

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Innovation, Industry, Science and Research Portfolio
Budget Estimates Hearing 2009-10
01 June 2009

AGENCY/DEPARTMENT: MINISTER FOR INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

TOPIC: Stimulus package

REFERENCE: Question on Notice (Hansard 1 June 2009, E104-105)

QUESTION No.: BI-89

Senator ABETZ—Can I ask you whether a report in the weekend *Australian Financial Review* of 14-15 March 2009 on page 6 is correct when it talks about elements of the stimulus package being available to individual firms, in particular the investment subsidies for plant and equipment?

Senator Carr—I do not have the article in front of me, but I think it would be fair to say that the investment depreciation allowances and the other stimulus measures would invariably be available to firms.

Senator ABETZ—Yes, which as I understood it was open to every firm to apply without fear or favour across the whole range of businesses and business enterprises. I found it passing strange that you should say: ‘We want to talk to individual firms. I am prepared to engage with companies but they have to be prepared to put money on the table themselves.’ This was in the context of what you quite rightly identify—so undoubtedly you are aware of this report by Peter Roberts—as the stimulus package. Why would you want to talk to individual firms about accessing this ‘accelerated depreciation entitlement’?

Senator Carr—There is a whole range of matters on which we talk to firms. We want to make firms aware of the opportunities that are presented by the government’s stimulus package, a package which I am reminded you oppose. We want to ensure that people take up those opportunities, because we believe that they are extremely important for the economic development of this country. At a time of global economic recession they are needed and required, and it is unfortunate that the Liberal Party feels that they are not.

Senator ABETZ—Why did you say you had plans to use stimulus funds to help create high-wage, high-skill jobs in pharmaceuticals? How would you be able to do that with a stimulus package?

Senator Carr—I do not know what you are talking about. You will have to produce the article.

Senator ABETZ—I have already identified it. Possibly you can provide an explanation to us on notice of this article, because it seemed passing strange that you should comment on the stimulus package as being of particular interest—in an area where it was open to all companies and they did not have to apply; it was just something that they did in their tax returns.

ANSWER

The Small Business and General Business Tax Break is an integral part of the government’s stimulus strategy. The tax break is designed to elicit new capital investment by Australian businesses. All firms – including pharmaceutical firms – can claim the tax break on investments that meet certain criteria. The government actively encourages firms to take advantage of the tax break by maximising their investment in eligible assets. At the same time, the government maintains an ongoing dialogue with industry about the best ways to attract new investment and create new jobs. This dialogue is pursued through industry innovation councils, sectoral working

groups, and discussions with individual companies. This is consistent with the government's belief in building partnerships with industry to promote employment growth and economic development.