

SPEECH

Policy That Counts for the 2010 Federal Election and Beyond
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Introductory remarks

Thank you Ken, and thank you to the National Press Club, and the team at National Australia Bank that supports this important platform of ideas and exchanges.

Before I get into my planned address, on this historic day let me make some brief introductory remarks.

Firstly, on behalf of the Business Council of Australia, I extend our warm congratulations to Australia's new Prime Minister, the Hon. Julia Gillard who is being sworn in as we meet here, and to the new Deputy Prime Minister, the Hon. Wayne Swan.

We have enjoyed an excellent relationship with Julia, Wayne and their respective staff and we look forward to that continuing.

My speech today and the publication I'm launching on behalf of the Business Council is not intended as a commentary on any individual leader. I want to address the sort of policies and policy-making we believe the Australian people are looking for and are eager to embrace.

It's about changing the nature of the dialogue between our political leaders and all sectors of the Australian community. And it's about making and communicating the connections between economic success and community prosperity.

Coming into today, I had a message to deliver. That message is equally relevant today.

Introduction

The Business Council of Australia is an unusual, if not unique organisation.

It directly represents the views of the 120 people who lead the majority of the nation's biggest businesses. The CEOs are our only members. They directly shape our policy agenda.

As the Business Council appoints a new president every two years, not all presidents have the responsibility I have today in presenting the organisation's policy benchmarks for a federal election.

As I see it, that responsibility is not about lecturing our political leaders in economics 101. I see our responsibility as being to help the wider Australian community set the bar for the quality of policies they should expect from our political leaders in the coming election campaign.

Economic management has become a key theme for this election. Policies are being judged in terms of whether they are likely to encourage or stifle growth and opportunity.

And we even have a new national brand – "Australia Unlimited" – that resonates with a big, bold vision of a nation endowed with great possibility.

But there is a temptation around election time to offer simple, silver bullet policy solutions, to underestimate the electorate's intelligence and common sense, and to pitch to perceived short-term self-interest, not long-term national interest.

Our hope for this election is that we can debate policies in a way that respects the capacity of Australians to understand important issues, and to back what's needed for us to build on our extraordinary advantages and sustain a prosperous future for all.

This aspiration forms the basis of the publication we are releasing today: *Economic Success, Community Prosperity: Policy Benchmarks for the 2010 Federal Election*.

Policy that Counts

With this publication, we've laid out policy priorities for the next federal government that we believe address the real issues Australia faces with confidence and with honesty.

That's the kind of leadership that's needed if our politicians are to genuinely drive reform and still win elections.

There is nothing in our policy prescriptions that cannot be realistically achieved. And while our vision is designed to secure economic growth as the building block of better quality of life, the Business Council is not an organisation of people who view the world through a narrow prism of economic self-interest.

Our CEO members take the time to formulate and debate good public policy because they are concerned with the national interest – from business reform, through to education, health, gender equity and engaging Indigenous Australians in our economy.

We believe that to harness the power of Australia Unlimited – to make it more than a slogan – real reform is needed, and needed right now.

The Business Council has benchmarked a reform agenda that goes beyond economic progress to recognise and promote all the interrelated drivers of community wellbeing, including the quality of our built and natural environment.

In essence, our focus encompasses three, equally important strands.

Reinforcing what Australia has done well.

Being honest in addressing some serious limitations.

And doing better to ensure that all Australians are both part of and enjoy our nation's prosperity.

A New Style of Leadership

The publication I am launching today is not a simple scorecard for assessing pre-election promises. It aims to promote a different mindset, a more interconnected approach to economic reform and social policies, and a different relationship between politicians and the communities they serve.

A more open, honest and consultative style of leadership. One that respects and promotes the importance of a vibrant business sector to underpin our economic recovery and support our social goals.

The document starts with a diagram that may come as something of a surprise – both the story it tells, and also why the Business Council is choosing to highlight it.

In late 2009, when it was starting to look like Australia had escaped the worst of the global financial crisis, though nothing was certain, the Business Council commissioned Auspoll to do some research for us.

We wanted a sense of Australians' attitudes towards business and to understand issues that the community was most concerned about.

The researchers heard a lot of understandable mistrust of business. And we also found there were many areas where the community felt business had a bigger role to play – in creating employment and training, but also in influencing better policy in education, infrastructure and health care.

Ultimately, despite a sense of uncertainty about who most benefits economically from growth, the survey uncovered this powerful conviction that Australia can and should pursue economic success and be more socially responsible at the same time.

This important finding is on the cover of our policy benchmarks publication because it reflects the balance Australians expect from their political leaders.

We don't have time today for me to cover all 10 of our policy benchmarks. So I'll touch on four priorities that best convey what kind of leadership we are looking for as we approach the election and beyond.

The policy priorities I want to address are: population, infrastructure, health and tax.

Population and Infrastructure Policy

I'll cover population and infrastructure together because they are intimately connected.

Thinking about this area of national discussion, and the very understandable concerns it raises in people, took me back to the Australia of my childhood.

This country has changed so much since I left school – and changed for the better in almost every way. We now have greater cultural diversity that has enriched us on many levels. It has enriched the quality of our communities, the diversity of our people, our perspectives, our experiences and our talents.

As we have grown in size and diversity, we have made huge strides in understanding and valuing new ways of doing things, our place in the world, genuine equality, and how to respect and nurture our natural environment.

Let me illustrate this with a personal reflection.

When I was young, if you drove out of Sydney, as we did at weekends, you drove through hundreds of miles of dead trees.

In those days, we ring barked the trees, let them die and left them there until they fell. Those stark white trees, now largely gone from the landscape, were emblematic of the way we cared for the land.

We often drove past fences festooned with dead wedgetail eagles, shot as worthless pests. That's how we respected our native fauna.

By the time I left Australia to study at Harvard in 1972, I'd met people from perhaps four or five different countries, mostly European, but had no real sense of their background or cultures because that wasn't talked about or respected. I had never met anyone who told me they were Aboriginal.

I am embarrassed to say that I knew our first Australians only through Namatjira's paintings or Joliffe's cartoons.

While my parents supported me to go overseas to study, many of their contemporaries wouldn't support their daughters going to university at all because educating girls was a waste of money.

All that has changed.

Australia's story over the past 40 years has been one of growth and maturation as a community, and I see no reason why we would divert from this course.

The truth is that Australia needs to keep growing if we want to maintain, let alone build on, the qualities of tolerance and respect for diversity we now see as defining us.

And if we want our children to inherit a strong economy and the opportunities it offers for fulfilling jobs, for travel, for learning and for global engagement.

Growth will also offset the effects of Australia's ageing population. It will ensure that governments have the revenues they need to pay for health care, education, infrastructure and environmental initiatives.

That's why the Business Council believes in a well-planned, openly discussed, population growth policy. But only if it incorporates:

- better planning for our cities and towns (including social infrastructure, and the built and natural environment); and
- better use of, and investment in, our public infrastructure.

Only this approach will give people confidence about important quality-of-life issues.

Despite how much we've changed and learned since I was growing up, I feel that our vision for Australia and our confidence in its potential has become smaller.

While our new national slogan – Australia Unlimited – may seem fresh and visionary to many, I remember the same slogan being used by politicians in the '50s and '60s.

It used to be a big part of who we were and what we were about. We were building a great country.

But I often feel that our national discourse has changed and what has replaced it is a smaller vision for our country.

And this, at a time when the right policy settings would enable Australia to achieve not only strong economic growth but also our social and environmental aspirations.

Decades of underinvestment in social, economic and public infrastructure have undermined Australians' once rock solid support for a growing population. And our leaders haven't picked up the baton in promoting its importance.

There's a different, more confident story to be told that I believe Australians will hear and understand. It's not about a Big Australia. It's about a big vision for Australia's future.

That vision requires us to tackle areas of reform to which Australians relate very personally, which brings me to the important area of health policy.

Health

I've included health today because it is a policy area where the business agenda and the community's agenda clearly intersect.

It's an important issue for the election and there is no more important example of the need for courage and honesty from our political leaders.

The health sector accounts for 10 per cent of our GDP and, on some projections, that proportion will increase to 20 per cent within 30 years.

Yet, unlike other big sectors of our economy, we haven't put a spotlight on how well the sector is actually working from a hard-nosed economic perspective – that is, the resources going in, the results coming out.

We've seen this sector as somehow different. And as a result we haven't applied the same basic principles in analysing its structures and incentives.

We haven't applied the cleansing sunlight of microeconomic reform.

It sounds harsh but there's a good reason to apply this kind of discipline.

The health system, as it stands, simply won't meet increasing and changing demands as our population grows, ages and succumbs in increasing numbers to chronic diseases.

Poor, uneven quality of service and access, staff shortages and costs rising faster than the CPI, have brought this system failure to a head.

The Business Council's benchmarks for health are twofold:

1. We want to see policies to improve the health of all Australians for obvious social and economic reasons, and
2. We're looking for improvements in the quality, effectiveness and efficiency of the system itself, delivering better service for patients and better value for the taxpayer.

An important part of this is to reform funding and incentive structures to encourage better quality and efficiency, but also to encourage healthier habits, practices and lifestyles.

The prevention and management of chronic disease, now consuming 70 per cent of the total health spend, calls for new models of care.

It also means we all have to accept different responsibilities, as individuals and as social institutions that shape and influence the way Australians live and work. That includes the business sector.

One of the hard economic realities here is that we all need to contribute to improving our own health.

We Australians need incentives to take better care of ourselves.

Policy Honesty

There is a theme through our policy benchmarks around what's been missing from our political discourse in recent years, not only about health and not only here, but in most western democracies.

Political parties from both Left and Right have been unprepared to be honest with citizens about what's affordable and sustainable for them to provide in health care and in other policy areas.

And that's led to a self-defeating "entitlement" mentality, with massive over-spending by governments across the developed world which has come into stark relief through the crisis in Greece and other European nations. The same mindset could be blamed for the near bankruptcy of one of the world's largest industrial companies – General Motors.

I've seen a fair bit of economic commentary, including from people in this room, observing the dangers of an "entitlement culture". It is unsustainable, disempowering and it milks our economy of funds that could and should be spent elsewhere.

Our benchmarks encourage not only political leaders but all community leaders to be frank about this part of the Australia Unlimited story.

Again, I am confident that Australians, honestly consulted, will back policies that are affordable. They will respect choices made by government that are sustainable and realistic.

And just like the other policy areas covered in our election benchmarks, ignoring realities in health reform won't make them go away.

Tax

Which leaves me with the last of the four policy priorities: tax.

And let me say upfront that the Business Council's first and greatest concern right now is the narrowness of the response by both major political parties to the report of the Henry tax review.

We were critical that the GST was taken off the table for the Henry review. But putting that limitation to one side, the Henry report, including its call for more efficient taxation structures, is generally consistent with the Business Council's tax policy benchmarks.

It is a commendable blueprint for future tax reform. And it is disappointing that, so far, only a few ideas from the review have been plucked out, not only to implement but even to present as options for the community to consider.

In fact, national discussion on tax reform is so often brought down to the level of accusations of sectional self interest, damaging both to the cause of reform and to our national self-confidence.

The reality is that only confident businesses will invest, grow and hire.

Only confident investors – here and overseas – will provide the financing for this to happen. And only a confident community will start families, buy houses, and invest in their own health, education and training.

Tax policy matters. It matters because it delivers important signals about where we want people to save, the consumption choices we want to encourage and how we want Australians to invest.

It is part of a set of incentives people factor in to their decisions about work, study and investing in their own futures.

It can encourage confidence and enterprise or it can sap confidence and discourage enterprise.

With all the opportunities Australia now has at its fingertips, the very real scope of what we can achieve with the right policy settings, here we are in the same old quagmire of bad policy process – a regrettable brawl over an ill conceived, poorly constructed and poorly explained new resource tax proposal.

Here we are in the unfortunate position of having our most vibrant, internationally competitive industry – the mining industry – in pitched battle with the federal government over tax reform.

This is disappointing, damaging and dangerous. And it could have been avoided by a better reform process.

The opportunity for this to happen is not lost!

The concerns business is raising about the proposed Resource Super Profits Tax go to the core of our ability to attract and retain investment, to create jobs and secure opportunities for Australia's future.

I can tell you here today, having spent the last two days with 60 CEO members of the Business Council, this tax is not only a concern for mining companies: all our members are concerned.

In the Business Council's 2010 election policy benchmarks, tax reform is a priority because it's important unfinished business.

And because we have an excellent blueprint in front of us that deserves to be more fully embraced through proper, national, public consultation on both the recommendations themselves and the reform intent that sits behind them.

Are there risks to political leaders in tackling this complex area of reform in an open and honest way, with a view to the long term rather than the short term?

Of course there are. But, again, my sense is that carefully considered tax reform, honestly explained and refined through an open public consultation process, will win the support of most Australians.

Summary Message

Having addressed those four policy areas, I'd ask you to turn to the back page of our publication where we've set out our high-level formula for social prosperity. Like all formulas, this one risks being overly simplified, but it helps to get across the Business Council's key message.

The story we are trying to tell with this document and the appeal we are making to our political leaders is this:

If we as a nation maintain a growing population, and encourage fuller and productive participation, in the workplace and in the community, supported by good-quality health, education and infrastructure, we will go a long way to building a sense of shared prosperity.

Shared prosperity affords the confidence for people and businesses to value and invest in their environment. And that's how we secure the quality of life we all want.

When we were finalising this summary page, I realised that something was missing from the draft – something that acknowledges the readiness of Australians to contribute to each other and to the nation's overall wellbeing.

I added the words "community participation" – because it seemed to me that without them, it would read as though the Business Council saw GDP per capita as the only relevant measure of social prosperity, which of course it isn't.

Let me share another personal reflection.

Reflecting on community participation took me back to the way I grew up in suburban Sydney, where I attended a newly opened government high school.

Many Saturdays, my father and I took part in school working bees, grassing the school's lawns, planting trees, creating the sports oval. No-one waited around for the government to come up with money for these things. Parents just got together and did the job themselves.

And this got me thinking about community prosperity being about far more than the sum of our individual incomes or the taxes we pay for governments to redistribute.

There was my father, not a wealthy man, who instead of taking a second job or working to complete our house which he largely built, devoting his weekends to volunteering at my school.

This instilled in me a value that I know I share with many, I hope most, Australians. Community service is a hallmark of our citizenship. And it isn't measured by GDP.

Volunteers who teach refugees to speak English so they can become productive, integrated citizens. Grandparents who take grandchildren to the zoo to learn about nurturing our natural heritage.

None of this is measured in GDP.

GDP doesn't capture my father planting trees that have shaded two generations of schoolboys.

So I added those extra words "community participation".

My wish, as we approach the 2010 federal election, is that our leaders might revisit more of the message we used to hear about Australia Unlimited.

About a land of opportunity with “boundless plains to share”. Where there’s work for all, and citizens recognise they have a contribution to make, not only in the workplace but more broadly in their communities.

That’s all part of our nation-building vision for Australia.

Business Reputation

With this thought in mind, let me return to the Auspoll diagram at the front of our publication.

As I see it, the diagram reflects the approach Australia took in weathering the GFC.

Business supported government and made our workplaces more flexible rather than simply shedding staff. Australians didn’t drop their bundles.

And we came through the crisis together in a way we never would have if we’d pitted ourselves against each other: one section of business against another, big business against small, managers against their staff.

The GFC has, however, left a legacy of depleted national self confidence. We would hate to see that exploited for short-sighted political reasons, though we understand how this could happen in an election context.

We all know that long-standing institutions, largely overseas but some in Australia too, went under because of poor management, wilful blindness to risk and excessive greed – the word cannot be avoided.

Business leaders must be mindful of community concerns that stem from these failures. We need to rebuild trust and earn back reputation

This won’t happen if politicians decide to ride populist, anti-business rhetoric that is really in no-one’s best interest.

Conclusion

By and large, this publication concerns itself with the expectations we in business have of the nation’s political leaders. But we understand that business also needs to reflect on how our own actions and behaviour can contribute to achieving the outcomes we want for this country.

We need to better communicate and explain our role and contribution, and to listen to the community’s expectations of us.

We need to accept that where we don’t communicate effectively or respond to community expectations responsibly, we will be called to account, by our employees, by governments and by the wider community.

The first lesson to take out of the global financial crisis is to have confidence in ourselves, and in knowing that if we work together, honestly and respectfully, we can come up with the best solutions for Australia.

And if we recognise and draw on the common values and outlook we share as Australians – whether we're in business, government or making choices in our personal lives.

As we approach this important election – in the extraordinary circumstances that have developed in the past few hours – we hope our leaders will have a positive story to tell, one that inspires a bigger vision for us, one that unlocks the true power of 'Australia Unlimited' by promoting both economic success and community prosperity.

Thank you.

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