

## Agenda for Business

Five priorities for revitalising the Australian economy



The Australian Chamber of Commerce and Industry (ACCI) proudly presents Agenda for Business, our policy platform for the forthcoming Australian federal election. This document serves as a blueprint to improve Australia's business environment, foster growth and drive broader prosperity. As the leading voice for Australian businesses, small and large, ACCI is committed to advocating for policies that create a robust and competitive economic landscape.



ACCI uniquely represents Australian business, small and large. Our policy agenda comes from our members and provides a great resource for governments looking to improve Australia's competitiveness and quality of life.

Mark Birrell AM, President, Australian Chamber of Commerce and Industry



From a business perspective there is an urgent challenge to reinvigorate productivity and growth. The cost of doing business must be addressed to make it easier, simpler and promote more Australian's being employed.

Andrew McKellar, Chief Executive Officer, Australian Chamber of Commerce and Industry

# Setting the agenda for the future

The Australian economy has many great strengths but also faces significant challenges that must be urgently addressed if we are to achieve our competitive potential, keep the economy operating at, or near, full employment, and achieve the standard of living we aspire to.

From a business perspective, ACCI highlights three most pressing challenges:

- Productivity growth has been subdued over the past decade and has weakened to historically low levels in the past couple of years.
- Living costs have been rising, but so too the costs of doing business have escalated rapidly in recent years. Increased costs for materials, energy, key business services, and labour have all contributed to persistent cost inflation pressures.
- A growing regulatory and compliance burden is hurting businesses. A recent ACCI survey found that 82 per cent of small business owners are worried that red tape is having a major or moderate impact on their business. A key source of concern is recent changes to workplace relations laws, which undermine enterprise flexibility and will make it more difficult for business to create new jobs in the future.

The time has come for policymakers to commit to a substantial reform agenda that allows the private sector to flourish and living standards to rise.

#### The Agenda for Business

ACCI's Agenda for Business provides a blueprint for serious, substantial economic reform, and contains concrete suggestions for improvements in priority areas.

It is structured around five pivotal themes:

- 1. Boosting Productivity and Business Competitiveness
- 2. Growing Skills and Workplace Flexibility
- 3. Open Markets and a Dynamic Economy
- 4. Affordable Energy while Protecting Environment
- 5. Growing Digital Capabilities

These themes encapsulate our strategic vision to address the critical challenges and opportunities facing Australian businesses today.

#### The Opportunity for the Future

If we get the policy settings right in Australia, we can unleash enormous economic opportunities and benefits from the business community.

When businesses see a better policy environment, they will be quick to respond with investments, jobs, and innovation, each of which will underpin growing living standards for the future.

Our Agenda for Business is designed to assist policymakers with specific measures that will re-energise economic growth and prosperity.

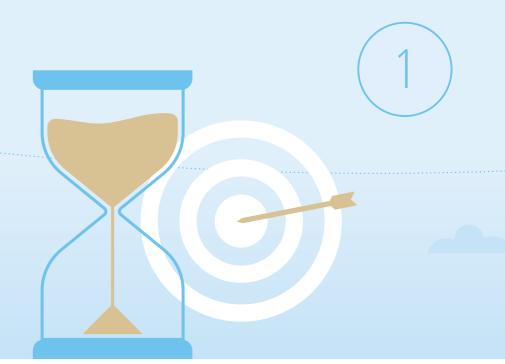
What we need now is a commitment from policymakers to embrace these positive reforms.

#### Boosting Productivity and Business Competitiveness

Boosting productivity is vital for improving real wages, business profits and overall wealth in Australia. The focus for policymakers should be on getting fiscal settings right, modernising our ramshackle tax system, reducing regulatory burdens, and encouraging business investment in innovation and technology.



- Commit to comprehensive tax reform, including reform of federal-state arrangements, with an aim of reducing or eliminating unproductive taxes on business such as stamp duties, insurance taxes, and payroll taxes. The Australian tax system is complex and onerous, and tax reform is necessary to modernise a system which is no longer fit for purpose in the modern world.
- Create a Tax and Federation Reform Commission to provide considered advice on reform options. A standing Commission would have the ability to provide considered advice on comprehensive reform of the tax system. As well as tax reform, such a Commission would also be tasked with recommending opportunities for improved delineations of federal and state spending responsibilities.
- Reduce the company tax rate to 25 per cent for all businesses to enhance the competitiveness of Australian businesses versus international competitors. With the corporate tax rate at 30 per cent, Australian businesses have become less and less competitive with counterparts in other OECD countries, where the average corporate tax rate has been moving down closer to 20 per cent. Reducing this rate is a critical part of making Australian businesses competitive again.
- Increase the instant asset write-off threshold to a figure of \$50,000, make it available
  to businesses with a turnover up to \$50 million, extend to digital assets, and make
  it a permanent feature of the tax system. The benefits of the write-off have been
  demonstrated in recent years, but the farce of year-by-year chaotic renewals needs to be
  replaced by a system that builds certainty and confidence.
- Commit to government expenditure levels at less than 25 per cent of GDP. Government spending has grown to unprecedented levels, creating onerous debt levels and growing pressure for higher tax levels. Containing the spending level to less than 25 per cent of GDP provides a responsible discipline on spending that accommodates reasonable demands for public expenditure while recognising the need to keep tax levels modest.
- ► Commit to a fiscal strategy of achieving underlying budget balance on average over the economic cycle. The government's incentive to achieve responsible fiscal outcomes is hampered by the absence of a fiscal strategy tethered to economic and fiscal outcomes. Introducing such a fiscal strategy would help to prevent spending blowouts and address the structural deficit.



- ▶ Provide greater incentives to lift investment in research and development and to assist businesses to commercialise innovation breakthroughs. Greater encouragement of innovation will enable Australian businesses to modernise operations and compete more effectively with international counterparts.
- ► Commit to a multi-pronged red-tape reduction agenda:
  - Create a dedicated Minister for Red Tape Reduction, creating a cross-agency 'Red Tape
     Taskforce' to reduce regulatory burdens. Red tape burdens have grown like topsy over
     recent decades, and the welter of new rules and regulations have a serious cost in time,
     money and stress. Identifying and cutting superfluous red tape would give a new lease of life
     to businesses that want to thrive and grow.
  - Move to greater alignment of small business definitions broadly across portfolios.
     There are numerous definitions of what a 'small business' is, which is just another layer of complexity small businesses face before they can determine what red tape and programs are applicable to them, they need to first assess whether they are even considered to be a 'small business'. Better aligning these definitions will be a positive step to reducing the red tape burden for small businesses.
  - Streamline the definition of small business in the Fair Work Act to fewer than 25 employees. Streamlining the definition across the Fair Work Act would reduce red tape and make the system much fairer to businesses. More small businesses would be able to access a range of exemptions which would significantly boost their ability to comply with the incredibly complex and onerous industrial relations laws in the Fair Work Act. Alternatively, the definition should be streamlined to businesses with fewer than 25 employees for the Fair Work Act, excepting redundancy provisions.
  - Require that a Small Business Impact Analysis be undertaken and published for all
    proposed legislative or regulatory measures. The impact of new or amended regulations on
    small businesses are often overlooked. Ensuring that the impact is considered will be useful
    in assessing the worthiness or otherwise of proposed changes.

### Growing Skills and Workplace Flexibility

Building strong workplaces requires equipping Australians with the right skills and fostering flexibility in how those skilled employees are recruited, hired and managed. Ensuring businesses and industries have the support they need to deliver essential education and training is crucial for economic success. Increasing workplace flexibility enhances productivity by enabling employers and employees to tailor their working arrangements to meet the specific needs of their business and workforce, creating mutually beneficial outcomes.

- ▶ Provide government funding support for students to study with a broader range of providers in order to help meet the government's target of 80 per cent of Australians holding a post-school qualification by 2050. The Federal Government's ambitious targets for a highly trained and educated population over the next three decades will require significant investment and a rethink of provider types. Students should be financially supported to study at the provider of their choice, including with private providers, to ensure Australia can train the growing student cohorts of the future.
- ▶ To support the international education sector as a growth driver of the economy, shift the focus of international education policy away from policies such as caps and limits that can damage legitimate providers. Instead, develop policy that will appropriately target non-genuine and unscrupulous providers. Policy and regulatory frameworks should encourage the sustainable growth of Australia's \$48 billion export sector, rather than creating obstacles for both providers and international students seeking to study in Australia's world-class education and training system. A healthy international education sector can only be a major driver of economic growth in Australia if the policy settings are properly targeted.
- ▶ To build Australia's pipeline of future workers, develop a tiered incentive system to encourage employers to take on more apprentices and trainees, with priority going to small businesses, regional businesses, GTOs and equity cohorts. Small businesses train 42 per cent of Australia's apprentices and trainees, yet they often lack the resources and experience of their medium and large counterparts, making hiring an apprentice a more costly exercise. A tiered incentive system, offering greatest support to small businesses, would help ease these financial pressures and encourage more of Australia's 2.5 million small businesses to train apprentices.
- Promote enterprise-level bargaining to achieve productivity increases and remove disincentives that hinder enterprise-level agreement making. Employers and employees at specific worksites know what needs to happen to boost productivity in their workplaces. Recent changes which disincentivise enterprise-level bargaining such as non-consensual multi-employer bargaining and intractable bargaining reforms need to be repealed.
- ▶ Reverse the productivity and job destroying changes affecting the labour hire sector and the definition of casual employment, introduced in the 'Closing Loopholes' legislation. The changes to casual employment and labour hire only add to the red tape burdens of business, driving down the time they can spend on the important things like boosting productivity. Government needs to make it easier for businesses to grow their operations, not more difficult.



- ▶ Re-instate an effective industry watchdog, with the powers and resources to stamp out corrupt and illegal conduct in the construction industry and strengthen the 'Fit and Proper Person' Test for Right of Entry Permits. The disgraceful conduct of the CFMEU has been laid bare through court cases and media revelations. Public confidence in this crucial sector can only be restored if there is action to ensure appropriate standards of conduct and effective enforcement of the rule of law.
- Make the workplace more flexible for those with caring responsibilities by reforming Individual Flexibility Arrangements and requiring Paid Parental Leave payments be made directly by Services Australia. Businesses want to facilitate caring responsibilities where they can but the current system too often serves as an inhibitor to employers who want to provide that flexibility to their employees. Reforming IFAs and the way PPL is paid would boost workplace flexibility.
- Permitted matters in enterprise agreements must not allow clauses which impose on managerial prerogative and thereby infringe on the ability of employers to conduct their business. Clauses which allow a third party to interfere with managerial prerogative are holding businesses back in the modern world. A system that allows employers to be pressured to hand over key decision-making power for three to four, or more, years under an EA as a trade off against unaffordable pay claims in the short term is not a system which supports workplace flexibility and productivity.
- Establish a small business division of the Fair Work Commission, which is equipped to make expedited decisions and provide tailored support and advice for small employers. Time-poor small business owners are struggling with the immense complexity of the FW Act and the many new obligations imposed on them by the Government's recent legislative changes. The FWC should have a small business division that deals with claims relating to a small employer in an expeditious manner so that they can get back to the important stuff operating and growing their business.
- ▶ Enable the FWO to provide binding advice to small business owners on modern award matters, protecting them from claims where the advice was followed. Many small employers cannot afford to seek out legal advice from expensive law firms on award interpretation. Frequently they rely on advice from the FWO for these important matters. The advice of the FWO to small business owners should be binding and act as a safe harbour where followed.

#### Open Markets and a Dynamic Economy

Australia's commercial and economic interests are best served by a free and liberal system of global trade, capital, investment and information. Businesses must, and will, pursue international trade, commerce and investment opportunities wherever they can be found. However, our success is not assured. Supporting Australian businesses to be internationally competitive and enhancing our attractiveness as a destination for investment and tourism will underpin Australia's success in a dynamic, modern economy.

- Promote the benefits of free trade and the productive role of Australia in reducing global barriers to trade. Australia has a proud history as a voice of trade liberalisation. In a time of rising barriers to trade, it has never been more crucial that Australia step forward as a strident advocate for policies that support trade, supporting business, community and national prosperity.
- ▶ Put more resources into securing free trade agreements and facilitating Australian bilateral trade activity. Australia's network of free trade agreements has grown from one at the turn of the century to eighteen today. In addition to concluding new agreements with Australia's principal trading partners, Australia must look to remove barriers to their use by Australian businesses. This includes reducing barriers by harmonising requirements between agreements, ensuring that small and medium businesses are supported to explore international trade and ensuring that existing market access and investor protections are not diluted, and maintaining Australian Government in-market support.
- Oppose trade protectionism and resist the increased pressure for trade barriers to address problems more appropriately dealt with through other channels. Economic growth and community prosperity must not be taken for granted. Australia must resist, both in bilateral negotiations and in all multilateral forums in which Australia's trade interests are represented, attempts to allowing non-trade issues to compromise the commercial meaningfulness of trade agreements or result in the erection of new barriers to trade.
- ▶ Promote diversification of export markets as a risk mitigant for increased geo-political and trade uncertainty. While recognising that businesses are best placed to direct their own commercial decision-making, government can support businesses to make informed decisions about how they manage and mitigate their international market and supply chain risks.



- ▶ Reduce barriers to inward foreign investment, including onerous regulatory requirements. To maintain our prosperity and future living standards, we need reforms to our foreign investment, tax, regulatory and environmental approval processes to ensure that Australia remains an attractive destination for investment.
- ▶ Replace the outdated manual Incoming Passenger Card with a digital process. Australia's manual Incoming Passenger Card (IPC) is outdated and unnecessary, with much of the required information already provided at various stages during the traveller journey. Digitalising this process will streamline this repetitive and manual process and streamline the passenger journey.
- ▶ Digitalise and outsource the Tourist Refund Scheme system. Australia's Tourist Refund Scheme (TRS) is outdated, clunky and time-consuming for travellers and border agencies. To improve this experience, the government should evaluate the option to transition to an outsourced system where a commission is deducted from the traveller refund amount to self-fund the digital enhancements at no cost to government.
- Increase funding for Tourism Australia to \$240 million per annum to allow Australia's tourism industry to compete with international markets. Tourism Australia's ability to compete with international markets and attract high-spend visitors is impeded by reduced funding in real terms and media inflation. Increasing funding in line with CPI and inflation will support its ability to effectively market Australia as a key destination for international travellers.

## Affordable Energy while Protecting Environment

Affordability, reliability and security of energy must be at the heart of energy policy. Given the competing demands, carbon emissions policy should be integrated into energy policy, to ensure balance and minimise conflict in policy objectives. The journey to net zero should be made at the lowest cost by focusing on market-based solutions.



- ▶ Government should make the journey to net zero at the lowest cost by focusing on market-based solutions. The focus must be on stimulating private sector investment and increasing competition in the market, to restore Australia's status as a low-cost energy producer. Only then can we realise the energy competitive advantages in our domestic economy. Access to cheaper energy will lower the cost of living for all Australians and foster globally competitive business and manufacturing sectors.
- ▶ A fuel source-neutral approach be adopted to future energy supply to ensure that emissions targets are met in the most efficient, least-cost manner. All options must be on the table to ensure that Australian businesses do not find themselves marooned with limited, higher cost energy sources. The focus must be on technologies that enhance productivity and strengthen the economy, while at the same time delivering cost-effective emissions reduction.
- ▶ Work with State governments to unlock restrictions on gas exploration and streamline approvals to increase domestic supply and cut prices. Australia's east coast gas market is dysfunctional, with annual domestic gas supply shortfalls forecast from 2028. Gas will continue to play an important role in the net-zero transition, firming renewable power generation and in hard-to-abate sectors like manufacturing and minerals processing, until alternative forms of energy are developed and scaled up to the point of being economically viable.
- ▶ The Productivity Commission should conduct a comprehensive review of the existing hundreds of climate change policies at federal and state level with the aim of rationalising and eliminating inefficient approaches and focusing on effective and coordinated polices. Rationalising policies would work to reduce the amount of complexity and compliance burdens that weigh down businesses. The focus must be on developing a comprehensive national principles-based approach to better align climate change and carbon emission reduction policies at federal, state and territory levels.



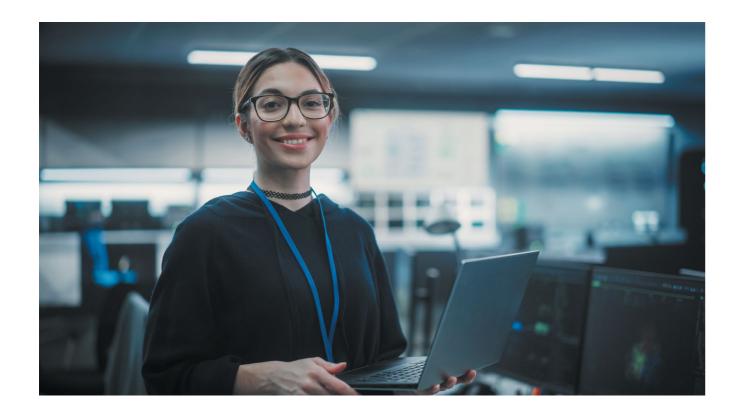
Increase transparency regarding the future energy transition task to build investor and business confidence. ACCI supports the Australian government's emissions reduction targets, but greater transparency regarding progress along the pathway will help to reassure investors and the public that targets are being met and can continue to be without undue costs. Significant policy decisions will continue to be necessary over coming years, and maximising the transparency around progress, costs, tradeoffs, and opportunities will be vital to ensure that future policies are based on the best quality information.



### Growing Digital Capabilities

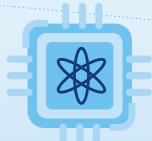
The world economy is undergoing a major transformation, with the development and use of new technologies being a key factor for success. Australia has a highly skilled workforce and a highly developed economy, but there remain important gaps with regard to the uptake of new technologies, the realisation of their benefits, and ensuring that Australia's private sector can remain globally competitive.

Convert the Minister for Communications portfolio into a broader Minister for Digital Matters role (incorporating Communications responsibilities) to reflect the critical importance of digital-tech issues in the modern economy and provide a more focused approach to digital and ICT policy. The current disjointed approach to digital issues makes it difficult for Australian businesses to realise the productivity benefits digital technologies will bring. A dedicated Ministry is needed that focuses on the digital uplift of businesses and individuals, not just the Australian Public Service, and connects and harmonises digital economy plans.









- Develop a national plan to improve digital skills across all occupations and reduce digital inequality, utilising a whole-of-government national digital inclusion plan. To remain competitive at the global level, adopting new technologies must go hand-in-hand with improving digital skills across the board. Digital inclusion requires a national strategy, recognising the relevant skills for the economy of tomorrow, and providing training and education right through from formal childhood education to on-the-job training and ongoing learning opportunities.
- ▶ Reinstate and make permanent the Small Business Technology Investment Boost.

  One in five small businesses have no or low digital technology skills to prevent further inequities emerging and stifling entrepreneurial and small business growth, incentives and programs to digitalise their operations and increase their productivity must be supported.
- ▶ Develop a national AI adoption strategy to facilitate adoption of AI technologies to increase business productivity and address concerns around privacy, security and trust. Ensuring all Australian businesses and particularly small and medium businesses are ready and able to adopt AI technologies requires a joined-up policy approach that addresses all the key barriers to adoption, in addition to regulatory guardrails, such as baseline digital literacy, AI awareness and understanding of use cases, data governance and security, trust and digital infrastructure funding support.
- ▶ Review the Data Availability and Transparency Act to allow for data sharing with the private sector as a foundation for AI models and other technological development. Making available government collected data for the private sector will enable new and creative uses of data for economic growth. Access to this data is critical for innovation as it is a foundational resource for AI models and other research and development projects.



Working for business. Working for Australia.

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