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## Former Business Council Leader Claims Australian Economy Veers Toward Socialism

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Tony Shepherd, former president of the Business Council of Australia (BCA), has warned that the economic policies of the Albanese government are shifting Australia toward socialism, stifling the private sector's ability to drive growth. Speaking on Sky News Business Now, Shepherd criticized the government's expansion of public sector employment and its focus on the care economy, arguing these moves are undermining the nation's economic vitality.

During a panel discussion hosted by Sky News Business Now ahead of the Albanese government's economic roundtable, Shepherd, a seasoned business leader with decades at infrastructure firm Transfield, expressed alarm at the state of Australia's economy. He highlighted a concerning trend where public sector employment has outpaced private sector growth over the past three years. "The government is actually crowding out the private sector now," Shepherd stated, noting that Australia has the highest proportion of public servants to workers among established nations. This imbalance, he argued, threatens the private sector's role as the primary engine of prosperity.

Shepherd emphasized the fundamental economic principle that the private sector generates wealth, while the public sector's role is to distribute it fairly. "The private sector is what brings us prosperity and growth, and the public sector's job is to distribute it equitably and fairly, which Australia has a very good record on," he said. However, he warned that current policies are "pushing down" the private sector, a trend he labeled as a move toward socialism. "That's heading towards socialism, which has been shown economically throughout the world to be a disaster," Shepherd added, pointing to global examples of economic stagnation under such systems.

Treasurer Jim Chalmers has defended the government's approach, arguing that the expansion of the public service reverses years of neglect and reliance on consultancies. Chalmers has also expressed a desire to boost private investment to stimulate growth, a point he plans to address at the upcoming economic roundtable on August 19, 2025. Yet, concerns persist among economists and business leaders that the government's focus on growing the care economy and public sector could have long-term consequences for private businesses' viability.

A proposed tax reform from the Productivity Commission, set to be discussed at the roundtable, has further fueled debate. The plan suggests a two-tier tax system, reducing the corporate tax rate to 20% for businesses with revenue under \$1 billion, while imposing a 5% net cashflow tax on approximately 500 large companies, including major banks, miners, and supermarkets. This budget-neutral proposal aims to support smaller businesses but risks alienating larger corporations, raising questions about the government's long-term economic strategy.

Shepherd's critique underscores a broader concern among business leaders about the direction of Australia's economy. The growing public sector and new tax proposals could strain relations with major corporations, potentially discouraging investment. As the

Albanese government prepares for its economic roundtable, the challenge will be balancing support for public services with policies that foster private sector growth, ensuring Australia's economic prosperity remains robust in a competitive global landscape.