



Business Council of Australia

9 January 2025

Senate Standing Committee on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Senators

The Business Council of Australia welcomes the opportunity to provide a submission to the Senate Inquiry into the *Future Made in Australia (Production Tax Credits and Other Measures) Bill 2024*.

Well-designed production tax incentives (PTIs) can help provide a foundation for Australia to be a competitive destination for hydrogen production and critical minerals processing and refining.

The eligibility criteria and design of PTIs must not be so restrictive as to limit support for projects that otherwise meet the policy objectives, or to prompt investment going overseas. Many potentially eligible projects will naturally deliver benefits across local communities and supply chains, and so it follows that the Community Benefit Principles must not be so narrowly or rigidly defined as to undermine the intent of the PTIs. To that extent, their weighting in determining eligibility should be minimal, with the fundamental criterion for support therefore being the extent to which government assistance will help turn around our current poor productivity performance by making Australian industry more competitive and our nation more attractive for investment.

It is important to be aware that while the BCA does not object to community benefit principles in the broad sense, they risk increasing costs, duplicating other policies already in place, and offsetting competitive gains otherwise achieved through the PTIs. Recent revelations regarding the alleged criminal behaviour by the Construction, Forestry and Maritime Employees Union mean it will also be essential that any Community Benefit Principles do not create an environment that enables such conduct to flourish.

The proposed dual agency model for administration of the schemes is appropriate but will be inherently complex and costly to administer and comply with – as demonstrated by the Research and Development Tax Incentive. It will therefore be critical to have settings in place to ensure the PTIs are administered effectively, consistently, predictably and efficiently. This includes by clearly outlining administrator roles and responsibilities and information sharing arrangements, publishing timely and clear guidance material, and establishing a timely and efficient dispute resolution process.

The BCA also recommends that consideration be given to bringing forward the start dates for PTIs to help maximise their benefits. This approach should not increase the overall budget impact given the 10-year cap on claiming PTIs. Benefits could be further maximised if relevant projects were eligible for faster development approvals.

The consistent feedback the BCA receives from its members and from businesses all around Australia is that our country is now less attractive as a destination for investment than it used to be. The benefits of PTIs will therefore not be realised to the fullest possible extent if it remains uncommercial to proceed with a project in Australia – be it through issues with project approvals processes, onerous

Community Benefit Principle requirements or other regulatory imposts. It follows that we must, as a point of national urgency, commit ourselves to the task of becoming a more competitive place to do business.

Yours sincerely



Bran Black

Chief Executive

Business Council of Australia