


# New Economy

**How Australia can prosper  
through a sustainable,  
innovative and inclusive  
approach to business.**

**Catch the wave  
of opportunity**





## Foreword from Zali Steggall, Independent MP for Warringah

Australia is the lucky country. We have enjoyed almost 30 years of economic growth until the pandemic recession. And even during the pandemic, emergency fiscal support kept the economy going to maintain our livelihoods. Australia performed at the top of the OECD<sup>1</sup> and many of the dire predictions of massive unemployment and a prolonged recession did not materialise. We can't be complacent. We need to invest in our future to meet the challenges ahead, from new COVID variants to the impacts of global warming.

### From surviving to thriving

Now, Australia is learning to live with the virus with some of the highest vaccination rates in the developed world, which will help our recovery. But being lucky does not mean future success is guaranteed.

Australia still has anaemic wage growth, which is trailing inflation. Our GDP growth per capita is flat and productivity has been stagnant for over a decade.<sup>3</sup> These trends are on top of large volumes of debt, which is almost 34% of our GDP — and growing.<sup>3</sup> Businesses are also struggling with staffing shortages, resulting in closures.

### New wave of opportunities

Imagine a smart New Economy built on sustainability, inclusion and innovation, which uses fiscal discipline and circular principles to build back better from COVID-19.

That's the new wave — and Warringah is poised to catch it.

The New Economy could lift living standards, help us grow out of accumulated debt, and deliver genuine prosperity for decades to come. And thanks to our renowned ingenuity, skills, ideas and vision, Warringah is uniquely placed to lead Australia into this better and brighter future.

But how would it actually work? This research-based document, starting with the five pillars on the right, hopes to show how Australians could catch the new wave and make the New Economy a reality.

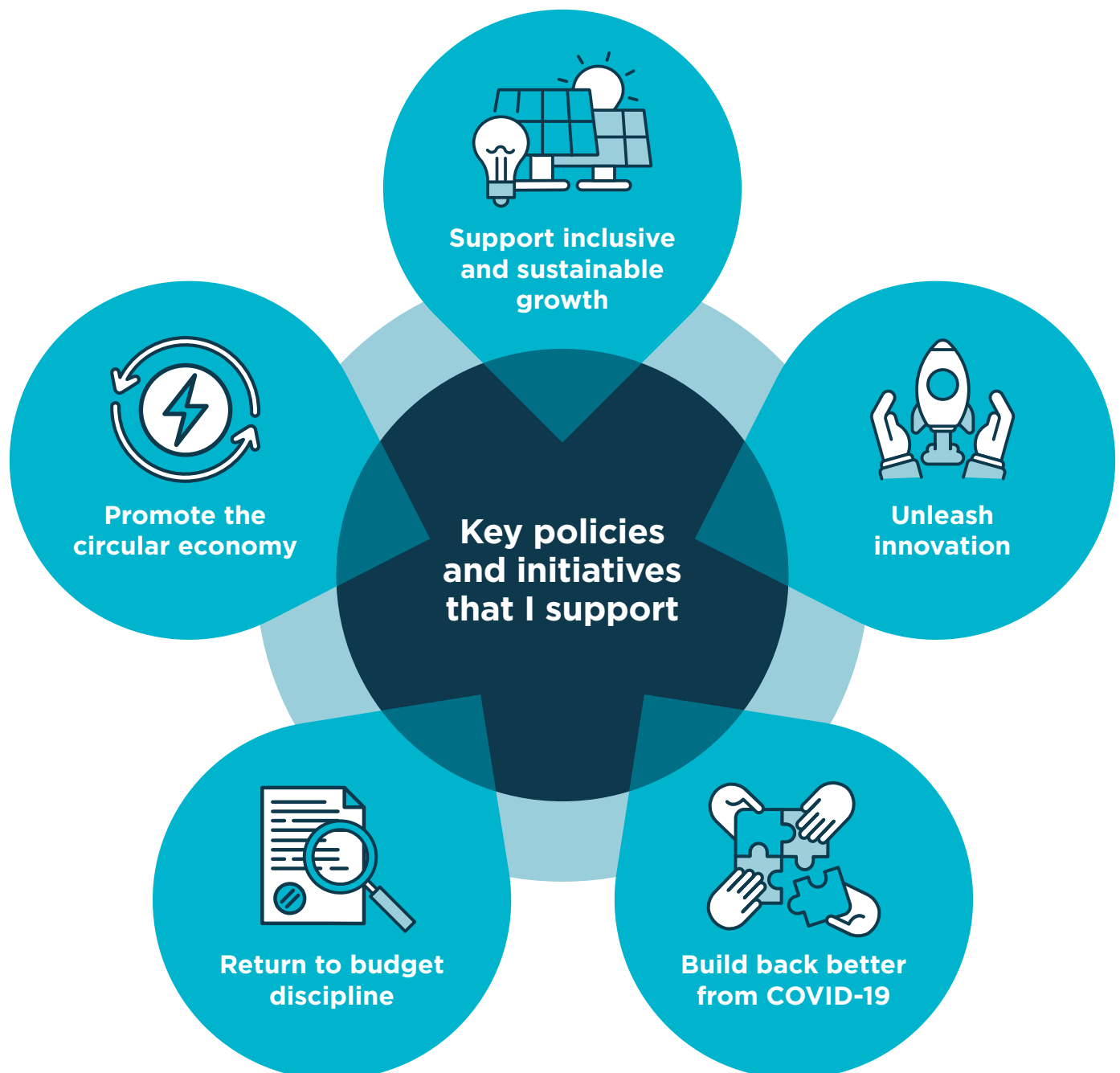


**Zali Steggall, OAM MP**



“Australians are ready for a sustainable, inclusive and dynamic economy that uses circular principles to lock in prosperity for decades to come.”

Zali Steggall







# Support inclusive and sustainable growth

Focus on environmental, social and governance (ESG) practices.

Australia is a success story with the 8th highest GDP per capita in the OECD.<sup>5</sup> But our economy is threatened by multiple structural challenges — and that's before the pandemic recession. Climate change, the degradation of nature, biodiversity loss, waste, slowing economic growth, wage stagnation and social inequities between genders and disabilities are leaving too many people behind.

The COVID-19 crisis has only driven inequality. Recovery packages propped up environmentally unsustainable sectors, like fossil fuels, under the 'Gas-fired Recovery,' while 'HomeBuilder' and various infrastructure projects overwhelmingly favoured male-dominated industries. What's more, the lockdowns disproportionately affected insecure and casual workers.

## Everyone should benefit from growth

Ignoring these headwinds will drag on Australia's economic growth, in both the mid and long term. And as the world embraces more inclusive and sustainable practices, Australian businesses will be left behind — particularly when it comes to climate change and biodiversity loss.

The world is not waiting for Australia. Global investment in environmental, social and governance (ESG) assets hit \$37.8 trillion in 2021 and is projected to reach \$53 trillion by 2025.<sup>6</sup> The businesses of Warringah want to pursue these opportunities, such as the 'Manly Solar Beach Road,' which is powering Australia on clean energy.



**The New Economy is built on inclusive and sustainable growth. Australia and Warringah can capture economic benefits by implementing policies, plans and strategies including:**

## **Better for the planet, better for business**

To capitalise on this global shift, the federal Government must back Australian business and investors to drive ‘inclusive and sustainable growth.’<sup>7</sup> This means regenerating the environment, fixing societal inequities, and pursuing broad-based economic growth and jobs creation, in line with ESG principles.<sup>8</sup>

The World Economic Forum calls it an “economic transformation that can provide economic growth while meeting the needs of society and the environment.”<sup>9</sup> Not only does this create a kinder and more hopeful future, it generates financial benefits that are smart for business.

Globally, strategic policy and investment decisions in sustainable and inclusive growth could lead to direct economic gains of USD \$26 trillion and 65 million jobs by 2030, compared to business as usual.<sup>10</sup> This could boost flat-lining productivity, improve our quality of life and result in greater social inclusion and equity.

The European Union’s ‘Next Generation EU Recovery Plan’ and the United States’ ‘Build Back Better Framework’ are great examples of positive government interventions to support inclusive and sustainable growth. Both of these show its possible to use significant public investment to reform environmental, social and economic programs.

- ✓ Implement an ‘Inclusive and Sustainable Economy Strategy’ to co-ordinate action, achieve national priorities and assist in directing private sector investment
- ✓ Establish a ‘Australian Sustainability Commission’ to review and propose sustainability policy and monitor implementation of the Sustainable Development Goals
- ✓ Enable investment in sustainable and inclusive business practices, through grants, underwriting, tax incentives, contracts, public-private partnerships, and regulatory relief
- ✓ Create markets for sustainable goods and services by using the Governments procurement powers
- ✓ Boost workforce participation by addressing barriers to women, people with disabilities and low-income earners
- ✓ Ensure new infrastructure is sustainable by enacting environmental and social standards





# Unleash innovation

Support research and development, start ups and tech firms, as well as new skills for the workforce.

Innovation is critical for a successful economy. A dynamic, productive economy creates jobs, boosts wages, and ultimately ensures economic prosperity and welfare. From the pacemaker to cochlear implants, Australian innovation has revolutionised industries and peoples' lives.

In Warringah, innovation is everywhere. Lakeba's Future Hub<sup>11</sup> shows how we can excel in digital technology, while SEVENMile Venture Lab proves we can create an ecosystem to support the next generation of start-ups.<sup>12</sup>

But we're losing momentum and risk being outpaced by our economic competitors. Australia currently ranks 25th in the world in innovation according to the Global Innovation Index — and that is down from 17th in 2018.<sup>13</sup>

## Finding tomorrow's innovators

Why are we losing our edge? Australia has some of the world's lowest research and development investment at 1.8% of GDP, and that has declined over the last decade.<sup>14</sup> This was exacerbated by COVID-19, which decimated R&D budgets across universities, industry and business. We are also below average when it comes to translating research outputs into economic benefits.<sup>15</sup>

We are also facing a skills shortage in technology and innovation-based positions. 75% of the fastest growing occupations require STEM skills,<sup>16</sup> yet STEM achievements



**To be known, once again, for our innovation and to lift our living standards, we must implement new plans, policies, investments and strategies including:**

are declining at school and university.<sup>17</sup> And with closed international borders, we can't rely on skilled migrants to fill in all the gaps.

Finally, we have a collaboration problem. Fewer than 10% of small businesses have collaborated with university researchers,<sup>18</sup> which is a problem because small business accounts for 99% of Australian businesses.

## **Innovation nation**

Australia's fortune depends on our ability to innovate. The CSIRO conservatively estimates that for every dollar we invest in research and development, we would enjoy an average of \$3.50 in economy-wide benefits.

We must embrace the New Economy to reverse the decline in our innovation. The New Economy is dynamic and pioneering, based on growth industries like I.T., financial and professional services, advanced manufacturing, aerospace, healthcare and biotechnology, artificial intelligence, clean energy and quantum technology.

It is driven by empowered people with the skill sets and visions for the future. The New Economy bets on start-ups and other tech companies to be the new engine for growth. And Warringah's well educated work force and forward-leaning businesses are well positioned to engage in this positive future.

- ✓ Increase the budget for the Australian Research Council to support cutting edge research
- ✓ Broaden the Research and Development Tax Incentive to increase accessibility for SMEs, tech firms, as well as offering a 20% collaboration premium
- ✓ Broaden angel investor tax incentives to improve access to capital for early stage companies
- ✓ Facilitate partnerships and collaboration between international and domestic research institutions, businesses and government
- ✓ Equip new and existing workers for future jobs with STEM skills





# Build back better from COVID-19

Support local businesses in affected industries with recovery packages and provide low-interest, income-contingent loans.

Throughout the pandemic Australia has performed well amongst global peers. We managed to shield our economy and financially protect our people from the brunt of recession. Vaccination has worked and people are active again.

Unfortunately, we lived and worked in lockdown for much of the 3rd quarter of 2021, and the Omicron variant has acted as a shadow lockdown, dampening confidence in a full business recovery.

## Business not as usual

While there are green shoots, vast sections of the economy (like tourism, hospitality and people's livelihoods) will take time to recover. Many businesses in Warringah were collateral during this period, and we need Government to act and help us return to a strong growth trajectory.

Recovery will not return us to the same economy as before. We need to restructure, as businesses adopt new practices and shift into new modes of operations. This opens the opportunity to build back stronger than before.





## Australia needs a booster shot of optimism. Businesses will emerge stronger if the Government backs them in with a systematic package of broad-based fiscal stimuli, including:

One key innovation has been the digitisation of business, allowing many to generate value in new ways and attract customers through different channels. This means the new jobs created will not be the same as the jobs lost through the crisis. Workers left out by lockdowns will need help to retrain and upskill, so they can thrive in these new business environments.

### New economy, new normal

As businesses restructure and adopt new business models and technologies we can see pathways open up for new gains in productivity, economic growth and wage growth in the medium term. We need Government leadership and the right policies to enable business to harness this shift, leaving nobody behind. Fundamentally, we need a move to the New Economy.

The New Economy is where the policy settings are right for business to grow; where employers are confident to forge ahead with investment; where small business are taking advantage of new opportunities; it is where workers have new skills for the new modes of business in a post COVID-19 world.

- ✓ Roll out a targeted Commonwealth recovery package for distressed businesses impacted by years of regular lockdowns
- ✓ Introduce a targeted and temporary business investment allowance of 20% to lift flagging business investment in key industries and to create jobs
- ✓ A PAYG rebate for hospitality and retail businesses to keep the doors open and workers employed
- ✓ Offer reskilling and upskilling opportunities to workers impacted by lockdowns and for future industries
- ✓ Streamline regulation for businesses to make it easier to trade and grow
- ✓ Provide low interest and income contingent loans to provide a buffer for individuals and business during recovery
- ✓ Address the jobs shortage by increasing funding for programs to return skilled migration to pre-COVID levels

A photograph of a business meeting. Several people are seated around a table, looking at and pointing to various financial charts and documents. One person is holding a pen over a line graph. The charts include bar graphs, pie charts, and line graphs. A calculator is visible on the left side of the table.

## Return to budget discipline

Ensure Government programs have clear performance indicators, are rigorously assessed, transparent, and effective

The COVID-19 pandemic necessitated a large increase in public expenditure and debt. Australia had to spend its way through the crisis to maintain the economy and ensure a strong rebound on the other side.

Further exacerbating this debt burden, there has been undisciplined government spending on random, expensive programs and interventions, a lack of competitive tendering for government programs, and continued subsidy of fossil fuels.

The Government also continues to contract out essential functions of Government to consultants. Whilst lucrative for those companies, it is a further expense on the public purse and there is no guarantee of value for money for taxpayers.

These actions have squandered public money that could be better spent on essential public services, like education and re-skilling, as well as health and aged care improvements, all desperately needed.





**Australia can manage debt and be fiscally prudent but that will require a re-orientation in spending patterns. This shift should include:**

## **Australians balance their budgets, Government should too**

Australia can return to fiscal sustainability, but it's time to curb extraneous expenses. To do this, Australia must embrace the New Economy, which is more efficient, targeted, and prudent with public money.

The New Economy leverages the power of well-regulated markets, strong competition, and private capital to drive outcomes and to reduce pressure on the budget. Benefits of the New Economy are distributed evenly, in a targeted manner and transparently, or the money is not spent.

- ✓ Stop 'pork-barrelling' with public money at the expense of other sectors of society and economy
- ✓ Pursue open, and competitive tendering processes to limit favouritism or deals for mates
- ✓ Take the pressure off the budget through a market-based approach to policies and stopping expensive Government market interventions
- ✓ Advocate for clear key performance indicators for government programs to ensure programs meet policy goal
- ✓ Evaluate government programs and fiscal strategy by the Parliamentary Budget Office to ensure the best strategy is adopted
- ✓ Maximise transparency and accountability in public spending through Auditor-General audits



# Promote the circular economy

Support innovative approaches to supply chains and waste management.

Our current 'linear' economy has served us well, but it is now starting to show some cracks. Right now, we dig things up, make them into products and ship them, and when we are done we throw them away. Most of the time these products end up in landfill or escape into the environment. More than 90% of all raw materials do not make their way back into the economy, which means we are losing a phenomenal source of value.<sup>19</sup>

Australia is depleting natural resources and generating waste at a rate amongst the highest per capita in the developed world.<sup>20</sup> Our country currently generates more than 74 million tonnes of waste every single year.<sup>21</sup> This waste (and the activities that create it) are polluting the water we drink and the air we breathe, accelerating climate change and biodiversity loss. Our environment will continue to decline unless things change.

## Reduce, re-use, recycle, restructure

As Australia recovers from COVID-19, we have an opportunity to re-imagine our economy so that it delivers financial wellbeing and protects our environment for decades to come.

This requires a move away from a linear model to a 'circular economy.' That means changing the way we source, design, manufacture, distribute, use, and discard materials. It involves "creating closed-loop material cycles across





## To drive the circular economy Australia must implement smart plans and policies. They should include:

the production and consumption value chain and treating waste as a leakage of value to be avoided rather than dismissed.”<sup>22</sup> It’s moving from a take, make, waste system to a take, make, recreate one across the economy.

### What goes around, comes around

Going circular has extensive economic potential. KPMG has projected that the gain could be up to \$1,860 billion in direct benefits over the next 20 years. We could also save up to 165 million tonnes of carbon dioxide per year by 2040.<sup>23</sup> That is equivalent to 10 coal fired power stations.<sup>24</sup> Australian businesses are keen to pursue these benefits. 88% of Australian business leaders now believe that the circular economy will be important for the future of their company.<sup>25</sup>

Businesses in Warringah understand the opportunity and are at the front of this shift. Manly’s own Edge Environment is helping businesses to rethink their business models and to embrace circularity, while BlockTexx is reusing discarded textiles by remaking them into new products.

We know we can go circular. Businesses want to go circular. It’s time to catch the wave of economic and environmental opportunities with a New Economy that unleashes this bright future — for Warringah, Australia, and beyond.

- ✓ Drive uptake of circular products and practices by implementing minimum recycling and reusability standards and certification for products
- ✓ Develop a ‘National Circular Economy Strategy’ to co-ordinate investment and assist planning
- ✓ Incentivise circular design of products and services by targeting grant assistance and providing HECS style interest free loans
- ✓ Promote reusability of products by advocating for the ‘right to repair’ goods
- ✓ Create markets for circular products and services through government procurement
- ✓ Facilitate the development and deployment of circular products and services through ‘Circular Economy Hubs’ that centralise research, manufacturing, and business in key precincts

## References

1. OECD, OECD Economic Surveys: Australia. in, OECD, 2021, <<https://www.oecd.org/economy/surveys/Australia-2021-OECD-economic-survey-overview.pdf>> [accessed 23 February 2022].
2. Reserve Bank of Australia, Statement by Philip Lowe, Governor: Monetary Policy Decision., 2021, <<https://www.rba.gov.au/media-releases/2021/mr-21-19.html>> [accessed 23 February 2022].
3. "Commonwealth debt", 2021, <[https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/rp/BudgetReview202122/CommonwealthDebt](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/BudgetReview202122/CommonwealthDebt)> [accessed 22 March 2022].
4. "General government debt", 2020, <<https://data.oecd.org/gga/general-government-debt.htm>> [accessed 23 February 2022].
5. "Australia", 2021, <<https://atlas.cid.harvard.edu/countries/14>> [accessed 23 February 2022].
6. "ESG assets may hit \$53 trillion by 2025, a third of global AUM", 2021, <<https://www.bloomberg.com/professional/blog/esg-assets-may-hit-53-trillion-by-2025-a-third-of-global-aum/>> [accessed 23 February 2022].
7. "Economic growth for the good of all: Sustainable and inclusive", 2021, <<https://www.mckinsey.com/featured-insights/sustainable-inclusive-growth/our-future-lives-and-livelihoods-sustainable-and-inclusive-and-growing>> [accessed 23 February 2022].
8. OECD, Tax and fiscal policies after the COVID-19 crisis., OECD, 2021, <<https://www.oecd.org/coronavirus/policy-responses/tax-and-fiscal-policies-after-the-covid-19-crisis-5a8f24c3/>> [accessed 23 February 2022].
9. World Economic Forum, Shaping an Equitable, Inclusive and Sustainable Recovery: Acting Now for a Better Future., World Economic Forum, 2021, <[https://www3.weforum.org/docs/WEF\\_Shaping\\_an\\_Equitable\\_Inclusive\\_and\\_Resilient\\_Recovery\\_2021.pdf](https://www3.weforum.org/docs/WEF_Shaping_an_Equitable_Inclusive_and_Resilient_Recovery_2021.pdf)> [accessed 23 February 2022].
10. Global Commission on the Economy and Climate, Unlocking the Inclusive Growth Story of the 21st Century: Accelerating Climate Action in Urgent Times. in, Global Commission on the Economy and Climate, 2018, <<https://newclimateeconomy.report/2018/>> [accessed 23 February 2022].
11. "Australia's first Future Hub to Accelerate Blockchain Development and Implementation", 2021, <<https://australianfintech.com.au/australias-new-lakeba-future-hub-accelerate-blockchain-adoption-implementation/>> [accessed 23 February 2022].
12. "Essence of Innovation", 2022, <<https://www.sevenmile.org.au/>> [accessed 23 February 2022].
13. World Intellectual Property Organization, 2021 Global Innovation Index. in, Australia, World Intellectual Property Organization, 2021, <[https://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_gii\\_2021/au.pdf](https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2021/au.pdf)> [accessed 23 February 2022].
14. "Gross domestic spending on R&D", 2021, <<https://data.oecd.org/rd/gross-domestic-spending-on-r-d.htm>> [accessed 23 February 2022].
15. "Research Translation", 2021, <<https://www.atse.org.au/research-and-policy/policy-priorities/priority-research-translation/>> [accessed 23 February 2022].
16. Tomorrow's Digitally Enabled Workforce: Megatrends and scenarios for jobs and employment in Australia over the coming twenty years., CSIRO, 26 February 2016, <<https://publications.csiro.au/rpr/pub?pid=csiro:EP161054&/>> [accessed 23 February 2022].
17. Timms, M, K Moyle, & P Mitchell. Challenges in STEM learning in Australian Schools, Australian Council for Educational Research, 2018, <[https://research.acer.edu.au/cgi/viewcontent.cgi?article=1028&context=policy\\_analysis\\_misc](https://research.acer.edu.au/cgi/viewcontent.cgi?article=1028&context=policy_analysis_misc)> [accessed 23 February 2022].
18. "Characteristics of Australian business, 2018-19 financial year." in, Australian Bureau of Statistics, 2020, <<https://www.abs.gov.au/statistics/industry/technology-and-innovation/characteristics-australian-business/2018-19#data-download&gt>> [accessed 23 February 2022].
19. PricewaterhouseCoopers, Building a more circular Australia: The opportunity of transitioning to a circular economy, in, PricewaterhouseCoopers, 2021, <<https://www.pwc.com.au/assurance/esg/building-a-more-circular-australia.pdf>> [accessed 11 November 2021].
20. NSW Circular, The circular economy opportunity in NSW, in NSW Circular, November 2020, <<https://www.nswcircular.org/wp-content/uploads/2020/11/the-circular-economy-opportunity-in-NSW.pdf&gt>> [accessed 23 February 2022].
21. PricewaterhouseCoopers, Building a more circular Australia: The opportunity of transitioning to a circular economy, in, PricewaterhouseCoopers, 2021, <<https://www.pwc.com.au/assurance/esg/building-a-more-circular-australia.pdf>> [accessed 11 November 2021].
22. Ibid.
23. Ibid.
24. This is calculated based on Hazelwood Power stations estimated 16 million tonnes of emissions per annum.
25. Australian Circular Economy Hub & Planet Ark, Circularity in Australian Business, 2020, <[http://assets.ctfassets.net/fqjwh0badmlx/6fpGTK8JOTzAMktVVSSfN2/c0a64829525f670d472bb0b94504e445/ACEHUB\\_CIRCULARITY\\_IN\\_AUSTRALIAN\\_BUSINESS\\_2020\\_REPORT.pdf](http://assets.ctfassets.net/fqjwh0badmlx/6fpGTK8JOTzAMktVVSSfN2/c0a64829525f670d472bb0b94504e445/ACEHUB_CIRCULARITY_IN_AUSTRALIAN_BUSINESS_2020_REPORT.pdf)> [accessed 23 February 2022].

**Catch the wave  
of opportunity**

Find out more at:  
**[zalisteggall.com.au/economy](https://zalisteggall.com.au/economy)**

Authorised by Zali Steggall, Level 2, 17-19 Sydney Road Manly NSW 2095