

**BUSINESS COUNCIL OF AUSTRALIA 2009 ANNUAL REVIEW:
MANY CONNECTIONS. ONE FOCUS**

President's Message
Greig Gailey

Reform will enable business to drive future growth and prosperity

In our 2008 annual review, I wrote that Australia had experienced a remarkable record of growth, one that many nations would hope to emulate. A year on, that statement remains true, though for reasons few of us expected. Australia has proved exceptionally resilient to the deep global crisis.

Our nation can now take advantage of that resilience. We can further reshape our economy and society for the years ahead. We can take the next steps to realising the BCA's vision for Australia: to be the best place in the world in which to live, learn, work and do business.

Leadership in recovery

In a period of slower global growth, business and government must now lead the way back to strong economic expansion.

An uncertain post-crisis global environment makes our terms of trade even less predictable than usual. This alone is reason enough to work harder at economic reform, business innovation and global engagement. Heightened competition for global capital means we must create a more attractive environment for overseas investors. Managing the risks associated with climate change becomes more challenging in a difficult world economy.

And population ageing and competition for skills become priority issues.

The Rudd Government came to office with an ambitious reform agenda to address many of the challenges that the BCA has long highlighted – business regulation, tax, education, health, climate change, and the plight of Indigenous Australians, to name just a few. This government began with an economy in good shape. Almost immediately it was confronted with a dramatic change in the economic landscape, as times of plenty changed to times of trouble.

As we enter the recovery, this reform agenda has even greater importance than it did two years ago.

Governing for growth

Productivity holds the key to Australia's future prosperity. Reform holds the key to greater productivity.

The government can ensure that business is able to fulfil its role as the main driver of growth and prosperity.

But to do so, government must reach a number of its own most important stated goals:

- Removing state barriers to business and creating a 'seamless economy' within a functioning federation.
- Building and maintaining a workplace relations environment that fosters workplace collaboration.
- Improving the education system by introducing performance-based incentives for educators.
- Creating a healthcare system out of what is now a series of disconnected elements.
- Building cost-effective infrastructure to deliver water, energy, transport and communications.
- Competing effectively for international investment capital and encouraging domestic savings through tax reform.

Unfortunately, Australia's federal system of government does not facilitate such reforms. The BCA applauds the government's desire to achieve these objectives through a consultative, cooperative approach, as well as the actions it has taken to revitalise and restructure the COAG process. However, these objectives are too important to be allowed to fail. If COAG is ultimately unable to deliver them, the government must look to other ways to achieve reform.

Confronted with the global financial crisis, the government took bold and early economic stimulus measures – measures which the BCA welcomed. But as growth returns, governmental thrift must replace governmental largesse. Just as the government was willing to act boldly and swiftly to provide stimulus, we urge it to act boldly and swiftly to restore the budget to surplus as economic growth returns.

Business dynamism

Business's most important contribution to the recovery will be to play its primary role: providing the dynamism, innovation and competitive spirit that create jobs, economic progress and strong growth.

The BCA accepts that it is the legitimate role of government to determine the regulatory environment in which business operates. This regulatory environment can, however, either facilitate growth or impede it.

Regulation that facilitates growth requires a thorough consultation process, with analysis by those it will affect, so as to minimise unintended consequences. In the past 12 months a series of business-related laws have fallen far short of this requirement – laws addressing issues ranging from consumer credit to taxation of employee shares. Yet consultations undertaken on issues such as business-to-business arrangements in laws on unfair contracts clearly illustrate that sensible discussion can improve proposed laws.

Business leaders can bring much to the public policy debate. Business leaders think and plan long term. Business leaders understand global markets and competitiveness. Business leaders know the importance of competing for skills and capital.

Business can work in partnership with government to bring insights, disciplines and alternative skills and perspectives to address increasingly complex issues, from fiscal policy to helping improve opportunities and outcomes for Indigenous Australians. Successive governments have recognised and used these skills.

A credible voice

The BCA gives individual businesspeople a chance to contribute to this task – as members, task force chairs, and even as president.

To be president of the BCA is to have the privilege and responsibility of helping shape public policy, being the voice for a group of Australian business leaders, and leading the broader community towards renewed economic success.

Each BCA president aims to increase the BCA's credibility as a voice in policy. And each is aware of their responsibility to carry on the work of those who have gone before, working with the CEO, the secretariat, board and the membership.

I hope I have built on the credibility and strength delivered by those presidents who went before me and that I have played my part in creating a true partnership between the BCA, the government and the broader community to the benefit of all Australians.

The BCA 2009 Annual Review – ***Many Connections. One Focus*** – is available in hard copy. Contact us via bca.com.au to request a copy of the review.