

The Solution:

Improve the competitiveness of our economy through changes in four key areas

- TAXATION
- INDUSTRIAL RELATIONS
- INFRASTRUCTURE
- BUSINESS REGULATION

Independent research for the BCA has found that to lock in prosperity, Australia needs to act now to improve these four areas of the economy. The alternative will be a stalling economy and falling living standards.

The four policies proposed by the BCA represent an integrated package. Reform in all four areas is vital to locking in economic prosperity.

The full details of these policies are available online at www.bca.com.au

If you would like to meet with a BCA representative to discuss these policies or obtain additional copies of this summary, call (03) 8664 2664.

Locking in Prosperity

The Business Council of Australia **AN ACTION PLAN** Executive
develop and advocate, on behalf of the business community, and society. As part of this objective, the BCA believes the benefits a
publicly articulated. Without a widespread understanding of the bene
for continuing reforms that underpin sustained prosperity. Low or no g
challenges for Australia in dealing with community issues such as pov
produced from strong economic growth have enabled adequate fund
the choice between low or sluggish growth, and strong growth, and
particularly as Australia faces many new challenges, such as populatio
case when Australia is experiencing a prolonged period of growth, ar
prosperity can be taken for granted. Equally important is an understan
compared to strong growth. Each mean very different outcomes for
the average 3.6 per cent a year since 1983, living standards and levels
different. Employment prospects would have been significantly less as

The Problem:
Australia is slipping behind competitor
countries on key indicators

NO CHANGE



LOWER GROWTH



FALLING LIVING STANDARDS

Infrastructure

Australia's infrastructure, worth over \$300 billion, has significant shortfalls and bottlenecks that will hold us back from future prosperity:

- By 2025, major population centres will need more water than will be available.
- By 2020, the gap between energy supply and demand will be more than 50 per cent.
- By 2020, road freight movements will grow by 65 per cent or 900,000 more truck trips in urban areas. Traffic congestion costs will increase from \$13 to \$30 billion a year.

There is no coordinated policy or plan to make sure the country's infrastructure keeps pace with the economy. Identifying the problems and revitalising Australia's infrastructure will contribute \$16 billion in extra economic growth.

AUSTRALIA HAS INFRASTRUCTURE SHORTFALLS OF \$50 BILLION FOR ROAD, RAIL AND WATER AND \$40 BILLION FOR ELECTRICITY.

Source: *BCA Infrastructure Action Plan for Future Prosperity*

Workplace Relations

Regulation

AUSTRALIAN FEDERAL AND STATE GOVERNMENTS WILL PASS OVER 350,000 PAGES OF LEGISLATION THIS DECADE.

Australian businesses are under threat by a rising and uncontrolled tide of red tape. The costs of compliance, in both money and time, are mounting rapidly.

- New laws and regulation are increasing by 10 per cent a year – three times as fast as Australia's rate of economic growth.
- Commonwealth and State Parliaments added 33,000 pages in new laws, rules and regulations in 2003 alone.
- Half of all legislation passed by the Commonwealth Parliament since Federation has been passed in just the last 14 years.

There are better ways to make sure regulation serves business and the community, and not the other way around. Regulation that takes into account the cost to business, is subject to regular review and reduces duplication will improve the competitiveness of Australia's economy.

Source: *BCA Business Regulation Action Plan for Future Prosperity*

Taxation

AUSTRALIA'S CORPORATE TAX BURDEN IS MORE THAN 5 PER CENT OF GDP COMPARED TO THE OECD AVERAGE OF 3.4 PER CENT.

Australia's tax system takes in a third of the country's total income. Yet it still has major weaknesses:

- Our overall corporate tax burden is nearly double that of our peers. We need a simpler, more competitive company tax system.
- Tax rules and regulation total over 10,000 pages tying up business of all sizes in red tape. We need a major overhaul of the tax system.
- Other countries with lower personal tax rates reap the benefits of attracting investment and skilled people. We need a more competitive personal tax system.

Source: *BCA Taxation Action Plan for Future Prosperity*

IN THE LAST YEAR LABOUR PRODUCTIVITY FELL BY 1.4 PER CENT, UNDERSCORING THE WORST PERFORMANCE IN OVER 18 YEARS.

Making our workplaces more flexible and productive is important if the economy is to continue to grow strongly. Reforms implemented a decade ago meant more jobs, more opportunities and higher incomes.

Yet, productivity levels remain lower than those enjoyed by a number of our economic peers. Recently, Australia's productivity has begun to slow dramatically as the impacts of those previous reforms begin to wear off.

Source: *Locking In or Losing Prosperity: Australia's Choice* and ABS