

A Blueprint for the National Cabinet



About Blueprint Institute

Every great vision starts with a blueprint – to get you from the idea to the action.

Blueprint Institute exists to inspire reform with bold ideas, honest conversations and evidence-based research. We offer fresh thinking to help leaders to take a step back from the day-to-day and see the bigger picture. We design blueprints for practical action towards a more resilient and prosperous Australia.

Blueprint Institute was established in the era of COVID-19, in which Australians have witnessed how tired ideologies have been eclipsed by a sense of urgency, pragmatism and bipartisanship. The challenges our nation faces go beyond partisan politics. We have a once-in-a-generation opportunity to rethink and recast Australia to be more balanced, prosperous, resilient, and sustainable.

About this paper

This paper will focus on the genesis of the National Cabinet, elements that have helped make it successful, and how it can continue to fulfill the expectations of the Australian public during the COVID-19 recovery.

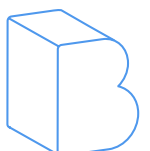
Future Blueprint papers in coming months will outline policy recommendations for the National Cabinet to consider across small business regulation, regional economic development, energy and climate policy, technology and innovation funding, and education reform in vocational, schooling and tertiary sectors.

For further information on Blueprint Institute's programs, or to join our mailing list, please go to: www.blueprintinstitute.org.au

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Methodology: Blueprint Institute commissioned polling through Pureprofile to inform this report. Polling took place over the weekend following the Prime Minister's announcement that the National Cabinet would replace COAG. 1000 responses were recorded. Any additional commentary and analysis are our own.



About the authors

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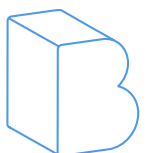
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Executive summary

The National Cabinet has the potential to solve some of the most intractable challenges facing Australia. The Blueprint Institute commends Prime Minister Morrison and the State Premiers for committing to it for the long-term.

The Australian people are on the same page as our national leaders and have high hopes for a new era of cooperation in politics.

This executive summary outlines the polling, key findings and recommendations of our Blueprint for the National Cabinet.

Key results of polling conducted by Blueprint Institute include:

89%

An overwhelming 89 per cent of Australians support the continuation of the National Cabinet post COVID-19, with this number increasing to 90 per cent for Greens, 91 per cent for Labor and 93 per cent amongst Coalition voters (77 per cent One Nation, 79 per cent Other).

60%

60 per cent of Australians believe the National Cabinet is an example of effective policy collaboration, with this number jumping to 71 per cent of Coalition voters. Interestingly, this number drops to 57 per cent for Labor and 50 per cent for Greens.

Australians thought that the National Cabinet should prioritise:



improving the health system

57%



tackling environmental problems like drought, water management and climate change

58%



creating jobs in the short-term

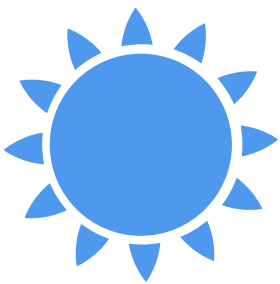
55%



Coalition voters were the most likely voter group to support the National Cabinet working to reform the energy system to coordinate efforts on electricity prices and carbon emissions.



68 per cent of Australians identified increasing Australian manufacturing using new technologies as key to the COVID-19 economic recovery. This points to a strong desire to move towards advanced manufacturing as part of the COVID-19 response.



88 per cent of Australians (94 per cent Labor and 79 per cent Coalition voters) would support investment in renewables to promote post-COVID recovery (as opposed to fossil fuels)

88%

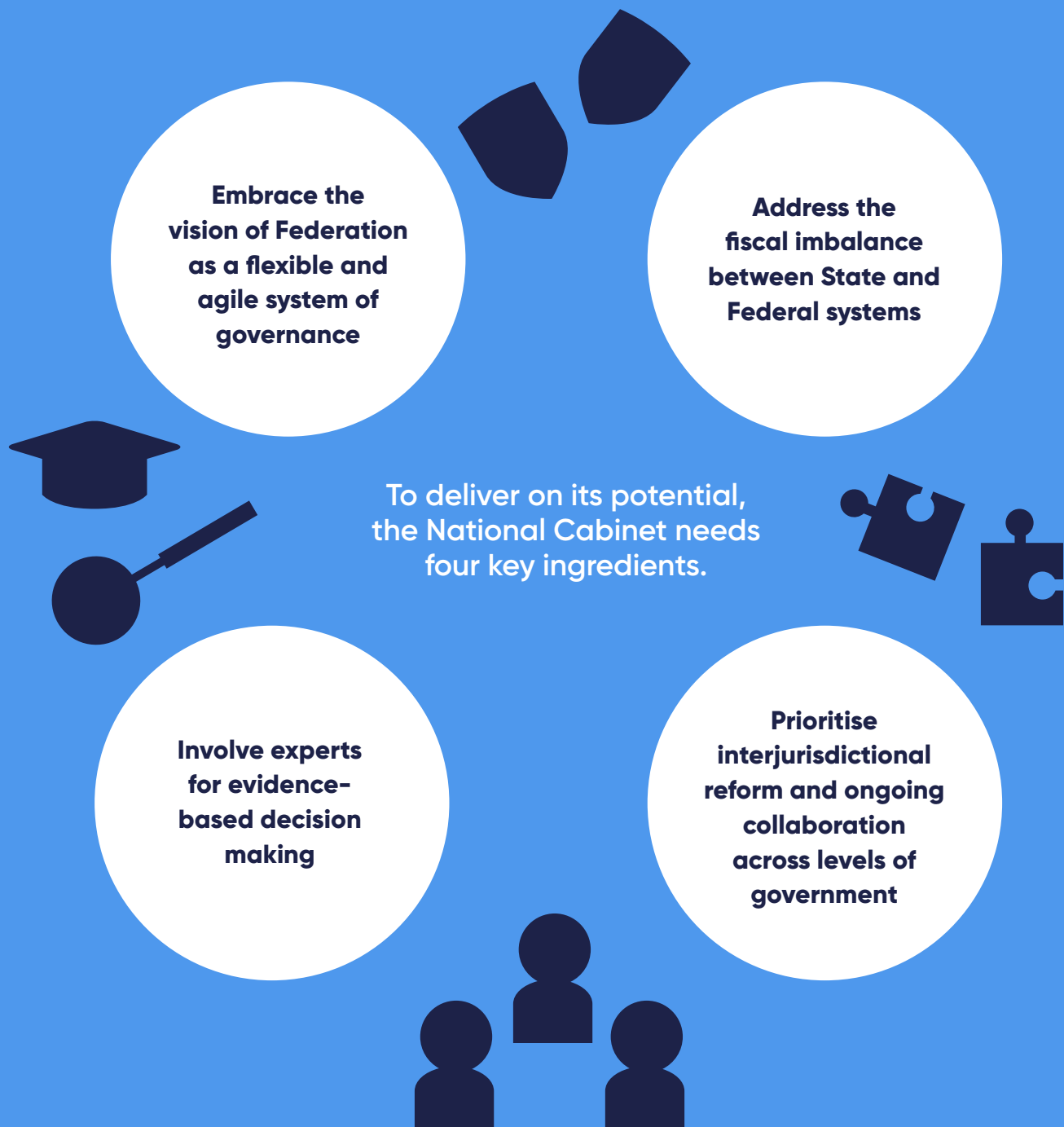
83%

83 per cent of Australians believe that developing more manufacturing in regional Australia should be one of the top three actions for the government to take in creating new jobs and economic growth.

73%

73 per cent of Australians agreed that a strong economy is not important without a healthy environment (Labor 77 per cent and Coalition 61 per cent).

Blueprint Institute will address a number of these issues throughout our research over the coming months. This paper will focus on the genesis of the National Cabinet, elements that have helped make it successful, and how it can continue to fulfill the expectations of the Australian public during the COVID-19 recovery.



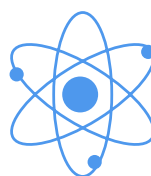
Along with a 'laser-like' focus on job creation, the National Cabinet is to be tasked with overseeing key areas of reform: the needs of rural and regional Australia, skills, energy, transportation, housing, transport and infrastructure, population and migration, and health. Within these areas, and strongly supported by our polling findings, the Blueprint Institute recommends the National Cabinet put the following issues at the top of their to-do list:



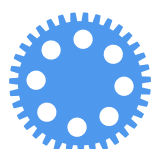
Moving towards a national consensus on energy and environment policy that reduces power prices and emissions while stimulating investment and jobs in renewable energy.



Reducing regulation on small businesses so they can invest and grow.



Increasing technology and innovation funding to drive entrepreneurial activity and encourage long-term growth and job creation.



Investigating opportunities for regional economic development, with a particular focus on advanced manufacturing and improving national resilience to shocks (such as pharmaceuticals, medical supplies and water/food security).



Reforming the vocational, secondary and tertiary education system to improve the quality of our workforce, better connect skills with industry, and increase the long-term viability of our training systems.

Together, a coordinated response on these issues will boost economic growth, create jobs and contribute to a more sustainable future for Australia. It will also align the National Cabinet's activity with the expectations of the Australian public, who are supportive of the National Cabinet but expect continued progress in key policy areas affecting the nation. Blueprint Institute will outline an approach for the National Cabinet to consider in each of these areas in subsequent releases.



Introduction

The world around us is rapidly changing. The way we work, the way we shop, and the way we socialise. Even as the health threat of COVID-19 subsides, these changes will continue to affect our lives. Workers may continue to work from home. Gatherings may continue to be limited, either by government rules or due to behavioural change. And many Australians will struggle to find a job.

The economic shutdown to contain the pandemic has been effective at saving lives but there were no costless choices in dealing with this crisis. The RBA [predicts](#)¹ that Australian GDP will decline by around 10% over the first half of 2020. It similarly [forecasts](#)² that unemployment will increase to 10% in the June quarter. The Job-keeper program is supporting more than three million jobs; these may also be at risk when the program is rolled back.

Australia also faces other challenges, aside from COVID-19. For example, the economic turmoil caused by the virus may accelerate the pace of automation and integration of technology in various businesses; while this may be good for productivity, technological change could threaten a range of traditionally secure jobs and professions.



From crisis to crisis

COVID-19 has come at a time when Australia is sliding from crisis to crisis. First there was the drought. From 2017 to 2019, agricultural output [fell by 22%³](#). Then there was the destruction and havoc caused by the bushfire season just past. [18 million hectares⁴](#) were burned. The Insurance Council of Australia has estimated that bushfire-related insurance losses since November 2019 amounted to [\\$2.32 billion⁵](#), and these only include approved insurance claims. Researchers estimate that [400 people⁶](#) were killed by the smoke pollution that blanketed much of the country. As the nation was recovering from the bushfires, the emergence of COVID-19 shifted our focus again. Through the National Cabinet, our leaders led an evidence-based response that saved lives and money. However, cross-jurisdictional, co-ordinated and decisive action will be needed more than ever as we face the challenges to come.

A vision for the future

With so many changes occurring across society, we have a once-in-a-generation opportunity to create a new type of collaborative, constructive, ideas-driven governance for a modern Australia. It is an opportunity to move away from the partisan politics that have undermined forward thinking policy making for years. Review after review has identified pathways to reform in energy, tax, industrial relations, skills, population management and infrastructure policy. Australia does not have a cohesive long-term industry plan – or any clear process for creating one. Arbitrary divisions between governments plague our ability to make progress on our most pressing challenges.

The National Cabinet can embrace this reform agenda

The emergence of the National Cabinet during the course of this crisis has been a revelation for many Australians. The Prime Minister's recent announcement that the National Cabinet will continue is welcome. This decision provides the opportunity to re-examine the machinery of governmental decision making and chart a path for meaningful reform on the issues facing the nation.

The National Cabinet has proven to be decisive, collaborative and constructive, serving the interests of all Australians.

Exclusive polling from Blueprint Institute, conducted over the weekend following the Prime Minister's announcement that the National Cabinet would continue, found that the Australian public agrees with this proposition.

An overwhelming 89 per cent of Australians support the continuation of National Cabinet post COVID-19. This number increased to 90 per cent for Greens, 91 per cent for Labor and 93 per cent amongst Coalition voters (77 per cent One Nation, 79 per cent Other). Further, 60 per cent of Australians believe the National Cabinet has demonstrated that 'effective leaders collaborate with others on important decisions', with this number jumping to 71 per cent of Coalition voters. Interestingly, this number drops to 57 per cent for Labor voters and 50 per cent for Greens voters.

The National Cabinet is an innovation in governance forged out of necessity to respond to a unique challenge. We need to ensure it remains as proactive and visionary as it has proven to be during COVID-19, as the challenges that Australia has faced in the past will be joined by more in the future. A responsive, accountable and decisive National Cabinet can pre-empt, meet and defeat those challenges.

The fact that the new National Cabinet is governed by existing cabinet convention will allow free and active discussion to take place, away from the bureaucracy that had previously characterised State and Federal relations at COAG. Forums and Councils, which once made up COAG, will be streamlined. State and Federal Treasurers will have centralised responsibility for all financial arrangements between State and Federal Governments. Meetings of the National Cabinet will continue every fortnight during the COVID-19 crisis, before taking place on a monthly basis once normality returns. This represents an increase from the previous COAG meetings, which took place twice a year, which could signal a step change in the level of cooperation between our levels of government.

As the Prime Minister has outlined, the immediate priority of the National Cabinet will be job creation and economic recovery. Other interjurisdictional challenges should also be addressed, including: productivity reform, reducing small business regulation, energy and climate policy, innovation and technology funding, regional economic development, and education reform.

Blueprint Institute holds that many of these reforms will have their best chance of success through the enduring National Cabinet. We will briefly explore the background to the National Cabinet and the history of COAG before outlining key elements that will define the National Cabinet's continued success.

Reflections on COAG

National policy cooperation at the highest level has, in recent years, rested on the shoulders of the COAG. Unfortunately, intergovernmental relations through COAG has been, at times, cumbersome and inefficient, imposing unnecessary costs on citizens and reducing the quality of services.

Having consulted with senior politicians and public servants, Blueprint Institute found a range of stereotypes have characterised recent COAG interactions: public servants and political staffers attend COAG with individual agendas and often draw battle lines ahead of time; States attempt to extract more funding from the Federal Government; and politicians often take policies that they do not like to COAG knowing that they can bury the idea in disagreement. Meetings reportedly involved a sense of competition and disruption, not cooperation. When a policy process starts in COAG, it might take three years to get something done, even when it is fast-tracked. Over the past decade, of 44 target outcomes committed to in COAG agreements, a [dashboard](#)⁷ developed by CSIRO and the Productivity Commission indicates that only 16 have been given the green light for having been met, or are likely to be met based on current trajectory. Understandably, the public is not enthusiastic about this slow progress.

The legal and constitutional arguments invoked by the Federal Government on where the authority lay to take action and ownership during last summer's devastating bushfires are not limited to emergency situations. They are frequently used by State and Territory Governments to defer responsibility in policy areas that affect the lives of Australians but where the Federal Government is involved. The Australian public is often left with a front row seat to a tennis match of blame and shame, with a less than optimal outcome for our States and nation as a whole.

These factors have resulted in the situation that we find ourselves in today. Bureaucracy and red tape at all levels of government combines with poor policy coordination, resulting in wasteful government spending and inertia to reform.

Take the energy sector, for example. At the Federal level, we have the AEMC, the AER, the AEMO and the COAG Energy Ministers Forum.

This is in addition to the Federal Department of Industry, Science, Energy and Resources, and all of the State Government energy departments. Rather than synchronise bureaucracy to promote simplicity, the Government created the Energy Security Boards sits on top of all of these bodies to oversee their work. The end result is a dilution of accountability and reduced capacity of any one department to make impactful decisions.

If governments had attempted to manage COVID-19 using this fragmented model, we would not have achieved such remarkable levels of success in protecting human health or keeping businesses afloat during an unprecedented crisis. Our success in managing COVID-19 has much to teach us about how we can tackle some of Australia's most intractable problems.




How the National Cabinet can become an engine for creating jobs and economic growth

The National Cabinet provides a new mechanism by which to make policy in Australia and presents an immense opportunity for pragmatic and ambitious reform.

Prime Minister Morrison has already announced that reforms will be considered in the sectors of Industrial Relations and Education. Blueprint Institute argues that far reaching reforms are also necessary to address the problems in Energy and Climate policy, Regional Economic Development and Productivity.

But the vision of an effective National Cabinet will only succeed if our politicians continue to operate constructively, by coming to conclusions based on deliberation and making the best decisions possible based on the evidence available. Politicians must continue to put ideology aside and look at the problems that Australia faces swiftly and decisively.

During the COVID-19 crisis, this type of decision making has occurred numerous times, perhaps most significantly with the passage of the Coalition's economic rescue package. Gone were the election and ideological commitments to a balanced budget. Instead, Australia saw the biggest fiscal stimulus package in Australian history. This occurred, not because liberal thoughts on economic theory had changed, but because the evidence said that it had to be done. We need similar thinking now to address pressing challenges in the COVID-19 recovery and beyond.



The National Cabinet - born out of crisis, but can it endure?

At the beginning of the COVID-19 crisis the National Cabinet was formed of the Prime Minister and all State and Territory Premiers and Chief Ministers. The National Cabinet was set up with no legislative change; it was simply a matter of process. Nothing underpins its legitimacy other than participation, cooperation and results. Scott Morrison has indicated that the National Cabinet will continue to be governed by established cabinet conventions that determine interactions across existing State and Federal cabinets.

Task forces that previously worked with COAG will continue to function as before, but they will now report to the National Cabinet. The involve-

ment of expert advisory groups will provide the National Cabinet with the independent advice that it needs to make sound decisions.

In addition, State and Federal Treasurers will be responsible for all of the funding agreements between the States and the Commonwealth. Previously, agreements had to pass between individual ministry portfolios, resulting in siloed funding arrangements. It is hoped that this move will streamline processes and allow for money to be allocated more effectively.

Blueprint Institute is encouraged by these developments which will allow governments to better react to the challenges ahead.

Council of Australian Governments (COAG)	National Cabinet
<ul style="list-style-type: none">• Met twice a year• Governed by burdensome bureaucracy and legislation• Slow moving• Large, complex and ineffective• Burdened by a history of policy inertia• Multitudes of Committees and Forums	<ul style="list-style-type: none">• Met three times a week during the height of COVID-19. Will continue to meet fortnightly for the duration of the crisis, then monthly in a normal year• Likely to be continued to be Governed by Cabinet Convention• Decisive, effective• Wide support from Australian public

The effectiveness of the National Cabinet has already begun to improve trust in our system as a whole, and political leaders are happily reaping the results.

The introduction of the National Cabinet has coincided with a significant increase in public trust for our politicians. Trust in politicians and government has, until recently, been on a [downward trajectory](#)⁸; now, The Prime Minister, the Leader of the Opposition and State Premiers have seen significant improvements in their popularity. The same is true for the mainstream parties, with voters flocking to the Coalition and Labor and away from minor parties. Morrison's approval rating [jumped 20 points](#)⁹. Anthony Albanese also increased his net approval rating by [9 points](#)¹⁰.

Why might this be the case? We hypothesise that it is being driven by a renewed faith in politicians to serve the national interest, not short-term political aims. There was no need for lengthy Senate Reviews or Royal Commissions; politicians found common ground, on advice from experts, and acted swiftly in a coordinated policy response. Indeed, according to our own polling, an overwhelming 89 per cent of Australians support the continuation of National Cabinet post COVID-19.

The decision that the National Cabinet will meet fortnightly during the COVID-19 crisis and then monthly once the crisis subsides is a step in the right direction. However, it is imperative that these arrangements remain flexible so that the National Cabinet can effectively address the overarching problems facing the nation in the agile and adaptive manner which has characterised decision making during COVID-19.

Questions remain over whether the National Cabinet can continue its success and maintain

public support. There is a possibility that, when this current unprecedented crisis subsides, the National Cabinet could fall victim to the same bureaucracy and partisan behaviour that plagued COAG. Along with the public, we hope this does not occur. The magnitude of the emerging economic challenge is unlike anything this generation of leaders has seen. We will need vision, inspired leadership and collaboration if we are to save jobs and minimise the economic damage.

In the National Cabinet, the Prime Minister has a decision making vehicle which will provide him with every chance of success. However, to ensure positive outcomes, it is imperative that the National Cabinet:

- Embraces a vision of Federation as a flexible and agile system of governance.
- Addresses the fiscal imbalance between State and Federal systems – so that states can more effectively test different policy approaches.
- Involves experts – to ensure consultation and good decision making, and transparency about the advice it receives and the basis for its decisions.
- Prioritises interjurisdictional reform and makes real progress on intractable policy issues that sit between states and territories and the Commonwealth.



Principles that should govern the National Cabinet

Embrace a vision of Federation as a flexible and agile system of governance

While the National Cabinet has been more agile and responsive than COAG, it is simply a change in process. It is critical that the Federal Government continues to provide autonomy to the States, empowering them to better serve citizens in the areas of governance they are responsible for.

We envisage a Federation where States and Territories test different policy approaches to suit the local context. A distributed decision making system has inherent advantages. States and Territories can engage in 'test and learn' policy cycles, where different policies are trialed and their outcomes assessed at the National Cabinet. Unforeseen negative consequences of reform are minimised to one jurisdiction rather than nationwide. Such a model respects the separation of powers that is outlined in the constitution and keeps the Federal Government in-check.

Being able to draw on eight examples for shared learnings and solutions can be a source of strength, not weakness, for the National Cabinet. In times of crisis, such as COVID-19, a more coordinated national policy may be required; however, in other policy areas, such as health and education, different approaches between the States can offer valuable learnings to inform more effective legislation.

Local and State Governments have extensive experience in service delivery in areas where the Commonwealth has limited in-house expertise. As a result, State Governments are often better placed to understand the needs of residents than Federal bureaucrats in Canberra. The Prime Minister can leverage the State Government apparatus to implement important reforms post-COVID that improve the lives of all Australians.

Addressing the fiscal imbalance between State and Federal systems

Another issue for consideration by the National Cabinet is the well documented fiscal imbalance between State and Federal systems. The Federal Government collects the majority of the nation's taxes, but the States deliver the majority of our services. The Federal Government has to distribute this money to the States in a way that is often not fair or efficient.

This fiscal imbalance has resulted from increased control of the purse strings by the Federal Government. Fiscal imbalance fundamentally undermines States' sovereignty and their ability to engage in ambitious reform. It also reduces the ability of the States to respond to citizen interests (which differ from State to State) as accurately as possible – which is the whole point of federalism. The National Cabinet could consider examining opportunities to provide greater autonomy and control over State finances; such a move would likely improve the effectiveness of State Government responses that are agreed through the National Cabinet, as well as returning the Federal system to its roots.

Change will not be easy; numerous Prime Ministers have previously attempted reform. In 1997 Malcolm Fraser proposed a 'New Federalism' which would facilitate the introduction of income tax surcharges to help States raise funds. In 1991 a ["Working Party on Tax Powers"](#)¹¹ was set up under Bob Hawke's government which reviewed State and Federal abilities to raise taxes. In February 2014, the [National Commission of Audit](#)¹² recommended that States be granted the ability to levy an income tax surcharge. Then, in 2016, Malcolm Turnbull again [raised the prospect](#)¹³ of a State income tax as an attempt to provide the States with a means to collect a portion of income tax, and thus become more fiscally self-sufficient. Unfortunately, Turnbull's proposal, like many that had come before it, was shot down by State Premiers who had little interest in taking on responsibility for fiscal management when they could easily blame any State-based issues on the Federal Government's funding arrangements. Blueprint Institute argues that this issue should be revisited by the National Cabinet; providing the States with more autonomy over their funding arrangements will encourage different policy responses that enable better outcomes overall.



Involvement of experts

The success of the National Cabinet has been determined by its reaction to one crisis: COVID-19. Premiers, Chief Ministers and the Prime Minister shared a table with our Chief Medical Officer and top scientists to determine Australia's response to the virus. As the National Cabinet broadens its scope, we argue for the continued involvement of experts and civil servants in National Cabinet decisions.

The involvement of public servants through working groups, as outlined by the Prime Minister, is of the utmost importance. High quality and independent advice will ensure that the National Cabinet possesses the evidence it needs to make good policy. By maintaining involvement of civil servants in policy making, our political leaders will ensure that various stakeholders at all levels of government continue to be heard. This will engage the public service as a collaborative partner in reform efforts, provide accountability to governments, and improve public trust. Inspired leadership should not be dislocated from sound advice. Strong leaders seek counsel and apply evidence-based policy in the national interest. This is something that the National Cabinet can achieve.

To maintain high levels of public faith in the National Cabinet over time, it should also be transparent about the advice and evidence it receives from State and Federal public servants, and provide clear explanations to the public of the evidence base for its decisions.



Prioritising interjurisdictional reform

This development of the National Cabinet provides a unique opportunity to tackle the difficult policy areas that will arise as a result of the pandemic and the economic recession that is on the horizon. Blueprint Institute will be releasing subsequent reports which outline the long-standing issues in critical need of resolution via the National Cabinet.

If Australia is to weather the coming economic storm, we need to build alignment and common ground across the State and Federal systems on areas of tax policy (such as broadening the GST), deregulation, climate and energy policy, industrial relations reform, welfare policy, and housing. Many aspects of this reform agenda have already been discussed by Prime Minister Scott Morrison, including during his recent address to the National Press Club.



The National Cabinet should not limit its activities to job creation

Our polling has revealed that many Australians, including Coalition voters, are passionate about structural reforms which go beyond short-term economic recovery.

While tackling unemployment is a major concern, Australians see the National Cabinet as an opportunity to resolve long standing challenges faced by the nation. Somewhat surprisingly, in a time of great economic uncertainty, the need to solve systemic issues like drought, water management and climate change was the number one priority identified in our polling. There is clearly public appetite for the National Cabinet to use our recovery from COVID-19 as a chance to build a better nation.

Blueprint Institute will be releasing in-depth papers in key areas that the Australian public is eager to see addressed and for which the National Cabinet is well-placed to tackle.

A brief summary of potential areas is included below:

1. **Productivity**
2. **Freeing up small business to invest and grow**
3. **Education reform**
4. **Aligning climate and energy policy**
5. **Regional economic development**
6. **Technology and innovation funding**



Productivity

Australia has been labelled the Lucky Country and indeed it is so. Australians are rightfully proud of the economic success which underpins our fantastic high quality of life.

However, it would be foolish to take our prosperity for granted. In recent years our economy has been likened to a twin engine aircraft, with one engine the [property boom](#)¹⁴ and the other engine the [mining boom](#)¹⁵. Those two engines cannot sustain our quality of life indefinitely and, in fact, cracks have already begun to appear.

On measures of economic complexity, a key indicator for the development of new industries, Australia holds the same rating as Angola. Aus-

tralia ranks 22nd on [Cornell's Global Innovation Index](#)¹⁶, 16th in competitiveness by the [World Economic Forum](#)¹⁷, and fares outside the top 20 nations on multiple indicators of industry and business collaboration in that report.

A complex regulatory environment spanning three levels of government increases barriers of entry for startups, adds to running costs for small businesses and deters foreign investment. Now is the time to look to the future. The tragedy of COVID-19 has created a once-in-a-generation opportunity to adjust the nuts and bolts of Australia's economy, so that it can continue to run strong for decades to come.



Freeing up small business to invest and grow

In line with our focus on productivity, Blueprint has identified that small business regulation remains a key issue that is holding back economic growth. In a following paper, we will argue that significant reform is required to free up small businesses to invest and grow.

Over [95%¹⁸](#) of Australian businesses are small. These businesses are the backbone of the economy – SMEs employ [44% of all Australian workers¹⁹](#) and contribute [57% of Australia's GDP²⁰](#).

But according to [Reckon²¹](#), an accounting software provider, bureaucratic administration requirements are costing small businesses alone more than \$20 billion each year.

With the economy set to contract [in the June quarter²²](#), governments must ensure that businesses are given the right support, whether that be in terms of reducing regulation (and therefore the cost of doing business) or providing tax cuts to help with cash flow problems.



Education reform

Our education sector is not responsive to business needs. As a result, skill gaps exist in the Australian economy. A bright future for Australia will be determined by our ability to create a skilled workforce that can adapt to the changing nature of work. Blueprint Institute will argue that vocational education should be more closely linked to business so that the sector is more responsive to the needs of the Australian economy.

In the wake of COVID-19, a million Australians have lost their jobs. New types of jobs will rise from the rubble, but other jobs may never come back, or will not exist in the same way as they did before. While Jobkeeper has been implemented along with an increased level of Job-seeker, welfare is not a sustainable solution to drive prosperity or reduce poverty. To create

new opportunities for all workers, particularly younger Australians, our focus must lie squarely on getting people back to work.

While the economy will find new ways of employing those who have lost their jobs, this process will take time. In a rapidly changing global economy, Australia should consider affordable programs that provide micro-credentials for workers to upskill for new roles; ongoing skill development programs to translate university skills for the workforce; and revamping key investments in childhood education to better prepare our youth for the changing nature of work so that they can thrive in the 21st century. We will explore these issues in subsequent research, as well as examining opportunities for reform in the tertiary and schooling systems.



Aligning climate and energy policy

Our polling revealed that a majority of Coalition voters (79 per cent) and Labor voters (94 per cent) support investment in renewables during the post-COVID recovery.

Australia is plagued by some of the [most expensive](#)²³ and most [emissions-intensive electricity](#)²⁴ in the OECD. Many Australians are also increasingly concerned by environmental issues, with recent bushfires and droughts threatening livelihoods, land and wildlife. Australia's agriculture and tourism industries are particularly vulnerable to rising temperatures caused by climate change. Fortunately, the [plunging cost of renewable energy](#)²⁵ offers a solution to the problem of high energy prices and high carbon emissions.

While Australians have long embraced renewable energy, governments have been slow to match their enthusiasm with a bipartisan commitment to align climate and energy policy. The Federal Government's Technology Roadmap opens up new avenues for progress.

The National Cabinet is a unique opportunity to resolve issues between our jurisdictions and align energy and climate policy. The National Cabinet should embrace the opportunity to set us on the path to a prosperous future powered by low-cost renewable energy.

Australia's abundant renewable energy resources could be harnessed to create a boom in onshore manufacturing. For example, cheap renewable energy could make onshore refinement of iron ore cost competitive, unlocking new tax revenue and thousands of jobs in regional Australia. In a similar vein, given our rich lithium and nickel reserves, Australia could look to become a globally competitive leader in battery production – a crucial ingredient to the world's future energy system.

Blueprint Institute will argue in subsequent papers that we can grow our economy, future-proof key industries, and restore our environment by seizing a share of global markets for clean technology and low-emissions exports.



Regional economic development

Our polling demonstrated that an overwhelming 88 per cent of Australians identify regional economic development as a priority for Australia post COVID-19.

In the last few years, our regions have been hard hit by bushfires and drought. COVID-19 has exacerbated a challenging economic situation by damaging the tourism and agricultural sectors. A body of evidence points to significant inequalities between our cities and regions across multiple domains. The current economic crisis has the potential to widen the economic divide between our cities and regions, with wealth and jobs becoming more concentrated in cities as regions are neglected. Beyond COVID-19, other economic shocks may affect the regions in the future; declining demand for fossil fuel resources, for example, point toward an uncertain and difficult future for many areas that are reliant on the sector.

However, the current crisis also represents one of the best opportunities for regional economic development in a generation. Over the past few months, we have seen the fragility of global supply chains. Politicians and the public have realised that we are, perhaps, too reliant on others for important supplies. Both businesses and governments have expressed interest in bringing supply chains onshore, and there is a real opportunity to produce essential items such as pharmaceuticals and medical equipment in Australia. Development of these industries could bring capital and jobs to the regions, where labour and rent is cheaper than in cities.

Blueprint Institute will argue that if we are to build a more unified and resilient nation, we must prioritise regional economic development. Our recommendations will be targeted to create a fairer, more prosperous Australia that is better able to respond to economic shocks and global challenges.



Innovation and technology funding

Australia has a world-leading research industry and a nascent technology sector. International examples demonstrate the value of government programs in promoting innovation and fostering private sector investment in technology companies. A new approach is required for Australia to continue to be a world leader in research and development across academia and the private sector. The structure of government support for these fields is extensive

but does not provide enough incentives for private investment. Blueprint Institute will argue that governments should consider policies that have worked in other countries and neighbouring jurisdictions, and identify opportunities for reform that will create jobs and prosperity. A truly national approach to innovation could fuel a new era for productivity, innovation, and excellence in Australian industry.

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