

Coalition Senators' Dissenting Report

Introduction

1.1 The Coalition members of the Senate Economics References Committee ('the Committee') consider the Committee's Final Report on the Inquiry into the 'Commitment to the Senate' issued by the Business Council of Australia ('the Inquiry') to be inaccurate and do not support its conclusions. The Report does not reflect a balanced view of the evidence provided to the committee and fails to provide sufficient evidence for its recommendations.

1.2 Coalition Senators wish to reiterate their remarks from this inquiry's dissenting interim report.

Political motivation of the inquiry

1.3 Coalition Senators wish to emphasise that initiation of the inquiry was politically motivated and designed to re-litigate the Senate Economics Legislation Committee's inquiry into the Treasury Laws Amendment (Enterprise Tax Plan) Bill 2016 ("ETP").

1.4 Coalition Senators note that this inquiry was unnecessary, and that the expensive conduct of two public hearings was a disgraceful abuse of taxpayer funds.

1.5 As was noted by submitters, businesses regularly write to the Senate, or the parliament as a whole, and none of those letters become the subject of a frivolous Senate committee inquiry.

1.6 Never before has the Senate conducted an inquiry merely on the back of a written commitment made by a stakeholder, let alone one that simply stated the plainly obvious: that lower company tax rates will allow business to invest, grow, create jobs, and increase wages.

Acceleration of tax cuts for small and medium businesses

1.7 Coalition Senators welcome the Government's decision to bring forward the changes to the corporate tax rate for small and medium businesses ("SMEs"). The changes will mean that important tax relief is delivered five years earlier than planned.

1.8 Coalition Senators believe that delivering tax relief for SMEs will quickly provide demonstrable benefits for the economy, with increased growth, employment and wages.

1.9 Coalition Senators also welcome the Government's decision to accelerate the increased tax discount for unincorporated businesses.

1.10 Coalition Senators wish to note that the acceleration of these two important tax measures by the government will improve the fortunes of the 3 million Australian SMEs, and the nearly 7 million people in their employ.

ASX continuous disclosure laws

1.11 The Committee's report is intentionally misleading in its assertion that "many of the corporations that signed the BCA Commitment and attended the public hearings could not readily give examples of actual investments that would potentially go ahead with the reduced corporate tax rate". Public companies, which made up the vast majority of those who signed the BCA Commitment, are prevented by ASX's continuous disclosure laws from discussing concrete examples of possible investments, which are highly commercially sensitive.

1.12 All members of the committee were provided with an abridged guide of the ASX's Continuous Disclosure Rules, and yet the majority report continued to berate witnesses for failing to give concrete examples of possible investments, despite knowing that ASX rules prevented these witnesses from doing so.

Investors

1.13 While wishing to stress the importance of corporate tax rates on investment decisions, Coalition Senators acknowledge that companies and potential investors assess a wide range of factors when making investment decisions.

1.14 However, the Committee's report is intentionally misleading where it notes that "a variety of other factors – including a developed economy, stable government and educated workforce – were also considered when large multinationals make investment decisions between options in difference countries". While Australia does indeed have a developed economy, an educated workforce, and stable government, so do all the other countries with whom we compete for investment.

1.15 Coalition Senators believe that Australia must lower its corporate tax rate to remain internationally competitive alongside other developed economies that have lowered their corporate tax rate in recent years.

Conclusion

1.16 Coalition Senators believe that Australia must reduce its corporate tax rate to remain internationally competitive to encourage businesses to invest more, employ more workers and pay higher wages.

1.17 The Committee heard significant and compelling evidence that supports the conclusion that the best possible way to ensure future job security and wages growth for working Australians is for the Parliament to back corporate tax rates for SMEs.

1.18 Coalition Senators acknowledge that the 45th Parliament, as currently constituted, does not support the passage of corporate tax cuts for businesses with turnover greater than \$50 million.

1.19 However, the Coalition members of the Committee note that the 45th Parliament has supported the Coalition Government's plan to fast track tax cuts for small and medium businesses in order to grow the Australian economy.

Senator Jane Hume
Deputy Chair

Senator Amanda Stoker
Senator for Queensland

