

COMMENTARY

Australia's treatment of refugees, while seen from a policy perspective as being effective, isn't seen as being cool.
PETER HOLMES A COURT

Genuine economic reforms are needed to build a better future for our children

JENNIFER WESTACOTT



This time last year I was putting the final touches on my Australia Day speech for Australian Unity.

In the speech, I made an impassioned call for a positive vision for our country to steer us through the unstoppable forces of global economic change. I argued that our time was running out to transition in a careful, gradual way.

My vision for the country then, as now, is of a talent, knowledge-driven, value-added economy that thrives off the back of demand from Asia and more open trade. An economy where Australia could be a world leader in things

like food production, advanced manufacturing, professional services, and energy and resources by tapping into new global supply chains.

Australia Day 2016 is a good time to pause and ask ourselves: how positive do we feel about our nation's place in the world and our capacity to realise these opportunities? How confident are we that our children and grandchildren will enjoy the same quality of life as we do, or something even better?

My response is that it depends on the action we are prepared to take in three key areas: fixing our budget position; revitalising our education system; and unprecedented policy action on multiple fronts to accelerate growth.

Why are these things important? Well, the first two are prerequisites for the third, and growth is a prerequisite to maintaining, let alone improving, the living standards of future generations.

They enable all the things Australians value — jobs and growing incomes, aspiration and reward for

effort, strong communities and a decent safety net, better services and better infrastructure.

In my Australia Day address last year, I especially called for new leadership. Leadership that would see solid action from governments and an enabling, constructive contribution from oppositions.

As we look forward to commemorating Australia Day 2016, how far have we come?

Firstly, we have a new positive vision for the country which embraces innovation as the driver of future prosperity. And it's true, there has never been a better time to be in Australia.

We are seeing leadership from state premiers across the political spectrum. The National Reform Summit proved that seemingly fundamental differences between sections of the community can be overcome by constructive dialogue and a focus on the national interest.

My concern as we move into another election year is that the momentum we have begun to

make will be compromised by a renewal of short-termism and destructive political point-scoring.

Does it matter? After all, we've put up with this for years and life is still pretty good for most of us. Well yes, it does matter, as we now stand on the precipice of a decade of missed opportunity at a time when the context for ambitious policy change is even more challenging than it was this time last year.

We can officially declare our free ride from China over. Our budget, as a result, is under even more pressure. Economic growth has slipped below trend and there is a strong prospect that without concerted effort it will remain there.

So 2016 must be the year of action, because a decade of missed opportunity is not just something for commentators like me to complain about — it will compromise our living standards, our wages growth, our public finances and our capacity to provide a decent safety net.

Let me unpick the three areas I've identified and the actions we must take to secure our future — our 2016 to-do list.

On the budget, I said last year that we needed a 10-year transition to redesign the major programs of spending with a view to improving service and removing waste and duplication. Health and retirement incomes remain at the top of the list. And that 10 years is not a rolling 10 years. It is about two years of policy work and eight years of transition.

The first year is gone and time is running out to avoid painful corrections down the track.

Part of the budget challenge is to continue to explain why change is needed. For example, the \$11bn in annual interest payments on today's \$280bn of debt represents taxpayers' dollars we can't spend on things like roads, trains, health services and schools.

On education, 2016 must be the year for action on teacher quality to lift our declining standards in literacy and numeracy. How can

we have spent 5.5 per cent more on schools each year in real terms over the past decade but seen Australia's national results in literacy and numeracy go backwards on a number of international comparisons, placing us behind countries like Poland, Canada and Estonia?

Let's not waste 2016 having another facile conversation about how much we spend versus the quality of the spend. This must be the year of dramatically improving our VET and tertiary system. The Business Council has repeatedly called for the development of a new tertiary model that offers learning and skills development for all Australians to equip them to be globally competitive workers in throughout their lives.

To achieve this, we need to create new funding models and structures that remove the distortions between VET and higher education and put the tertiary system on a sustainable financial footing.

In 2016, we need to start modernising our apprenticeship system and our training packages so

they are fit for purpose for a globally competitive economy.

On growing the economy, our level of policy ambition will need to be even greater. There is so much to be done here — competition policy, workplace relations, energy and climate change policy — but nothing is more important than tax reform.

A better tax system is central to stronger economic growth. An uncompetitive system that discourages investment and fails to reward effort is a drag on growth that's only getting heavier.

A starting point in 2016 is to make sure the conversation about tax is a conversation about growth, not more spending through higher overall levels of taxation.

As we celebrate Australia Day 2016 and remind ourselves of the great country we live in, it's a responsibility for all sectors of society — business, labour organisations, the community sector and the media — to call out short-term political opportunism, infighting and the rule-in rule-out

politics that operates in a void of serious analysis or consultation.

Australia doesn't need more shouted slogans. We need thoughtful, meaningful solutions.

It's time to ask of leaders, if you are not going to support an idea, then what are you going to do? How will you address the issues which confront us?

It's time to get behind ambitious change that makes us a more competitive, productive economy. It's time to support change that secures better services and a targeted, durable, meaningful safety net.

The Business Council is ready for this. We will work side by side with governments and other organisations to drive growth in jobs and our economy. Not for the sake of it, but so Australians can have a better way of life and so that we, the luckiest generation of people to live on the planet, leave a better future for those that follow us.

Jennifer Westacott is the chief executive of the Business Council of Australia.