BCA

Business Council of Australia

Releasing the handbrakes on growth

Common-sense reform wins

July 2022

Contents

Overview

The Australian economy is emerging from the pandemic better than almost any other nation.

With our people, natural resources and numerous advantages, the nation is in the box seat to forge its own future as a frontier nation with better jobs, better access to skills, higher wages and higher living standards.

But before we can truly take control of our destiny, Australia needs to contend with a dramatically and constantly evolving changed outlook.

On top of the pandemic impacts, we face several global forces including increased geopolitical tensions, an energy supply chain crunch, rising global inflation which is outstripping real wages growth, the impact of digitisation and technology on how we live and work, the decarbonisation of economies and the rise of the Asian middle class.

To reduce pressure on Australian families and businesses, we must act on the things we can control if we want a future made in Australia.

We will need to overcome several short and long term hurdles in order to maintain momentum in a sustained world leading recovery and longer term growth.

The short-term priorities must include urgently addressing immediate supply pinch points such as debilitating worker and skills shortages, as well as supply chain frictions that are putting a handbrake on the recovery.

Prime Minister Anthony Albanese's Jobs and Skills Summit in September is expected to serve as an economic circuit-breaker – providing an opportunity to push ahead with the long-term structural resets needed to drive long-term investment, productivity and growth. This will include the critical work of reshaping the industrial relations system.

In the meantime, this paper – *Releasing the handbrakes on growth* – puts forward the urgent and less complex reforms that, if implemented, would immediately help reduce economic bottlenecks and improve the quality of life for Australians.

Workforce and skills shortages are a handbrake on recovery

- Almost half a million jobs are unfilled – that's more than double pre-pandemic levels and the second worst in the OECD
- Several individual BCA member companies alone are each reporting over 1,000 job vacancies – in one case up to 2,000
- Driver shortages mean around 1 in every 5 trucks is sitting idle
- Companies have stopped tendering for jobs due to insufficient labour
- Almost 800,000 people are working fewer hours than usual due to illness, including COVID and the flu
- Every year we usually take in around 230,000 migrants and returning Australians but during the pandemic we lost 90,000 people overseas in a year instead
    - All up we lost over close to half a million people while borders were closed
    - Migrants are returning but not fast enough, and that's exacerbating record worker shortages

Chokepoints are causing supply chain frictions

- Disruptions to freight channels are continuing
- Sea freight costs have surged several hundred per cent compared with pre-pandemic pricing and services remain relatively unreliable
- Input costs are up over the past year:
    - 15.4 per cent in housing construction
    - 18.5 per cent in manufacturing
- Visa processing times have blown out across most visa types. Wait times of four to five months have become typical for Temporary Skills Shortage visas

The challenges we face will be further compounded by headwinds on the horizon:

- high energy prices, with average NEM wholesale electricity prices up more than fivefold since the end of 2021 driven by factors such as the war in Ukraine, cold start to winter, ageing coal plant, erratic coal supply and over reliance on gas to firm the grid.
- rising debt servicing costs, with a budget impact of $1 billion this year and a cumulative $13 billion over the next four years
- an increasing risk of recession in the United States and Europe.

Australia comes at this better position than many other countries, but households, businesses and governments need to be prepared. Many are heavily indebted and have not experienced rising interest rates for some time – or at all.

While external forces are beyond Australia's control, there are many factors where we can – and we must – act.

These factors are contributing to supply constraints, inflation pressures, creating bottlenecks and making it harder and more expensive to do business and live in Australia.

Until we can overcome these obstacles and unleash the full potential of the economy, we will be forced to tread water.

Our ability to modernise the economy and move forward will be hamstrung.

The only option is to build Australia's economic resilience and boost our competitiveness.

- A resilient Australia is adept at managing shocks and future changes, mitigating their impacts, bouncing back and transforming. This includes ensuring access to labour and managing supply chains.
- A competitive Australia removes the roadblocks to companies hiring, investing, innovating and doing business here.

This will mean removing the barriers to recovery as a fundamental step to laying the foundations for long-term and sustained economic growth. It means shifting to a cleaner and more competitive economy, with increased diversity and shored up supply chains. All this will deliver higher real wages and ease cost of living pressures.

We can start to address the structural barriers in the economy by:

- Dealing with acute labour shortages, supply chains and building confidence
- Continuing the commitment to our migration program to ensure we attract individuals with new and emerging skills
- Investing in our people to develop the capability for success
- Supporting new industries to modernise and diversify the economy
- Becoming a world leading digital economy by 2030
- Maintaining an open economy that is more competitive on the world stage
- Improving the infrastructure delivery system
- Driving improvements in planning approvals and streamlining regulation to support housing supply and major projects
- Reducing frictions in doing business through consistent and modern regulations
- Tackling tax reform for more competitive and sustainable finances, and
- Reforming government services to improve productivity in the public sector and manage funding pressures in key programs.

There are major game-changing reforms across each of these areas that can lock in the recovery and secure our economic future. They will require a change in mindset to recognise the urgency of driving change. It is clear we can no longer afford to keep putting off difficult decisions.

The hard and detailed work that underpins them must continue, including the upcoming Summit, but we are realistic these major reforms will take time.

At the same time, then we can pursue a reform agenda with smaller, practical steps on the path towards substantial reform.

These steps can produce quick wins and substantial cumulative benefits by reducing the frictions in our economy, increasing the flexibility and adaptability of households and businesses, removing unnecessary barriers, making it easier to do business, improving Australia's competitiveness and dealing with the supply side issues stalling the economy.

Importantly, we shouldn't take our eye off the little things because, put together, little changes count. There are several microeconomic levers we can pull immediately to make a difference.

Let's not forget the measures that drove the previous big era of productivity – which delivered higher wages and living standards – included national competition policy reforms.

Benefiting the economy to the tune of at least $56bn in today's dollars, these reforms took a decade to implement and required the effort of all levels of government, covering close to 1,800 pieces of legislation. The benefits also flowed to people's pay packets.

The reform ideas outlined in this document are designed to be practical and actionable. If implemented over a staggered timetable they would represent common-sense reform wins that would help propel the Australian economy forward, keeping the recovery on track and locking in sustained long term economic growth.

Worker shortages and roadblocks

Dealing with acute labour shortages, supply chains and building confidence

Tackling immediate workforce shortages

✓ Resilience

✓ Competitiveness

What is the issue?

- Australia is facing acute workforce shortages at every skill level that are holding back the economic recovery, disrupting supply chains, .and contributing to high and rising inflation.
- Job vacancies are at a record high and unemployment is at an almost 50-year low, meaning there are fewer unattached people available for employers to take on and train up where needed.
  - Job vacancies have grown most throughout the pandemic period for occupations requiring lower skill levels, including in hospitality and tourism roles that typically have a higher share of temporary migrants, including overseas students.
- Temporary migrants with work rights were largely closed out of Australia with borders restricted, and net inflows are not projected to return to pre-COVID levels until 2024-25.
  - Working holiday maker and international student visa holders in-country have fallen the furthest.
  - Visa processing times have blown out across most visa types, resulting in extended wait times that are putting off prospective migrants and sponsoring employers.
- Meanwhile, Australia faces stiff competition as a migrant destination from other advanced economies that are also experiencing severe skills and labour shortages.

What is the solution?

- Australia needs to apply a multi-pronged attraction strategy to support the return and retention of temporary migrants with work rights that can help to tackle Australia's skills and workforce challenges, including:
  - Expedite visa processing, including through additional resourcing and relaxed eligibility checks (where appropriate, based on a risk management approach).
  - Provide clearer messaging to prospective migrants and sponsoring employers on the wait-time for visas made before and after borders opened (noting that visas in the backlog are skewing the data) and provide dedicated direct contact points within Home Affairs for companies sponsoring multiple candidates, so they can check on the status of visa applications and resolve issues as necessary.

- Extend relaxed restrictions on international students' maximum working hours through to the end of 2022, with eligibility in all sectors of the economy, and continuation beyond December 2022 subject to a review.
- Halve visa application charges (and offer full refunds) for students and working holiday makers who arrive in Australia prior to September of this year.
- Increase the cap on Work and Holiday visas (for countries where caps apply) by 50 per cent for 2022-23, instead of the planned 30 per cent increase from July 2022.
- Expand eligibility for second (and third) working holiday maker visas to all current holders of a first (or second) working holiday maker visa whose visa has expired or is due to expire in the next three months.
- Deliver a campaign to promote Australia as the destination of choice for skilled and working migrants, based on our strong economy, attractive lifestyle, and any incentive measures like those outlined above.
- Fast-track renewal of Labour Agreements to meet current skilled worker shortages.

	3 months	Year 1	Year 2	Year 3
Tackling immediate workforce shortages	●	●		

Extended temporary visa terms

✓ Resilience

✓ Competitiveness

What is the issue?

- Australia's strict travel ban during the pandemic, and limited financial support for temporary migrants, have set-back our reputation as a migrant destination.
- We have already lost skilled migrants and international students to countries like Canada and the UK that compete with us.
- Short-term visas without a permanent migration pathway make it hard to attract and retain globally mobile talent, and create uncertainty and churn for sponsoring employers.

What is the solution?

- Revert to four-year terms for all Temporary Skills Shortage (TSS) visas for at least the next three years.
- Temporary Graduate visas should have a minimum term of three years in the Post-Study Work stream, (or two years in the Graduate Work Stream) and be temporarily eligible for renewal for all current visa holders.
- Extended visa terms will help tackle short term skills shortages and boost Australia's attractiveness as a destination for global skills and talent.
  - Longer-term temporary visas will provide more of a pay-off for prospective skilled migrants who are weighing up the costs, inconvenience and uncertainty of travelling to Australia, and are considering opportunities elsewhere.
  - Longer visas will also provide greater certainty to businesses and support better forward planning.

- Continuation of these changes should be subject to a review in 2025.

	3 months	Year 1	Year 2	Year 3
Extended temporary visa terms	●	●		●

Visa sponsorship

✓ Resilience

✓ Competitiveness

What is the issue?

- Visa costs for sponsoring employers are applied prior to an applicant being approved, are disproportionately high, and do not allow for suitable refunds where a visa application does not work out.
- These upfront costs can be a prohibitive impost on accessing migrants with scarce skills, particularly for smaller businesses.
- The Skilling Australians Fund (SAF) levy in particular is an additional tax on skilled labour that diverts funds that could have been used by companies to train their own staff.
- The levy is not being used to train workers to fill skills shortages for the industries or employers that pay it.
- Sponsoring employers also struggle with lengthy skilled visa processing times that can run to several months, and which are on top of the time required of a sponsoring employer to advertise and nominate a position.
  - Extended delays for visa processing and nomination deter potential skilled candidates and make it harder for sponsoring employers to fill skills and workforce shortages in a timely manner.

What is the solution?

Reduced sponsorship costs

- Reduce the costs of visa sponsorship and spread costs more evenly over the visa term, with more provision for refunds.
  - Allowing payment of sponsorship fees at appropriate milestones, rather than as a lump sum at nomination, would de-risk the nomination for employers and make it easier for a migrant to transfer to a new sponsoring employer if needed.
- This could be achieved along with substantial reform (or otherwise abolition) of the SAF levy, including by incorporating credits or refunds for accredited 'Trusted Trainer' businesses that undertake their own training or that spend a given amount on training through approved education and training providers.
  - The SAF levy should at least be suspended, given the Skilling Australians Fund expired on 30 June 2022, and remain so while migration is recovering, workforce shortages are high, and unemployment is low.
- Reform (or abolition) of the SAF Levy would leave more resources for sponsoring employers to address skills shortages by training new or existing employees,.
- For employers that need to pay the levy, improved transparency and targeting of levy proceeds would create a stronger link between the businesses that pay the levy and the training to address skills shortages.

– One option would be to allow employers to direct levy revenues to industry-specific Training Funds operated by the new Industry Clusters to be spent on education and training pathways for Australian residents.

Additional allowances for accredited sponsors

- Accredited employer sponsors (badged as 'Trusted Traders') should be rewarded for a strong track record of responsible sponsorship (including training/hiring locally) with greater benefits (e.g. five-day visa processing).
- Eligibility for accredited sponsors should be expanded to include employers who offer average wages above a high threshold, and to employers with a workforce of at least 50 per cent Australians in priority fields facing acute skills shortages.
- While migration-levels recover and workforce shortages remain acute, accredited employer sponsors should be allocated batches of skilled visa positions that have streamlined labour market testing and relaxed regulatory requirements relating to skills or English language assessments.
- These batched allocations of visa positions could be restricted if necessary to top-tier accredited sponsoring employers, and those undertaking major projects (similar to the former Enterprise Migration Agreements).

	3 months	Year 1	Year 2	Year 3
Visa sponsorship	●	●		

Truck driver shortage

✓ Resilience

What is the issue?

- Labour supply remains a significant issue for both transport and warehousing.
- In particular, some members have reported that they have 15 to 20 per cent of trucks sitting idle due to lack of available heavy vehicle drivers.
- Absenteeism due to COVID isolation also remains an issue.
- Shift in customer needs during the pandemic (increased online ordering and home delivery) has generated greater need for Business to Consumer delivery workforce.

What is the solution?

- Prioritise reforms to heavy vehicle driver training (improved competency-based training, rather than time served).
- Facilitating women entering the truck driving workforce, which is male dominated. This could include supporting targeted recruitment and training campaigns from industry, waiving restrictions on job advertising that are targeted specifically recruiting women. Hanson Cement is piloting this type of program, including providing full training for female drivers, after seeking and receiving exemption from the various anti-discrimination provisions in particular states.

- Invest in projects that will attract rail mode share (resilience and capacity), to allow more freight to move onto rail and reduce pressure, and the need, for trucks.

	3 months	Year 1	Year 2	Year 3
Truck driver shortage	●	●		

Maritime freight disruption

✓ Competitiveness

What is the issue?

- Global events continue to impact supply chains – disruptions in China due to COVID-19 policies, shipping fleet disruptions due to war in Ukraine, and fuel price impacts.
- Shipping lead times from major overseas markets have blown out.
- Domestically, there is continued congestion at Australian ports, and port infrastructure fees charged by stevedores continue to increase. The ACCC has found that Australian ports are uncompetitive when compared with global peers.

What is the solution?

- The Productivity Commission is undertaking a review of maritime logistics, following a report from the ACCC that inquired into the productivity of Australia's ports. In that context:
  - Consider port reform targeting industrial issues, stevedore terminal fees, and productivity at Australia's ports.
    - This may mean regulation of the way stevedores charge fees for terminal access.
    - Reviewing industrial instruments that contain restrictive work practices – as have been flagged by the ACCC. These must not simply be viewed as impacting stevedores but causing negative impacts (both cost and time) that flow through to the nation's broader economy.
  - Turnaround of containers should be a priority to allow fast and efficient loading and unloading of ships, and the movement of containers out of ports and on to customers.
  - The ACCC specifically cites the workplace practices imposed by existing EBAs as detrimental to the operation of the ports, which it says "reduce and distort incentives to improve productivity, reduce timeliness and reliability, and increase labour costs for a given level of activity". They also put onerous administrative barriers in place that limit automation. These must be resolved to ensure that the nation's ports are lifted from the bottom of the pack in terms of international performance.
  - Other measures such as improved truck flow and marshalling, management of empty container storage, and local road constrains should also be looked at, depending on the issues at a particular port.
  -
  - Target improvements in government controlled pinch points at ports. One key example being ensuring there are sufficient biosecurity inspectors and efficient processes and efficient processes to prevent delays in clearance.

- Prioritise infrastructure investment to service the major container ports; such as improved rail infrastructure for the Port of Melbourne.

	3 months	Year 1	Year 2	Year 3
Maritime freight disruption	●	●		

Skills and training boost

✓ Resilience

✓ Competitiveness

What is the issue?

- Small businesses will need to upskill and retrain staff in the face of skills shortages and as tasks change.
- Employees of small businesses are around half as likely to engage in work-related training (not relating to a formal qualification) than employees of large businesses.

What is the solution?

- Continue with implementation of the 20 per cent bonus deduction for small businesses to support skills and training and extend the measure to 30 June 2025, to provide more time for businesses to plan and deliver suitable training.
- This was a 2022-23 Budget policy to support externally delivered training for employees, but it has yet to be passed into law.

	3 months	Year 1	Year 2	Year 3
Skills and training boost	●			

Technology investment boost

✓ Resilience

✓ Competitiveness

What is the issue?

- Every business will need to become a technology business if Australia is to remain competitive and to boost productivity.
- Technology has a critical role to play in also reducing instances of misreporting and underreporting of income, reducing red tape and enhancing interactions and trust with the tax system.
  - The ATO has identified around $11 billion of missing taxes due to the 'shadow economy' each year.

- Well targeted investments in digital technologies will be critical to Australia's future productivity. Firms with high digital intensity record productivity growth 11 per cent higher than those with low digital intensity.

What is the solution?

- Continue with implementation of the 20 per cent bonus deduction for small businesses to support digital adoption and extend the measure to 30 June 2025, to provide more time for businesses to plan and make their investments.
- This was a 2022-23 Budget policy to support digital adoption such as portable payment devices, cyber security and cloud-based services.

	3 months	Year 1	Year 2	Year 3
Technology investment boost	●			

Patent box

✓ Resilience

✓ Competitiveness

What is the issue?

- Global research and development (R&D) investment is highly mobile and operates in an intensely competitive environment as other countries seek to attract investment.
- As the rest of the world moves, doing nothing means Australia is less competitive.
- Australia has a strong research foundation but needs to shift the dial on research translation and commercialisation.

What is the solution?

- Legislate for medical and biotech sectors by passing *Treasury Laws Amendment (Tax Concession for Australian Medical Innovations) Bill 2022*.
  - This will encourage companies to base R&D operations and commercialise innovation in Australia.
- Begin consultation to expand the patent box to agriculture and low emission sectors, as announced in the 2022-23 Budget.
  - This will support net zero emissions by 2050 and a more competitive agriculture sector.

	3 months	Year 1	Year 2	Year 3
Patent box	●	●		

Talent attraction

Continuing the commitment to our migration program to ensure we attract individuals with new and emerging skills

Permanent residency pathway

✓ Resilience

✓ Competitiveness

What is the issue?

- The lack of a pathway to permanent residency for short-term TSS visa holders and Temporary Graduate visa holders reduces Australia's ability to attract and retain global skills and talent.
- Without permanent residency pathways, skilled migrants can be forced to rotate through short-term visas with limited certainty or security, or otherwise leave Australia and take their skills elsewhere.

What is the solution?

- All TSS and Temporary Graduate visa holders should have a permanent residence pathway based on a given term of employment in Australia
- Greater access to permanent residence for skilled migrants will help attract the world's best and brightest while maintaining public support for Australia's immigration system
  - Public opinion surveys in Australia consistently show high levels of popular support for migration in general, but concerns with temporary workers who do not have a route to settle in Australia as residents and citizens.
- Pathways to permanent residency can also improve integrity and reduce opportunities for exploitation, particularly if migrants can count time with multiple employers toward their permanent residency application.

	3 months	Year 1	Year 2	Year 3
Permanent residency pathway	●	●		

Labour market testing

✓ Competitiveness

What is the issue?

- The current approach to labour market testing is inflexible and ineffective, particularly where an occupation has already been identified as in shortage and included on a skills needs list.
- The protracted processes for businesses to identify a vacancy, undertake labour market testing, and then apply for and secure an overseas candidate detracts from Australia's competitiveness as a destination for global talent.
- The process is made more burdensome by the requirement to advertise on the JobActive platform irrespective of the skills and experience required.

What is the solution?

- Trial a more robust data-driven approach to labour market testing based on a risk management approach, that tightens up compliance in higher risk regions/occupations while relaxing requirements in low-risk areas.
  - This can be achieved through analysis of region/occupation-specific job application and vacancy data as an alternative to employer-specific advertisements for individual positions.
  - Exemptions should also be considered for more employer-sponsored visas where the employer is an accredited sponsor and the position comes with a salary above a high threshold (e.g. 20 per cent above the median market salary for a given occupation).
  - This would be an expansion of the current provisions for positions with annual earnings above $250,000.
- A more data-driven, risk-based approach to labour market testing could achieve the same or better protections for the local labour force at a lower cost.
- Analysis of region/occupation-specific job vacancy and application data would provide a more efficient and timelier test of the availability of local candidates.
- This alternative approach could be initially tested for higher skill and salary positions and be an option for the employer to choose.
- The approach is particularly appropriate while unemployment is at a record low, and job vacancies are at historical highs.

	3 months	Year 1	Year 2	Year 3
Labour market testing		●	●	

Flexible eligibility for high salary skilled visas

✓ Competitiveness

What is the issue?

- Skills lists that define eligible occupations for skilled migration are out-dated and unable to readily account for emerging occupations or rare combinations of skills and experience.

- Limiting occupational visa eligibility for high salary positions reduces employers' access to global talent and forgoes the spill-over benefits of knowledge, productivity and innovation that these skilled migrants bring with them.

What is the solution?

- Eligibility for both temporary and permanent skilled visas should be extended to any occupation that can attract a salary above a given threshold.
  - Eligibility below this threshold should still be supported for occupations outlined on Skilled Occupation Lists (the current STOSL, MLTSSL and ROL), with varying salary thresholds as necessary for skilled regional visas.
- Opening skilled visa eligibility beyond a high salary threshold will better target migration to candidates with high skills and earning power.
- This change will help ensure Australian employers can access global talent in emerging occupations or where an applicant requires a combination of skills and experience.
- A simpler high minimum salary test will also reduce costs and administrative burden of visa processing.

	3 months	Year 1	Year 2	Year 3
Flexible eligibility for high salary skilled visas		●		

Skilled migrant web portal

✓ Competitiveness

What is the issue?

- Official information for prospective migrants to Australia is split across multiple websites for different levels and agencies of government.
- Information on visas and access to services is often presented in a confusing way, focused on compliance and rules, rather than on improving understanding and emphasising Australia's appeal.

What is the solution?

- Create a web portal to assist skilled migrants moving to Australia, potentially through an expansion of Global Australia.
- This would be a Commonwealth website that provides simple guidance and information on the key needs of any new migrant, direction for getting set up (e.g. licencing, housing, health care, tax etc), as well as work rights.
- A one-stop web portal for prospective (and current) skilled migrants to Australia could bolster Australia's ability to attract global talent.
- Simpler information on visa options, along with resources that set clear expectations for life and work in Australia would boost our appeal, while info on settlement services would help migrants find their feet.
- Information on work rights (and avenues to seek advice/assistance) would help prevent instances of exploitation.

	3 months	Year 1	Year 2	Year 3
Skilled migrant web portal		●		

Investing in our people

Investing in our people to develop the capability for success

Apprentices and trainees

✓ Resilience

✓ Competitiveness

What is the issue?

- The 2022-23 Budget changes saw the subsidy for newly commencing first-year apprentices and trainees fall from 50 per cent to 10 per cent from 1 July 2022 (and 15 per cent in regional areas).
- This steep drop in support dissuades businesses facing an uncertain economic outlook from offering new apprenticeships at a time when young people and displaced workers are still trying to find their feet.
- Apprenticeship support is also now overly limited to traditional trade-based apprenticeships on the Australian Apprenticeship Priority List, and excludes tech sector traineeships and advanced apprenticeships that train people for in-demand jobs of the future.
  - This narrowing of support is set to become even more stark from July-2024, when apprenticeships and traineeships that are not on the Australian Apprenticeship Priority List will lose all financial support.

What is the solution?

- Set the wage subsidy for first year apprentices at:
  - 15 per cent in metropolitan areas
  - 20 per cent in regional areas.
- Second and third year subsidies should remain at 10 per cent and 5 per cent respectively.
- A higher first-year subsidy will underpin a strong pipeline of apprenticeships beyond 30 June 2022 and avoid apprenticeship commencements from falling away.
  - Businesses will be more likely to continue taking on entry-level apprentices, and less likely to delay while the economic outlook is uncertain.
- Similar support should be extended beyond occupations on the new Australian Apprenticeship Priority List to include in-demand traineeships in areas of widespread workforce shortage (e.g. technology and retail/hospitality) as well as higher apprenticeships in fields that support advanced manufacturing.
  - Providing similar levels of support for digital/tech-sector traineeships and advanced apprenticeships in priority fields will expand opportunities for on-the-job training into crucial growth industries.
  - Safeguards in lower salary occupations can be incorporated as needed to ensure that traineeships are rigorous and appropriately remunerated.

- Jobs and Skills Australia (once established) should undertake a further review of support for apprenticeships and traineeships, to inform eligibility and financial support from July 2024, when many occupations are due to become ineligible.

	3 months	Year 1	Year 2	Year 3
Apprentices and trainees	●	●		

Lifetime Skills Account pilot

✓ Resilience

✓ Competitiveness

What is the issue?

- As the economy and technologies change, we need greater opportunities for people to reskill later in their career, and match those skills to jobs in demand.
- The tertiary education system is focused on providing initial qualifications to young Australians after they leave school rather than supporting lifelong learning.
- Longer working lives, and changing technology will increasingly make initial post-school qualifications outdated.
- A more flexible, timely and tailored approach is needed to complement more traditional training options, with short courses and micro-credentials available as an alternative to full qualifications that may not be suited for someone reskilling or upskilling mid-career.

What is the solution?

- Pilot a Lifetime Skills Account to support upskilling and reskilling for Australians over the age of 30.
- Initial cohorts could include:
  - parents of young children returning to the workforce;
  - aged, disability or child care staff looking to upskill, including Pacific Island workers; and
  - employees of industries facing disruption by the transition to renewables.
- Approved courses and micro-credentials should be user-centric and tailored to each cohort (e.g. courses for care workers should support upskilling in that industry). Micro-credentials should include industry-recognised, non-accredited short courses that are consistent with the National Micro-credentials Framework.
- A Lifetime Skills Account would empower Australians over 30 to update their skills and retrain for new and better jobs.
- This learning model would support workforce participation and boost productivity.
- Pilots can be implemented at reduced cost and scope to get settings right before scaling up, and could be modelled on Singapore's SkillsFuture Credit system.

- A broad range of financing options could be tailored to each cohort, including government-provided credits/subsidies and income contingent loans, plus voluntary co-contributions from employers and employees.

	3 months	Year 1	Year 2	Year 3
Lifetime Skills Account pilot		●	●	

Supporting the development of frontier industries

Supporting new industries to modernise and diversify the economy

Valuing decarbonisation

✓ Resilience

What is the issue?

- The value of decarbonisation may not be reflected in cost-benefit analysis for new projects, thus not reflecting the benefits and fully supporting the transition to a net zero economy.

What is the solution?

- Amend national energy laws to reflect the value of decarbonisation to customers by being more explicit about needing to balance the objective of reducing emissions, with other energy market objectives, such as reliability and affordability.
- Better reflect the value of decarbonisation in cost-benefit analysis in new projects and support the transition to net zero.

	3 months	Year 1	Year 2	Year 3
Valuing decarbonisation		●	●	●

A world leading digital economy

Becoming a world leading digital economy

Streamline reporting

✓ Competitiveness

What is the issue?

- Businesses, large and small, are currently required to report to many regulatory agencies, including the ABS and ATO, to support compliance as well as statistical outcomes.
- There are significant gains that could be made across government with improvements to compliance costs for businesses and administration costs for regulatory agencies such as through reduced time spent filling in surveys and improved accuracy.
- For example, the recent 2022-23 Budget measure to streamline ABS reporting through accounting software could deliver $4.4 million of annual compliance savings, reducing reporting times from one hour to 5 minutes.
  - This will also enable the ABS to provide tailored reports for businesses to compare their performance to similar businesses, and also create new small business indicators.

What is the solution?

- Streamline reporting to agencies (e.g. reporting to the ABS as part of statistical requirements, reporting to the ATO as part of tax obligations) through better linkages with existing accounting software packages.
- The ABS is currently leading work with key software developers for bookkeeping software (e.g. MYOB) to streamline statistical reporting arrangements through a 'tell us once' approach.
- This work should be continued, and accelerated where possible.
- Going forward, a reduction in red tape could be achieved by building on this work to streamline other reporting requirements imposed on small businesses.

	3 months	Year 1	Year 2	Year 3
Streamline reporting		●	●	

Regulation of digital technology

✓ Competitiveness

What is the issue?

- Australia will need access to new digital services and technologies if it is to remain competitive. Businesses will need to see government will support and them not create negative incentives (even inadvertently) for investing in new digital technologies.
- There is a wide range of policy activity currently underway that is or may create obligations for businesses across the economy.
  - The ACCC's ongoing Digital Platforms Services inquiry, which is proposing multiple changes, including to mergers and acquisitions laws focused on digital platforms
  - States' and territories' work on the gig economy and future of work
  - The review of the Privacy Act
  - The Online Safety Act and related regulations and Codes, and
  - A number of Parliamentary inquiries that looked at online harms, foreign interference and media diversity, among many others.
- Just before Parliament was prorogued, the House Select Committee on Social Media and Online Safety finalised its report. It made a number of recommendations, key among which was a new 'Digital Safety Review' to harden existing regulations. Similarly, the then-opposition's report in response to the anti-trolling bill also recommended government implement a broad inquiry into the existing regulatory regime for media, including social media, to address trolling.
- This is only the tip of the iceberg: a number of other government initiatives (e.g. the reforms to Australia's electronic surveillance regimes) will affect the digital services offered by all businesses.
- However, this body of work is poorly coordinated, with no overall strategy. This is leading to inconsistencies and uncertainty.
- For example, privacy, safety, and competition outcomes are frequently at odds between proposals.
- Further, much of the existing work is being led by regulators rather than policy makers, which is leading to bad outcomes due to poor problem definition and an incoherent policy framework.
- As a result, while the regulatory work has been directed at large digital platforms, it has had unintended consequences across the economy.

What is the solution?

- Government needs a more coordinated, consistent, and principled approach to the regulation of digital technologies. This is critical to avoiding unintended consequences. To help deliver this, government could establish an independent panel of eminent Australians to lead a review of Australia's approach digital regulation.
- The panel could consider issues across the policy spectrum, identify actual problems created by digital technologies and deliver a strategy to address these issues, including a set of principles to help guide policymakers and regulators with their decision making. This will need to supersede current ongoing inquiries, like the ACCC's inquiry.
- Developing a strategy for approaching issues created by digital technologies will ensure government can respond in a consistent way, and appropriately balance competing priorities.

	3 months	Year 1	Year 2	Year 3
Independent review of digital platforms		●	●	

Simplify the digital identity project

✓ Competitiveness

What is the issue?

- There is a wide range of increasingly conflicting requirements being placed on businesses to comply with frameworks like the Consumer Data Right, KYC requirements for financial organisations, the long running digital identity legislation, and myGov.
- This creates a confusing landscape for businesses seeking to operate in the digital economy, and not all the legislation is being designed in a way that creates interoperable systems.

What is the solution?

- Identify and use a single piece of legislation as a basis for establishing an 'identity' for the purpose of digital engagement.
- A system that is interoperable across businesses for these linked reforms will reduce regulatory costs. It will support Australians working within a seamless digital economy.

	3 months	Year 1	Year 2	Year 3
Simplify the digital identity project		●	●	

A more globally competitive economy

Maintaining an open economy that is more competitive on the world stage

Foreign Investment Review Board

✓ Competitiveness

What is the issue?

- Investment is flowing out of Australia when we need it most.
  - Australia was a net capital exporter to the US in 2021. That is, Australians now invest more in the US than the US invests in Australia.
- Global FDI inflows have recovered from COVID, but they remain well below pre-COVID levels in Australia.
- Problems with the Foreign Investment Review Board (FIRB) process (including delays and a lack of accountability on decisions) are sending a negative message to foreign investors about investing in Australia. This is further compounded by recent increases in FIRB fees.
- The pervasive nature of our foreign investment regime is also increasingly putting sand in the wheels of even Australian firms making domestic investments – simply because they have interactions with a foreign-owned business.
- Both the nature of Australia's foreign investment regime and process issues are making routine and non-sensitive business transactions unnecessarily complex and time consuming, and sending a concerning signal to investors.

What is the solution?

- Reform the foreign investment framework to streamline administrative processes and simplify compliance.
  - Prioritise the work being carried out through the Foreign Investment Digital Transformation Program.
  - Introduce clearer and more standardised conditions and provide for greater flexibility.
  - Establish a 21-day maximum deadline on FIRB's consult agencies to help resolve unnecessary delays, deliver faster processing times and greater accountability.
  - Improve targeting of material risks by moving non-sensitive, routine transactions to a register system.
  - Introduce a client-focused Trusted Investor scheme with a 'tell us once' regulatory approach to relieve pressure on the volume of cases.
  - Provide enhanced training opportunities for FIRB officers and consult agencies to learn about commercial processes.
- This will send a clear signal to foreign investors that Australia is open for business.
- It will also make it easier to attract capital while balancing legitimate national security considerations.

- It will also ensure routine and non-sensitive business transactions do not become unnecessarily complex and time consuming.

	3 months	Year 1	Year 2	Year 3
Foreign Investment Review Board	●	●	●	

Simplified Trade System

✓ Competitiveness

What is the issue?

- The regulatory framework and administrative infrastructure around cross border trade lacks coordination, is unnecessarily complex and is often not fully digitised or automated.
  - It is estimated that in 2018 small and medium-sized enterprises accounted for only 14 per cent of Australia's exports compared with a G7 average of 25 per cent.
- Australia's cross border trade system has:
  - over 200 pieces of legislation/regulation
  - 28 agencies across government
  - over 130 government IT systems supporting trade
  - 20 business facing trade portals.
- The regulatory costs of our cross-border trading system are $4.3 billion every year, due to complex, duplicative or manual regulatory requirements.
- Around a fifth of cross border trade regulations are duplicated in some way across agencies.

What is the solution?

- Continue to progress the work of the Simplified Trade System Taskforce with a priority on publishing the initial analysis and stocktake of existing trade regulations and choke points, highlighting areas where there are delays caused by government, process duplication and inconsistent interpretation, and a lack of information or transparency.
- Publish a vision for a future system and work agenda to achieve the vision. A 'tell us once' and 'digital first' approach should underpin all the STS work to improve cross border trade compliance.
- Paperless trading alone could lift GDP up to $1.7 billion a year – equal to the projected benefits from the China, Japan and South Korea FTAs.[1]
- Together, a stock-take of the existing system and a vision for a future system will support business to better understand and support the reforms and ensure critical momentum can be sustained through several years of implementation.

[1] Ben Morton MP, *Speech to the inaugural Regulatory Reform Conference*, 16 February 2022

	3 months	Year 1	Year 2	Year 3
Simplified Trade System	●	●	●	●

Asia Business Advisory Group

✓ Competitiveness

What is the issue?

- Accelerate and diversify trade and investment relationships with key Asian markets.
- Asia's growing middle class is expected to reach 3.5 billion people by 2030, which presents a massive opportunity for Australia to deepen connections with one of the fastest growing markets on our doorstep.
- To have the greatest chance at success, we must bring our business and government resources and talent together in a national 'Team Australia'" approach to developing new markets and opportunities.

What is the solution?

- Establish a small, agile national business advisory group to advise Austrade on trade and investment promotion and facilitation in Asia.
- This should comprise senior business leaders tasked with championing trade and investment growth in Asia and provide high-level advice to the government and business community.
- The primary purpose of the group would be to identify priority opportunities to develop trade and investment in Asia and advise on strategies to pursue these opportunities through close coordination between business, government, and academia.
- The Asia Business Advisory Group model would provide a structure for regular, high-level, practical advice to be provided to government from senior business leaders with broad executive experience in Asia.
  - Harnessing the knowledge and experience of business leaders in this way will help ensure a joined-up approach towards achieving strategic objectives regarding trade and investment opportunities.

	3 months	Year 1	Year 2	Year 3
Asia Business Advisory Group		●		

Improving the infrastructure delivery system

Review of Infrastructure Australia

✓ Competitiveness

What is the issue?

- Infrastructure Australia's advice does not always get sufficient traction in shaping investment decisions and priorities. There may be an opportunity to update their approach, bringing infrastructure expertise and outside views to government.
- The objective should be to ensure the best independent advice from Infrastructure Australia is heard by government before decisions are made; and that expert independent advice is available to shape strategic infrastructure policy and decisions.

What is the solution?

- Refocus Infrastructure Australia on providing expert advice to Federal Cabinet on infrastructure policy, strategy, and decisions; as well as assisting coordination of the pipeline of projects amongst the States pipeline to help inform timing for tenders.
- Infrastructure Australia's independence must be maintained from project champions (departments and ministers). But rather than providing commentary for general consumption, it should be tailored for decision makers.
- It should still engage deeply with industry and other levels of government, but again, doing so independent of agencies responsible for administering grant funding means the ability to receive more frank advice than would be possible for other arms of government.
- These changes would enable:
  - better informed infrastructure decision making, with elected government more inclined to take Infrastructure Australia's advice on board if it were seen as private but frank and separate from individual project advocates.
  - a more synergistic relationship between government and Infrastructure Australia, where the government could seek trusted independent advice, knowing that it would be kept in the confidence of the Cabinet process.
- The recently announced review into Infrastructure Australia should give consideration to these recommendations.

	3 months	Year 1	Year 2	Year 3
Review of Infrastructure Australia	●			

Infrastructure Australia – low carbon guidance

✓ Competitiveness

What is the issue?

- The infrastructure pipeline needs to incorporate materials and processes which correspond to the national commitment of net zero carbon emissions by 2050.
- Work is needed on low carbon materials to understand maturity, areas of suitability, how they fit with existing construction standards, their cost premium, durability, and maintenance requirements.
- There is a lack of economic evaluation on each material's benefit in terms of carbon reduction versus cost.

What is the solution?

- Incorporate lower carbon materials into government projects to ensure the infrastructure pipeline is contributing to broader government policy of net zero by 2050.
- This will give government, as a major infrastructure procurer and client, understanding of where to deploy low carbon materials, and the costs and implications of doing so.
- This will also set the foundation for the broader infrastructure and construction market to adopt these materials.

	3 months	Year 1	Year 2	Year 3
Infrastructure Australia – low carbon guidance		●		

Infrastructure contracting

✓ Competitiveness

What is the issue?

- There have been attempts to transfer unreasonable levels of risk on projects, which has created:
  - adversarial relationships during delivery
  - increased commercial risk.
- The combined effect is to potentially drive tier 1 contractors out of the market and discourage new entrants.

What is the solution?

- Procurement practices should be amended to reflect the reality that only the risks able to be controlled by a contractor should be contractually transferred to that contractor, with government clients retaining responsibility for other risks.
- This will:
  - support the successful delivery of infrastructure projects
  - ensure major government procurements continue to have competitive tension by attracting a range of competitive bidders.

- improve relationships between delivery contractors and government clients, to the benefit of the project and the public.

	3 months	Year 1	Year 2	Year 3
Infrastructure contracting	●			

National Rail Freight Strategy

✓ Resilience

✓ Competitiveness

What is the issue?

- The current National Freight and Supply Chain Strategy is a high-level document that provides guidance across the entirety of the industry.
- It does not set out a detailed investment path or future strategy of upgrades for the National Rail Freight system.

What is the solution?

- Develop a detailed National Rail Freight Strategy that articulates future investment priorities in the National Rail Freight Network.
- This approach:
  - will outline the short-, medium- and long-term approach to improving the National Rail Freight Network, giving users the confidence to shift freight off roads and onto rail
  - ensures funding is targeted at projects that deliver for the overall network, rather than for the loudest interest groups.
- An immediate priority needs to include improving resilience of the freight rail system, which is prone to environmental impacts (such as recently flooding) and can suffer long delays in repairs. Other short-term infrastructure fixes, like additional passing loop infrastructure, provide the opportunity for quick wins.
- The proposed strategy could also consider related issues, such as how the network will cope with future decisions around faster rail upgrades and their interaction/separation from rail freight.

	3 months	Year 1	Year 2	Year 3
National Rail Freight Strategy		●	●	

Reforms to support housing supply and major projects

Driving improvements in planning approvals to support housing supply and major projects

Housing infrastructure support fund

✓ Competitiveness

What is the issue?

- Australia faces an issue with housing affordability, which in part must be addressed through more housing supply.
- New housing supply requires improved infrastructure, including road, water, power, and other civic facilities.

What is the solution?

- Establish a fund specifically for projects that are directly tied to the delivery of new housing
- Funding this infrastructure tied to housing will help unlock new housing supply, help improve housing affordability and allow more people to own a home.

	3 months	Year 1	Year 2	Year 3
Housing infrastructure support fund		●		

Planning approval reform

✓ Competitiveness

What is the issue?

- The states' planning system underpins what gets built. It is critical for the national economy that each state's planning system is functioning in a way that facilitates jobs, investment, and housing supply.
- While new homes are a vital part of what the planning system controls, it goes beyond that. It sets down the rules and processes for the development of where people work, shop, and play. Factories, offices, warehouses, shops, entertainment facilities, and the like, all must get approval through the planning system.
- A planning system that does not function well is one that stifles the efficient operation of the economy, that makes homes less affordable, that reduces job opportunities, and that directs investment to competing jurisdictions.

- The planning system represents a major risk for this investment. Planning systems can be slow to come to an outcome, sometimes taking years. And despite the large upfront cost and outlay of time, there is often no certainty of outcome; meaning a large investment can come to naught.
- Extended delays, like in NSW, for example, can be a major deterrent to new investment, including from overseas.

What is the solution?

- Create incentive payments targeted specifically at speeding up state based planning approvals processes and reducing red tape.
- There is a need for states to be incentivised to reform planning so that there is:
  - a faster process, so that proponents do not need to spend years engaged in the complicated planning system before getting a decision
  - a less complex and less costly system, which is easier to navigate, and does not require unnecessary or marginal pieces of work to be undertaken.
- Improvements introduced will be different in each state depending on their individual circumstance, but the KPIs measured nationally should be speed and cost of the process both in decision making and for applicants.
- Changes that states could implement include:
  - improved resourcing for assessments (additional planners)
  - better coordination of agency referrals
  - legislative updates to planning laws that focus processes on upfront strategic planning with simplified approvals for projects that are in line with those plans
  - accelerated assessment of major projects
  - code or complying development assessment for standard residential housing applications.
- Incentivising state-based reforms that unblock planning systems would boost Australia's competitiveness and reduce investment risk; allowing new infrastructure, offices, factories, and homes to be built with less delay.

	3 months	Year 1	Year 2	Year 3
Planning approval reform		●	●	

Build to rent tax reform

✓ Competitiveness

What is the issue?

- 'Build to rent' solves some of the longstanding issues of the private rental market by creating real estate assets that are specifically designed for long term rental. This delivers new supply into the constrained rental market.

- These developments are typically run by large scale long term commercial investors that can offer a more customer focused solution for the tenant, with a single point of contact making sure maintenance is addressed, and amenities that are specifically tailored for renters.
- Some states have provided build to rent investors with land tax discounts and exemption from foreign investor surcharges to encourage these developments.
- At a Federal level however, there are two main tax impediments to build to rent, which see them treated differently from other real estate assets:
  - Withholding tax arrangements within managed investment trusts need to be conducive to allowing overseas capital. An eligible foreign investor is taxed at 30 per cent, rather than the concessional rate of 15 per cent that applies to other forms of real estate. The only exception to this is for affordable housing.
  - The GST treatment of build to rent is different to that of traditional build to sell. The GST costs from acquisition and development can be recouped by developers on a build to sell project, but not on a build to rent project.

What is the solution?

- Work to equalise the tax treatment of build to rent properties with other real estate, to remove the tax disincentives for this part of the market.

	3 months	Year 1	Year 2	Year 3
Build to rent tax reform		●	●	

EPBC Act reform

✓ Resilience

What is the issue?

- There is general agreement that the Environment Protection and Biodiversity Conservation (EPBC) Act is not achieving positive outcomes from either an environmental perspective or business perspective.
- The Samuel Review of the EPBC Act is a positive addition to the discourse. However, there are issues that government should be aware of:
  - The standards proposed by the review need to be subject to a detailed consultation process, so input from companies that are regular users of the system can be taken into consideration.
  - The architecture of how the proposed Standards are implemented needs further consideration, to outline how the proposed reforms will be delivered in practice.

What is the solution?

- There should be fulsome consultation with industry on the proposed Standards, so they can be crafted in a way that does not have unintended consequences for investment and jobs.
- There needs to be consideration of how the Standards proposed will be put in practice. As foreshadowed in the Samuel review, the BCA has proposed the development of regional plans as the instrument that translates the Standards into practice, with individual projects to conform to the requirements of a regional plan.

	3 months	Year 1	Year 2	Year 3
EPBC Act reform		●	●	

Greenfield housing supply

✓ Competitiveness

What is the issue?

- Access to new land for housing supply is constrained not only by lack of infrastructure (see separate item), but also by available, consolidated, rezoned land.
- There is a need for suitable supply of both greenfield and urban renewal sites in Australia's major cities for development into new housing.

What is the solution?

- In this area, the Victorian Planning Authority is cited as an exemplar.
- It has a pipeline of projects that it advances for rezoning, essentially delivering suburbs ready for development.
- This style approach should be considered across the country, to get underutilised land working to solve the nation's housing supply issues.

	3 months	Year 1	Year 2	Year 3
Greenfield housing supply		●		

Making it easier to do business

Reducing frictions in doing business through consistent regulations

Streamlining overlapping regulations

✓ Competitiveness

What is the issue?

- Businesses must often comply with overlapping regulations when meeting various obligations across different agencies and/or levels of government.
- The result is unnecessary delays and increased compliance costs, which can restrict consumer access to better and cheaper goods and services.
- The Deregulation Taskforce identified a range of issues in this area, such as around business reporting, business registration, Australian Design Rules and leveraging trusted overseas product safety standards.

What is the solution?

- The work of the Deregulation Taskforce has been critical and it should be made a permanent feature of the regulatory system
- National Cabinet endorsed the Deregulation Taskforce workplan to streamline overlapping regulations, and this should continue to be supported.
- The workplan will deliver significant benefits. For example:
  - Improvements to leveraging trusted overseas product safety standards will remove duplicative requirements while maintaining safety, saving businesses $136 million a year
  - Streamlining business reporting will support 170,000 businesses with payroll tax reporting by reducing compliance costs, saving time and improving lodgement accuracy.
- Expand the CFFR project to streamline payroll tax compliance to more companies, particularly those operating in more than one state.
  - Such a project may identify a need for harmonisation of payroll tax regimes to realise benefits.

	3 months	Year 1	Year 2	Year 3
Streamlining overlapping regulations	●	●	●	

Retail trading hours

✓ Resilience

✓ Competitiveness

What is the issue?

- Retail trading hours are heavily regulated in Queensland, Western Australia and South Australia, and can differ by the day of year, goods sold, company size, store size and location.
  - This limits access and choice for consumers, and the ability of staff to be on site to prepare stores for the limited trading hours (e.g. turn on ovens, prepare tills etc.) or work more hours.
- Retail trading hours were temporarily extended in response to COVID to offer more convenient and safer shopping for consumers, supporting employment and improving supply chain efficiency.
- Consumer preferences have changed significantly over recent years, particularly during COVID, with customers shopping 24/7, and buying products online from any country. Regulation must keep pace.
  - Online retail was 11 per cent of total retail spending in 2021, up from 6 per cent in 2019.

What is the solution?

- NSW has committed to permanently extending opening hours for businesses including supermarkets. Other States have not committed to doing this yet. The NSW approach should be adopted nationwide.
  - Recent industry research in South Australia suggested retail employees could earn an extra $68 million a year if retail trading hours matched the model of eastern states.
- The Commonwealth Government should raise the broad issue of retail trading hours at National Cabinet as part of a deregulation agenda.

	3 months	Year 1	Year 2	Year 3
Retail trading hours	●	●	●	

Remove delivery hour curfews

✓ Resilience

✓ Competitiveness

What is the issue?

- Planning approvals typically set hours of operation for major stores and distribution centres. This limits operational flexibility.
- During the height of the pandemic, these restrictions hampered supermarkets' ability to deal with panic buying, as they were unable to receive supplies after hours and restock shelves with product in a timely manner. State governments acted to temporarily lift these curfews to allow 24-hour operation of freight delivery and restocking.

- States have typically extended delivery curfews as they expire under the emergency provisions. This is particularly critical given the recent increase in absenteeism due to rising COVID and flu cases.
- These restrictions also impact the general efficient operation of freight. For example, if a delivery misses the allowable operating period, it means it will need to be rescheduled for the next day rather than accommodated with a slight delay.

What is the solution?

- NSW has committed to permanently lift restrictions for deliveries and non-trading activities in industrial and business zones. The NSW approach should be adopted nationwide by states with more restrictive settings.
  - The NSW changes allow businesses to operate 24 hours a day for non-trading activities in industrial and business zones. Businesses must ensure they comply with the EPA's Noise Policy for Industry.
- The Commonwealth Government should raise this issue at National Cabinet as part of a deregulation agenda.

	3 months	Year 1	Year 2	Year 3
Remove delivery hour curfews	●	●	●	

Electric vehicles

✓ Resilience

✓ Competitiveness

What is the issue?

- There is an inconsistent approach across jurisdictions to electric vehicle policies, which creates barriers and disincentives to their adoption.
- Vehicle emission standards – the lag in adopting newer standards means newer, cleaner, safer and more efficient vehicles may not be sold in Australia.
  - A few dozen electric vehicle models are available in Australia compared with over 100 in the UK.
  - Over 80 per cent of the global car market has adopted Euro 6 vehicle emissions standards, including the US, UK, Europe, Japan, South Korea, China, India and Mexico.
- Heavy vehicles – inconsistencies with international regulations (such as prescribed limits to mass and width) are limiting access to international heavy vehicles fitted with the latest and safest technology.
  - Australia is a relatively small market and vehicles must also be retrofitted for right hand drive and local road rules – delaying or preventing availability.
- Road user charges – Victoria currently has an electric vehicle road user charge, while NSW and Western Australia have committed to do so from 1 July 2027 or when electric vehicles are 30 per cent of new sales.
- Charging infrastructure – coordinated planning is necessary to ensure long distance travel is possible and range anxiety is removed as an impediment to electric vehicle adoption, particularly for regional drivers.

What is the solution?

- A coordinated, national approach to implementing road user charges, charging systems (including ensuring the electricity grid and new developments EV ready), and greater consistency with international standards.
  - Progressively tighten general vehicle emission standards in Australia, starting with the adoption of the Euro 6 standard as soon as practicable.
  - Better align heavy vehicle standards to international regulations through changes to the Performance-Based Standards Scheme or Australian Design Rules.
  - The NSW approach provides a benchmark to implementing road user charging, reducing disincentives to electric vehicle adoption and support ultra-fast charging infrastructure. Quieter electric trucks can support delivery curfew flexibility and remove vehicles from roads at congested times.

	3 months	Year 1	Year 2	Year 3
Electric vehicles	●	●	●	●

Plastics

✓ Resilience

✓ Competitiveness

What is the issue?

- Key issues around plastics across the Federation are:
  - definitions that are inconsistent across jurisdictions or vague e.g. there is no single definition of 'plastic'
  - product bans vary by jurisdiction with no clear rationale (e.g. alternatives may have significant environmental trade-offs relating to emissions), while costs for consumers and businesses are ignored
  - packaging is unclear as it is uncertain what qualifies, and in turn the costs for consumers and businesses are ignored.
- The practical effect of inconsistent/vague definitions and product bans are:
  - one retailer has removed products from its bakery line as it cannot reasonably comply with bans
  - one retailer has banned online customers from certain postcodes from purchasing plastics to comply with the various definitions – with the ban varying by product/postcode
  - some definitions are prescriptive and now obsolete due to advances in materials e.g. thinner plastics are now more robust, flexible and recyclable than they once were but some laws incentivise thicker plastics by favouring them, which only adds material usage to the system rather than removing it
  - business has been moving to ensure packaging and plastic products use materials that are recyclable (e.g. the shift to PET in deli containers) and enable reusability, but some laws force a shift to other plant-based materials that are preferred because they are not plastic. These alternatives materials cannot be recycled through existing and planned waste systems, have a higher impact on emissions as they degrade, and can be difficult to source domestically – increasing supply chain uncertainty.

What is the solution?

- Develop greater consistency and clarity around plastic definition across the Federation. The problem to be solved for should be clearly identified and achieved in the least cost way.
- A clear problem definition and practical approach will support investment in recyclable and reusable products while removing the perverse outcomes from existing rules.

	3 months	Year 1	Year 2	Year 3
Plastics		●	●	

Modern and better regulations

Reducing frictions in doing business through modern and better regulations

Modernise business communications

✓ Competitiveness

What is the issue?

- There is a need to modernise business communications to ensure they reflect modern business practices and do not restrict the use of current and future technologies. Examples include
  - signing and executing documents electronically
  - sending documents electronically
  - requirements to publish notices in newspapers
  - witnessing requirements.
- An updated approach would improve technology neutrality, lower compliance costs while maintaining appropriate safeguards.

What is the solution?

- Legislated by passing *Treasury Laws Amendment (Modernising Business Communications) Bill 2022*.
  - The estimated compliance savings are $61 million a year.
- The 2022-23 Budget announced additional resources for the Attorney-General's Department to progress a national approach to modernise document execution. This process should continue.
  - This will enable a harmonised approach to document execution and the witnessing of documents.

	3 months	Year 1	Year 2	Year 3
Modernise business communications	●	●	●	

Corporate tax residency

✓ Resilience

✓ Competitiveness

What is the issue?

- Corporate tax residency rules are crucial in determining how the operations and profits of a company will be subject to Australia's tax rules, or those of other countries.
  - This impacts, among other things, whether a company can distribute franking credits to shareholders, be part of a consolidated group, whether withholding taxes apply and the application of tax treaties.
- The longstanding rules were reinterpreted by the ATO following a 2016 High Court case.[2] This increased uncertainty and compliance costs, particularly given the potentially significant tax consequences of triggering Australian residency.
- Accordingly, this has also unduly hindered the operation of companies by requiring them to rearrange their affairs to comply with the test – often for little or no practical benefit. Practical examples include:
  - Australian executives must be offshore to avoid the risk that an offshore subsidiary that is majority Australian owned could be considered to carry on business in Australia
  - Australian executives must travel offshore to attend board meetings – even attendance via telephone or video conferences can be problematic – and may avoid board meetings when they cannot, for whatever reason, travel offshore
  - it encourages the appointment of non-Australian resident directors and executives to the management and boards of offshore subsidiaries and joint ventures
  - it discourages the use of Australia as a location for the regional or global management and strategic oversight of offshore subsidiaries
  - tax managers dictating which individuals can be directors of foreign subsidiaries and where meetings can take place and by what means they can occur.

What is the solution?

- Amend the law such that the treatment of foreign companies will reflect the position prior to the 2016 High Court case.
- The 2019-20 Budget proposed amendments to this effect. They should be released for consultation and duly implemented.
  - This is also consistent with the key recommendation from the Board of Taxation's *Review of Corporate Tax Residency*.
- This will reduce uncertainty for business and minimise unnecessary compliance costs. At the same time, it will ensure corporate residency rules reflect modern corporate governance and business practices, including the use of modern technology for directors to fulfil their duties from Australia.

	3 months	Year 1	Year 2	Year 3
Corporate tax residency	●	●		

[2] *Bywater Investments Ltd v Federal Commissioner of Taxation*

Product recalls

✓ Competitiveness

What is the issue?

- Product recalls are executed by several regulators, including FSANZ, ACCC and TGA. Notices can be:
  - listed across several sources
  - inconsistent (e.g. one regulator may include model or batch numbers, while others do not)
  - published on different dates.
- This creates confusion for consumers and businesses and unnecessarily increases compliance costs in managing the recall. For example, this may include the need to:
  - contact regulators and/or manufacturers to clarify the missing information to reinstate inventory
  - contact multiple regulators to determine a single 'source of truth'.

What is the solution?

- Develop a single portal that regulators jointly contribute to with consistent recall notice formatting.
  - There is also scope to better coordinate with international regulator recalls where appropriate.
- This would improve certainty for consumers and businesses, while machine-readable notices would allow for product recalls to be addressed more efficiently, quickly and accurately.

	3 months	Year 1	Year 2	Year 3
Product recalls			●	

BCA

Business Council of Australia