BCA
Business Council of Australia

6 June 2025

Ms Danielle Wood
Chair
Productivity Commission

Via online upload

Dear Ms Wood

Consultation on five productivity inquiries

The Business Council of Australia (BCA) welcomes the opportunity to engage with the Productivity Commission's five productivity inquiries and the policy options being considered as part of those inquiries.

The BCA looks forward to providing a detailed written submission in response to the interim report later this year. In this letter, the BCA outlines positions on the policy options the Commission has identified as areas of specific focus under each of the five pillars. We look forward to further engaging with the Commission in response to the interim report.

- Pillar 1: Creating a more dynamic and resilient economy.
  - Support business investment through corporate tax reform.
    - Corporate tax reform, including a lower corporate tax rate, is an essential component of any productivity agenda focused on growing business investment, raising productivity, boosting real wages and improving Australia's attractiveness to foreign investment. Corporate tax reform needs to be placed in the context of a comprehensive tax reform effort that addresses inefficiencies, complexities and inequities in the broader tax system.
  - Reduce the impact of regulation on business dynamism.
    - The BCA is developing a comprehensive deregulatory agenda that seeks to ease the burden of regulation accumulation on Australian business and increase economic dynamism. The BCA particularly welcomes the Commission's focus on institutional processes for introducing new regulation and how existing harmful regulation could be improved or removed.

- Pillar 2: Building a skilled and adaptable workforce.
  - Improve school student outcomes with the best available tools and resources.

T 03 8664 2664
E reception@bca.com.au
www.bca.com.au
GPO Box 1472
Melbourne VIC 3001

    - The BCA supports efforts to improve school student outcomes through access to the best available tools and resources. We need a schooling system that builds people's capabilities and competencies and ensures students leave school with strong literacy, numeracy and digital foundational skills. We need to give students the best possible education to stop the slide backwards in our international rankings.
  - Support the workforce through a flexible post-secondary education and training sector.
    - Skills must be continuously refreshed as technologies and processes evolve. All Australians will need to uplift their digital capabilities and acquire new skills throughout their working lives. This requires better and more flexible options that align with changing industry needs. Tertiary harmonisation and the development of industry-recognised microcredentials are key to building a future-ready workforce.
  - Balance service availability and quality through fit-for-purpose occupational entry regulations
    - Outdated, inconsistent licensing requirements across jurisdictions are a barrier to deploying skilled workers where they're most needed — especially in priority sectors like infrastructure, energy, and healthcare. A national approach to occupational recognition would widen talent pools, reduce red tape, and help fill urgent workforce gaps faster.

- Pillar 3: Harnessing data and digital technology.
  - Support safe data access and handling through an outcomes-based approach to privacy.
    - The BCA advocates for a risk-based, outcomes-focused privacy framework that moves beyond prescriptive compliance to enable innovation while maintaining robust consumer protections.
    - In our submission on the *Privacy and Other Legislation Amendment Bill 2024* and in two letters to the AG co-signed by the BCA and six other Australian industry groups, we raised significant concerns regarding the process and assumptions in government's original cost-benefit analysis. We requested that the government revise the methodology, as it did not produce a defensible assessment of privacy reform cost.
  - Unlock the benefits of consumer data through effective access rights and controls.
    - The expansion of consumer data rights, building on the Consumer Data Right foundation, must be coupled with streamlined implementation processes that reduce regulatory burden on business while empowering consumers with meaningful control over their data.
  - Enhance reporting efficiency, transparency and accuracy through digital financial reporting.
    - The costs and benefits of implementing digital financial reporting must be comprehensively assessed through a process that follows best practice policy principles. Any potential changes should also consider the ability of all stakeholders to comply in the context of other changes, including climate-related financial disclosures. This also presents an immediate opportunity to eliminate duplicative reporting requirements across agencies, as well as modernising business communications.

- Enable AI's productivity potential.
  - Most critically, Australia must develop a national AI regulatory framework that balances safety considerations with the imperative to capture AI's transformative productivity potential, estimated to contribute $315 billion to GDP by 2030.
  - The BCA's submission to the government's 2024 *Proposal for Mandatory Guardrails in High-Risk Settings* recommended that government should conduct a transparent and thorough review of current legislation to identify any AI-related gaps. The BCA believes this has not yet been adequately completed by government. Only if this process reveals clear and compelling evidence of legislative shortcomings would dedicated AI 'framework legislation' be an appropriate response.
  - However, we must avoid what we have seen transpire in the EU. In the EU AI Act, a key problem is the focus on the underlying AI technology, rather than the high-risk application. This means it becomes quickly outdated.

- Pillar 4: Delivering quality care more efficiently.

The BCA is developing a comprehensive health and care blueprint that seeks to outline a vision for a consumer-centred, outcomes-driven, and financially sustainable health and care economy. The BCA particularly welcomes the Commission's focus on delivering quality care more efficiently. Areas of priority include:

- Reform of quality and safety regulation to support a more cohesive care economy
  - Create a National Cabinet taskforce to identify state and federal overlaps and inefficiencies in care provision
  - Include private sector representation on government advisory bodies and partnerships, as well as access to funded programs to ensure there is a holistic approach to service delivery
- Embed collaborative commissioning to increase the integration of care services
  - Provide incentives for health and care services in remote, rural and regional communities
  - Provide greater transparency in how state and territory health systems deliver services, with the need to increase choice, incentives and collaboration with the private sector to meet Australia's needs
- A national framework to support government investment in prevention
  - Focus on preventative programs to improve the health of Australians
  - Amend the funding model through the budget process to enable preventative programs to be funded, despite the return on investment occurring beyond the forward estimates.

- Pillar 5: Investing in cheaper, cleaner energy and the net zero transformation.
  - Reduce the cost of meeting carbon targets.

To minimise the cost of meeting Australia's emission reduction targets, the broader climate policy framework needs to:

  - Determine the best decarbonisation pathways for all sectors so the electricity and large industry sectors are not inefficiently and unfairly burdened with meeting Australia's NDCs.
  - Outline the detailed sector plans, policies and targets required to drive the pathways above.
  - Include an effectiveness and efficiency audit of existing and announced policies and regulations (across all jurisdictions) and recommend improvements from an integrated, whole-of-economy perspective.

- Speed up approvals for new energy infrastructure.
  - Timely permitting and approval processes — backed by genuine community support and benefits sharing — is mission critical to maximising ambition and achievability of Australia's emission reduction targets.
  - Australian planning processes are often complex, requiring the involvement of multiple government agencies and multiple levels of government to progressively approve elements of a project. Large scale infrastructure projects in the energy, resources, industry and transport sectors are particularly vulnerable in this regard. These challenges drive up project costs and increase the risk premium that investors require to reach financial investment decision, ultimately resulting in fewer projects going ahead.
  - The efficiency and effectiveness of Australia's regulatory approvals system needs to improve significantly to enable a rapid acceleration in build rates of energy and other low emission technology and infrastructure.
- Encourage adaptation by addressing barriers to private investment

Governments' have a key role to play in the provision of information about climate risks and adaptation, to support more efficient and effective private decision making and investment.

The National Climate Resilience and Adaptation Strategy (2021 to 2025) recognises that effective adaptation must be informed by the best available science and information, delivered through partnerships and investments, and guided by effective governance and coordination.

However, to provide greater certainty, the strategy needs have a longer planning horizon (preferably 20 years) to better inform the community and investors about climate risks and to better enable the community and investors to respond efficiently and effectively to those risks.

Yours sincerely

**Bran Black**
Chief Executive Officer
Business Council of Australia