



THE BIG FIVE QUESTIONS

Australia's platform for action for
the 2025 Federal Election

BCA

Business Council of Australia

GPO Box 1472, Melbourne 3001

T 03 8664 2664

www.bca.com.au

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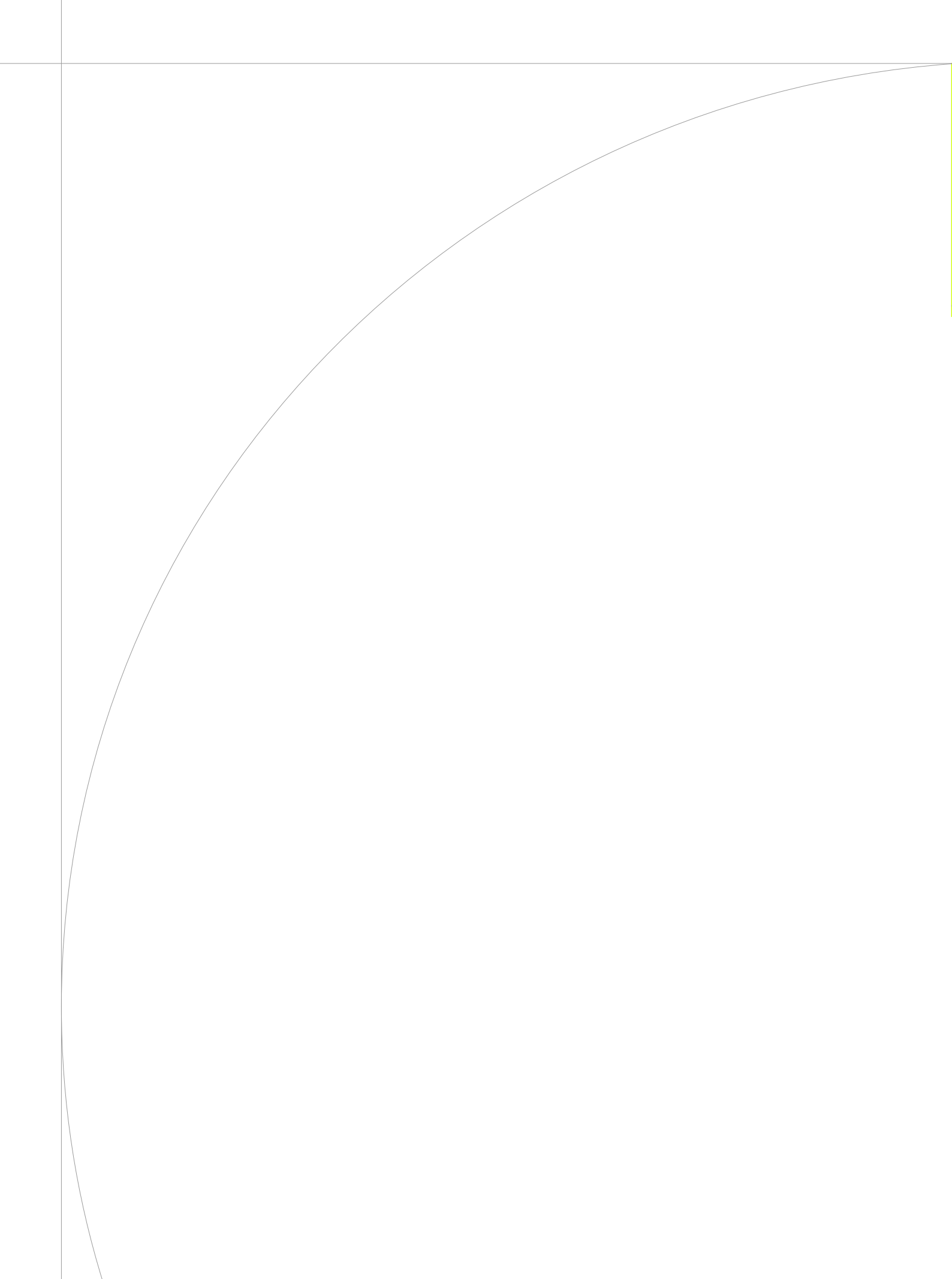
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Australia's priorities for the 2025 Federal Election

As we head towards a Federal Election, we face a range of major national challenges which must be addressed.

From cost-of-living to the housing crisis, our challenges will only be met if we confront the real problems behind them and avoid the distractions of policy placebos.

The Business Council of Australia is proposing policy priorities for action this election. We have identified five critical national questions which must be answered—properly and quickly with federal action—if we are to ensure future national prosperity and maintain our living standards.

Each of these questions is at risk of being highly politicised, and subject to populist policy approaches which will either make little difference or make the challenge even harder. The Business Council has therefore sought to identify the root causes of challenges like the housing crisis, call out populist policy solutions which do not address these root causes, and articulate practical solutions capable of being implemented by the Federal Government.

Our intent is to be unimpeachably non-partisan and show ambition commensurate with the nature of each challenge.

It is our goal to have as many of these recommendations as possible adopted by major political parties and independents as sensible, centrist campaign policy.

Bran Black

Chief Executive
Business Council of Australia

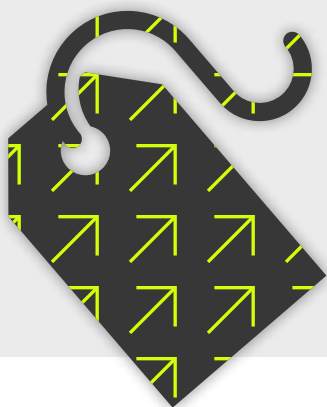
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THE BIG FIVE QUESTIONS

Australia's platform for action for the 2025 Federal Election

Q1

How do we ease the cost-of-living crisis for Australians?



THE REAL PROBLEM

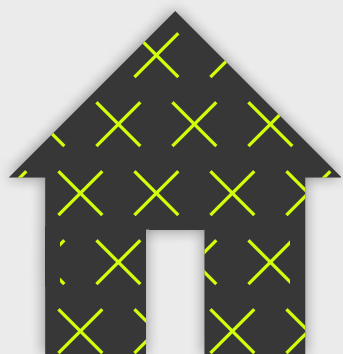
Economy-wide inflation

WHAT WE NEED TO DO

- Control the budget to spend less and more effectively.
- Lift productivity through:
 - Less red tape and regulation.
 - More flexible workplace laws.
 - Simpler planning systems.
 - Boosting trade and investment and supporting innovation.
 - Incentivising research commercialisation.
 - Supporting existing productive sectors like education, manufacturing and resources.
 - A more efficient tax system.

Q2

How do we tackle the housing crisis?



THE REAL PROBLEM

Lack of supply, slow planning approvals, increased costs

WHAT WE NEED TO DO

- Speed up approvals.
- Fund infrastructure critical to new housing.
- Grow the construction skill base.
- Reform anti-housing taxes.
- Tackle union corruption and criminality in construction.

Q3

How do we achieve net zero by 2050 with affordable and reliable energy?



THE REAL PROBLEM

The absence of a non-partisan roadmap, planning and investment

WHAT WE NEED TO DO

- Agree a non-partisan roadmap to give business confidence to invest.
- Coordinate delivery across all levels of government and business.
- Take a technology agnostic approach to delivering the most efficient, reliable and affordable pathway to net zero by 2050.

Q4

How do we develop a skilled workforce for the future?



THE REAL PROBLEM

Australia lacks the skills required to meet our growing and evolving needs

WHAT WE NEED TO DO

- Offer affordable, accessible and quality early childhood education and care.
- Move back to basics to lift the quality of education.
- Provide quality careers counselling at school.
- Improve integration between schooling, vocational education and training, universities and workplaces.
- Support lifelong learning and career mobility.
- Attract skilled international workers to supplement our workforce.

THE REAL PROBLEM

Australia's ageing population, decreasing taxpayer base and increasing health and care needs

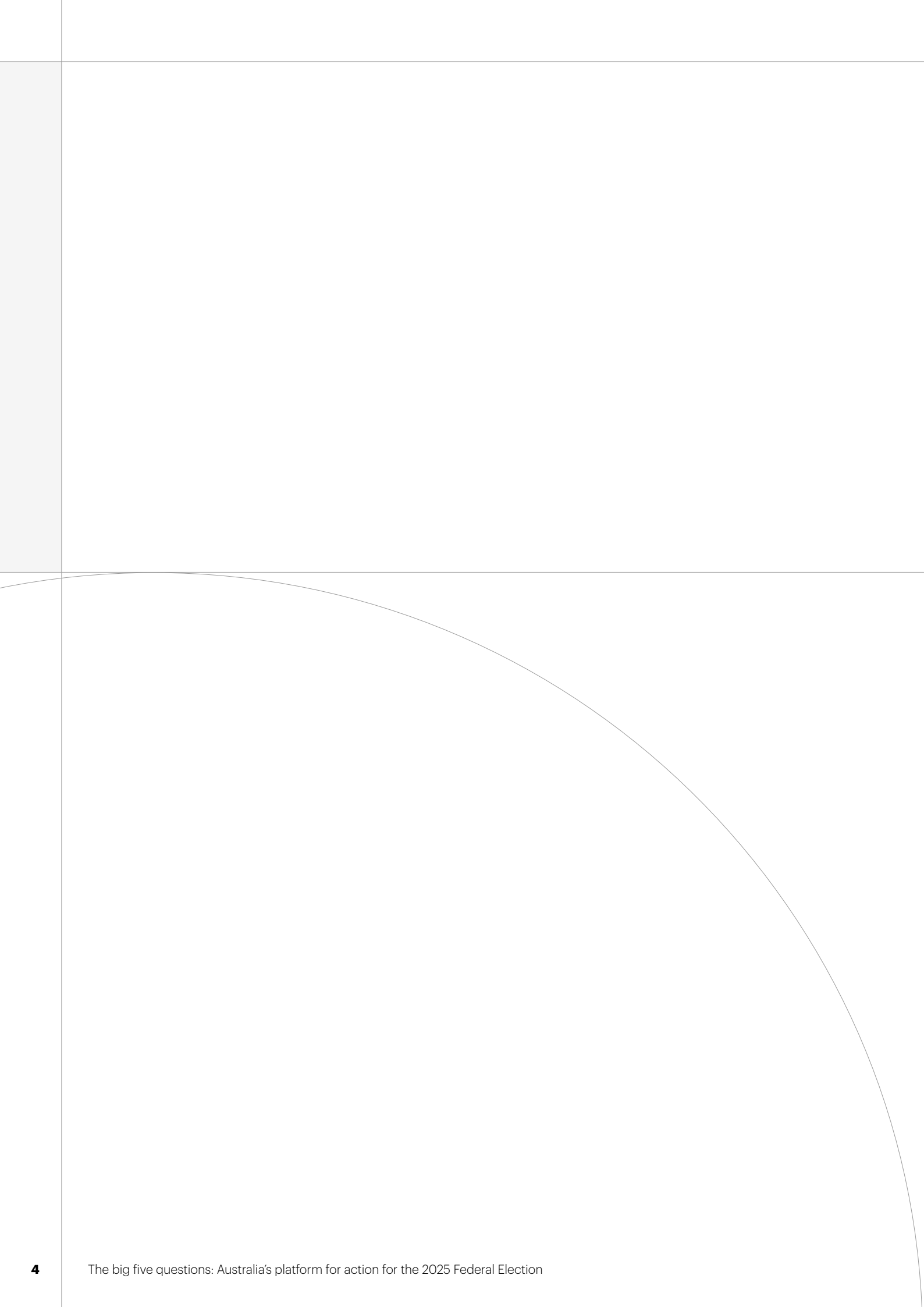
WHAT WE NEED TO DO

- Use technology to boost efficiency and care quality.
- Support consumer choice by embedding transparency in services, treatments, performance and price.
- Develop microcredentials in a range of industry specific specialisations.
- Provide incentives for health and care services in remote, rural and regional communities.
- Create a National Cabinet taskforce to identify state and federal overlaps and inefficiencies in care provision.
- Explore alternative funding means, models of care and the effective utilisation of health and care professionals.

Q5

How do we deliver the health and care services Australians need?





Q1



How do we ease the cost-of-living crisis for Australians?

No issue is more pressing for Australians than the cost of living. This election period, we must place easing inflationary pressures for Australians at the top of the political agenda. But most importantly we must focus on the deep-rooted issues that are actually driving prices up.

If we engage in a race to the bottom with quick face-value fixes, we don't address the underlying issues and risk consequences that are counterproductive.

Q1

How do we ease the cost-of-living crisis for Australians?

FACTS TO PROVOKE ACTION

Underlying inflation is **3.2%** annually¹

Rents are up **6.4%** over the last year²

Backward **real incomes per person** for 7 consecutive quarters³



27% of **mortgage holders** are at risk of mortgage stress⁴

THE REAL PROBLEM

We are avoiding the real problem because it is big and not easy to fix. The problem is persistent underlying inflation across the economy. With record public money in the economy and more regulation, we must address the root cause—an economy that has been running too hot relative to constrained supply, despite weak growth in demand. Controlling government spending and greatly increasing productivity will make a big difference.



RED HERRINGS PREVENTING REAL ACTION

In a political environment seeking quick fixes to the cost of living, the solutions being proposed avoid the real problems driving up costs for Australians.

In some cases, they are even likely to have the perverse effect of worsening the cost of living. These red herrings include:

- ⊗ Higher wages unlinked to productivity improvements.
- ⊗ Divestiture laws to break up supermarkets, which need scale to deliver value across our vast and sparsely populated nation.
- ⊗ Increased taxes, including by state governments, which stifle investment.

1 ABS Consumer Price Index
 2 ABS Consumer Price Index
 3 ABS National Accounts
 4 <https://www.roymorgan.com/findings/9788-mortgage-stress-risk-november-2024>

WHAT MUST BE DONE

To fight economy-wide inflation, we must:

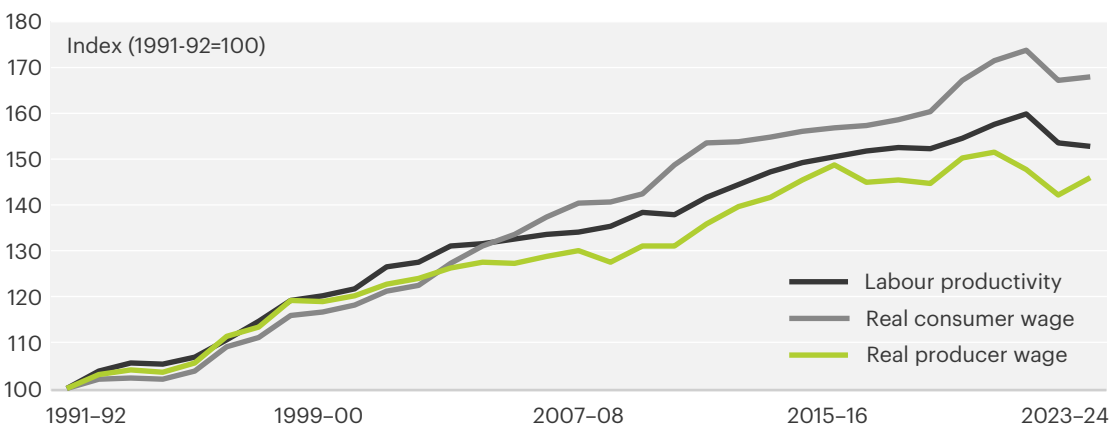
Control the budget to spend less and more effectively

One way to fight inflation is to limit money pushed into our economy. Commonwealth Government spending is expected to increase to 26.5 per cent of GDP in 2024-25 and 27.2 per cent of GDP in 2025-26. Outside the pandemic period, this is the highest level of spending as a share of GDP since 1986-87. Having even more dollars chasing a limited supply of goods and services risks prolonging inflation and interest rates staying higher for longer. While this is not to suggest that we should not be taking government action to support our most vulnerable, we must have an overall whole-of-government aim to get spending under control.

Lift productivity

The other answer to inflation is doing more with what we have. This is called productivity, which grows the supply side of the economy. When businesses cannot run efficiently, the cost of what they are producing is higher than necessary and their goods and services are more expensive. That drives inflation. The only way to have sustainable wage growth without driving up inflation is to have it linked to productivity improvements, so businesses are not forced to pass on increased costs to consumers because they have been offset with savings in other places. None of the recent workplace relations changes legislated by Government were designed to improve productivity. As such, they do little to promote sustainable real wage increases into the future.

Real wages and labour productivity growth since 1991-92



Source: ABS

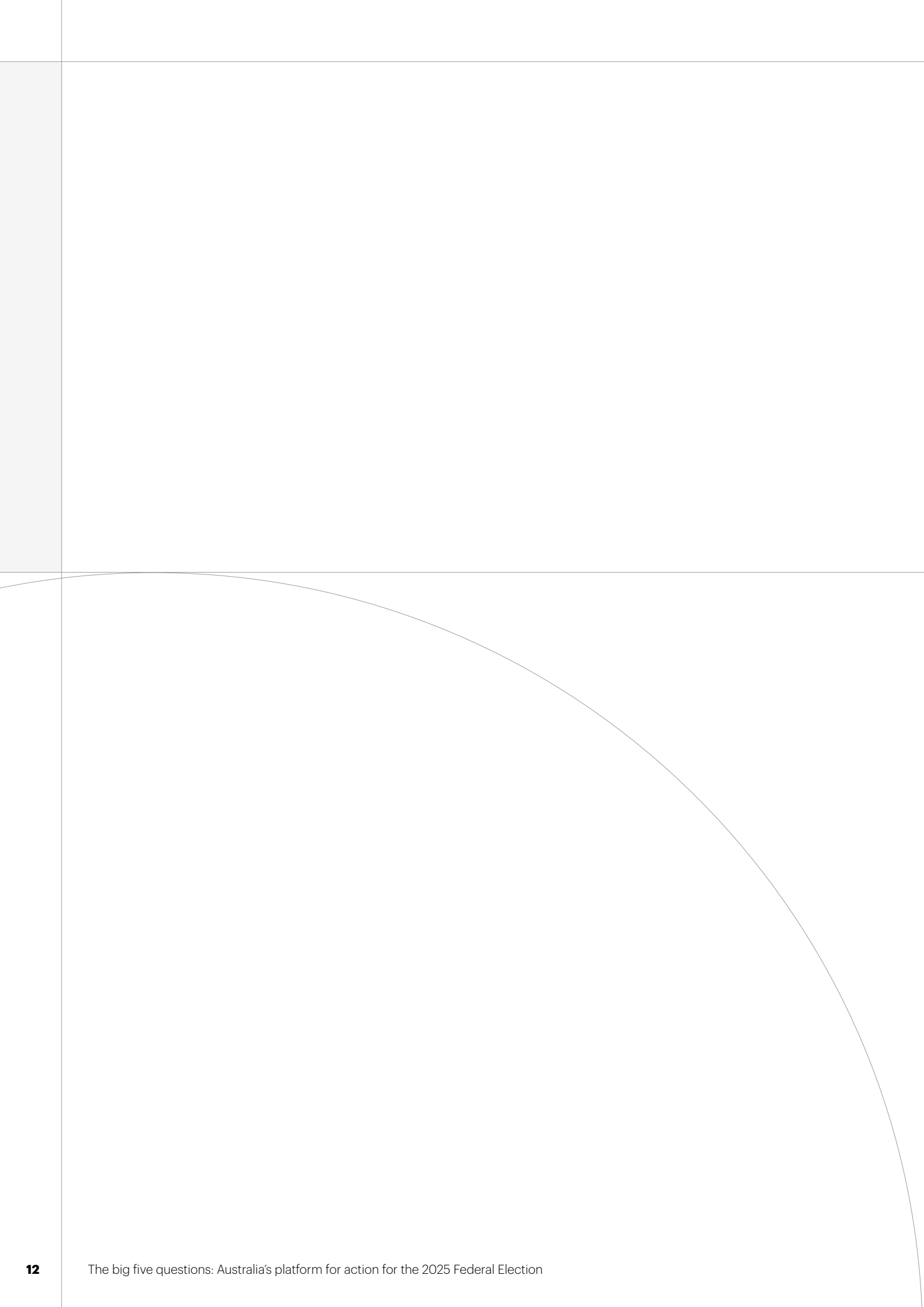
HOW WE CAN DO IT

What we need to do	How election policies could do it
<p>Control the budget to spend less and more effectively</p>	<p>Re-instate fiscal rules</p> <ul style="list-style-type: none"> ▪ Cap real expenditure growth at an annual rate of two per cent. ▪ Reinstate the tax-to-GDP ratio cap of 23.9 per cent. ▪ Have more transparency around off-budget expenditure.
<p>Lift productivity through:</p> <ul style="list-style-type: none"> – Less red tape and regulation – More flexible workplace laws – Simpler planning systems – Boosting trade and investment and supporting innovation – Incentivising research commercialisation – Supporting existing productive sectors like education, manufacturing and resources – A more efficient tax system 	<p>Less red tape and regulation</p> <ul style="list-style-type: none"> ▪ Ensure that all new regulatory initiatives are assessed with a productivity-enhancing lens by including independently produced productivity analysis in regulatory impact statements. ▪ Task the Productivity Commission with monitoring the burden of regulations on business in comparison to global peers and providing annual recommendations to Commonwealth Treasury on the reduction of regulation. ▪ Appoint a Minister for Deregulation with clear responsibility across departments to help drive a deregulation agenda that makes it easier to do business in Australia. ▪ Set a target to remove regulation that duplicates processes across government departments and jurisdictions. <p>More flexible workplace laws</p> <ul style="list-style-type: none"> ▪ Enable businesses and workers to agree the best fit engagement model for their business and personal circumstances by: <ul style="list-style-type: none"> – Restoring the simple definition of a ‘casual employee’ and understanding of who an independent contractor can be. – Allowing fixed-term contracts. – Promoting choice and flexibility by removing regulated labour hire arrangement orders. ▪ Support flexibility in bargaining to drive higher wages by improving productivity. Do this by: <ul style="list-style-type: none"> – Ensuring bargaining only commences with majority employee support or where an employer agrees. – Reforming intractable bargaining determinations to the pre-February 2024 position. – Allowing the Better Off Overall Test to consider non-monetary benefits provided to employees. ▪ Streamline and simplify minimum standards for gig workers and road transport to reduce complexity and enable innovation. Reduce red tape in the form of contractual supply chain regulation. <p style="text-align: right;"><i>continued...</i></p>

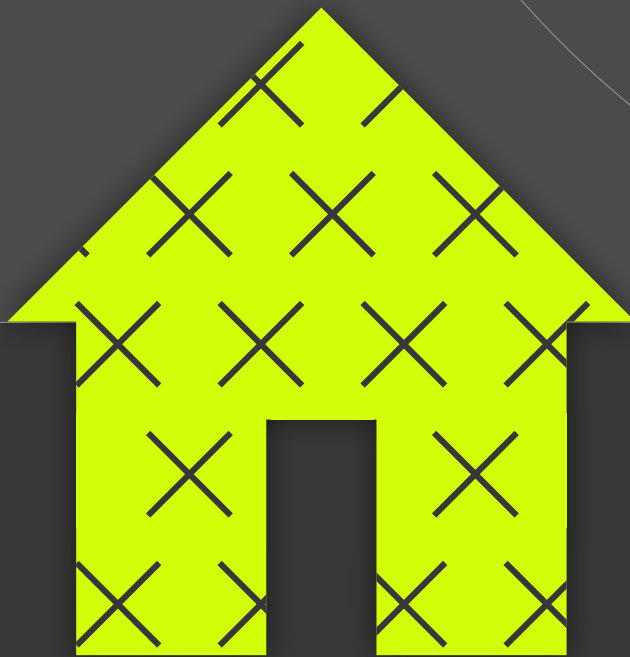
What we need to do	How election policies could do it
<p><i>continued...</i></p> <p>Lift productivity through:</p>	<ul style="list-style-type: none"> ▪ Simplify and properly modernise awards to make them easier to navigate and apply. ▪ Ensure a balanced workplace delegates’ rights framework to minimise unnecessary disputation and cost burdens for business. <p>Simpler planning systems</p> <ul style="list-style-type: none"> ▪ Ensure the National Productivity Fund has the capacity and scope to drive meaningful reform across state governments and benefits across the economy. ▪ Productivity reform payments could be applied to state-based efforts to make planning systems faster and more efficient, reducing the overall planning bottleneck. This would allow the Federal Government to play a significant role in addressing the housing supply crisis. <p>Boosting trade and investment and supporting innovation</p> <ul style="list-style-type: none"> ▪ Provide targeted investment incentives in sectors where Australia has a clear comparative advantage, such as critical minerals, health and medical technology and research. ▪ Accelerate the digitalisation of the Australian economy to power innovation and growth in AI, by not over-regulating the adoption of technology and focusing its uptake in areas where there are significant opportunities to lift productivity such as in the care economy. ▪ Overcome key skills shortages that inhibit growing businesses and introducing new technologies by lifting access to digital skills training. <p>Incentivising research commercialisation</p> <ul style="list-style-type: none"> ▪ Enhance the research commercialisation ecosystem and drive for increased investment in research and development (R&D) to support economic growth, with an aspirational goal of three per cent of GDP. ▪ Facilitate better collaboration between universities and businesses to aid commercialisation of research ideas. <ul style="list-style-type: none"> – This could include collaboration models such as joint research projects, co-funded initiatives and shared infrastructure. ▪ Abolish the R&D expenditure threshold, or at a minimum increase it to \$250 million and index it. ▪ Provide support to businesses at each stage of the commercialisation ecosystem—from early-stage research to start-ups to manufacturing. This could be in the form of tax incentives to keep Australian manufacturing onshore. ▪ Improve our trading environment by establishing a Trade Single Window and implementing the Model Law on Electronic Transferable Records in Australia. <p style="text-align: right;"><i>continued...</i></p>

What we need to do	How election policies could do it
<p><i>continued...</i></p> <p>Lift productivity through:</p>	<p>A more efficient tax system</p> <ul style="list-style-type: none"> ▪ Encourage business to invest in innovation through an investment allowance. ▪ Reduce the company tax rate to a globally competitive setting of 25 per cent for all companies to attract investment, drive growth and mitigate the distortions and disincentives of the two-tier tax system. <ul style="list-style-type: none"> – This could be introduced through a phased reduction in the current rate by one percentage point a year. Super profits taxes must be resisted given our already uncompetitive company tax settings. ▪ Consider increased reliance on indirect taxes such as the GST to reduce taxes that are more harmful to growth, with appropriate support and safeguards for disadvantaged Australians and those in need.

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Q2



How do we tackle the housing crisis?

Australia has a housing problem. This crisis has been a long time building, and the solutions to it are long-term reform efforts.

Q2

How do we tackle the housing crisis?



FACTS TO PROVOKE ACTION

The rental **vacancy rate** has fallen below **1.5%** (in some parts below 0.5 per cent)⁵

Australia currently has **fewer dwellings** per 1,000 people than the OECD average⁶

In 2002 the average house was 4.9 times the **average income**, it is now **x8.6**⁷

The share of income needed to pay a mortgage jumped from 29 per cent in 2020 to **46%** in 2023⁸

About 176,000 new dwellings were built in 2023-24, falling around **64K** **homes short** of what is needed to hit Australia's 1.2m target⁹

THE REAL PROBLEM

The real problems driving the housing crisis are not developers or migrants. The real problem is systemic—a lack of housing supply due to slow planning approvals, increased materials and capital costs, challenges securing skilled labour and falling labour productivity.



RED HERRINGS PREVENTING REAL ACTION

There is a concerning culture of blame and finger-pointing developing in response to the housing crisis. Red herrings include:

⊗ **Migration—particularly the scapegoating of international students who make up a small share of the rental market and are focused in very specific areas and building types.**

⊗ **Claims a million vacant properties can be harnessed to house people when ABS figures estimate there are at most 136,000 homes vacant.¹⁰**

⊗ **Asserting that if short-term rentals were banned, there would be enough homes for everyone. Government research shows short-term rentals impact only a small range of tourist focused locations.**

⊗ **Claims that changes to capital gains tax and scrapping negative gearing will address the housing supply crisis, given they do not deliver new homes.**

5 SQM Research, August 2024

6 OECD Affordable Housing Database, H.M 1.1 Housing Stock and Construction, 15 April 2024

7 The Treasury, 2024-25 Budget Paper 1: Statement 4: Meeting Australia's Housing Challenge, May 2024

8 The Treasury, 2024-25 Budget Paper 1: Statement 4: Meeting Australia's Housing Challenge, May 2024

9 ABS

10 ABS Administrative data snapshot of housing 2021

WHAT MUST BE DONE

To tackle the housing crisis, we must:

■ **Speed up approvals**

Speeding up approvals means fixing planning systems, including the Environment Protection and Biodiversity Conservation (EPBC) Act, so that approval processes are efficient. The time it takes to build is currently one of the greatest impediments to hitting our housing supply targets. This is in large part due to burdensome and in some cases unnecessarily complex approvals processes which can keep developments on hold.

■ **Judiciously fund infrastructure with a focus on new housing**

To unlock the opportunities of new land for building we need sensible infrastructure planning through the lens of housing (such as sewerage and other utilities necessary for living in homes), and a commitment to fund this infrastructure at a state and federal level. Many otherwise suitable areas for building are unable to support new homes due to infrastructure deficiencies. Government infrastructure investment needs to be balanced with market and labour force capacity to build housing.

■ **Grow the construction skill base faster**

The labour costs in construction and related shortages need to be addressed in order to lower housing prices, through a mix of training locally and migration.

■ **Reform anti-housing taxes**

Our tax system is not conducive to delivering housing that is affordable, with huge disincentives built into the system, including stamp duties across states and territories as well as developer contribution charges.

■ **Tackle union corruption and criminality in construction**

Corrupt activity in the construction sector increases costs which are borne by everyone. We need a judicial inquiry to fully and publicly investigate the extent of the misconduct and alleged criminal and unlawful conduct in the building industry, as shown in recent allegations against the CFMEU. It is also clear that an industry-specific regulator working to permanently stamp out corrupt and criminal CFMEU behaviour on building sites is necessary to fix the significant issues in the sector that impact labour productivity.

HOW WE CAN DO IT

What we need to do	How election policies could do it
<p>Speed up approvals</p>	<ul style="list-style-type: none"> ▪ Ensure the National Productivity Fund has the capacity and scope to drive meaningful reform across state and territory governments and therefore across the economy. Make sure the Fund is applied as widely as possible across the housing sector to incentivise meaningful reform to build more housing. ▪ Reform the Environment Protection and Biodiversity Conservation (EPBC) Act to improve efficiency and certainty, in line with the broad recommendations of the Samuel Review.
<p>Judiciously fund infrastructure with a focus on new housing</p>	<ul style="list-style-type: none"> ▪ Leverage the \$120 billion Federal Government infrastructure pipeline for projects that have an explicit housing supply outcome. This will open opportunities beyond what is possible from the Housing Support Program infrastructure fund. ▪ Given infrastructure delivery competes for labour and market capacity with housing supply, infrastructure investment by governments must be judicious. It should be targeted and demonstrated to have a real economic benefit.
<p>Grow the construction skill base faster</p>	<ul style="list-style-type: none"> ▪ Develop an employer incentive scheme to boost apprentice numbers in the construction trades and improve the quality of construction workplaces. Provide increased payments to employers with additional incentives to small and medium businesses which demonstrate strong completion rates. Incentivise large businesses to expand successful programs that aid apprentice completion rates via a \$40 million fund over four years. ▪ Improve efforts to harmonise and standardise trade licensing and accreditation across Australia to the highest standard, to increase mobility of the construction workforce. Apply funding and compliance consistency between states and territories to remove operational red-tape and assist with workforce planning. This includes apprenticeship regulations, licensing fees and legislation, and compliance and supervisor requirements for trades, which vary in each state and territory. ▪ Incentivise international workers with construction skills to migrate to Australia, including a fast track to permanency. This should include an expedited system for mutual recognition between comparable countries of occupational licensing and trade qualifications in construction roles. <p style="text-align: right;"><i>continued...</i></p>

What we need to do	How election policies could do it
<p>Reform anti-housing taxes</p>	<ul style="list-style-type: none"> ▪ Use the National Productivity Fund to encourage states and territories to phase out stamp duty and replace it with a broad-based land tax. The Federal Government should amend policy settings to reward jurisdictions that do this, such as by ensuring they are not penalised through GST distribution, and provide incentive payments that alleviate the financial impact on state and territory budgets from the transition. ▪ The Federal Government should support states and territories with funding to facilitate the reform of developer contributions. States and territories must reform their contribution systems to fix issues around cost, nexus to housing, transparency, uncertainty, and delay in infrastructure delivery. While this is done, there should be a reduction in these charges, which could be supported with funding from the Federal Government, contingent on reform commitments. ▪ Remove restrictions on access to the concessional managed investment trust withholding tax rate for build-to-rent projects that receive distributions from other trusts and extend access to existing projects.
<p>Tackle union corruption and criminality in construction</p>	<ul style="list-style-type: none"> ▪ Establish a judicial inquiry into alleged criminal behaviour rewarding elements of the CFMEU. ▪ Re-establish a specialist building industry workplace conduct regulator. ▪ Reintroduce a form of the Code for the Tendering and Performance of Building Work including: <ul style="list-style-type: none"> – Prohibited agreement content and industrial practices. – Penalties for unlawful picketing and unprotected industrial action. – Safety and drug and alcohol testing requirements. – Ensuring freedom of association.

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Q3



How do we achieve net zero by 2050 with affordable and reliable energy?

Future-proofing our environment and economy by decarbonising our domestic and export sectors requires a transition to a modern energy system—one that is reliable, affordable, low emission and eventually net zero.

Q3

How do we achieve net zero by 2050 with affordable and reliable energy?



FACTS TO PROVOKE ACTION

Almost half of our exports rely on fossil fuels and

1 in 4

jobs are in a carbon-intensive industry¹¹

Australia's emissions reduced by an average of **11.6M tonnes** a year between 2009 and 2022—to achieve our **net zero goal**

we must increase this average to **17.4M tonnes** a year to 2050¹²



\$7-9T

could be required to **transition our economy** to net zero¹³

THE REAL PROBLEM

At the heart of our challenge is the absence of a non-partisan roadmap allowing for planning and investment confidence. Our shift to clean energy requires immense coordination and we must therefore have absolute confidence in our national objective, regardless of the vicissitudes of government and politics.

RED HERRINGS PREVENTING REAL ACTION

Few public policy debates have been as divisive or as politicised as that surrounding climate action and the transition to net zero. While bipartisan agreement on the net zero by 2050 objective has lessened this somewhat, the debate focuses on competing views on how we achieve the target. Red herrings include:



Picking technological winners.



Abandoning interim targets.



11 ABS International Trade in Goods and Balance of Payments and International Investment Position; Deloitte, *A new choice Australia's climate for growth*

12 https://www.bca.com.au/2024_25_pre_budget_submission_reclaiming_our_competitiveness

13 *Net Zero Australia*, The University of Melbourne, The University of Queensland, Princeton University and Nous Group, April 2023

WHAT MUST BE DONE

To achieve net zero by 2050 with affordable and reliable energy we need to:

■ **Agree a non-partisan roadmap to give business confidence to invest**

The Australian Government and state and territory governments should commit to a detailed long-term national Net Zero Roadmap based on a whole-of-system approach to decarbonising the economy to 2050.

■ **Coordinate delivery across all levels of government and business**

Government is in a unique position to provide the extraordinary level of coordination and integration required across the economy and the community to transition to net zero.

■ **Take a technology agnostic approach to delivering the most efficient, reliable and affordable pathway to net zero by 2050**

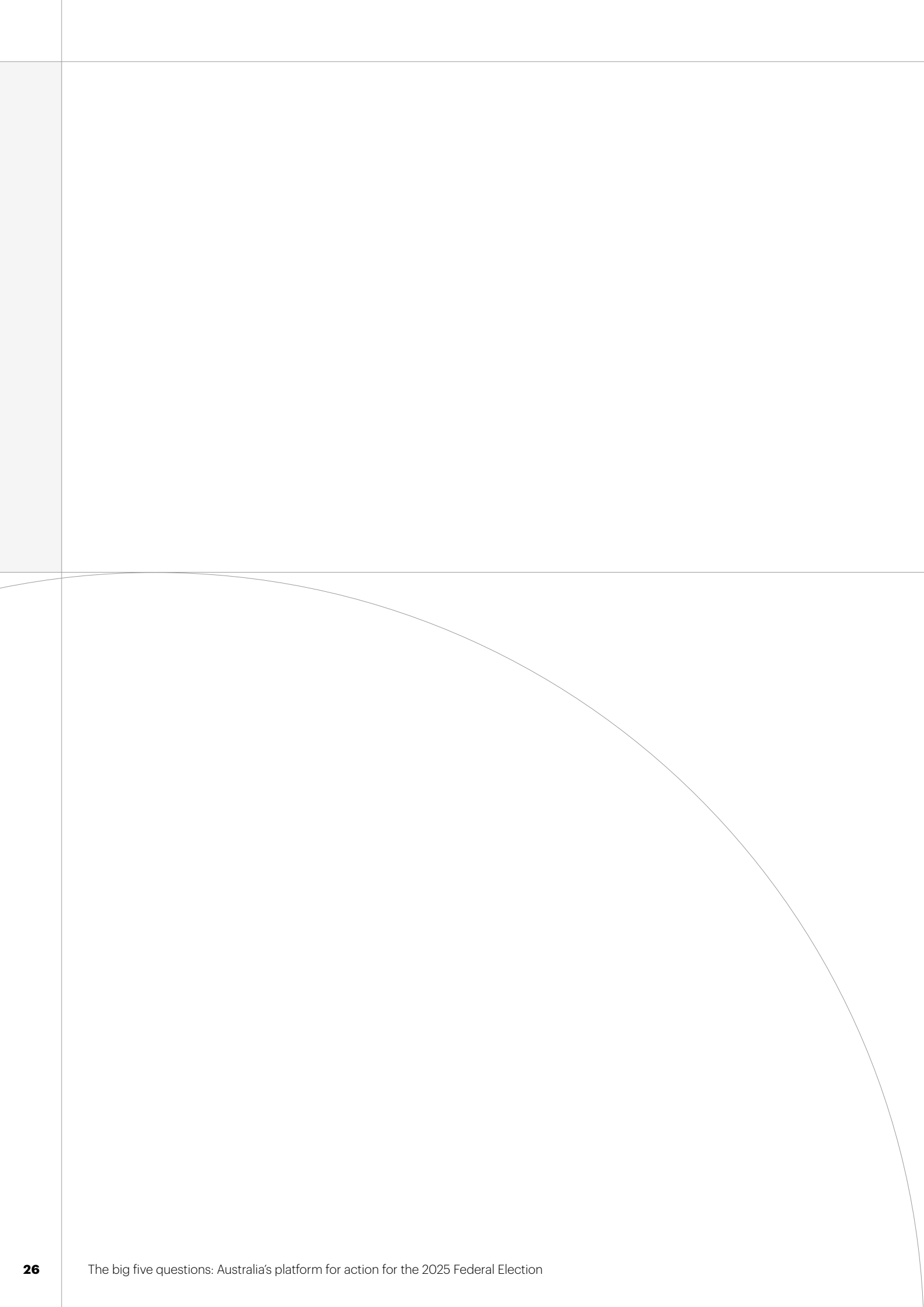
Going forward, governments need to move beyond ideological differences and acknowledge the critical role each fuel and technology can play in the energy transition and beyond.



HOW WE CAN DO IT

What we need to do	How election policies could do it
<p>Agree a non-partisan roadmap to give business confidence to invest</p>	<ul style="list-style-type: none"> ▪ Government should commit to a detailed long-term and expedited national Net Zero Roadmap based on a whole-of-system approach to decarbonising the economy to 2050. ▪ This roadmap would be a granular plan building on the Government’s Net Zero Plan and six sectoral decarbonisation pathways.
<p>Coordinate delivery across all levels of government and business</p>	<ul style="list-style-type: none"> ▪ Assessments for industry support should be expert led and strongly guided by comparative advantage. ▪ Decision-making should be streamlined and transparent to build confidence in regulatory processes and expedite investment. ▪ The Net Zero Authority should provide a key co-ordinating role in identifying the potential investment and workforce opportunities across regional areas that will be transitioning in a de-carbonising economy.
<p>Take a technology agnostic approach to delivering the most efficient, reliable and affordable pathway to net zero by 2050</p>	<ul style="list-style-type: none"> ▪ Avoid bias towards, or selectively excluding, any energy source on a technological basis. Preference market-led investment decisions over government-led investment decisions. ▪ Government should commit to developing a National Carbon Market Strategy as part of the Net Zero Plan.

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Q4



How do we develop a skilled workforce for the future?

Australia needs a skilled and flexible workforce to meet our greatest challenges. Skilled labour is a critical enabler of Australia's energy transition, it is vital to overcoming our housing shortage, it is integral to our burgeoning digital economy, and it will enable us to meet our obligations under AUKUS Pillars I and II. We are also in fierce global competition for skills.

Q4

How do we develop a skilled workforce for the future?



FACTS TO PROVOKE ACTION

80%

of the working population is targeted to be **tertiary educated** by 2050¹⁴

Year 12 retention rates have dropped to

79%

the lowest rate in 12 years¹⁵

Australia's education standards

are dropping in OECD rankings:

2006 → 2022

Reading

6th (down to) **12th**

Science

6th (down to) **10th**

Maths

8th (down to) **16th**¹⁶

We need an additional **30,000 electricians** by 2030 for the net zero transition alone¹⁷

The **individual tasks** that make up jobs will change by

18%

every decade¹⁸

THE REAL PROBLEM

Australia lacks the skills required to meet our growing and evolving needs without significant interventions at every input point—from early education to skilled migration.



RED HERRINGS PREVENTING REAL ACTION

The risk for our skills future is that we allow short-term domestic politics to drive what is a global race for talent. If the objective is to secure skills within set timelines, we must be open to all means of getting them.

Some of the current proposals regarding the skills landscape will limit options. Red herrings include:

- ⊗ **Capping international student intakes, which reduces universities’ revenue and their ability to deliver courses to domestic students and invest in skills-building research activities.**
- ⊗ **Reducing—and in some instances, removing—employer incentives for apprentices, claiming doing so will not reduce the number of apprenticeships. The reality is, doing so could dry up the pipeline of qualified workers in critical occupations such as electricians, carpenters and builders.**
- ⊗ **Rejecting skilled migration in the belief that there is a sufficient domestic supply of talent to fill key jobs.**

14 <https://www.jobsandskills.gov.au/publications/towards-national-jobs-and-skills-roadmap-summary/current-skills-shortages>
 15 Australian Curriculum Assessment and Report Authority, Apparent Retention rates, 2011-2023
 16 OECD PISA 2023
 17 Jobs and Skills Australia
 18 Jobs and Skills Australia

WHAT MUST BE DONE

To develop a skilled workforce for the future, we must:

■ Offer affordable, accessible and quality early childhood education and care

Affordable, accessible, and high-quality early childcare is a key factor in enabling parents, particularly women, to return to the workforce, and provides children with a strong educational foundation for Australia's future. The focus must be on implementing changes that deliver the necessary skilled workforce, target services in areas of need, and increase access for children who will benefit most from improved early childhood education.

■ Move back to basics to lift the quality of education

Too many Australian students are leaving school without essential skills and are ill-prepared for further study or work. We need a schooling system that builds people's capabilities and competencies and ensures students leave school with strong literacy, numeracy and digital foundational skills. We need to give students the best possible education to stop the slide backwards in our international rankings.

■ Provide quality careers counselling at school

Students who have a knowledge and understanding of their career of choice are more likely to succeed in further study and employment. They need up-to-date advice on the range of opportunities, areas of skills need and future jobs.

■ Improve integration between schooling, vocational education and training, universities and workplaces

Work-integrated learning (WIL) has a positive impact on graduate competitiveness and work readiness. But only about 30 per cent of businesses engage in WIL activities. Universities and industry must be supported to deliver WIL programs across all sectors to give students a head start when they enter the workforce. Employers must be incentivised and supported for the vital role they play in training apprentices and trainees.

■ Support lifelong learning and career mobility

Skills need to be refreshed over time and new skills learned as technologies and processes change. Australians must be able to update their skills over their lifetime and they need a better set of options for acquiring new skills that match and track industry needs, through strong engagement between industry and the training sector.

■ Attract skilled international workers to supplement our workforce

Australia should have a migration system that attracts skilled migrants to our shores, tackles workforce gaps, and helps set the country up as a high-productivity, high-skilled, and high-wage economy. Skilled migration must complement training and hiring Australians.

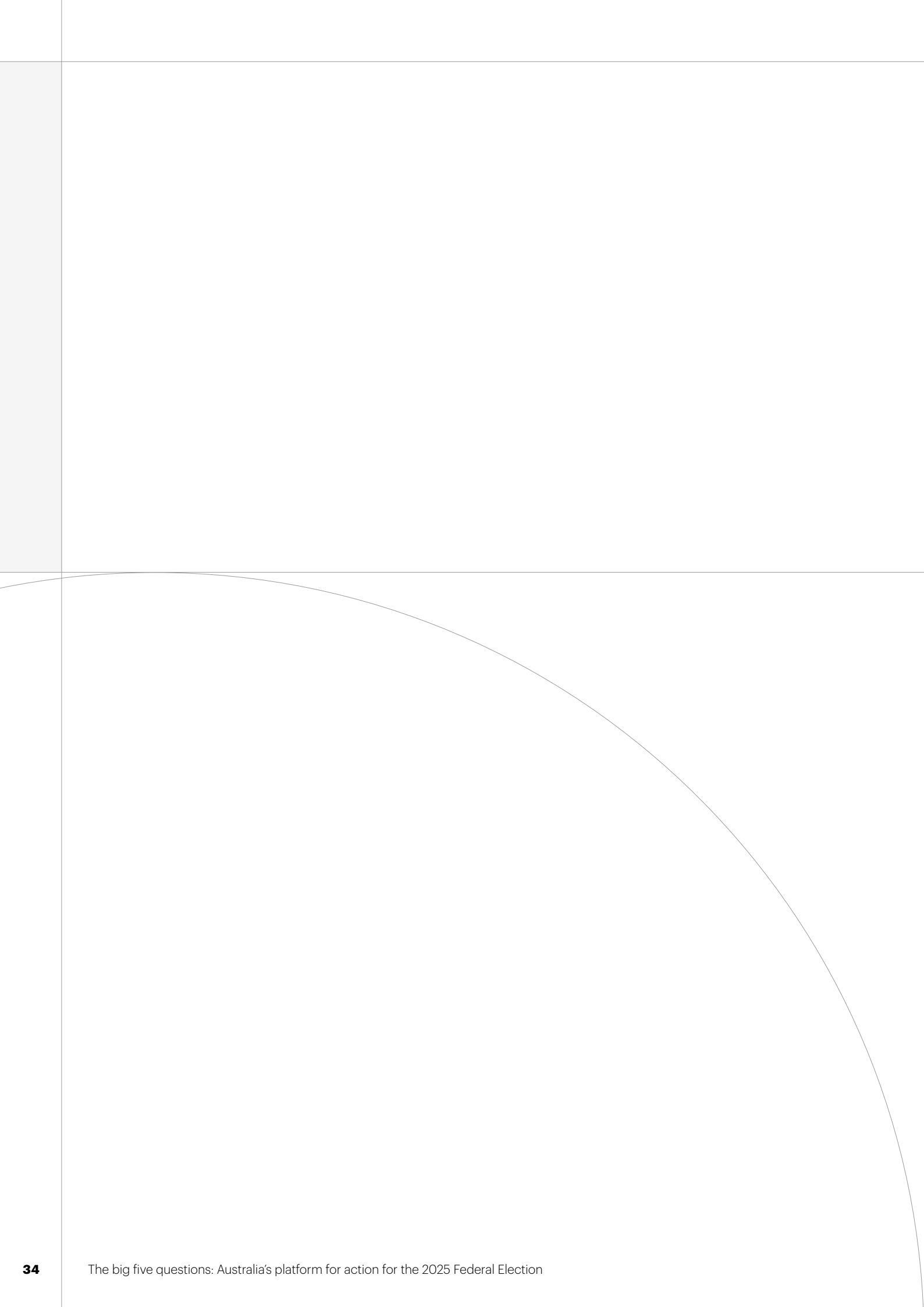
HOW WE CAN DO IT

What we need to do	How election policies could do it
<p>Offer affordable, accessible and quality early childhood education and care</p>	<ul style="list-style-type: none"> ▪ Develop an early childhood education guarantee based on quality, universal access across all states and territories to give children a strong educational foundation. <ul style="list-style-type: none"> – The design must consider cost, demand, access, subsidy structures, interface with the school system, and the availability of a qualified workforce, to deliver quality education. ▪ Initial steps should include a focus on: <ul style="list-style-type: none"> – Improving coordination between the Federal and state governments to maximise policy interventions. – Targeted efforts to eliminate “childcare deserts” in regional and low-socioeconomic areas to increase access to early childhood education services. – Ensuring supports for children with additional needs can be accessed across the system through an Inclusion Support Program that is fit-for-purpose to allow all children to receive quality early childhood education.
<p>Move back to basics to lift the quality of education</p>	<ul style="list-style-type: none"> ▪ Set ambitious proficiency standards for the basics (literacy, numeracy and digital skills) and provide extra help for students who are falling behind. Ensure that this is supported by explicit instruction. ▪ Set targets and timelines for Australia to climb back up the international rankings in key areas such as maths, science and reading, aiming to be in the global top 10. ▪ Ensure school leavers have a learner profile skills passport that outlines their capabilities and experience, not just their Australian Tertiary Admission Rank (ATAR).
<p>Provide quality careers counselling at school</p>	<ul style="list-style-type: none"> ▪ Require that every school has an accredited careers counsellor as part of the funding agreements with the states. ▪ Set a minimum framework and standards for careers guidance in schools, developed with industry and the Jobs and Skills Council, to ensure the best advice on skills needs and job opportunities. ▪ Ensure the Jobs and Skills Australia Atlas—a snapshot of the Australian labour market at national, state, and regional levels—is used by schools and councils to provide location-specific advice to students and jobseekers on the types of work available in their local area. ▪ More deeply engage with industry to ensure there is clear information about the job opportunities in emerging areas of need, such as clean energy, manufacturing, digital, AI and care services. <p style="text-align: right;"><i>continued...</i></p>

What we need to do	How election policies could do it
<p>Improve integration between schooling, vocational education and training, universities and workplaces</p>	<ul style="list-style-type: none"> ■ Support states and territories to provide high-quality, highly-regarded and relevant vocational and applied learning in schools. <ul style="list-style-type: none"> – International examples such as the University Technical College in Sheffield, UK and Germany’s Berufsschulen vocational schools offer valuable insights into how to create seamless pathways between school education and the vocational skills necessary to thrive in the workforce. ■ Boost the pipeline of qualified workers in essential trades by supporting employers to take on apprentices and trainees. <ul style="list-style-type: none"> – Redevelop the Australian Apprenticeship Incentive Scheme (AAIS) to provide a minimum of \$4000 per apprentice wage subsidy to employers in the first and second years of the apprenticeship, and \$3000 in the third and final year. – Provide additional incentives for small and medium-sized businesses which demonstrate strong completion rates and commencement diversity, up to double the base amounts. – Incentivise large businesses to expand successful support programs that assist apprentices to complete their training by providing a \$40 million fund over four years. ■ Incentivise work-integrated learning (WIL) in university and non-trade VET courses (such as digital and cyber). <ul style="list-style-type: none"> – Develop a National WIL Framework in consultation with the tertiary sector and industry to determine best practice approaches. – This should include JSA-commissioned analysis of the number and composition of businesses undertaking WIL and setting a national target for industry engagement in the tertiary sector. ■ Bring together universities and industry to co-design courses in priority subjects to ensure students gain the deep and practical knowledge they need to hit the ground running as industry-employed graduates. <p style="text-align: right;"><i>continued...</i></p>

What we need to do	How election policies could do it
<p>Support lifelong learning and career mobility</p>	<ul style="list-style-type: none"> ▪ Develop a nationally consistent pathway for short courses and microcredentials to be formally recognised, recorded, and rewarded. This would include the ability to ‘stack’ microcredentials within the Australian Qualifications Framework (AQF). ▪ Government should progress building the skills passport infrastructure, including the underpinning policies, standards and IT architecture that would allow a trusted, verified passport marketplace to innovate and serve all Australians. ▪ Consider a means tested cost-of-living government loan for mature-age students undertaking an apprenticeship (in addition to student fee subsidies). <ul style="list-style-type: none"> – This financial assistance during the lower-paid first and second years of the apprenticeship would encourage mid-career workers to transition into trades. ▪ Review the national trade Automatic Mutual Recognition (AMR) scheme to ascertain its effectiveness in improving the mobility of qualified, licensed tradespeople.
<p>Attract skilled international workers to supplement our workforce</p>	<ul style="list-style-type: none"> ▪ Expedite migration for skilled workers in areas of Australia’s greatest challenges—the net zero transition, the housing crisis, the digital transformation and AUKUS Pillars I and II. ▪ To speed up migration pathways in critical skills gap areas, develop an expedited system for recognition of international occupational licensing and trade qualifications, as a first step, for construction and clean energy occupations. <ul style="list-style-type: none"> – Provide options to undertake Australian licensing training online prior to arrival in Australia to reduce the lag between a skilled migrant arriving and their ability to contribute to the workforce.

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Q5



How do we deliver the health and care services Australians need?

The Intergenerational Report and recent Budget show we will have fewer and fewer people paying for more and more care into the future as our population ages. Rapid growth in spending on health, aged care and the NDIS is not sustainable.

Q5

How do we deliver the health and care services Australians need?



FACTS TO PROVOKE ACTION

Australia's population

is expected to grow at a slower rate in the coming four decades than in any 40-year period since federation¹⁹

The number of **working-age Australians per retiree** will fall from the current 3.9 to just

2.7

within 40 years²⁰

The Australian private health system

delivers 60 per cent of elective surgery and 40 per cent of all hospital admissions each year²¹

Australia's **care and support economy** could increase from its present rate of about 8 per cent of GDP to about

15%

in 40 years²²

A business-as-usual approach would require Australia's **health workforce** to shift from 11 per cent of the Australian workforce to 45 per cent by 2050 to meet expected demand²³

The **number of people aged over**

85

will more than triple over the next 40 years²⁴

THE REAL PROBLEM

We face a rapidly ageing population and increasing care needs, alongside a decreasing taxpayer base and dwindling capacity to pay for those increasing needs. The 2023 Intergenerational Report highlights that spending associated with health and care services is on an unsustainable trajectory.

Reform needs to be anchored to the needs of individuals and empower them to make choices about the way their care and support needs are met.



RED HERRINGS PREVENTING REAL ACTION

More than anything else, long-term sustainability in the health and care economy is challenged by a failure to make tough decisions about spending priorities. We need to be focused on outcomes, including the key role the private sector can play in delivering improved services for Australians. Red herrings include:

- ⊗ **Increasing spending on the basis that it will always deliver improved outcomes. The reality is there must be a focus on quality alongside the quantity of spending.**
- ⊗ **Arguments that private providers in the health and care sector are simply profit-seekers unable to deliver the care Australians require.**
- ⊗ **Asserting that more regulation delivers better outcomes—too often this results in ‘box ticking’ and risks a decline in real care being delivered.**

19 2023 Intergenerational Report
 20 2023 Intergenerational Report
 21 Australian Institute of Health and Welfare 2023, Admitted patient care 2022-23: How much activity was there?
 22 2023 Intergenerational Report
 23 Deloitte 2022, Australia’s health reimaged: The journey to a connected and confident consumer
 24 2023 Intergenerational Report

WHAT MUST BE DONE

To deliver the health and care services Australians need, we must:

■ **Use technology to boost efficiency and care quality**

We need to harness opportunities afforded by digital platforms and data to boost efficiency and the quality of care and increase job satisfaction, by focusing on health and care activities rather than administrative activities. Technological innovations should be key to improving care outcomes.

■ **Support consumer choice by embedding transparency in services, treatments, performance and price**

The health and care system needs to be reconfigured around the consumer. We need to make it simpler for people to access the care they need and understand the choices they can make so they get the best outcomes. This requires greater transparency across the health and care economy.

■ **Develop microcredentials in a range of industry specific specialisations**

Credentiailling is critical to increasing the skills of the health and care workforce. Many roles and duties could be supported by microcredentials that would further professionalise the industry and better utilise the workforce.

■ **Provide incentives for health and care services in remote, rural and regional communities**

Australians should be able to access health and care services wherever they live. To address Australia's vast size and population spread, governments need to consider incentives and support measures to deliver greater flexibility and better services in areas outside metropolitan cities. Measures such as telehealth will enable more Australians to access the care they need when they need it.

■ **Create a National Cabinet taskforce to identify state and federal overlaps and inefficiencies in care provision**

Federation reform is a significant opportunity to make our health and care system more efficient by reducing overlapping regulation. Reforms need to improve the broader continuum of the care journey across aged, primary, tertiary, disability, mental health and veterans' care, including through the streamlining of regulations and relevant standards.

■ **Explore alternative funding means, models of care and the effective utilisation of health and care professionals**

All governments must consider future funding models that respond to the growing financial challenges of an ageing population and the opportunities of new technological advances to deliver better care outcomes. Alternative models of care, including hospital-in-the-home and preventative measures, will help reduce rates of hospitalisation and help use our health and care professionals more efficiently.

HOW WE CAN DO IT

What we need to do	How election policies could do it
<p>Use technology to boost efficiency and care quality</p>	<ul style="list-style-type: none"> ■ To expedite the digital transformation of the health and care economy, provide investment support for the public and private sectors to implement critical digital infrastructure. This should be backed by a digital-first approach, requiring the electronic sharing of information and reporting, moving away from paper-based forms. ■ Explore a range of assistance models including private sector-led investment partnerships, such as a Health and Care Digital Interoperability Fund to incentivise digital investment. ■ Implement the recommendations of the Health Technology Assessment Report to ensure Australians can continue to access the latest technology to benefit consumers and the long-term wellbeing and productivity of the community. ■ Require the interoperability of digital systems, making it easier for patients and care professionals to access information when they need it to deliver better care, working with the states and territories and the Australian Digital Health Agency.
<p>Support consumer choice by embedding transparency in services, treatments, performance and price</p>	<ul style="list-style-type: none"> ■ Lift productivity in the health and care economy through system-wide transformation and greater care integration. This includes: <ul style="list-style-type: none"> – Helping consumers make their own choice on services by increasing transparency on price, treatment options, and expected outcomes from providers. – Giving greater weight to payment for quality rather than quantity of services in government funding models. – Raising health literacy so people have a greater understanding of their health needs, how to access services and the options available to them.
<p>Develop micro-credentials in a range of industry specific specialisations</p>	<ul style="list-style-type: none"> ■ Encourage the implementation of the recommendations of the <i>Unleashing the Potential of our Health Workforce Scope of Practice Review</i>, to enable health professionals to work at their full scope of practice and provide multi-disciplinary care. ■ Continue to implement key recommendations of the Independent review of health practitioner regulatory settings (Kruk Review, 2023) to streamline access to professionals with skills in demand. ■ Incentivise government, business and the tertiary sector to work together to develop micro-credentials in a range of specialisations to lift skills, enhance career progression and achieve better utilisation of the health and care workforce. <p style="text-align: right;"><i>continued...</i></p>

What we need to do	How election policies could do it
<p>Provide incentives for health and care services in remote, rural and regional communities</p>	<ul style="list-style-type: none"> ▪ Incentivise the provision of health and care services in difficult-to-service areas, including remote, rural and regional communities. ▪ Provide digital infrastructure to enable greater access to specialist services, where appropriate, without the need to travel.
<p>Create a National Cabinet taskforce to identify state and federal overlaps and inefficiencies in care provision</p>	<ul style="list-style-type: none"> ▪ National Cabinet should establish a taskforce to identify and remove duplication in health and care service delivery between federal and state and territory governments, such as with respect to urgent care clinics. ▪ Address the recommendations of the Mid-Term Review of the National Health Reform Agreement (NHRA). ▪ Provide greater transparency in how state and territory health systems deliver services, with the need to increase choice, incentives and collaboration with the private sector to meet Australia’s needs. ▪ Include private sector representation on government advisory bodies and partnerships, as well as access to funded programs to ensure there is a holistic approach to service delivery.
<p>Explore alternative funding means, models of care and the effective utilisation of health and care professionals</p>	<ul style="list-style-type: none"> ▪ Explore the introduction of a non-refundable progressive Carers’ Income Tax Offset for unpaid caring paid upon a person’s return to the workforce. This could be directed to carers supporting family members who are aged, or who have disabilities, or who are chronically ill. ▪ Focus on preventative programs to improve the health of Australians in need. ▪ Amend the funding model through the budget process to enable preventative programs to be funded, despite the return on investment occurring beyond the forward estimates.

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BUSINESS COUNCIL OF AUSTRALIA
GPO Box 1472,
Melbourne 3001
T 03 8664 2664
www.bca.com.au

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