

3 May 2019

Mr Stephen Tait
Chief Executive Officer
Chamber of Commerce and Industry Queensland
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Dear Mr Tait,

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.

This election will have real consequences for Australia's economy and our future.

Despite global headwinds, our economy is strong. This year, for the first time in more than a decade, the Government will deliver a Budget surplus.

A stronger economy means we can deliver on our plans to:

1. Create 1.25 million more jobs over the next five years.
2. Maintain budget surpluses and pay down debt.
3. Deliver tax relief to encourage and reward hard working Australians.
4. Guarantee increased investments for schools, hospitals and roads.
5. Keep Australians safe and our borders secure.

The alternative at this election is Mr Shorten. Labor's risky agenda includes billions of dollars of higher taxes – on retirees, housing, incomes, investments, family businesses, electricity and more.

Thank you for communicating our response to your members.

Yours sincerely,



Andrew Hirst
Federal Director

MORRISON GOVERNMENT RESPONSE TO THE CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND

Small, medium and family businesses are the beating heart of Australia's economy. When small businesses are healthy, all Australians are better off. It means more jobs, more choice, better living standards and more vibrant and connected communities. The Morrison Government wants small businesses to prosper. We want them to employ even more Australians.

Since being elected in 2013, the Coalition has revitalised the small business sector. More than 230,000 new small businesses have opened their doors, creating hundreds of thousands of new jobs in cities and towns across Australia.

Small and medium businesses have and will always be at the centre of our economic plan for Australia. A re-elected Morrison Government will:

- Deliver lower taxes for 3.4 million small and family businesses employing over 7 million workers. The business tax rate has been reduced from 30 per cent to 27.5 per cent and will fall further to 25 per cent in 2021-22, with comparable tax relief to unincorporated businesses.
- Help small business to invest in new productivity-enhancing equipment by increasing the instant asset write-off to \$30,000 and expanding its coverage to more businesses.
- Streamline red tape and simplify tax reporting to allow enterprising Australians to spend less time on paperwork and more time on their business and with their families.
- Ensure small businesses get paid on time by requiring government contracts up to \$1 million to be paid within 20 days and requiring large businesses with government contracts to do the same.
- Ensure small and medium businesses have the skills they need by delivering over \$525 million to upgrade the VET sector and deliver 80,000 new apprenticeships.
- Supporting the mental health and wellbeing of small business owners.

Under Bill Shorten, Labor will take a different approach. In opposition, Labor voted many times for higher taxes for small business. If elected, Labor will raise taxes on family businesses, condone union thuggery, legalise industry-wide strikes, impose unsustainable costs on small business through inflexible workplace relations policies including pattern bargaining and abolishing the Australian Building and Construction Commission, and hit small businesses hardest with their reckless emissions reduction plan. Labor's reckless policies will hit small business hardest.

Not only will small business suffer directly from higher taxes, they will feel the effects of the flow-on impact of a weaker economy. Within a decade, Labor's tax hit will be the equivalent to an extra yearly household tax bill of \$5,400. That is \$5,400 less to spend at local businesses. That's \$5,400 less going back into the community.

Labor's \$27 billion family business tax will tax small family businesses at the same rate as large multinational companies. 300,000 small family businesses will be directly hit with a minimum tax rate of 30 per cent. It will hurt small businesses that are using these trusts for asset protection, estate planning or to manage cash flows.

This would weaken our economy and provide fewer opportunities for small business to thrive.

Labor are proposing a dangerous experiment on a scale that has never been conducted before. Each and every one of Labor's new taxes will hit small, medium and family businesses across Australia.

Help employers and employees work better together

A fair and balanced workplace relations system is the foundation of a strong economy and higher living standards for all Australians. We know that the key to better workplaces lies in workplace relations policies that support job creation, business growth and the rule of law.

The Morrison Government through re-calibrating workplace laws to support these areas has created over 1.2 million more jobs, and reduced the number of days lost to industrial action by 40 per cent.

Now is not the time to change direction. We need to stay the course to create 1.25 million more jobs over the next five years, including 250,000 jobs for young Australians, support more businesses to start and grow, and to uphold the rule of law in workplaces.

The Morrison Government has restored the rule of law to workplaces through reforms that encourage cooperation and workplace-level negotiation to ensure both workers and employers can build and benefit from a stronger economy.

There is more work to do to ensure this record of job creation and more cooperative workplaces continue. Now is not the time to turn the clock back to the 1970s and put Australia on strike.

The achievements of the Morrison Government to ensure productive and fair workplace relations include:

- Re-establishing the Australian Building and Construction Commission, to ensure small contractors and subbies can access our third largest industry without fear of intimidation, bullying and unaffordable cost imposts;
- Abolishing the never-ending award review process that created uncertainty while sapping a disproportionate amount of time and money from small business;
- Ensuring union bosses are held to the same standards as company directors by establishing the Registered Organisations Commission; and
- Ending the 'strike first, talk later' approach to industrial relations, instead requiring that protected industrial action can only be taken once negotiations on an enterprise agreement have begun.

Bill Shorten's Labor wants to scrap the ABCC and ROC, legalise industry-wide strikes for the first time ever, allow unions to veto free trade agreements and allow politicians to set minimum pay rates. They want to give union bosses the upper hand in workplace negotiations by banning employers from terminating expired enterprise agreements and forcing employers to compulsory arbitration.

Their policies would stifle business, risk jobs and cause disruption across Australia.

When it comes to industrial relations, the choice could not be clearer.

Deliver affordable, reliable energy with lower emissions

Climate change is a global problem that requires a global solution. The Morrison Government is committed to Australia playing its part in that global solution to reduce emissions.

Under the Morrison Government, Australia's emissions are currently at their lowest level on a per capita and GDP basis in 28 years. Australia contributes to just over 1 per cent of global emissions. The Morrison Government is committed to Australia continuing to play its part in reducing emissions.

The Morrison Government's 2030 target to reduce emissions by 26 to 28 per cent below 2005 levels is responsible and achievable. This target will see a reduction in emissions per person halve by 2030. This is one of the strongest efforts among G20 countries. This represents a balanced approach to reducing emissions and with the impacts of climate change.

By contrast, Labor's risky policies are to reduce emissions by 45 per cent by 2030 along with a renewable energy target of 50 per cent. We know these policies will drive up power prices, wreck the economy, reduce wages and cost jobs. Labor's policies will not reduce global emissions as businesses, jobs and wages are forced overseas.

Labor's policies will reduce real wages by \$9,000 per household, reduce the number of jobs by more than 330,000 and increase wholesale electricity prices by 58 per cent.

The Morrison Government's Climate Solutions Package is a comprehensive, fully costed, \$3.5 billion plan, over the next decade to deliver on Australia's 2030 emissions reduction targets.

Our plan includes:

- A \$2 billion climate solutions fund to reduce greenhouse gases across the economy through the existing Emissions Reduction Fund, giving farmers, small businesses and Indigenous communities the chance to improve the environment and benefit from new revenue opportunities.
- Secure our energy future for generations to come, through investments in a high-tech expansion of the Snowy Mountains Scheme and a second interconnector, Marinus Link, between Victoria and Tasmania. This will deliver more affordable, reliable power to the National Electricity Market, reducing prices for Australian families and businesses while keeping the lights on.
- Help households and businesses to lower energy bills. By the middle of 2019, over one million Australian families and small business will benefit from electricity prices falling by up to 15 per cent and the ban on sneaky late payment fees.
- Develop a national electric vehicle strategy to ensure a planned and managed transition to new vehicle technology and infrastructure.

Investing in new reliable power generation

The Morrison Government is backing investment in new power generation – improving competition by underwriting new reliable energy.

As recommended by the ACCC, our Underwriting New Generation Investments program will lower prices, increase competition and boost reliability.

The Government has selected a shortlist of 12 projects – six renewable pumped hydro, five gas and one coal upgrade. Together, they represent around 4,000 megawatts of new generation (the equivalent of powering one million homes). Importantly, the projects deliver a balance of renewable, affordable and reliable power for families and businesses and ensure we meet our 2030 targets.

This program builds on the Government's investments in Australia's world-class, reliable hydroelectricity with Snowy 2.0 and Battery of the Nation.

Supporting businesses and community groups to reduce energy use and costs

An Energy Efficient Communities Program will provide \$50 million through more than 2,500 grants to eligible businesses and community organisations.

This support will help them save energy and reduce their power bills by installing new equipment or reviewing and improving their energy management. Eligible small businesses will be able to claim grants of up to \$20,000, high-energy using businesses up to \$25,000 and community groups up to \$12,500.

We have invested \$11.7 million in the Business Energy Advice Program, delivering practical advice to help small businesses get better energy deals and increase energy efficiency. Small businesses will also be able to access a \$30,000 instant asset write-off to purchase new energy-efficient equipment.

Reducing costs of gas for households and businesses

The Morrison Government has taken strong action to ensure gas prices go down and gas supply goes up. Under our policies, average east coast spot prices are down around 10 per cent since the peak of February 2017.

We are ensuring enough gas for Australians before it is exported. In September 2018, the Morrison Government signed a new Heads of Agreement with the three east coast liquefied natural gas (LNG) exporters to maintain a secure supply of gas to the east coast domestic market.

Under this agreement, east coast gas exporters must first offer their gas to domestic buyers on fair and reasonable terms. If a gas market supply shortfall is forecast, the Government can restrict exports.

However, the greatest impediment to low gas prices in Australia is state-based exploration restrictions.

The Morrison Government has taken action to lower prices and we are getting results with our plan for affordable, reliable 24/7 energy for all Australians. Labor's plan however is reckless targets which will drive up power prices once again, cost jobs and reduce wages.

Stop the collapse in skills

To ensure Australians have the skills they need to drive a growing economy, the Morrison Government will invest \$525 million over five years in the vocational education and training (VET) sector to better equip Australians with the skills they need for today and tomorrow.

The package of measures will include up to 80,000 new apprenticeships in industries with skills shortages through a doubling of incentive payments to employers (to \$8,000). The new apprentices - including bakers, bricklayers, plasterers, hairdressers, plumbers and carpenters - will also receive a \$2,000 incentive payment.

This commitment is in addition to the Morrison Government's Skilling Australians Fund that supports projects that will train apprenticeships in areas of high employment demand and in future growth industries.

The Morrison Government will also establish ten industry Training Hubs to address the challenge of high youth unemployment in regional areas. The Hubs will create better connections between local industry and schools to improve outcomes for students, employers and the VET sector. They will be an on-the-ground presence where new approaches are needed to help students transition from school to training and work, and are supported by 400 VET scholarships.

The Morrison Government is ensuring the VET training system is flexible and responsive to critical skills shortages as they emerge and is undertaking some longer-term reforms in line with the recommendations of the Joyce Review, such as the establishment of a National Skills Commission and a National Careers Institute.

We are also supporting lifelong learning by expanding the Unique Student Identifier to all tertiary students and creating a Tertiary Learning Repository. These measures provide a necessary down-payment for developing a more flexible system of learning across a worker's lifetime.

We are supporting STEM skills development in all stages of the pipeline, including early childhood education, secondary and post-secondary education, workforce skills, and STEM engagement and awareness.

Our initiatives include \$51 million for our Embracing the Digital Age schools initiative, \$14 million for STEM early learning programs, and over \$20 million in gender equality initiatives for STEM, including appointing Australia's first Women in STEM Ambassador.

The Morrison Government will establish a new national program and a series of pilots to address low language, literacy, numeracy and digital literacy skills among employed and recently unemployed Australians.

One in five Australians have poor literacy and numeracy, robbing them of the fundamental skills for employment or career progression. This program will help participants engage with further training and job opportunities.