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THE BUSINESS COUNCIL OF AUSTRALIA IS AN ASSOCIATION OF CHIEF EXECUTIVES OF LEADING AUSTRALIAN CORPORATIONS. THE COUNCIL WAS ESTABLISHED IN 1983 TO PROVIDE A FORUM FOR AUSTRALIA'S BUSINESS LEADERSHIP TO CONTRIBUTE DIRECTLY TO PUBLIC POLICY DEBATES IN ORDER TO BUILD A BETTER AND MORE PROSPEROUS AUSTRALIAN SOCIETY.

THE BUSINESS COUNCIL OF AUSTRALIA



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By BCA President Greig Gailey



BCA ROADMAP FOR INFRASTRUCTURE RENEWAL

Slow progress with renewing the building blocks of Australia's economy such as energy, water and transport has prompted the BCA to renew its calls for major reform of the nation's infrastructure.

In October 2007, the BCA launched *Infrastructure: Roadmap for Reform*, a paper that outlines the policies needed for federal and state governments to address Australia's creaking infrastructure between now and 2010.

The roadmap builds on strategies already identified by the BCA, including more effective national regulation that encourages private investment, more public investment, and greater competition in key infrastructure sectors.

It highlights a detailed way forward to renew a range of infrastructure areas including electricity, urban and rural water, and identifies a series of key infrastructure outcomes required to support future economic growth.

The paper argues that success depends on action on two fronts: first, a better system of federal–state relations, and second, a process for the regular and independent review of Australia's infrastructure needs and shortfalls.

As the paper states: 'There has been progress in the 30 months since the BCA released its original report on Australia's infrastructure problems.'

INFRASTRUCTURE: THE 'TO-DO' LIST

Among reforms urgently required, the paper calls for:

- A national electricity market.
- Competitive and reliable water markets.
- Uncongested urban transport.
- A truly accessible, very high speed broadband service.

'Governments are now significantly boosting their expenditure in an attempt to 'catch up' the past underspend, which is pleasing.'

'In addition, the Council of Australian Governments (COAG) announced a National Reform Agenda covering some issues in relation to energy and transport, and there have been important announcements on water and broadband communications.'

'There is, however, a significant amount left to do, and there has been slow progress in the implementation of some of these recently announced policies.'

The nation's GDP would be boosted by around 2% – or around \$20 billion per annum – if the strategies for reforming Australia's infrastructure outlined in the paper are followed.

Download the BCA roadmap for infrastructure reform from www.bca.com.au.

EMPLOYING OUR POTENTIAL

LIFTING WORKFORCE
PARTICIPATION RATES
IS A PRIORITY

New policy thinking and concerted action are needed if Australia is to reduce the unacceptable number of individuals who are jobless, or on the margins of the workforce, at a time of record employment.

That's the message from a BCA paper on the need to renew efforts to increase Australia's workforce participation rates by lifting job opportunities for those missing out on prosperity.

Engaging our Potential: The Economic and Social Necessity of Increasing Workforce Participation estimates that more than a million Australians are able to work, but can't. Barriers to work are often complex, such as financial, tax, infrastructure and child-care impediments, and employer perceptions on issues such as age or time spent out of the workforce.


That means governments, business and the community sector need to work more cooperatively and strategically to dismantle these barriers and encourage as many Australians into the workforce as possible.

Releasing the paper, the Chairman of the BCA Employment and Participation Task Force, Charlie Lenegan, said: 'We need to think about Australia's employment goals in terms of the participation rate, rather than just the unemployment rate, if we are to unlock the capacity of people who are currently prevented from joining the workforce.'

'We must move beyond many of the assumptions that currently underpin employment policies and focus our attention on removing barriers to employment for the many Australians who are left out. Shifting our mindset on employment generation to a more aspirational approach will be a critical factor in meeting the challenges of an ageing population in years to come and better sharing the benefits of our continued prosperity.'

'If new policies were adopted to encourage an additional 1 million people to join the workforce, Australia's participation rate would rise to nearly 71 per cent.'

'That's not only 1 million more Australians earning their own income and gaining access to greater opportunity, but also a large number of people no longer reliant on welfare,' he said.



GOVERNMENTS, BUSINESS AND THE COMMUNITY SECTOR NEED TO WORK MORE COOPERATIVELY AND STRATEGICALLY TO DISMANTLE THESE BARRIERS AND ENCOURAGE AS MANY AUSTRALIANS INTO THE WORKFORCE AS POSSIBLE.

As the paper points out, lifting Australia's workforce participation rates is not just an economic imperative, but also a social challenge. Despite one of the longest periods of unbroken growth in the nation's history:

- One in seven Australian children live in jobless households (that is, households in which no residing parent is employed).
- The participation rate for adult Indigenous Australians is about three-quarters of that of non-Indigenous adult Australians.
- There are just five workers paying income tax for every one person reliant wholly or mainly on welfare payments, compared to 22 workers for every welfare participant in the mid-1960s.

The paper says current employment policies and practices would benefit from a more integrated approach and greater cooperation and knowledge sharing between government, the community sector and business. Reflecting the need for greater focus on participation as well as employment outcomes, the BCA will:

- Review policy settings as they relate to the participation of women and mature-age workers with a particular focus on the affordability of, and access to, caring options for dependants.

- Support the broader dissemination and take-up of best-practice workplace strategies to achieve higher rates of participation and retention among women, mature-age workers and Indigenous Australians, building on the work that a number of businesses have already undertaken.

'We all need to recognise that with employment shortages and record job numbers, there'll never be a greater need and incentive to dismantle employment hurdles still faced by millions of Australians,' Mr Lenegan said.

'But concerted action requires government, business and the community more broadly to shift its thinking on employment policies and practices. If serious inroads are to be made, we have to move away from policies that focus on aggregate outcomes to policies that can be tailored to help the individual circumstances of people who often face multiple barriers to joining and remaining in the workforce,' he said.

The *Engaging our Potential* paper was incorporated as Part 2 of the BCA 2007 Annual Review. Visit www.bca.com.au for a copy.

BLUEPRINT FOR A COOPERATIVE COAG THE BCA CHARTER FOR NEW FEDERALISM

The Business Council of Australia has called on federal, state and territory governments to put in place processes to embed collaboration in meeting national challenges and to give greater urgency to national reform.

Prior to the December 2007 meeting of COAG – the body representing the leaders of all Australian governments – the BCA released *A Charter for New Federalism*. The charter outlines the steps needed for COAG to work more effectively and produce better reform outcomes. These include strengthening the role of COAG, improving its accountability, and evaluating its contribution to sustaining prosperity in the long term.

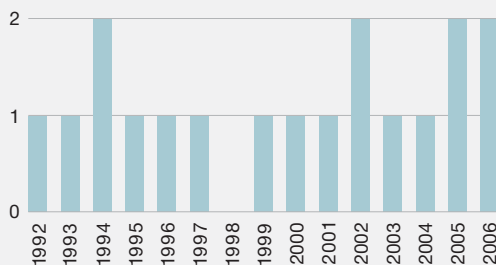
Launching the charter, BCA Chief Executive Katie Lahey said only through these changes would COAG be able to lay the foundations for delivering a revitalised national reform agenda to enable Australia to reach its potential.

‘With the economy operating at full capacity, overcoming barriers to growth, including inefficiencies in how our governments operate, becomes increasingly important,’ Ms Lahey said.

‘This means that now, more than ever, the need to institutionalise cooperation and to overhaul our dysfunctional system of federal–state relations is critical to Australia’s economic performance.’

‘Agreeing to the charter would provide a clear demonstration that all governments, led by the new federal government, were serious about improving federal–state relations and delivering on reform action.’

**NUMBER OF COAG MEETINGS HELD
1992–2006**



Source: www.coag.gov.au

Back page: BCA President Greg Gailey discusses the BCA’s federalism charter.

AGREEING TO THE CHARTER WOULD PROVIDE A CLEAR DEMONSTRATION THAT ALL GOVERNMENTS, LED BY THE NEW FEDERAL GOVERNMENT, WERE SERIOUS ABOUT IMPROVING FEDERAL–STATE RELATIONS AND DELIVERING ON REFORM ACTION.

CHARTING NEW DIRECTIONS FOR FEDERALISM

A CHANGE OF GOVERNMENT INVARIABLY BRINGS NEW DIRECTIONS AND FRESH IDEAS. THE ELECTION OF THE RUDD LABOR GOVERNMENT AT THE NOVEMBER FEDERAL ELECTION IS NO EXCEPTION.



BY GREIG GAILEY PRESIDENT BUSINESS COUNCIL OF AUSTRALIA

Already, we're seeing a renewed – and welcome – focus on addressing a number of fundamental issues that Australia currently faces. Kevin Rudd and his team are to be commended for hitting the ground running on important reform issues, particularly business regulation, better federal–state relations and setting realistic policy objectives at the Bali climate change talks.

Certainly, the challenges before the new administration are many. As the BCA has long argued, an economy experiencing as rapid a rate of expansion as Australia has in recent years needs ongoing renewal and reform.

The basic building blocks of our economy – water, transport and energy – are stretched to their limits and a nationally coordinated approach is needed to unwind the bottlenecks. Australia's business tax and regulation-making systems – despite some changes in recent years – are crying out for systematic reform. Important elements of the education system, particularly secondary schooling, need modernising. And we need to do a lot more to make sure barriers to workforce participation are lowered or eradicated so more Australians have access to prosperity.

But the government has not only inherited challenges. It also inherits strong agreement among business and policy leaders more generally on what changes are required.

With the roadmaps for reform clearly marked, it's natural that those with a keen interest in Australia's future want to see immediate changes and quick results. But as an organisation at the forefront of calls for a renewed reform agenda, we believe the key to effectively tackling these challenges is to make haste in a measured way. Rather than an urgent flurry of action that can easily be misdirected or counterproductive, we need to see a staged approach to reform, with clear timelines and benchmarks.

For some time, the BCA has been promoting the need for governments to build greater accountability and transparency into their activities. What has become clear from the BCA's economic research is that, while Australia's economy has expanded and changed significantly in recent years, the role and performance of government in sustaining growth has not kept pace.

Indeed, in many areas, outdated or misdirected government policy and intervention has been a brake on prosperity.

That is the thinking behind *A Charter for New Federalism*, released in December, which we believe should be adopted by Australian governments to guide a coordinated and collective approach to national reform. In essence, the charter requires the Council of Australian Governments, which represents the leaders of all federal, state and territory governments, to meet regularly, strive to agree on important reforms and adopt a rigorous plan of follow-up action.

The charter recognises that, as in business, the key to successful performance is aligning clear goals with transparent and accountable actions and timelines. That's why it expressly calls for COAG meeting agendas, commitments and reform timelines to be published on the COAG website, and for a jointly-funded permanent secretariat of COAG staff to be established to monitor and report on progress in implementing reform commitments.

The indications from the new government on federal–state relations reform are encouraging. The first meeting of COAG, convened a month after the election, has produced measured commitments and undertakings that have started the ball rolling, including an agreement that COAG meet quarterly.

COAG remains the best vehicle for achieving agreement among our governments on a national reform agenda. But, to date, lacklustre performance and poor accountability have eroded business and community confidence in COAG's ability to deliver lasting outcomes.

Agreeing to a charter for new federalism will provide a clear demonstration that our governments, led by the new federal government, are serious about improving federal–state relations and delivering on reform action.

The BCA looks forward to working with the new federal government to ensure that all Australians enjoy the levels of prosperity that this great country is capable of delivering.

The BCA publication, *A Charter for New Federalism*, is available from www.bca.com.au.