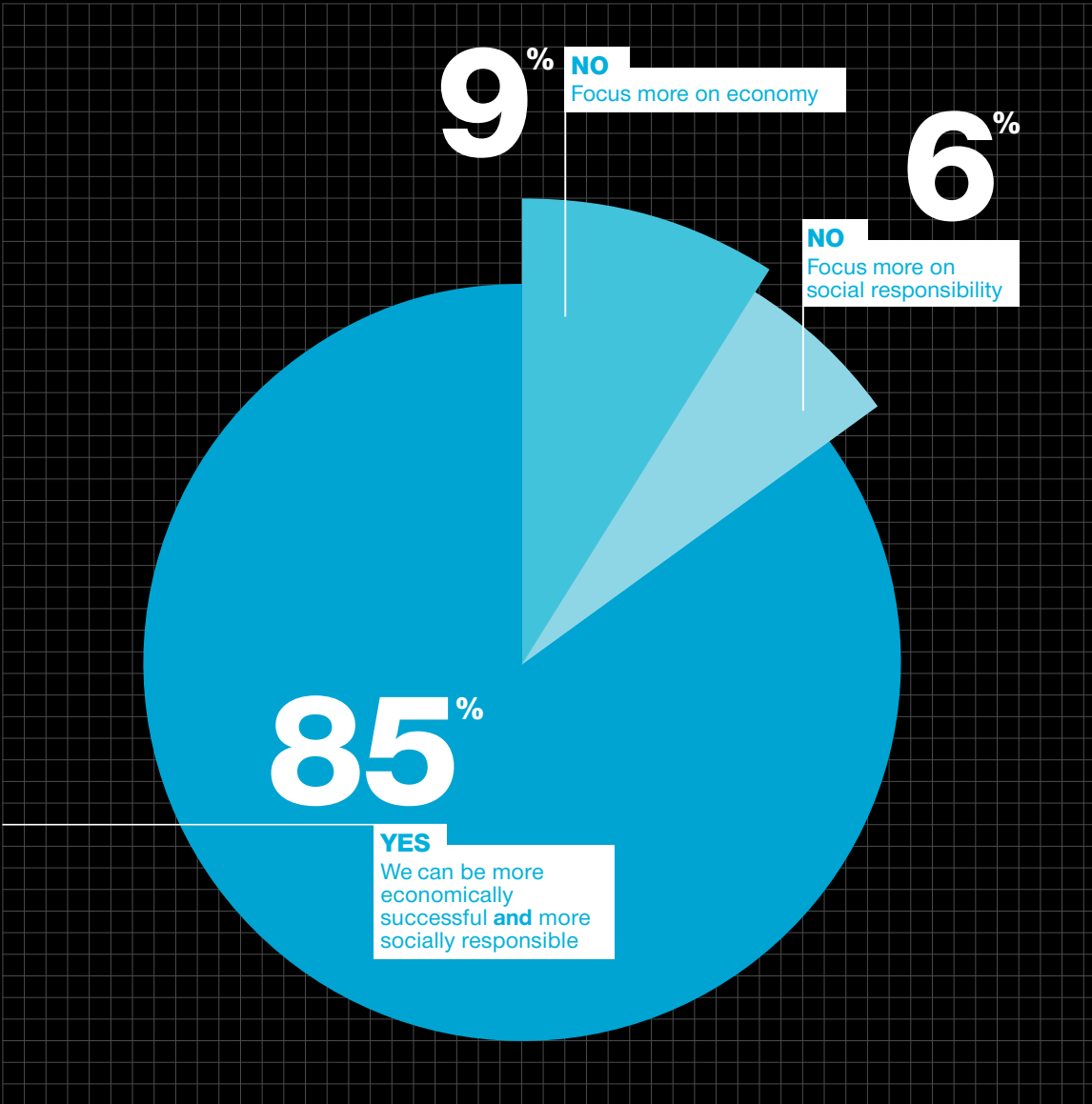


# Can Australia be more economically successful **and** more socially responsible?



**ECONOMIC SUCCESS, COMMUNITY PROSPERITY**  
POLICY BENCHMARKS FOR THE 2010 FEDERAL ELECTION

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## SECURING ECONOMIC GROWTH AND A BETTER QUALITY OF LIFE

Late in 2009, the Business Council of Australia commissioned Auspoll to undertake focus group and survey work on community attitudes to business and key issues affecting the community, economy and nation.

**One of the striking results was the strong conviction that Australia can achieve economic success and be more socially responsible and that we should work towards both objectives.**

85%

**YES**

Agreed with this view

9%

**NO**

Did not agree that Australia could do both and felt that we should focus on being more economically successful

6%

**NO**

Felt we could not do both and that we should focus on being more socially responsible

SOURCE:  
An online survey  
of around 2000  
people conducted  
in November 2009.

# Australia's opportunity: securing the next generation of prosperity

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**Australia stands on the threshold of a new era of growth and prosperity. The right policy settings can enable a new generation of economic growth and improved quality of life.**

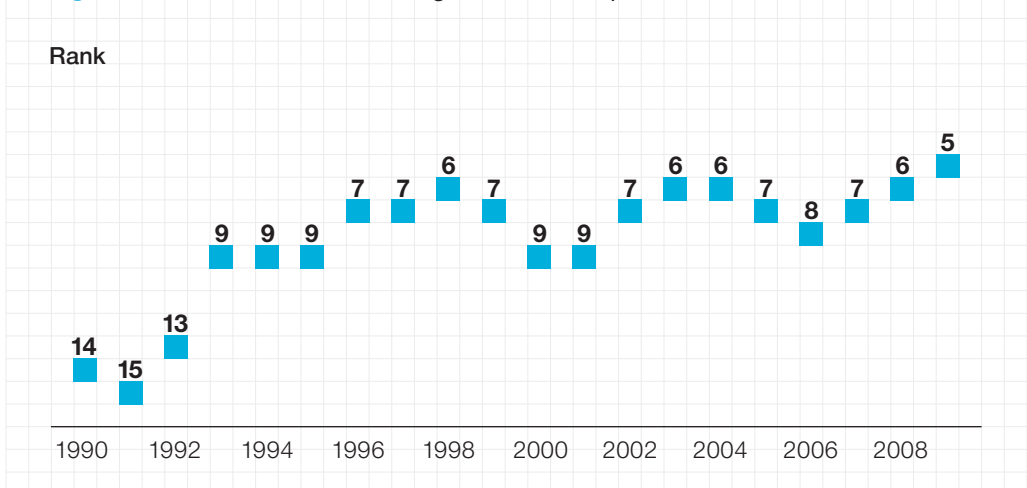
Australia's nearly 20 consecutive years of economic growth has delivered benefits broadly across the community and been achieved despite episodes of global economic turmoil.

There is nothing miraculous in this performance. It reflects the gains reaped from hard policy decisions and reforms by all sides of politics. Reforms that opened our economy, promoted flexibility and competition, improved incentives to work and invest, and strengthened the regulatory underpinnings of our financial sector.

Through reforms that build on our advantages, we can achieve the economic, social and environmental goals that will benefit Australians now and into the future.

**With the right leadership and policies, Australia can pursue its own brand of ambitious reform and set the pace for others to follow.**

**Figure 1** Australia's OECD Ranking – GDP Per Capita



We can build on our advantages by:

- reinforcing what Australia does well;
- addressing current limitations and future challenges; and
- ensuring all Australians are part of the nation's prosperity.

Australia's economic resilience suggests that we should be more confident now in pursuing our own brand of ambitious reform, setting the pace for others to follow.

Elections provide the opportunity for political leaders to outline their visions for Australia's future. With the right leadership and policies, Australia has the opportunity now to set its sights higher.

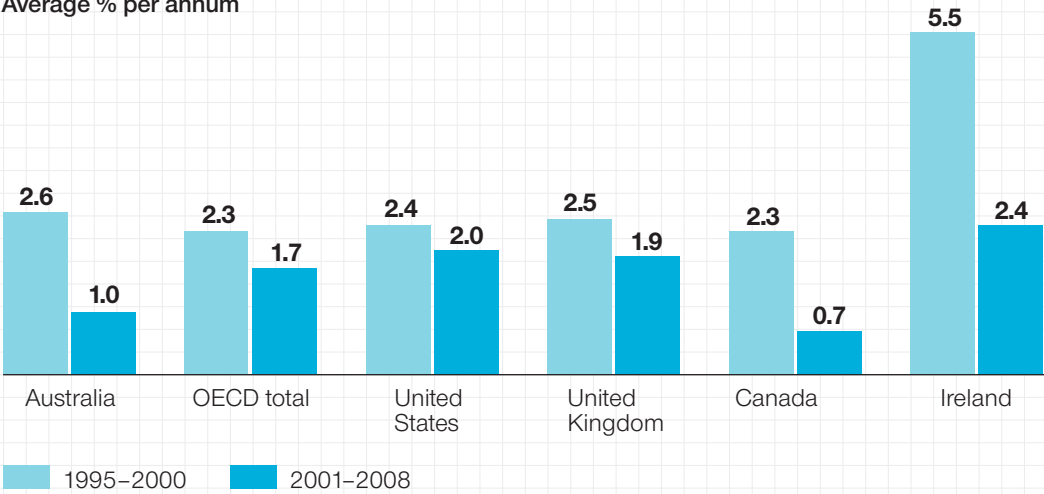
# Building on our advantages, addressing our limitations

**Australia has done well in sustaining strong growth on the back of solid policy foundations. But in recent years, growth has been driven by increasing investment and hours worked while productivity has languished. Economic growth without productivity growth is not sustainable.**

We need to use our resources more effectively and lift productivity. Raising overall productivity depends on the productive performance of individual firms and organisations. Policies that enhance flexibility and deliver better incentives and capabilities are needed to underpin a sustained lift in Australia's productivity. This means reform that rewards investment and innovation, achieves best practice regulation and a seamless national economy, and improves provision and use of infrastructure.

**Figure 2** Labour Productivity Performance

Average % per annum



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Growth in countries such as China and India present us with great opportunities, but heightened global competition underscores the need for a comprehensive national productivity agenda.

With the ageing of the population, we must get better value for money in key government spending areas like health and education, and improve the incentives for individuals to be more accountable for their behaviours and choices. This will be critical to maximising the benefits of government spending, sustaining high levels of workforce and community participation, and enabling disadvantaged groups to better share in and contribute to the benefits of growth and prosperity.

Reforms must enable long-term growth, and support the drivers of broader economic and community prosperity as well as quality of life. These drivers include individual and community wellbeing, social and economic opportunity and participation, and the quality of our built and natural environment.

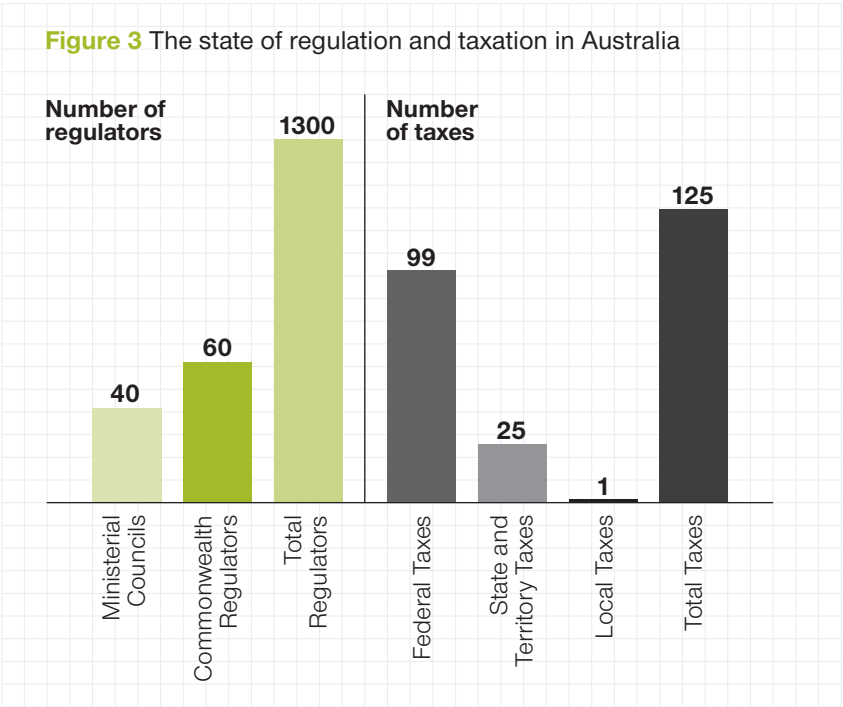
The benefits of economic and population growth need to be better communicated, while recognising that we also need to improve how we plan for growth – through investments in infrastructure and new technologies – to break negative links between economic activity and the environment.

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**Reforms must enable long-term growth, and support the drivers of broader economic and community prosperity as well as quality of life.**

01

Council of Australian Governments (COAG)



**Boosting productivity in Australia is necessary to lifting living standards. Achieving and maintaining higher productivity in turn requires a concerted and cooperative effort across all levels of government in Australia.**

Businesses in Australia face too many headwinds to productivity as a result of our relatively small and dispersed domestic markets coupled with our distance from global markets to be able to afford so many differing rules, regulations and taxation arrangements.

Attention must be focused on harmonising and streamlining regulation, strengthening competition, improving coordination and planning of infrastructure, and increasing transparency and accountability in government roles and responsibilities.

The Council of Australian Governments (COAG) has a vital role to play in driving the national reforms that will secure improved productivity and living standards.



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**“Australia needs to boost productivity to return to long-term sustained growth. An efficient regulatory system is a main step to achieving that goal.”**  
OECD Secretary-General, Angel Gurría 2009

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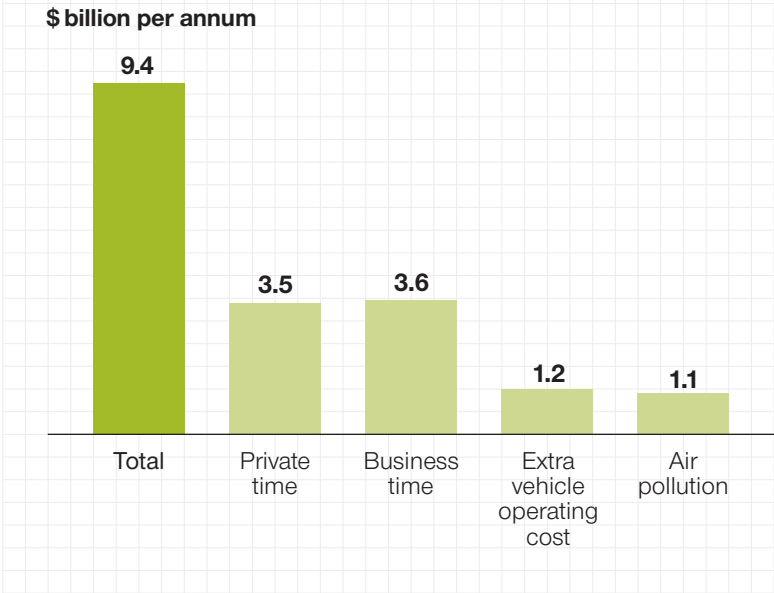
### COAG policy priorities

- Tighten prioritisation of the COAG National Reform Agenda with particular focus on those areas with the biggest potential to lift productivity, including:
  - **Seamless National Economy**
    - Complete regulatory reform of Trade and Occupational Licensing, Standard Business Reporting, and Occupational Health and Safety.
    - Progress and complete competition reforms in the transport and energy sectors.
      - Including national regulators and national regulations for road, rail and sea transport, removal of retail electricity price caps and rollout of smart metering.
  - **Infrastructure Reform**
    - Agree a comprehensive national freight system implementation plan.
    - Upgrade state-based urban planning consistent with the agreed criteria for major cities planning.
  - **Health Reform**
    - Roll out new e-health reforms including the Healthcare Identifier Service and reach agreement on the next steps for implementation of e-health reform.
  - **Reform of Education and Training**
    - Implement new arrangements to improve the quality of teaching, including the recognition of high-performing teachers, in all states and territories.
    - Agree implementation arrangements for a new national regulator for vocational education and training along with a new standards council.

**BCA intergovernmental policy publications at [bca.com.au](http://bca.com.au) include:**  
*Towards a Seamless Economy: Modernising the Regulation of Australian Business* (2008)  
*Reshaping Australia's Federation: A New Contract for Federal-State Relations* (2006)

# 02 Infrastructure

Figure 4 Cost of Avoidable Congestion – Australian Capital Cities



**Infrastructure quality and capacity plays a vital role in determining economic growth. It determines whether and where we can source goods and services and at what cost; what markets our businesses can supply and with what reliability; and the ease and predictability with which people can get to and from work each day.**

Australia is at a crossroads in terms of infrastructure policy and provision. We have chronically underinvested in public infrastructure. We can now either enable greater productivity by better planning and improved utilisation and investment, or we will inhibit growth by continued poor planning, regulation, pricing and policy.

Better regulation, pricing and market structures will ensure we make better use of the infrastructure we have and help alleviate constraints and underinvestment, not least by reducing distortions to private investment.

Rigorous infrastructure planning and more strategic coordination will ensure Australia’s infrastructure investment is directed to where it sustains strong economic and population growth and ensures growth does not compromise social and environmental objectives.

## Infrastructure policy priorities

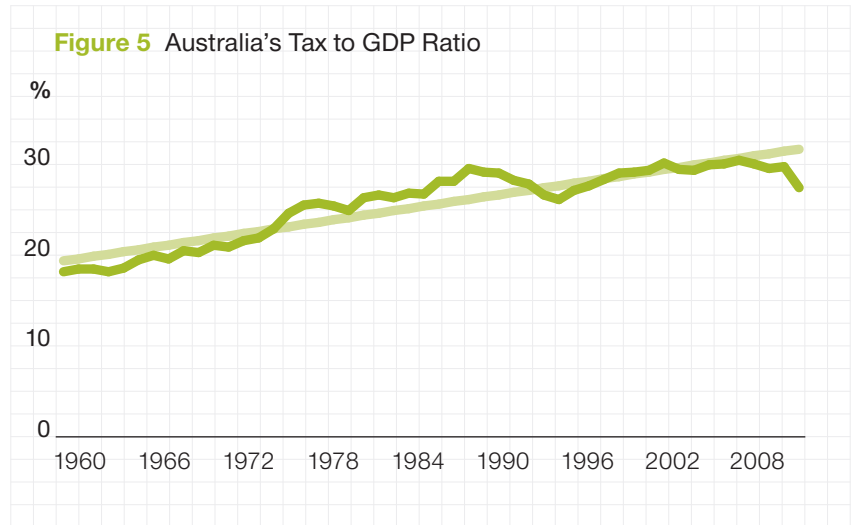
- Commitment to the effective planning for and national prioritisation of public infrastructure investment based on transparent and comprehensive cost-benefit analysis.
- New spending should reflect the national priorities identified by Infrastructure Australia and should be backed by robust and publicly transparent cost-benefit assessment.
- Infrastructure Australia should advise governments on market and regulatory failures and on service standards for public infrastructure.
- The Productivity Commission should audit the state of our nation's infrastructure to inform the work of Infrastructure Australia.
- The Productivity Commission should examine how Australia's communication policy framework can maximise the productivity benefits of ICT. (This was last done in 2001).
- Public investment in infrastructure through a Government Business Enterprise should comply with the competition principles agreed by COAG in 1995 to ensure the competitive neutrality of investments.
- COAG to drive clearer infrastructure objectives and targets, regulatory frameworks and improved pricing to encourage national markets, efficient infrastructure use and to give the right investment signals to the private sector.
- COAG should prioritise implementation of a national integrated freight system implementation plan, an integrated cities planning strategy and continue reforms in the energy and water markets.
- *National integrated freight system*
  - Coordinate processes involving port and freight strategy development.
  - Incorporate full logistics chain and intermodal exchanges into the integrated freight plan.
  - Concentrate reforms on efficiency and logistics, road pricing, regulatory reforms and efficient spending and project evaluation.
- *Integrated major cities strategic planning*
  - Major cities strategic planning to address economic, social and environmental factors and provide for long-term infrastructure needs.
  - Consider undertaking a 'state of play' audit of each state relative to the urban planning principles agreed by COAG.

**BCA infrastructure policy publications at [bca.com.au](http://bca.com.au) include:**

*Groundwork for Growth* (2009)

*Infrastructure: Roadmap for Reform* (2007)

# 03 Tax



**Taxes distort incentives in our economy and impose administrative and other costs on individuals and businesses. Australia's tax take has shown a steady upward trend over the past 50 years. Also, the structure of taxes in Australia is relatively inefficient, which works against growth and participation.**

Compared with other OECD countries, Australia has the highest reliance on taxation of capital income (that is, income earned through investment), a very high reliance on corporate income tax and a low reliance on consumption taxes. This is a less efficient way of collecting revenue and works against business investment and workforce participation.

Australia also has a very complex and administratively cumbersome tax system across federal, state and local jurisdictions.

There is an opportunity to restructure the tax system to generate more economic growth, create more jobs and to simplify and reduce the number of taxes paid.

**BCA tax policy publications at [bca.com.au](http://bca.com.au) include:**

*Five High-Level Principles for Taxation Reform* (2010)

*Unrealised Gains: The Competitive Possibilities of Tax Reform* (2009)

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**While some might believe that high rates of business taxation are a good thing, “the fact is that all taxes, and all other costs of government, are paid for by people.”** *Common Sense Economics*

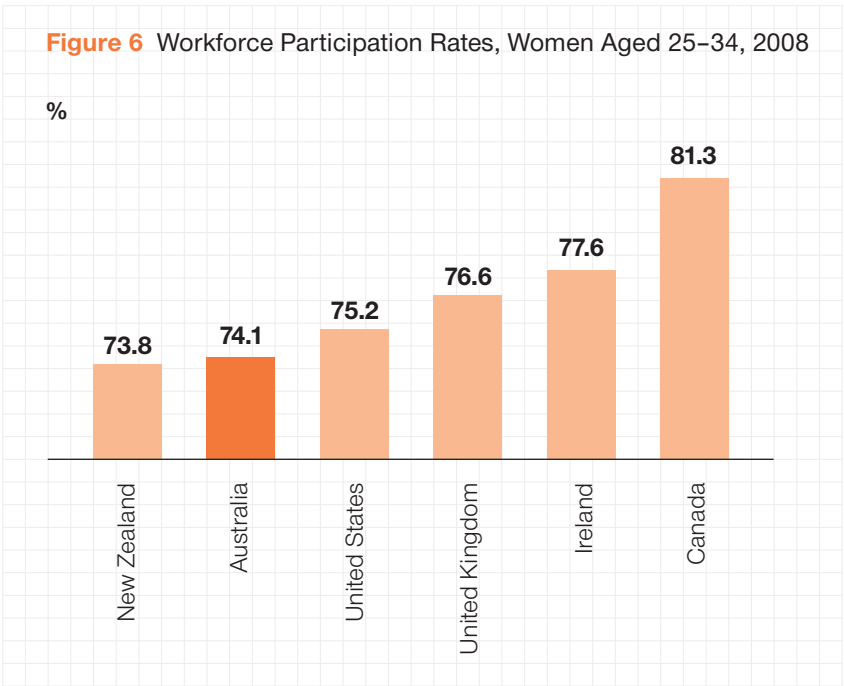
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### Tax policy priorities

- The BCA has promulgated five key principles against which tax reform should be judged. These include that the tax system should:
  - Support investment and growth through a reduced reliance on taxes on capital and income and a greater reliance on broad-based taxes on consumption.
  - Be consolidated to contribute to the further growth and development of a seamless national economy, and should also enhance Australia’s international competitiveness.
  - Be characterised by stability and predictability – any changes should be prospective, so as not to adversely affect existing investments or create perceptions of sovereign risk.
  - Be transparent, simple to administer and minimise the compliance burden imposed on taxpayers.
  - Raise revenue through taxes that are less exposed to the volatility associated with the business and commodity cycles.
- The recently released Henry tax review maps out a series of bold and sensible tax reforms. The majority of these proposed reforms are highly consistent with the above principles and the broader policy objectives outlined in this paper.
- Accordingly, the BCA supports a comprehensive plan to implement the main recommendations of the Henry tax review.
- That said, the BCA has serious concerns regarding the proposed Resource Super Profits Tax (RSPT), including the application of the tax to existing projects, the tax rate applied, use of the government bond rate as the capital allowance uplift factor, and the implications for fiscal stability resulting from the introduction of a volatile revenue source as well as a new contingent liability from the guarantee of project losses.
- The government should consult with business on the development and design of a more efficient and less damaging approach to taxing resource profits in this country – one which does not create significant sovereign risk and does not work against the ongoing competitiveness of arguably Australia’s most internationally competitive industry sector.

# 04 Workforce Participation

**Figure 6** Workforce Participation Rates, Women Aged 25–34, 2008



**One of the benefits of sustained strong economic growth has been the achievement of significantly higher levels of workforce participation. Coupled with job creation, this has resulted in record high rates of employment relative to our population.**

But participation rates for some groups, for example men of working age, women of child-bearing age, those with low educational achievements, people with a disability, and those nearing retirement, remain below those achieved in comparable countries like Canada, the UK and US.

Participation rates among Aboriginal and Torres Strait Islander peoples also remain well below the national average.

Improving participation rates will help address the adverse economic impacts of population ageing. It can also provide significant benefits for those individuals who have been unable to benefit from employment opportunities.

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**Improving participation rates will help address the adverse economic impacts of population ageing and provide significant benefits for those individuals who have been unable to benefit from employment opportunities.**

---

### **Workforce participation policy priorities**

- Improved incentives for participation through the reduction of high effective marginal tax rates for the worst impacted groups based around the recommendations of the Henry tax review.
- Workplace relations regulations that support high levels of job creation and enable workplace flexibility and innovation in working arrangements.
- A uniform national paid maternity leave benefit – funded through the federal budget general revenues and not through levies on business – that works in conjunction with paid maternity leave benefits provided by business.
- Education policies that:
  - strengthen the focus on relevant knowledge attainment, skill formation and employability skills
  - lift education and training retention and completion rates and improve the quality of education and training outcomes
  - support lifelong learning and skill development to extend people's working lives.
- Health policies that promote improvement of public health by:
  - addressing the determinants of chronic disease through education, incentive and regulatory programs aimed at causes
  - using community settings for more cost-effective and earlier intervention of chronic disease
  - addressing mental illness – its prevention, early intervention and management.

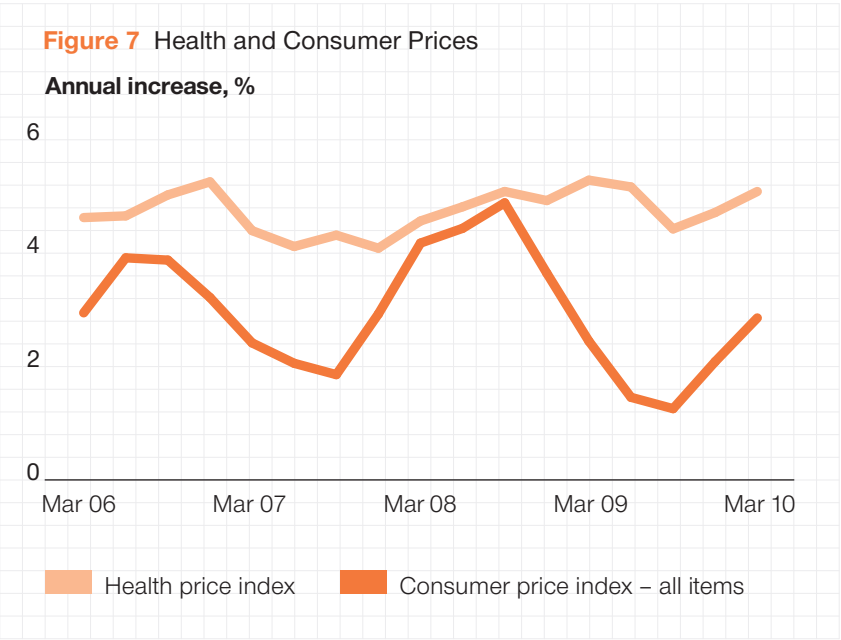
**BCA workforce participation publications at [bca.com.au](http://bca.com.au) include:**

*Engaging our Potential: A Checklist to Reduce Barriers to Workforce Participation* (2008)

*Engaging our Potential: The Economic and Social Necessity of Increasing Workforce Participation* (2007)

# 05

## Health



**Australia cannot take its health status for granted. Nor can it rely on its current health system to continue to meet the growing and changing demands as the population expands, ages and is afflicted by chronic disease.**

Persistent quality problems, shortages of staff, inequitable access to health services and health costs rising faster than the CPI all point to the need for change.

The aims of health reform are twofold: to improve the health of all Australians to underpin future social and economic prosperity; and to improve the quality, effectiveness and efficiency with which our healthcare system operates to deliver better value for patients and taxpayers.

The key is building a patient-centred and fit-for-purpose system that builds on the strengths we have: a universal system; mixed public and private sector providers; and a skilled workforce.

The benefits of healthier individuals and a more cost-effective system are self-evident – more Australians leading fulfilling lives, fit and able to contribute to their own and the nation's prosperity.



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**The aims of health reform are twofold: to improve the health of all Australians to underpin future social and economic prosperity, and to improve the quality, effectiveness and efficiency with which our healthcare system operates to deliver better value for patients and taxpayers.**

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### Health policy priorities

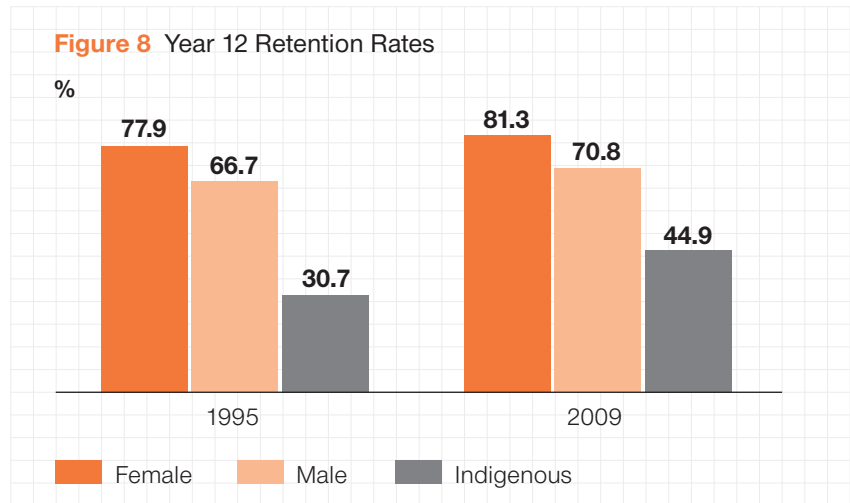
- A comprehensive national health strategy that includes:
  - Strengthened governance arrangements that promote the reshaping of the health system in line with future needs and that make better use of resources in the sector. This requires:
    - an independent planning commission;
    - an independent regulator;
    - timely, integrated system measurement; and
    - national infrastructure to connect the sector, including a national e-health strategy and new patient-based information systems.
  - Reform of funding and incentive structures in order to:
    - reduce the incidence of risky personal behaviours;
    - ensure greater connectedness in care;
    - provide fit-for-purpose facilities and services, including a restructuring of aged care;
    - separate purchasing and funding to encourage competition for patient value;
    - increase and invest in workforce development and flexibility and facilitate the appropriate allocation of workers; and
    - review the ways in which new technologies are financed so that the benefits of additional quality and efficiency flow across the system.
  - Better preventative health and patient education programs to support individuals in taking greater responsibility for their own health.

**BCA health policy publications at [bca.com.au](http://bca.com.au) include:**

*Fit for the Job: Adapting to Australia's New Healthcare Challenges* (2009)

*Health Is Everybody's Business: The BCA's Role in Australia's Health Discussion* (2008)

# 06 Education



**Education and training play an increasingly important role in determining our nation's economic success.**

Education and skills increase our capacity to innovate through the development and application of new ideas and technology, and underpin higher productivity.

Equally as important, education and training are the foundations for individual opportunity and wellbeing. We know that people who achieve higher and better educational outcomes fare much better throughout their lives in terms of employment opportunities, financial and personal wellbeing. Conversely, individuals with low levels of educational and skill attainment are far more likely to be unemployed, and for longer periods.

School retention rates have increased over the past 15 years, including for Indigenous students, but can – and must – be improved.

Other countries have better high school completion rates. In the US the proportion of 25 to 64-year-olds having completed high school is nearly 88 per cent, in Canada it is nearly 87 per cent, and in the UK and Australia it is 68 per cent.

We must give all young Australians the best opportunity to be well prepared for their future work so that they can experience successful and rewarding careers. Australia must also ensure that its education and training system supports and enables learning throughout an individual's life to ensure skills remain relevant to changing needs and opportunities in the workplace and more broadly.

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**The education and training system must support and enable learning throughout an individual's life to ensure skills remain relevant to changing needs and opportunities in the workplace and more broadly.**

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### **Education policy priorities**

- Reduce unnecessary differences and lift the quality of education and training outcomes across Australia.

#### **School education**

- Raise the quality of teaching and learning through:
  - early intervention arrangements to provide additional tuition to students that are falling behind;
  - a greater focus on teacher development, reward for performance, greater autonomy for school leaders/principals, high-quality content and consistency of curriculums;
  - more attention on the relevance of skill development, including in terms of employability skills such as communication and team work; and
  - further improvements in literacy, numeracy and science testing and standards and transparency in reporting of results.
- Reduce the number of young people dropping out of school before completing Year 12 or its vocational equivalent.
- Lift the literacy, numeracy and broader educational attainment levels of Indigenous students.

#### **Vocational training**

- Improve the quality and flexibility of vocational education and training arrangements.
- Provide better incentives and pathways for individuals to move between or combine vocational education and training and higher education.

#### **Higher education**

- Reform university regulation and governance.
- Ensure the longer-term financial sustainability of higher education.
- Improve research collaboration between business and universities.

**BCA education policy publications at [bca.com.au](http://bca.com.au) include:**

*Teaching Talent: The Best Teachers for Australia's Classrooms* (2008)

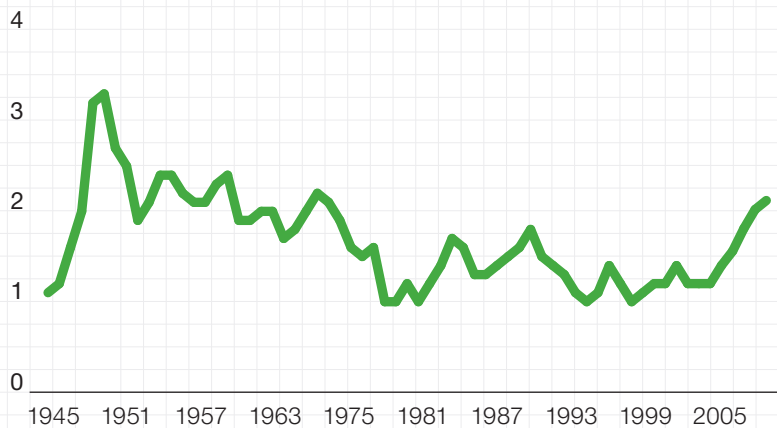
*Restoring our Edge in Education: Making Australia's Education System Its Next Competitive Advantage* (2007)

*The Cost of Dropping Out: The Economic Impact of Early School Leaving* (2003)

# 07 Population

**Figure 9** Australia's Population Growth

% Per annum\*



\* Note: data for 1971 has been smoothed to allow for a structural break in the series

**Australia has a long track record of sustained population growth and population growth has contributed positively to economic growth. In the 25 years after World War II, population growth averaged 2.1 per cent per annum. In the 25 years to 2009 it averaged 1.4 per cent per annum.**

Population growth has been supported by sustained net migration. This too has supported economic growth and productivity.

Population growth must be accompanied by appropriate infrastructure planning and investment to ensure that community amenity is preserved.

Issues such as housing affordability, and access to quality public transport and other services, are important to quality of life and can all be adversely affected by increases in population that are poorly planned for.

With the right policy settings and investments, future immigration, population and economic growth can and should contribute to higher productivity and be achieved in a way that enhances quality of life and living standards.

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**With the right policy settings and investments, future immigration, population and economic growth can and should contribute to higher productivity and be achieved in a way that enhances quality of life and living standards.**

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### Population policy priorities

- The BCA's starting point remains that sustained population growth is needed to underpin economic growth and higher productivity in Australia.
- The BCA believes that Australia should seek to sustain population growth at around 1¼ per cent per annum, through natural increase and sustained net immigration.
- Immigration should remain focused on skilled migration – that is, a migration program which aims to lift the average level of skills in Australia.
- Long-term immigration programs should be supported by an effective temporary skilled migration program to support the skills needs of employers.
- To ensure that this approach is consistent with sustained economic growth, higher living standards and broader quality of life, the BCA believes that Australia's approach to population growth should be underpinned and advised by a formalised partnership between the Productivity Commission, Skills Australia and Infrastructure Australia.
- The Productivity Commission would be responsible for:
  - analysis of the relationship between population (growth, size and structure) and economic growth and productivity; and
  - assessing the impacts of population growth on living standards across Australia.
- Skills Australia and Infrastructure Australia would, respectively, assess current and future skill and infrastructure needs and articulate the actions required to address future gaps and weaknesses.

**BCA population policy publications at [bca.com.au](http://bca.com.au) include:**  
*Australia's Population Future* (2004)

# 08

## Sustainable Growth

**Many see the relationship between economic growth and the environment as inevitably a negative one. This need not be the case.**

Experience shows that, as countries develop and income levels rise, environmental indicators show improvement rather than deterioration. The challenge is to ensure that this progress can be sustained.

A strong economy and sound institutional and policy frameworks provide the basis for ensuring effective long-term management of natural resources, including the development and adoption of new technologies that facilitate more efficient use of resources over time.

A strong economy also underpins ongoing community support for the prioritisation of sound environmental management and investments in improved environmental outcomes.

### Sustainable growth policy priorities

- Develop appropriate markets and price signals to guide consumption and investment in a manner consistent with sustainable growth.
- Develop strategies and systems to better value and monitor Australia's environment to guide improved decision making.
- Implement comprehensive infrastructure reforms to support better growth and environmental outcomes.

**BCA sustainable growth policy publications at [bca.com.au](http://bca.com.au) include:**  
*Water Under Pressure: Australia's Man-Made Water Scarcity and How to Fix It* (2006)

**BCA emissions reduction policy publications at [bca.com.au](http://bca.com.au) include:**  
*Modelling Success: Designing an ETS That Works* (2008)

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**A strong economy and sound institutional and policy frameworks provide the basis for ensuring effective long-term management of natural resources.**

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**Emissions reduction**

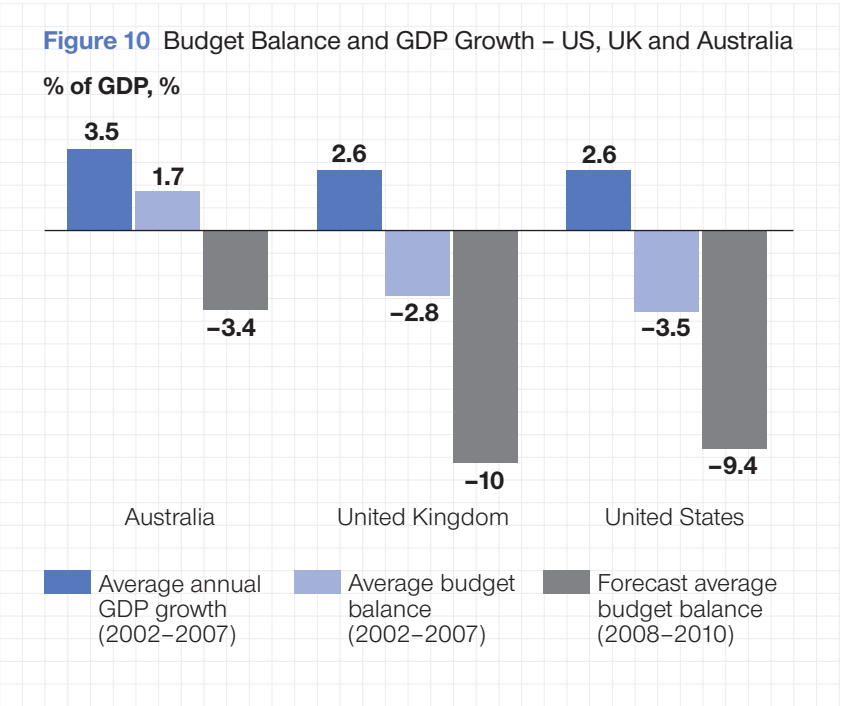
- An effective, sustainable response to the potential risks associated with climate change is ultimately about moving from the current high-emission global economy, of which Australia is part, to a low-emission global economy.
- In the transition to a low-emissions global economy, Australia must seek to maintain its competitiveness.
- Given the scale of the required economic transition, a multifaceted approach in Australia is essential.
- While a market-based mechanism for emissions reduction is the primary vehicle, other supporting policies, investments and initiatives will be required to ensure the research and development necessary to identify technology solutions, including low-emissions technologies, improved energy efficiency, and to build Australia's adaptation capabilities.
- Australia's emissions reductions policies must:
  - be at least cost to the economy;
  - use market-based mechanisms, where possible;
  - maintain the reliability and viability of our domestic electricity industry; and
  - protect the competitiveness of our trade-exposed and export industries.

**Energy efficiency**

- Step changes in energy efficiency will largely be delivered through business investment in new technologies and plant upgrades. This investment will not happen in the absence of competitive markets with competitive tax, regulatory, and labour regimes.
- Energy efficiency policies should address only non-greenhouse gas emissions market matters, regulatory failures, and consider allocative efficiency and energy conservation.
- Energy efficiency policies should be national, developed and managed through a national organisation and only be implemented where the benefits outweigh the costs.
- Energy efficiency policies should specify policy outcomes, clear processes for their implementation, conclusion and evaluation, and relationships to any emissions trading scheme or other emissions reduction policies.

# 09

## Fiscal policy



**Australia did a far better job than other advanced economies of building and retaining fiscal surpluses during times of economic prosperity.**

Australia's sound fiscal position heading into the global financial crisis provided the scope for the government to deliver significant fiscal stimulus in a timely and targeted way.

This policy response played an important role in limiting the adverse economic impacts of the global financial crisis.

Returning the Budget to surplus is necessary to ensure we retain the capacity to respond similarly in the future (should the need arise); to avoid government activity crowding out the private sector as recovery becomes well established; and to create the foundations to manage the fiscal impacts of population ageing.



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## **Returning to a budget surplus is necessary to create the foundations to manage the financial impacts of population ageing.**

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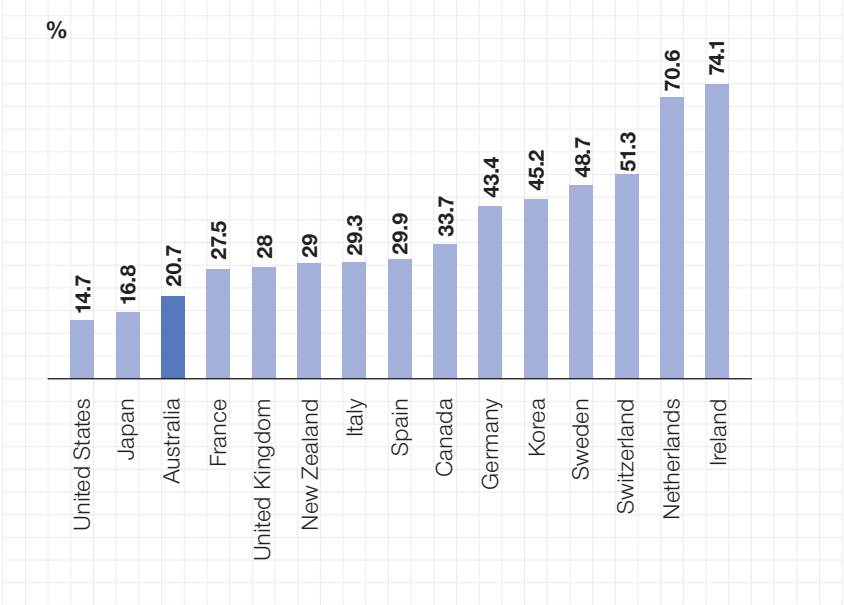
### **Fiscal policy priorities**

- A convincing plan to put the Budget back to surplus through expenditure control and not through higher tax levels.
- A clear commitment to sustaining budget surpluses through good economic times, backed by spending restraint and not higher taxes.
- Keeping real growth in government spending to 2 per cent (or less) in the short to medium term.
- New policy measures directed at containing growth in the largest spending programs to ensure their long-term sustainability and broader fiscal sustainability consistent with the projections of the *Intergenerational Report 2010*.
- Commitment to reform the revenue side of the Budget to support growth by shifting to taxes that are less volatile and have less harmful effects on growth.
- Commitment to a commercially sound approach to long-term investment decisions, particularly as regards infrastructure, involving rigorous cost–benefit analysis and greater transparency around funding decisions.

**BCA fiscal policy publications at [bca.com.au](http://bca.com.au) include:**  
*BCA Budget Submission 2010–11: Balancing Act*

# 10 Global engagement

**Figure 11** Openness – Trade to GDP, 2007



**Much of the improvement in Australians' living standards over the last three decades has been possible because we opened our economy and put in place reforms that supported this openness.**

Greater openness has delivered a wider range of goods and services at cheaper prices than otherwise, created opportunities for Australian exporters of all sizes, and enabled Australian businesses to secure the investment needed to support their expansion.

If Australia is to continue to improve living standards and opportunities for individuals and businesses, we need to continue to support policies that promote free trade and investment and build more and deeper relationships internationally.

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**To continue to improve living standards and opportunities for individuals and businesses, we must continue to support policies that promote free trade and investment and build more and deeper relationships internationally.**

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### **Global engagement policy priorities**

- The pursuit of further trade and investment liberalisation through multilateral forums as well as strategic and comprehensive free trade agreements.
- Resist policy changes that would deter trade or investment, or that are protectionist in their effects.
- Increased attention to the importance of direct investment and the need to maintain public confidence around this. Key recommendations to support and maintain public confidence in higher foreign investment include:
  - Extending the higher foreign investment screening threshold which applies to investors from the United States – currently set at about \$1 billion – to private corporate investors from other nations.
  - Further developing and clarifying the existing foreign investment policy arrangements for state-owned enterprises (SOEs), making it clear that an SOE is expected to demonstrate that it will act independently of a foreign government.
  - Amending the Foreign Acquisitions and Takeovers Act to prevent investors from using complex arrangements to circumvent the 15 per cent ownership threshold required for screening in relation to investment proposals.
  - Improving the marketing and communication of Australia's foreign investment policies to promote a wider understanding and acceptance of the policies by prospective investors and by the Australian public.

**BCA global engagement policy publications at [bca.com.au](http://bca.com.au) include:**  
*Foreign Attraction: Building on Our Advantages through Foreign Investment (2010)*

## SUMMARY

# The Building Blocks of True National Prosperity

**POPULATION**  
**+** **PRODUCTIVITY**  
**= ECONOMIC**  
**GROWTH**

**GROWTH**  
**+** **PARTICIPATION**  
(WORK + COMMUNITY)  
**= COMMUNITY**  
**PROSPERITY**

The BCA works to achieve economic, social and environmental goals that will benefit Australians now and into the future. The 2010 federal election provides an opportunity for our political leaders to map out their visions for Australia's future. For the BCA the vision is clear.

**COMMUNITY  
PROSPERITY  
+ VALUING OUR  
ENVIRONMENT  
= QUALITY OF LIFE**

## DATA SOURCES AND REFERENCES

### Sources and References

- Figure 1 Australia's ranking among the OECD 30 in terms of GDP per capita is sourced from The Conference Board Total Economy Database, <http://www.conference-board.org/economics/database.cfm>, January 2010.
- Figure 2 Average annual growth in GDP per hour worked in percentage. Source is *OECD Factbook 2010*.
- Figure 3 Data on number of regulators and ministerial councils is sourced from the Productivity Commission report to the Council of Australian Governments, *Potential Benefits of the National Reform Agenda*, 2006.
- Data on the number of taxes in Australia is sourced from the *Australia's Future Tax System Consultation Paper*, Commonwealth of Australia, December 2008.
- Figure 4 Bureau of Transport and Regional Economics, *Estimating Urban Traffic and Congestion Costs*, Working Paper No. 71, 2007.
- Figure 5 ABS, *Australian National Accounts*, Catalogue No. 5206.0, 2010.
- Figure 6 OECD Labour Force Statistics at [www.oecd.org](http://www.oecd.org).
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- Figure 9 Data for 1945 to 2005 is from Catalogue No. 3105.0.65.001, *Australian Historical Population Statistics*, 2008, Table 1.6, Annual Population (a)(b) growth (%) by sex, states and territories, year ended 31 December, 1789 onwards. Data for 2006 to 2009 is from Catalogue No. 3101.0, *Australian Demographic Statistics*, Table 1, Population Change, Summary – Australia ('000).
- Figure 10 International Monetary Fund, *World Economic Outlook*, October 2009.
- Figure 11 *OECD Factbook 2009*.

Education completion statistics on p. 16 are from the 2009 edition of the *OECD Education at a Glance* publication.

### Quotes

The quote in the 'Tax' section was excerpted from *Common Sense Economics* by J. Gwartney, R. L. Stroup and D.R. Lee, St Martin's Press, 2005, p. 88.

The quote from OECD Secretary-General Angel Gurría reproduced in the 'COAG' section is from the OECD report, *Australia: Towards a Seamless National Economy*, February 2009.

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ISBN 978 0 909865 72 6  
Business Council of Australia  
ABN 75 008 483 216

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