

# Better Australia

Securing the foundations  
for a stronger and  
smarter future



Australian  
Chamber of Commerce  
and Industry

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This second version of Better Australia, released in October 2023, is an update of Better Australia released in October 2021.

# Foreword



As Australia progresses through the 2020s, inflation has been high, growth has slowed and several other economic headwinds loom on the horizon. In Better Australia, the country's largest and most representative business network looks beyond the short-term. It is an opportunity to consider how to tackle medium and longer-term goals and build a strong foundation for the next generation of growth and prosperity. Australia faces significant challenges to lift its economic performance in the next three decades and deliver more robust growth, enhanced sustainability and higher living standards. We have outlined five visions for Australia built around innovation, fairness, sustainability, economic scale and resilience. These underpin ten goals that will guide the way forward. Please join us in this revitalised agenda for the future of Australia that we want and can achieve.

**Nola Watson**  
President



Australia must improve productivity so the economy can grow to its full potential. We must grapple with long-delayed tax system reforms that will reduce the reliance on income taxes, broaden and increase the rate of the goods and services tax, and eliminate inefficient state taxes. We must achieve multi-partisan consensus on clear goals to decarbonise the Australian economy and ensure we meet these targets efficiently. We must recognise the fundamental changes in business driving the future of work. The way forward must be based on respect and cooperation, delivering flexible opportunities that meet business needs and offer employees secure and rewarding jobs. We must do all we can to facilitate the future drivers of innovation and allow businesses to capitalise on the ongoing digital revolution. The next generation of economic reform will look vastly different from the prescriptions of the past if we are to set a course for a more prosperous future.

**Andrew McKellar**  
Chief Executive Officer

# Planning for future generations

The challenge for each successive generation of Australians has always been to pass on a better social and economic future than the one we inherited. We must plan and improve our place in the world to secure our future prosperity. Australia performed remarkably well over the last three decades compared to most other advanced economies. However, our economic growth has lost momentum. Long-term projections show we will need more than population growth to maintain Australia's global economic ranking. To preserve this ranking, Australia needs to lift its productivity.

Australia is punching above its weight in the energy, resources and agriculture sectors. We have world-leading standards of health. Our tourism assets are world-class, and we outpace many other nations in service sectors such as education. Australia is home to world-leading research and development organisations, such as the CSIRO; thanks to them, the world has Wi-Fi.

The world's social, economic and political geography indicates that the economic centre of gravity is moving closer to our region. An opportunity exists for Australia to emerge as a significant source of economic power and influence in this region. Our success in advancing the skills and ingenuity of Australians, and adding value to our country's natural resources and capital, will dictate whether we improve our place in the world. We can become a beacon of prosperity, democracy and development or drift down the scales of global power and living standards.

Australia has an opportunity to be bold and forward-looking to become an economic and geopolitical powerhouse. Planning followed by action must start now. The future of competition and global realignment must move from discussion to reality. We call on our federal and state governments, and our major political parties, to have the hard policy conversations that all Australians need them to have. We urge all interested parties to genuinely commit to discussions that will lay the foundations for the best possible Australia. Let us seize the moment to create an Australia that is an even better place to live, work and enjoy than it is now.

## Facing the headwinds

Substantial economic reform in the 1980s and 1990s and the progressive liberalisation of world trade have served Australia well. But economic and productivity growth has been weak since the global financial crisis of 2007-09. The reform agendas successfully prosecuted by previous generations need to be updated, and reform stagnation has stifled our entrepreneurial spirit and growth opportunities. The inflexibility of our labour system leads to lower productivity. Our transport and trade systems should be more efficient relative to other nations.

## The global context

The global situation is particularly challenging. Trade and geopolitical tensions are intensifying. Tensions in Eastern Europe, the Middle East and the Taiwan Strait are presenting significant challenges. As the International Chamber of Commerce has noted, geopolitical tensions will continue to shape supply chains and trade dynamics; international economic fragmentation will influence decision-making, impacting exports and investment. The multilateral institutions responsible for promoting international economic cooperation, such as the World Trade Organization, have more to do to build consensus. Global digitalisation brings opportunity but also new national security threats, including cyber-attacks. COVID-19 laid bare our vulnerabilities, as it did throughout the world. Businesses confront tough decisions about maintaining their competitive position amidst these challenges.



## Compounding factors

Domestically, dismal productivity growth, high inflation and wider wealth inequality constrain economic progress. An inefficient taxation regime across all levels of government adds to this. These conditions and the additional government debt amassed during the COVID-19 pandemic risk significantly burdening future generations.

## Megatrends

Over the next three decades, the world will experience rapidly changing demographics, a growing population, increasing scarcity of natural resources, new global and regional economic powers, exponential technological advancement, and increasing environmental degradation and climate change. Businesses, consumers and governments will respond to these megatrends and the disruptions they bring by seeking new opportunities.

## Lifting productivity

Many industrialised nations have faced the challenge of stagnant productivity growth, contributing to a deceleration in real average wage growth. Australia is no exception. The dividend of digitalisation has not been enough to neutralise this downturn, let alone accelerate productivity. Economies will compete strongly for investment, consumers, skilled labour and secure supplies. The smartest will proactively reform their policies and regulations to get ahead of the competition and turn around diminishing productivity trends.

The world's social, economic and political geography indicates that the economic centre of gravity is moving south closer to our region. An opportunity exists for Australia to emerge as a significant source of economic power and influence in this region. Our success in advancing the skills and ingenuity of Australians and adding value to our country's natural resources and capital will dictate whether we improve our place in the world. We can become a beacon of prosperity, democracy and development, or drift down the scales of global power and living standards.

# Key economic and social pillars

Our nation's wealth and wellbeing rests on four key pillars reflecting our core economic, social and environmental values:

1

An open, competitive, market-based economy providing economic growth and opportunities for Australians to create wealth.

2

Sustainable growth that delivers the economic, social and environmental outcomes current and future generations seek.

3

Effective governance and efficient government that promotes democracy and economic growth, delivering the public goods we need, preserving order and protecting our freedoms.

4

Strong education and training systems that deliver the knowledge that employees want and the talent employers need, matching the supply and demand of skills.

## Boosting productivity

Productivity boosts workers' real wages, business profits and the wealth of all Australians. Past governments recognised this and built a foundation for the prosperity of the past three decades. But Australia's current productivity growth, and those of many other advanced economies, is not high enough to secure future living standards. In recent years, we have become too complacent about our prosperity. Over the coming decades, there will be significant challenges to maintaining our living standards, let alone improving them. The Productivity Commission found that our population size and remoteness make it even more challenging for Australia to improve productivity. Our appetite for reform will determine the outcome. For Australia to grow, we need an environment that drives investment, innovation and skills. We have a once-in-a-lifetime opportunity to become a world-leading destination for investment and businesses that foster entrepreneurialism and higher-paying jobs.

Government policy must reflect that small, medium and large businesses are central to our economy. ACCI's vision is to make Australia the best place in the world to do business – so that Australians have the jobs and living standards to which they aspire, including:

- The ability for young people to secure their first job and work towards owning their first home.
- The capacity of Australians to buy what they need, when they need it, at prices they can afford.
- Public services that are world-class and efficiently respond to changing demand.
- A healthier, greener and more sustainable economy.
- The necessary welfare and social support for our fellow citizens.

Now is the time to review and renew the policy and institutional frameworks that have served us to date. It is time to implement innovative change to ensure Australia can succeed in the new post-pandemic world. Fast forward to 2050. What should our economy look like?

# Visions for Australia

## 1

### A Smarter Australia

#### A 21st Century Federation

Australia will have a smarter, more effective and more efficient federation. We will avoid duplication of activities across governments while embracing competitive federalism to incentivise and improve governance.

We need consistent economic policy and regulation across federal, state and territory governments where appropriate. Local government will effectively and efficiently serve its legislated service purposes. Regulation will focus on outcomes and be transparent, simple and adaptable.

#### An entrepreneurial and innovative nation

Businesses will thrive through the entrepreneurship, creativity and risk-taking that built Australia. The commercial and regulatory environment will ensure entrepreneurs can quickly establish small businesses and scale them into larger ones, creating jobs and advancing our society. Access to innovative technology and business practices will assist these efforts. Our competitive economy grows stronger through collaboration between businesses, research institutions and government to share and commercialise knowledge and ideas.

#### A diversified, advanced industrial economy

Our economic growth will depend on dynamic, agile industries capable of capturing new opportunities through emerging technologies. The fourth industrial revolution will give way to the fifth through greater use of artificial intelligence that enhances the satisfaction of consumer wants and needs. Value-adding industries such as advanced manufacturing will complement traditional sectors. The establishment of new industries will improve our human and physical capital as well as our international competitiveness.

#### Skills for now and the future

Skills and education systems will deliver the foundation for a more innovative nation. Australians will be better prepared for modern workplaces and the changes ahead. As a result, businesses will have access to the qualified workforce they need to seize opportunities and operate at their fullest potential. The education system will encourage an understanding of the role of business in our society and equip our future entrepreneurs.

#### Productivity-enhancing infrastructure

Communication and transport will be faster and more efficient between centres of activity, cities and regions, attracting business, talent and investment. Smart infrastructure will better connect the economy, improving the movement of goods, services, people and information. Decision-making on public investment priorities will be evidence-based and market-focused.

# 2

## A Fairer Australia

### Work for everyone

All members of society will have the opportunity to participate fully in the economy. Public policies will support equality of opportunity. These policies will provide more flexibility and options for Australians, whether working or acquiring skills. Workplaces will be diverse and inclusive, and reflect the contemporary Australian community.

### An incentivising tax and transfer system

Australia's tax and transfer system will be simpler and fairer. Taxation will deliver revenue to support efficient public services. The taxation system will help our international competitiveness as a place to invest and do business. Our tax system will encourage people who take risks and drive innovation, investment and productivity. An effective social welfare safety net will be there for those in need while avoiding unnecessary reliance.

### Assured quality of life

Through strong economic growth, future generations will continue to have the best living standards in the world. We will ensure this by advancing our natural, constructed, social and human resources. Policy settings will consciously increase our national wellbeing and deliver a healthy, sustainable economy that supports all Australians.

# 3

## A Growing Australia

### Global influencer

Our international position will draw upon our tradition of democratic values, our reliability as a place to invest and do business, our reputation in the global community and our liberal economic principles. We will be a global leader in free trade, open markets and the rule of law. We will elevate our influence in international affairs, regionally and globally.

### Growing population

A sustainable and well-managed migration program will support our larger population and workforce. The skills, abilities and ideas of our migrants will build upon our human and natural capital. A focus on younger, more skilled migrants will counter an ageing population, the expected tax base, and competitiveness reduction.



# 4

## A Sustainable Australia

### Environmental leadership

Our environmental commitment will be solid and consistent. We will use our natural resources to support long-term economic growth and secure our living standards. We will integrate environmental values in policymaking to fully account for outcomes. By applying science, innovation and technology, we will meet our international climate change commitments and transition to a circular, regenerative economy. Without sacrificing the environment, we will provide the world with goods and services, including energy and food.

# 5

## A Resilient and Secure Australia

### De-risking our economy

We will be less vulnerable to shocks, whether pandemics, natural disasters, cyber threats, national security incidents or severe recessions. We will manage risk in our economy and protect Australians by implementing innovative strategic changes. We will have nationally aligned emergency management plans that support those most needing them, business or household.

### Forward-thinking

We will have the courage and commitment to anticipate a future that is rapidly changing pace. Our education systems will instil a forward-looking mindset in individuals, while policies will free people to take risks and improve their lives in a highly uncertain world.

# Goals for 2050

The future is in our hands. Australians have a choice. We can continue doing things the way we are now and put Australia's future prosperity at risk. Or we drive towards the visions for Australia by embracing the change that will improve productivity and prosperity. We need political leaders from all parties to adopt a reform agenda that places Australia back onto the pathway to prosperity for future generations.

ACCI has set ten goals for securing Australia's prosperity and growth benchmarked against other comparable and competing economies.

1

## Tax

A simple tax and transfer system at both federal and state levels of government that is efficient, supports national competitiveness, rewards effort and risk-taking, and is fair. We get there by:

- Drawing on the recommendations of previous tax reviews, embark upon comprehensive reform of our two-tier tax system to place Australia in the top three most competitive tax systems internationally.
- As a priority, consider options to broaden the base and increase the goods and services tax rate. Tax reform would support reducing or removing inefficient state taxes, such as payroll tax, that impede business activity. Tax reform would also strengthen state and territory budget positions.

2

## Regulation

Regulation that focuses on outcomes, using a coordinated, whole-of-government approach that meets community expectations and supports businesses starting, operating and growing. We get there by:

- All tiers of government delivering proportionate, fit-for-purpose regulation that is harmonised or mutually recognised based on robust regulatory impact assessments.
- Becoming a world-leading e-government, utilising digital technology and a user-centred approach to deliver more responsive policy, less red tape and better services.
- Delivering whole-of-government solutions to policy challenges and adopting an outcomes-focused approach to policy, legislation and regulation.

# 3

## Innovation

Research and development (R&D) policy that brings government, research bodies and industry together and ensures the translation of research into commercial opportunities and job creation. We get there by:

- Establishing an ambitious economy-wide goal for R&D expenditure.
- Building on CSIRO's National Missions program to establish targets that address significant societal, environmental and industry challenges.

# 4

## Energy and Climate Change

Secure, affordable, low-emission energy that meets our international climate change commitments. We get there by:

- A managed, orderly transition to low-emission energy sources that considers stability, reliability and affordability.
- Devising and explaining a comprehensive and realistic pathway with clear milestones for achieving this transition through investment incentives, regulation and technology change.
- Building on Australia's position as a global energy producer to supply the world with affordable energy and low-emissions technology.
- Maintaining our commitment to a net-zero carbon emissions target by 2050 and an interim target of 43 per cent below 2005 emissions by 2030.
- Federal, state and territory, and local governments working together to deliver an aligned, consistent, multi-partisan, national approach to carbon emissions reduction and achieve Australia's Paris commitment – it must be enduring, outlasting the changing hands of government.



5

## Sustainability

A circular economy based on low emissions, the efficient use of material resources and high rates of recycling drives competitive markets and investment. We get there by:

- Supporting a whole-of-government approach to moving from linear production to the circular economy.
- Targeting high recycling rates of 70 to 80 per cent for waste material.
- Establishing well-developed markets for recycled raw materials, particularly plastics, paper, glass, rubber (tyres), metals, concrete and other building materials and organic waste.
- Incentivising industry to embrace more efficient use of materials in new products, longer life cycle, and re-use of products rather than sending them to waste.
- Assisting other countries to make the transition to a circular economy.

6

## Technology

An advanced economy backed by the right skills, infrastructure and regulatory settings to enable a transition to the next industrial revolution. We get there by:

- Becoming an international cyber security leader through strategic investments in digital literacy and cyberinfrastructure.
- Setting up the legal and regulatory frameworks for the Internet of Things, artificial intelligence, robotics and their interaction with humans in a way that does not stifle innovation.
- A regulatory and investment environment for critical next-generation technology, including robotics, automation, biotechnology, nanotechnology, superconductors and artificial intelligence.
- Working with international organisations and governments to create, where appropriate, regulatory consistency of emerging technologies and allowing cross-border data flow between private enterprises and governments.



7

## Education

An education and training system that grows our skills base, supports a knowledge economy and maximises business contribution to our national prosperity and development. We get there by:

- Focusing higher education on the skills and job readiness needed for the labour market.
- Increasing the opportunities to integrate work and learning, including apprenticeships, traineeships, internships and cadetships in higher education.
- Increasing and maintaining consistent long-term funding for vocational education and training.
- Identify future skill needs and shortfalls in education and training funding.

8

## Population

A larger population, with people located where they are most needed and valued. We get there by:

- Substantial investment in critical infrastructure to prepare for a larger population spread throughout Australia, including digital, transport, energy, water, training, education and health services.
- Committing to regional development policies that remain in place across political cycles and address policy barriers and market failures.
- Migration targets that maximise economic and demographic outcomes with matching infrastructure investment to support it.
- Adopting principles for population growth across governments and political parties that recognise the long-term benefits of temporary and permanent migration.

# 9

## Work

All Australians wanting to work can access safe, productive and rewarding work. We get there by:

- Modernising workplace regulation to reflect the post-digital transformation of workplaces and substantial change in consumer behaviour, business environment and demographics.
- Enabling the development of new and innovative business models and new ways of working based on cooperation, not conflict. These will provide flexible opportunities that meet the marketplace's needs and are safe and rewarding.
- Increasing workforce participation through more effective assistance for disadvantaged job seekers, including long-term unemployed, First Nations Australians and people with disabilities.
- Maximising employer use of employment services. Re-integrating disability employment services back into the core system.
- Increasing workforce participation and economic outcomes for women through access to skills development and policies that make it easier to engage in work.
- Overhauling industrial relations laws to deliver a more straightforward, explicit and practical foundation for jobs, productivity and living standards.
- Ensuring agreement-making works, legislating minimum conditions, and focusing industry awards on minimum wages and allowances.
- Avoiding regressive, 'back-to-the-future' regulation that makes employment costlier, less flexible and less productive.
- Ensuring unfair dismissal laws deliver a genuine fair go for all, are consistently applied, and recognise small businesses' differing capacities and resources.

# 10

## Trade

A world leader that supports free trade to maximise our opportunity to exchange goods and services with the world. We get there by:

- Reducing or eliminating barriers to global trade and investment, including tariffs, quotas and non-tariff trade barriers.
- Resisting emerging barriers aimed at achieving non-trade outcomes.
- Supporting efforts to reform the World Trade Organization and urging it to pursue a bold and comprehensive agenda to support the contemporary global economy.
- Leveraging the full breadth of our international partnerships and forums, we create new commercial opportunities and deepen existing ones. Governments becoming a partner with industry in more efficient trade systems that improve import and export productivity and underpins our future trade competitiveness.

# Next steps

Better Australia advances five related visions to ensure future generations achieve greater security, prosperity and living standards. The above goals and actions should guide the priorities of the governments over the next decade. They should catalyse broader discussion across the Australian community on the reforms we need to ensure our continuing success as a nation as we adapt to change and prosper in the 21st century and beyond. Each of the ten goals warrants discussion, engagement and further elaboration by all interested in Australia's future.

[acci.com.au/betteraustralia](http://acci.com.au/betteraustralia)



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