

JOINT STATEMENT

Alliance of Industry Associations rejects cashflow tax, welcomes better regulation agenda

The Alliance of Industry Associations warns the Productivity Commission's proposed cashflow tax would result in higher prices for households, increased inflationary pressure, reduced investment and slower economic growth — placing even greater strain on Australians already struggling with the cost of living.

The Alliance's serious concerns about the damage to the Australian economy and business from a cashflow tax have only deepened after the release of the Commission's full report.

A cashflow tax would act as a tax on every business, increasing costs and worsening the cost of living burden on every Australian by increasing the price of groceries, fuel, essential services and other everyday goods.

It will also add inflationary pressure at the very time Australia is working to bring inflation back under control.

The proposed cashflow tax is experimental, untested almost anywhere in the world, and would impose an entirely new tax on business.

Similar dual-tax models have been rejected by New Zealand, Sweden and Switzerland, while Mexico abandoned its version after it proved unworkable and damaged both household spending power and business confidence.

While the Alliance is opposed to a cashflow tax, the group welcomes the Productivity Commission highlighting the problem of Australia's high regulatory burden and its drag on our international competitiveness.

In particular, we support the recommendations that the Australian Government should adopt a whole-of-government statement on regulation that makes it clear that regulatory reform is a core government priority; set out concrete actions to reduce regulatory burdens; establish a target for regulatory burden reduction and ongoing monitoring; and specify principles of good regulation.

A recent AICD-Mandala report showed federal regulation imposes a \$160 billion cost annually.

To drive meaningful improvement, the Alliance continues to call on all governments to commit to a 25 per cent reduction in red tape across the economy — a practical, measurable target that, if achieved, would improve international competitiveness, reduce inflationary pressures and help lower costs for households.

More rigorous policy making processes are critical to ensure we don't make the same mistakes of the past, and the PC recommendations are a step in the right direction.

Australia urgently needs a stronger, more dynamic economy — but this cannot be achieved through risky, untested taxes that push up prices and weigh on investment.

The Alliance will continue to put forward and support practical reforms that, if implemented, would lift innovation, attract investment and support stronger growth.

The Alliance of Industry Associations consists of groups representing Australia's small, medium and large businesses, universities, farmers, retailers and the investment community. This group came together to work on productivity solutions to improve living standards for all Australians.

This joint statement is on behalf of the Alliance of Industry Associations:

Australian Institute of Company Directors
Australasian Convenience and Petroleum Marketers Association
Australian Airports Association
Australian Banking Association
Australian Energy Producers
Australian Industry Group
Australian Investment Council
Australian Retailers Association
Australian Telecommunications Alliance
Australian Travel Industry Association
Business Council of Australia
Chartered Accountants Australia and New Zealand
CPA Australia
Corporate Tax Association
Council of Small Business Organisations Australia
Group of Eight
Insurance Council of Australia
Master Builders Australia
Minerals Council of Australia
National Farmers' Federation
Property Council of Australia
Tech Council of Australia
Tourism and Transport Forum
Urban Development Institute of Australia