addition, the hourly rate cap mechanism introduced to keep downward pressure on fees is working – with around 85 per cent of services still charging below the hourly rate cap. Also, a 2022 independent evaluation of the Child Care

Package found the Child Care Subsidy reduced out-of-pocket costs for a majority of families. The biggest savings were to low-income families and families with multiple children

The Morrison Government has also made the first ongoing preschool funding commitment of any Commonwealth Government. Our \$2 billion commitment in the 2021-2022 Budget guarantees that all four year olds are funded for “universal access” to 15 hours of preschool a week in the year before full time school.

Under our Government, women’s workforce participation hit a record high of 62.4 per cent in February 2022. In March 2022, women’s workforce participation was around record highs at 62.2 per cent, compared to 58.7 per cent under Labor.

The Gender Pay Gap fell to a record low of 13.4 per cent in November 2020 and while currently at 13.8 per cent, the Gender Pay Gap under our Government is significantly lower than the 17.4 per cent we inherited from Labor.

Small Business

8. Investment in digital technology and people

Increasing the digital capability and productivity capacity of the staff in small businesses is essential if we are going to see them grow and compete.

Will the Coalition commit to supporting its extension to a three-year program to allow businesses to improve their digital capability and upskill their workforce?

The Morrison Government is delivering \$1.6 billion in tax relief to support small businesses to go digital and upskill their employees. As part of the Morrison Government’s plan for a strong economy and a stronger future, the Technology Investment Boost will increase digital uptake while the Skills and Training Boost will help small business attract, retain and upskill staff.

Technology Investment Boost

The Morrison Government’s Technology Investment Boost reduces the cost of going digital, supporting businesses to invest more in their digital capability. This measure will provide tax relief of \$1 billion.

More than 3.6 million small businesses with an annual turnover of less than \$50 million will be able to claim a bonus 20 per cent deduction, from 29 March 2022, for the cost of expenses and depreciating assets, up to \$100,000 of expenditure per year.

Eligible expenditure includes items such as portable payment devices, cyber security systems and subscriptions to cloud-based services.

Skills and Training Boost

The Morrison Government's Skills and Training Boost encourages small businesses to train new staff and upskill existing staff, helping them to be innovative and grow. This measure will provide tax relief of \$550 million. From 29 March 2022, small businesses will be able to claim a bonus 20 per cent deduction for the cost of external training courses delivered to employees in Australia or online, by providers registered in Australia.

The Technology Investment Boost remains in place until 30 June 2023 while the Skills and Training Boost will run until 30 June 2024. Closer to when these incentives are due to expire, the Government will assess whether it's appropriate to unwind these incentives, after taking into consideration the state of the economy and fiscal conditions.

Digital Solutions – Australian Small Business Advisory Services

The Morrison Government's Digital Solutions – Australian Small Business Advisory Services is an ongoing program that works with small businesses to make the most of digital tools and offers broader advice specific to individual business needs such as how digital tools can help your small business, websites and selling online, social media and digital marketing, using small business software and online security and data privacy.

Digital Solutions provides a seven hour packaged service that offers three hours of one-on-one tailored support as well as group workshops or webinars. As at 31 December 2021, the Digital Solutions program has provided assistance to more than 35,000 small businesses since the program began in July 2018 to improve or go digital.

9. Stimulate business investment

The introduction of temporary full expensing at the beginning of the pandemic has provided crucial support to business investment but businesses have not had the confidence to invest as they normally would.

Will a re-elected Coalition government commit to extending the temporary full expensing measure until June 2025 to allow more businesses the opportunity to capitalise?

To unlock investment, the Morrison Government has expanded the successful Instant Asset Write Off. Over 99 per cent of businesses can write off the full value of any eligible asset they buy until 30 June 2023. Small, medium and larger businesses with a turnover of up to \$5 billion are eligible.

Companies with annual turnover of less than \$5 billion can also offset losses against previously taxed profits (loss carry-back) to generate a refund up to the 2022-23 income year.

These incentives are working. Non-mining business investment is expected to grow by 7 per cent in 2021-22 and 9 per cent in 2022-23, reaching the highest share of the economy since 2011 in the June quarter of 2023. The incentives are expected to support around \$320 billion of business investment, driving productivity and creating jobs.

The expanded and successful Instant Asset Write Off remains in place until 30 June 2023. Closer to this date, and possibly in the 2023-24 Budget, the Government will assess whether it's appropriate to unwind the expanded instant asset write off, after taking into consideration the state of the economy and fiscal conditions.

10. Reduce business insurance costs.

The past few years has seen the cost of insurance for small businesses become significant and unsustainable. We note the Coalition Government has made some moves in this space through the Northern Australia guarantee but this does not cover the rest of the country nor all the areas in need of assistance.

Will the Coalition commit to a formal review of the costs of business insurance and consider a range of government interventions aimed at making business insurance more affordable?

The Morrison Government has taken action to reduce business insurance costs. Small businesses in Northern Australia stand to benefit from premium reductions provided by the Northern Australia Cyclone and Flood Damage Reinsurance Pool, with those SMEs under the most acute pressure expected to see premium reductions of up to 34 per cent. The Morrison Government will continue to monitor the insurance industry, particularly with respect to insurance for small businesses, and will take steps where necessary to increase competition and affordability in the sector.

11. Better use of technology to tackle regulatory burden

Government regulations for small businesses are currently time-consuming and complex. Investment in digital technologies like RegTech can provide better ways of regulating for small business owners.

Will the Coalition commit to continue to grow the effective use of RegTech to simplify regulatory compliance and reduce the administrative burden on small businesses?

The Morrison Government is committed to delivering targeted reforms to remove unnecessary red tape, lower the compliance cost of regulation, increase productivity and make it easier for business to invest, grow and create more jobs. One of the ways the Morrison Government will continue to do this is through continued and expanded use of RegTech and digital solutions to replace or streamline manual reporting – saving time and money for small businesses.

The Morrison Government will build on the potential of RegTech to support more efficient interactions between regulators, business and the community being driven by the RegTech Steering Group, reporting to the Regulator Leadership Cohort as part of the Government's deregulation agenda.

The Morrison Government will also award 17 businesses more than \$1.6 million to develop early-stage solutions that use technology to reduce regulatory processes and burdens under the Business Research Innovation Initiative RegTech round.

12. Improved access to risk capital

Small business owners are having difficulty securing funding for larger long-term investments and are paying high interest rates.

Now, more than ever, small businesses need improved access to risk capital through methods such as loan guarantees and a private-public partnership model. How will the Coalition help make this happen?

The Morrison Government is providing continuing support for Australian small and medium businesses looking to access finance.

In 2019, the \$2 billion Australian Business Securitisation Fund was established to invest in securitisations backed by SME loans and issued by smaller banks and non-bank lenders. In October 2020, the Government launched the Australian Business Growth Fund to provide longer term equity funding to small businesses looking to expand.

In response to COVID, our Government has also established the SME Recovery Loan Scheme, allowing SMEs to access additional funding or refinance existing loans at a lower interest rate. This funding is supporting small and medium businesses through the pandemic recovery and enabling them to invest in the future.

13. Government support in a crisis

The spate of recent floods, pandemic and bushfires across Australia has demonstrated how uncertain things are for small businesses as they try to determine what level of support they can get from a federal or state government.

Will the Coalition create a better framework for business support in times of pandemic or disaster?

The Morrison Government is committed to supporting small business through times of crisis and disaster. Since the onset of the COVID-19 pandemic, the Morrison Government has committed \$314 billion in direct economic support to households and businesses.

The Morrison Government has provided a comprehensive package of measures to support small businesses to grow, innovate and create more jobs, including improved access to finance, direct support for flood/fire affected areas and mental health support.

The Morrison Government is improving access to finance for small business by supporting 88,000 loans worth around \$9.8 billion made under the phases of the SME Guarantee Scheme and SME Recovery Loans Scheme, and by expanding criteria and extending the SME Recovery Loan Scheme until 30 June 2022 to help more businesses successfully adapt to the new economy and invest for the future.

The Morrison Government is investing a total of \$26.8 million in the Government's business recovery and resilience service—Strengthening Business—extending the service to 30 June 2023, prioritising businesses impacted by recent flooding events and bushfires. This includes

\$7.1 million to expand the program to include at least 30 of the most flood-impacted regions of northern New South Wales and south-eastern Queensland.

The Morrison Government is providing services to farmers, fishers, foresters and small related enterprises experiencing, or at risk of, financial hardship by investing \$61 million in the Rural Financial Counselling Service over three years from 2021-22.

The Morrison Government has also provided in the 2022-23 Budget, an additional \$8 million to the Australian Small Business and Family Enterprise Ombudsman to work with service providers to enhance small business capability.

The Morrison Government is committed to ensuring that our national natural disaster arrangements are as effective as possible in protecting people, property and the environment.

In the year and a half since the Final Report of the Royal Commission into National Natural Disaster Arrangements (the Royal Commission) was handed down, the Commonwealth has delivered important reforms to its emergency management architecture. This includes establishing the National Recovery and Resilience Agency, and the Australian Climate Service.

We have also invested over \$950 million in risk mitigation and disaster resilience, so communities are better prepared for future disasters. Under the current arrangements, the Australian Government co-funds support for small businesses and primary producers affected by natural disasters – for example, we've committed over \$2 billion with NSW and over \$130 million with QLD for support – including \$50,000 small business grants and \$75,000 Primary Producer Grants for those affected by the recent floods.

Growth and Business Investment

14. Getting more investment in machinery, plant, and equipment

The Temporary Full Expensing (TFE) measure has been successful in stimulating smaller-scale business investments in plant and equipment. We also need an avenue for businesses of all sizes to make larger-scale investments like heavy industrial machinery and large-scale equipment.

Will the Coalition commit to extending the TFE, for at least the next three years (to 2024-25), to continue to support small business investment in plant and equipment?

Would the Coalition consider offering an investment allowance of 20% of the value of depreciable assets over \$500,000 to give businesses of all sizes the confidence to make these bigger investments in heavy industrial machinery and large-scale equipment?

To unlock investment, the Morrison Government has expanded the successful Instant Asset Write Off to 30 June 2023.

In addition, the Government is delivering \$1.6 billion in tax relief through two targeted 20% bonus deductions for small businesses that invest in digital technology and in their staff. The

Technology Investment Boost remains in place until 30 June 2023 while the Skills and Training Boost will run until 30 June 2024. Closer to when these incentives are due to expire, the Government will assess whether it's appropriate to unwind these incentives, after taking into consideration the state of the economy and fiscal conditions.

15. Getting more investment in R&D and innovation

Australia's investment in research and development (R&D) at 1.8% of GDP has fallen well behind that of other comparable countries. The patent box reforms, with lower tax rates for businesses to commercialise their R&D and innovation in Australia were very welcome, but their application is very limited - medical and biotechnology, and more recently agricultural and emissions technology sectors.

Will the Coalition further expand the scope of the patent box incentives to other industry sectors, particularly traditional manufacturing sectors, energy and information and communications technology?

Would the Coalition consider other additional forms of support, such as grants and other financial assistance, to further assist businesses to commercialise R&D and innovations on our shores?

The Morrison Government has invested more than \$93 billion in the science, research and innovation sectors – to support hundreds of thousands of highly-skilled Australian jobs to keep Australia strong, and secure our economic future.

The Morrison Government has announced a \$2.2 billion University Research Commercialisation Action plan, developed in collaboration with leaders from academia, business and start-ups.

The new \$1.6 billion ten-year investment in Australia's Economic Accelerator – a stage-gated competitive funding program that takes great Australian research down the innovation pipeline to generate new products, new companies and importantly, new jobs

Funding of \$296 million will support 1800 new industry PhDs and 800 new industry fellowships – fundamentally reshaping the research workforce and giving more opportunities to Australia's research entrepreneurs, innovators and problem-solvers. Funding of \$362 million will support the Trailblazer Universities program to create commercialisation leaders in areas of national priority. Funding of \$150 million will expand CSIRO's Main Sequence Ventures, catalysing more venture capital investment in early-stage commercialisation projects and providing a pathway to market scale.

The Morrison Government has announced the first three successful Trailblazer Universities including; \$50 million to create a new business and research partnership with Western Australia's Curtin University, focusing on the critical mineral supply chain and \$50 million to create a new business and research partnership with the University of Adelaide to help build new defence technologies and products.

The Morrison Government acknowledges that leaders from our business and research sectors have warmly welcomed the Research Commercialisation Action Plan. The Morrison Government acknowledges the Australian Chamber of Commerce and Industry comments that the Action Plan will 'empower businesses to grow and export our innovations globally'

The University Research Commercialisation Action plan is backed by the \$2.5 billion Modern Manufacturing Strategy, R&D Tax Incentive and the patent box.

The Modern Manufacturing Strategy is based around our six National Manufacturing Priorities: Food and beverage, Medical Products, Resources Technology and Critical Minerals Processing, Recycling and Clean Energy, Defence and Space.

In the 2022-23 Budget, the Morrison Government committed an additional \$1 billion to the Modern Manufacturing Strategy, including an additional \$750 million into the Modern Manufacturing Initiative to support high-impact manufacturing projects and turbocharge private sector investment in Australian manufacturing.

Since 2020, more than \$1 billion of funding under the Modern Manufacturing Strategy has delivered over 200 transformational projects, leveraging \$2.85 billion of co-investment across our six National Manufacturing Priorities.

The Patent Box is a part of the Government's economic plan, announced as part of the 2021-22 Budget, which will increase investment by ensuring innovative Australian businesses are incentivised to commercialise their research and development in Australia.

This new concession, provided through Australia's patent box regime, will support research and development for decades to come, as well as help retain Australian innovations in Australia during commercialisation and complements the Government's additional \$2 billion investment in the Research and Development Tax Incentive announced in the 2020-21 Budget. The Research and Development Tax Incentive supports more than 11,000 businesses a year with tax incentives worth \$2.5 billion per year.

In the 2022-23 Budget the Morrison Government committed to expanding the patent box tax concession to agriculture and low emissions technologies as well as medical and biotechnology innovations.

The Morrison Government will consult with industry before settling the detailed design of the patent box expansion to agriculture.

The Morrison Government will continue to consult on other opportunities to support greater R&D uptake once arrangements for biotechnology, low emissions technologies and agriculture technologies have been implemented.

16. Making business tax more competitive to attract foreign investment

The current tax rate for medium to large businesses, at 30%, is one of the highest in the developed world. This is inhibiting the growth of more than just larger businesses, as SMEs rely on larger businesses, both suppliers and customers.

The Coalition's success in lowering the company tax rate for smaller businesses to 25% is very welcome but would the next Coalition government commit to extending the 25% tax rate to all businesses as a means of encouraging growth and attracting foreign investment?

If not, would the Coalition at least consider increasing the base rate entity eligibility criteria for the 25% small business corporate tax rate to SMEs with an aggregate turnover of less than \$250 million, up from the current \$50 million?

Lower taxes are at the heart of the Morrison Government's economic plan. The Government will continue to look for opportunities to lower taxes in a fiscally responsible manner and consistent with the medium-term fiscal strategy.

It was the Coalition Government that delivered small businesses the lowest tax rate in over 50 years, cutting the rate from 30% under Labor to 25% today. In the 2020-21 Budget the Government increased the small business threshold from \$10 million to \$50 million to promote investment and create jobs. In the post-election period, the Government is open to consider increasing this threshold again, to drive investment and create jobs.

While other advanced economies have announced tax increases coming out to the pandemic, for example the UK, we continue to lower taxes to ensure a world class economic and jobs recovery.

Sustainability

17. Achieving net-zero emissions by 2050

If Australia is to do its part in slowing down climate change, we need to remain committed to the net-zero by 2050 carbon emission reduction target and we note the current Government's commitment to this target.

Will the next Coalition government put in place a roadmap inclusive of targets along the way from now to 2050 to ensure Australia stays on track?

Under the Coalition Government, Australia is one of a handful of countries to have released a [detailed economy-wide long-term plan](#) which sets out how we will achieve net zero emissions by 2050. In addition to this we have released an energy [Technology Investment Roadmap](#) which sets out a process to develop and deploy low emissions technologies to achieve emissions reduction across the country.

The plan and roadmap will be reviewed and updated as needed and is backed by \$22 billion of Government investment (leveraging at least \$88 billion in total public and private investment) in low emissions technologies and renewable energy. Under the Paris Agreement, Australia will

set whole-of-economy emissions reduction targets every 5 years, our next target is due to be released in 2025. This is consistent with the approach taken by other major economies including China and the United States.

18. Integrating the long-term emissions reduction plan with energy policy, which includes a technology-neutral approach to domestic energy generation and exports

In setting a roadmap to achieve net-zero by 2050, while ensuring Australia has a future with sustainable, secure, reliable, and affordable domestic supplies of energy and maintains our position as a leading global energy exporter, our long-term emissions reduction plan must be fully aligned with our energy policy. To achieve this, we also need to consider all technology options available to lower emissions at least cost to energy prices, jobs, and the economy. Will the Coalition commit to integrating its long-term emissions reduction plan with energy policy? Will the Coalition adopt a technology-neutral approach to domestic energy generation and exports, even if it requires transitioning to lower emissions technology such as gas-power generation as an interim measure until technologies such as battery storage and green hydrogen become efficient and cost effective?

The Coalition's approach is about balancing emissions reduction while ensuring reliable and affordable energy for businesses and households.

The Coalition's emissions and energy policy is intrinsically linked and technology neutral. The commitments and investment to date, across a wide range of clean and low-emissions technologies, including gas-fired generation and gas supplies, which will firm renewable energy demonstrates our approach.

19. Resisting trade protectionism

Carbon taxes on imports, such as the carbon border adjustment mechanism proposed by the European Union, encourage protectionism under the cover of environmental benefit. Will the Coalition oppose the EU's the carbon border adjustment mechanism and other forms of trade protectionism to preserve the free trade agenda in the international arena?

The Morrison Government is on the record opposing this new form of protectionism. The European Union's Carbon Border Adjustment Mechanism, if implemented, will see Europe forcing its internal standards and domestic carbon tax on the rest of the world.

The Coalition believes that the best way to reduce emissions is to reduce the cost of clean energy technologies, including removing any trade or tariff barriers - not raising the cost of existing approaches.