



**ADJUSTED  
GROWTH STRATEGY:  
AUSTRALIA**

## AUSTRALIA'S ADJUSTED GROWTH STRATEGY, 2015

*The purpose of this document is to highlight changes and new additions to members' growth strategies since Brisbane :*

### **Changes to Section A (Economic Objective)**

*Please discuss changes to the economic objectives, if any.*

The Government's goal is to foster an adaptive, agile and growing economy – an economy that is trading, competitive and innovative. This will ensure Australia can take advantage of economic opportunities while being as resilient as possible in the face of global economic challenges. The Government has made progress on budget repair and will maintain a focus on this area in order to provide a solid foundation for growth. This includes a more competitive tax system focused on encouraging people to work, save and invest. Australia's adjusted growth strategy reflects these priorities and the measures outlined in the 2015-16 Budget. This is in line with the objectives in our October 2014 growth strategy.

*Please list the top 5 commitments from your growth strategy. These can be from either Brisbane or the current adjusted growth strategy.*

1. Boosting infrastructure investment through the \$50 billion Infrastructure Investment Programme, which includes the Infrastructure Growth Package and the Northern Australia Infrastructure Facility.
2. Growing jobs and small business through the \$5.5 billion Growing Jobs and Small Business Package that includes \$5 billion in tax relief for small businesses.
3. Supporting labour force participation through the \$4.4 billion Families Package that will improve access to child care, as well as education and training reforms.
4. Improving competition through reducing regulatory and administrative burdens, including by reducing red tape by \$1 billion every year.
5. Contributing to global trade liberalisation by implementing free trade agreements (FTAs) with China, Korea and Japan and pursuing FTAs with other regional partners.

### **Changes to Section B (Economic Outlook and Challenges to Growth)**

*Please discuss changes to the economic outlook and challenges, and if desired, highlight any new and existing gaps remaining to be addressed. Add discussion of risk of persistent stagnation, if relevant.*

*Update table of key indicators as follows:*

The Australian economy is forecast to strengthen from its current below-trend pace of growth over coming years, as it continues to transition from mining investment-led growth to broader-based drivers of economic growth. In the 2015-16 Budget, real Gross Domestic Product (GDP) is forecast to grow by 2¾ per cent in 2015-16 before increasing to around trend levels of 3¼ per cent in 2016-17. The unemployment rate is expected to peak at 6½ per cent in 2015-16 and then decline.

While weaker commodity prices are having a significant impact on the economy and tax receipts, historically low interest rates, lower oil prices and a lower exchange rate are providing support to households and businesses. Macroeconomic policy settings should also continue to support growth. Monetary policy stimulus is supporting demand and will help economic growth to strengthen over time. The 2015-16 Budget lays out a credible path to

surplus over the medium term, while remaining cognisant of the economy's transition to non-mining investment-related drivers of growth in the near term.

Risks to the outlook for the Australian economy are around the timing and extent of the recovery in non-mining investment and the outlook for commodity prices. There has been a sharp reduction in the iron ore price over the past year, with a substantial increase in global supply coinciding with an easing in steel demand from China. That said, domestic banks' exposure to the resource-related sector is not large and the finances of large listed resource corporations are still robust.

Non-mining business investment grew in 2014-15, particularly in the services sector. Despite this recent pick-up, data suggests firms are not yet committing to significant additional investment in 2015-16. But healthy corporate balance sheets, along with lower interest rates and the lower Australian dollar, are expected to support an increase in non-mining business investment with growth forecast to strengthen to 7½ per cent in 2016-17. That said, the timing and magnitude of the pickup in non-mining activity remains a key uncertainty.

Low interest rates are supporting the economy's transition to broader-based growth. Dwelling construction grew strongly over the past year, and building approvals data point to a considerable amount of work still in the pipeline for the construction of dwellings. However, housing market developments are being watched carefully, particularly given the large increases in house prices in some cities, and ongoing strength in lending to borrowers who are investing in housing assets. The Council of Financial Regulators (the Reserve Bank of Australia (RBA), the Treasury, the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC)) are monitoring developments and working to mitigate risks that may arise from the housing market.

Buoyant conditions in the housing market are supporting household wealth, which in turn is supporting a pick-up in household consumption. While wage growth has moderated resulting in lower household incomes, this has allowed firms to retain staff at a time when profit growth is modest. However, low income growth poses some headwinds to consumption. Household consumption has been assisted by a modest fall in the household savings ratio from its previous elevated level, suggesting that households are smoothing their consumption as the terms of trade decline. The extent to which consumption growth will be supported by further falls in the household saving ratio is a risk surrounding the outlook.

Sustaining growth in national income over the longer-term will also involve significant challenges. As the 2015 Intergenerational Report has noted, Australia's ageing population is likely to put downward pressure on the participation rate. The report projects that the number of people of working age (15–64) for every person aged 65 and over will decrease from 4.5 people today to 2.7 people in 2054-55. Accordingly, pressure on Government finances from spending on health and pensions is forecast to increase significantly, while a smaller proportion of the population will be of working age. Improvements in Australian living standards over the long term will depend on continual improvements in productivity and efforts to increase workforce participation rates.

#### Key Indicators

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Real GDP (% yoy)	2 ½	2 ¾	3 ¼	3 ½	3 ½	3 ½
Nominal GDP (% yoy)	1 ½	3 ¼	5 ½	5 ¼	5 ½	5 ½

## Key Indicators

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Output Gap (% of GDP)*	- 2	- 2 ¼	-2¼	- 2	- 1 ½	- 1 ¼
Inflation (% ,yoy) +	1 ¾	2 ½	2 ½	2 ½	2 ½	2 ½
Fiscal Balance (% of GDP)**	- 2.5	- 2	- 1.3	- 0.5	- 0.2	na
Unemployment (%)^	6 ¼	6 ½	6 ¼	6	5 ¾	5 ¾
Current Account Balance (% of GDP)	- 3	- 3 ½	- 2 ¾	- 2 ¼	- 2 ¼	- 2

\*A positive (negative) gap indicates an economy above (below) its potential.

\*\*A positive (negative) balance indicates a fiscal surplus (deficit).

+Through the year to the June quarters of 2015-16 and 2016-17. Figures are year average for 2017-18, 2018-19 and 2019-20.

^Rate for June quarters.

## Changes to Section C (Policy Responses to Lift Growth)

*Please indicate any adjustments to measures taken in Brisbane Growth Strategies as well as new high impact policy measures taken since Brisbane.*

*Please include both macroeconomic and structural policy responses.*

Australia is making good progress on implementing and updating our growth strategy, following release of the 2015-16 Budget.

As discussed in Section B, falling commodity prices continue to impact the Government's fiscal position. The task of medium-term fiscal repair is being balanced with new spending and lower taxes that are better targeted to boost productivity and participation. The Government provided targeted tax relief for small businesses in the 2015-16 Budget, to provide them with greater incentives to pursue investment opportunities and create jobs. In addition, the Government has redirected funding from a proposed Paid Parental Leave scheme (which focuses on financial support to help parents take time off work to care for a newborn or recently adopted child) to providing more affordable child care and early childhood learning. The Government has also announced it will provide over \$330 million to assist young disengaged youth become job ready in order to help them to enter the workforce.

These new policies are expected to improve engagement in the workforce, enhance productivity and lift growth.

### **New structural reform policies**

#### *Growing Jobs and Small Business Package*

The \$5.5 billion Growing Jobs and Small Business Package will help businesses invest, hire and grow. In particular, the package includes \$5 billion in tax relief for businesses with an annual turnover below \$2 million. Businesses with turnover below this threshold make up 96 per cent of Australian businesses. Small corporations will benefit from having their company tax rate cut by 1.5 percentage points, to 28.5 per cent. Unincorporated small businesses will benefit from a 5 per cent tax discount, up to \$1,000 per year.

From 12 May 2015 until the end of June 2017, all small businesses will also be able to immediately deduct, from their taxable income, purchases of eligible business assets that cost less than \$20,000. Assets worth \$20,000 or more can be pooled (placed in a low value asset pool) and depreciated at 15 per cent in the first year and 30 per cent in subsequent years. The entire pool can be immediately deducted if the depreciated value of the pool falls below \$20,000 before the end of June 2017.

These tax cuts will help encourage investment and employment by small businesses.

### Families Package

A \$4.4 billion Families Package will provide greater choice for more than 1.2 million families by making child care simpler, more affordable, accessible and flexible. The Families Package will encourage people to enter or re-enter the workforce, and support people to stay in work, where they choose to do so.

From 1 July 2017, the Government will provide a child care subsidy based on a percentage of the actual fee paid, up to a maximum hourly fee cap, with the level of subsidy based on family income. Families earning around \$65,000 or less will receive a subsidy of 85 per cent of their child care fees (up to an hourly cap). The subsidy rate tapers gradually to 50 per cent as a family's annual income approaches around \$170,000. There will be no annual cap for families earning less than around \$185,000. Families earning around \$185,000 or more will have a \$10,000 annual cap on the total amount of assistance provided per child per year. The subsidy replaces the complex child care fee assistance system currently in place.

The Government will also spend around \$250 million on a Home-Based Carer Pilot Programme (Nannies Trial). The Nannies Trial is expected to extend fee assistance for around 4,000 nannies, providing subsidised care to approximately 10,000 children.

### Northern Australia Infrastructure Facility

In addition to the existing investment in infrastructure, the Australian Government will establish a \$5 billion loan facility with the objective of increasing private sector infrastructure investment across northern Australia. This will provide concessional loans for the construction of infrastructure projects such as ports, pipelines, electricity and water infrastructure that will assist to expand the economic capacity of Australia's north. The Facility has been accepting expressions of interest since 1 July 2015.

### Free Trade Agreements

On 4 October 2015, the Trans-Pacific Partnership (TPP) was successfully concluded. The TPP will establish a more seamless trade and investment environment across 12 countries which represent around 40 per cent of global GDP. To formalise the outcomes of the agreement, negotiators will continue on technical work to prepare a complete text for public release, including the legal review, translation, and drafting and verification of the text.

Australia and China signed their bilateral FTA on 17 June 2015. Both governments are currently undertaking the necessary domestic steps, and are working towards having the FTA enter into force in late-2015.

Australia is further opening trade as a result of high-quality FTAs with Korea and Japan, which entered into force in December 2014 and January 2015 respectively. Australia will eliminate tariffs on \$28.4 billion of imports from these countries,<sup>1</sup> our second and fourth biggest trading partners, with around 85 per cent of the tariffs (accounting for \$23.8 billion of imports) already receiving duty-free treatment at the point those agreements entered into force. These types of agreements have become the key mechanism for liberalising global

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<sup>1</sup> The only tariff retained is the \$12,000 specific tariff on Japanese used cars under the Japan-Australia Economic Partnership Agreement.



trade, prompting important structural change and providing new opportunities for growth in trade, jobs and prosperity.

Australia will also continue to contribute to global trade liberalisation in 2015 by seeking to conclude a bilateral agreement with India, Australia's 11th largest trading partner.

### **Macroeconomic and macroprudential measures**

Australia's monetary policy stance remains accommodative, with the policy rate lowered to a historic low of 2 per cent in May 2015. Low interest rates are acting to support borrowing and spending. Monetary policy will continue to be set to foster sustainable growth and achieve inflation outcomes consistent with the RBA's 2-3 per cent inflation target.

Recent trends in housing and mortgage markets have raised some concerns about the level of risk being taken by the banking sector and households. In response to these concerns, APRA announced policy measures in December 2014 to reinforce sound housing lending practices. At the same time, ASIC announced that it will review whether the extent of interest-only lending complies with institutions' responsible lending obligations. These policy actions were taken following discussions with member agencies of the Council of Financial Regulators (CFR), and build on increased supervision and communication on housing market risks that CFR member agencies have been engaged in.

The measures announced by APRA outline prudential expectations of lending behaviour with regard to the: pace of growth in investor housing lending; interest rate buffers and floors used in loan serviceability assessments; and level of higher-risk mortgage lending. The benchmarks specified are not intended to be hard limits, but rather to serve as a trigger for more intense supervisory action, and potentially additional capital requirements. In July 2015, APRA also announced an increase in the risk weights applying to Australian residential mortgage exposures for banks that are accredited to use the internal ratings-based approach to credit risk. This increase in capital requirements enhances the resilience of these banks given Australian housing lending is a large share of their credit portfolios.

The risks posed to the domestic financial system from the sharp falls in commodity prices seem limited. Domestic banks' exposure to the resource-related sector is not large and the finances of large listed resource corporations are still robust.

The overall effectiveness of these policy actions are subject to ongoing monitoring, and regulators will consider whether additional steps are needed depending upon the evolution of risks in the housing and mortgage markets in the period ahead.

### **Actions to reduce income inequality**

Key measures of progress indicate that income inequality has decreased slightly in Australia over the past decade, with economic growth leading to job creation and higher incomes.

The Australian tax-transfer system is one of the most progressive among OECD countries. Transfers are highly targeted towards low income households, especially families with children and people who are not working full-time. Government support for education, health, housing, social security and welfare reduces inequality significantly, enabling people to access new opportunities and continue to participate in the workforce to the extent they are able.

As mentioned, the Government announced a range of new measures in the 2015-16 Budget to provide further support to job creation and participation, including the Growing Jobs and Small Business and the Families packages. The Government is also strengthening the integrity of the welfare system to ensure that it remains fair and sustainable by upgrading the welfare payment system, improving compliance and targeting assistance to those most in need.

## ANNEX 1: NEW AND ADJUSTED POLICY COMMITMENTS FOR 2015

### New and Adjusted Commitments since Brisbane

*This annex is for describing new measures introduced since Brisbane or Brisbane commitments that have been adjusted or modified.*

*Please complete a table for each new or adjusted commitment put forward in 2015. We would expect each policy commitment table to be no longer than 1 page.*

<b>Growing Jobs and Small Business Package (addition)</b>	<b>The Government has announced a new \$5.5 billion Growing Jobs and Small Business Package.</b>
<p><b>Implementation path and expected date of implementation</b></p>	<p>The package contains the following measures for small businesses with an annual turnover of less than \$2 million:</p> <ul style="list-style-type: none"> <li>▶ a tax cut of 1.5 percentage points for small companies;</li> <li>▶ a tax discount of 5 per cent for small unincorporated businesses;</li> <li>▶ immediate deductibility on asset purchases less than \$20,000 (until 30 June 2017);</li> <li>▶ removal of fringe benefits tax on mobile devices;</li> <li>▶ measures to encourage start-ups and entrepreneurship;</li> <li>▶ measures to help employers take on unemployed job seekers;</li> <li>▶ measures to encourage job seekers to look for work; and</li> <li>▶ over \$330 million to help disengaged youth become job ready.</li> </ul> <p>As announced in the 2015-16 Budget, the tax cuts for small businesses are expected to cost \$500 million in 2015-16; \$1.8 billion in 2016-17; \$1.9 billion in 2017-18; and \$900 million in 2018-19.</p> <p>Most measures have been implemented or will be implemented in the near future.</p>
<p><b>What indicator(s) will be used to measure progress?</b></p>	<p>Investment in and growth of small businesses.</p>
<p><b>Explanation of addition</b></p>	<p>These initiatives will assist small businesses to innovate, grow and become more competitive in global markets.</p>

<b>Families Package (addition)</b>	<b>The Government has committed \$4.4 billion to a Families Package.</b>
<p><b>Implementation path and expected date of implementation</b></p>	<p>On 10 May 2015, the Prime Minister and Minister for Social Services announced a \$4.4 billion Families Package, including \$3.5 billion to deliver a child care system that is simpler, more affordable, accessible and flexible. A new and simpler Child Care Subsidy will be implemented from 1 July 2017 and will:</p> <ul style="list-style-type: none"> <li>• replace the current Child Care Benefit, Child Care Rebate and Jobs, Education and Training Child Care Fee Assistance Programmes; and</li> </ul>

	<ul style="list-style-type: none"> <li>• introduce a single means-tested payment for families (subject to a new activity test) paid directly to approved care service providers.</li> </ul> <p>The Families Package also includes:</p> <ul style="list-style-type: none"> <li>• the establishment of a two year Home Based Carer Pilot Programme (Nannies Trial) to support around 10,000 children in families who find it difficult to access mainstream child care services (\$246 million);</li> <li>• a new Child Care Safety Net to provide additional support to genuinely vulnerable and disadvantaged families through three new programmes (\$328 million in additional funding); and</li> <li>• extending funding to the States and Territories (\$843 million) to provide families access to 15 hours a week of preschool programmes in calendar years 2016 and 2017.</li> </ul>
<p><b>What indicator(s) will be used to measure progress?</b></p>	<p>Relevant indicators include take-up of the Families Package and improved access to child care.</p>
<p><b>Explanation of addition</b></p>	<p>The Families Package focuses on making child care simpler, more affordable, accessible and flexible, to support workforce participation and a stronger economy.</p> <p>This commitment is consistent with the Australian Productivity Commission’s inquiry into child care. The report was released on 20 February 2015, and found that up to 165,000 parents would like to work, or work more hours, but are not able to do so because they are experiencing difficulties with the cost or access to suitable child care.</p>



Northern Infrastructure (addition)	Australia Facility	The Government will establish a \$5 billion loan facility to promote infrastructure investment across Northern Australia.
<p><b>Implementation path and expected date of implementation</b></p>	<p>The Facility has been accepting expressions of interest since 1 July 2015.</p> <p>Separate to the loan facility, the Government has announced:</p> <ul style="list-style-type: none"> <li>• a new infrastructure projects pipeline based on Infrastructure Australia’s audit of northern infrastructure;</li> <li>• a \$100 million package to improve roads and supply chains involved in getting cattle to market; and</li> <li>• a \$1 billion National Stronger Regions Fund for investment ready projects which support economic growth and sustainability of regions.</li> </ul>	
<p><b>What indicator(s) will be used to measure progress?</b></p>	<p>Take up of loans from the Facility and economic growth in Northern Australia.</p>	
<p><b>Explanation of addition</b></p>	<p>The 2015-16 Budget, released on 12 May 2015, announced that the Government will provide large concessional loans for infrastructure that will encourage investment in Australia’s north.</p> <p>This and associated measures included in the White Paper on Developing Northern Australia will encourage growth, generate jobs and assist businesses in northern Australia to be more competitive in global markets. The White Paper on Developing Northern Australia was published on 18 June 2015. The NAIF and associated measures included the White Paper on Developing Northern Australia will encourage jobs and growth, and assist businesses in northern Australia to become more competitive in global markets. The White Paper on Developing Northern Australia was published on 18 June 2015.</p>	

<b>China-Australia Free Trade Agreement (addition)</b>	<b>Australia has concluded negotiation of a comprehensive free trade agreements (FTAs) with China.</b>
<b>Implementation path and expected date of implementation</b>	Australia and China signed the free trade agreement (ChAFTA) on 17 June 2015, and are now undertaking required domestic steps to bring the treaty into force.  Both governments are working towards having the FTA enter into force in late-2015.
<b>What indicator(s) will be used to measure progress?</b>	Entry into force of the Agreement.
<b>Explanation of addition</b>	On 17 June 2015, Australia and China signed a bilateral FTA.  On entry into force of the ChAFTA, over 85 per cent of Australia's goods exports to China (by value) will immediately enter China duty free, rising to 93 per cent after four years and 95 per cent when the Agreement is fully implemented. All Australian import tariffs on Chinese goods will be progressively eliminated.  Commitments on two-way investment will benefit investors in both countries. Australia will liberalise the general business investment screening threshold for private Chinese investors in non-sensitive sectors from \$252 million to \$1,094 million (indexed annually). China will further open its economy to Australian service providers and investors in a range of service sectors.

## **ANNEX 2: PAST COMMITMENTS – ST. PETERSBURG FISCAL TEMPLATE – UPDATE**

*Please update as necessary. In particular, please update tables as follows:*

Medium-term projections, and change since last submission (*required for all members*):

### **Fiscal strategy and outlook**

The Australian Government's medium-term fiscal strategy is to achieve budget surpluses, on average, over the course of the economic cycle. The Government is committed to returning the budget to surplus, maintaining strong fiscal discipline, strengthening the Government's balance sheet and prioritising government spending to areas which boost productivity and participation.

Despite the iron ore price nearly halving and \$52 billion in tax receipts write-downs to 2017-18 since the last budget, the Government continues to progress budget repair. The 2015 Intergenerational Report shows that measures already implemented are projected to make a significant contribution towards achieving fiscal sustainability over the longer term.

The underlying cash balance is expected to improve in each and every year of the forward estimates (the period to 2018-19). A deficit of \$35.1 billion (2.1 per cent of GDP) in 2015-16 is projected to improve to \$6.9 billion (0.4 per cent of GDP) in 2018-19, with the budget projected to return to surplus in 2019-20. The average annual pace of fiscal consolidation until 2018-19 is 0.5 per cent of GDP. The payments-to-GDP ratio is expected to fall from 25.9 per cent in 2015-16 to 25.3 per cent in 2018-19. Net debt as a share of GDP is expected to peak in 2016-17 and then decline over the remainder of the forward estimates.

Medium-term projections, and change since last submission:

	2013-14*	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Gross Debt (\$bn)	319	370	415	477	500	521	539
<i>share of GDP</i>	20.2	23.0	25.0	27.3	27.2	26.9	26.3
<i>ppt change</i>	0.0	0.9	2.2	3.3	3.3	3.8	-
Net Debt (\$bn)	202	250	286	313	324	325	315
<i>share of GDP</i>	12.8	15.6	17.3	18.0	17.6	16.8	15.4
<i>ppt change</i>	0.3	1.7	2.9	3.4	3.6	3.4	-
Underlying Cash Balance (\$bn)	-48.5	-41.1	-35.1	-25.8	-14.4	-6.9	1.3
<i>share of GDP</i>	3.1	2.6	2.1	1.5	0.8	0.4	0.1
<i>ppt change</i>	-0.1	0.8	1.1	0.9	0.7	0.4	-

\* Numbers are on fiscal year basis. Changes (in percentage points) are the difference between the share of GDP at the 2015-16 Budget minus the share of GDP in Australia's growth strategy on 16 November 2014.

The debt-to-GDP ratio and deficit projections are contingent on the following assumptions for inflation and growth:

	Estimate	Projections					
	2013-14*	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Real GDP growth	2 1/2	2 1/2	2 3/4	3 1/4	3 1/2	3 1/2	3 1/2
<i>ppt change</i>	-0.25	0	-0.25	-0.25	0	0	-
Nominal GDP growth	4	1 1/2	3 1/4	5 1/2	5 1/4	5 1/2	5 1/2
<i>ppt change</i>	0	-1.5	-1.5	0.5	0.25	0.2	-

\* Numbers are on fiscal year basis. Changes (in percentage points) are the difference between the share of GDP at the 2015-16 Budget minus the share of GDP in Australia's growth strategy on 16 November 2014.

### ANNEX 3: PAST COMMITMENTS – BRISBANE COMMITMENTS

The purpose of these tables is to monitor the implementation of commitments from members' Brisbane growth strategies.

#### Key Commitments for Monitoring Purposes

The detailed table below is for the monitoring of key commitments, as identified by members. Please complete a table for each key commitment.

Boost public infrastructure investment through the Infrastructure Growth Package	The Government is committed to a \$50 billion Infrastructure Investment Programme, which includes the Infrastructure Growth Package and the Northern Australia Infrastructure Facility.		
Detailed implementation path and status	<i>Interim Steps for Implementation</i>	<i>Deadline</i>	<i>Status</i>
	The Infrastructure Growth Package is supporting projects from 2013-14. Each project has an individual delivery schedule.	Each infrastructure project has its own construction and operational timelines.	There are currently 88 major projects under construction across Australian, with a further 95 projects in the preconstruction stage. Included in the 88 major projects is the \$3.6 billion Western Sydney Infrastructure Plan. The Australian Government, in partnership with New South Wales, is investing in world-class transport connections for the proposed second Sydney airport at Badgerys Creek in Western Sydney.  The first agreements under the Asset Recycling Initiative were signed with the Australian Capital Territory in February 2015 and New South Wales in March 2015.
Impact of Measure	The Infrastructure Growth Package is part of a total infrastructure investment commitment of \$50 billion by the Australian Government, aimed at funding major works from 2013-14. This includes the \$4.2 billion Asset Recycling Initiative, which provides incentive payments to state and territory governments that privatise government-owned assets and reinvest the proceeds in productivity enhancing public infrastructure. The Government has also committed to provide up to \$2 billion in alternative financing, through a concessional loan, to support the second stage of the WestConnex project in NSW.		

<b>Strengthen participation incentives through active labour market policies, including education and training reforms</b>	<b>The Government is reforming the Vocational Education and Training (VET) sector to provide Australia with a skilled and flexible workforce.</b>		
<b>Detailed implementation path and status</b>	<i>Interim Steps for Implementation</i>	<i>Deadline</i>	<i>Status</i>
	<ul style="list-style-type: none"> <li>• Industry Skills Fund: 1 January 2015.</li> <li>• Australian Apprenticeship Support Network (AASN): 1 July 2015.</li> <li>• Improved income contingent loan support arrangements for VET students: 1 January 2016.</li> </ul>	These initiatives have been gradually implemented since 1 January 2015.	<ul style="list-style-type: none"> <li>• Industry Skills Fund has been established.</li> <li>• AASN commenced on 1 July 2015.</li> <li>• The Government plans to bring back legislation to the Parliament to give effect to its higher education reforms (which include improved VET concessional student loan arrangements).</li> </ul>
<b>Impact of Measure</b>	These initiatives will contribute to a skilled and flexible workforce, which will assist in maintaining and improving Australia's economic position in the face of global competition.		

<b>Improve competition through reducing regulatory and administrative burdens</b>	<b>The Australian Government is reducing red tape by \$1 billion every year.</b>		
<b>Detailed implementation path and status</b>	<i>Interim Steps for Implementation</i>	<i>Deadline</i>	<i>Status</i>
	The Government set a target to reduce the net regulatory burden by \$1 billion each year in 2014, 2015 and 2016. Parliament tables a consolidated list of deregulation initiatives biannually.	Updates on progress in reducing red tape are released publicly in March and October each year.	As of October 2015, \$4.5 billion of compliance costs on the community had been removed as a result of Government policies announced since September 2013.
<b>Impact of Measure</b>	The Government is on track to deliver its commitment to reduce the burden of red and green tape imposed on the Australian economy by \$1 billion per year. Reducing the regulatory burden for individuals, businesses and community organisations is expected to significantly boost productivity performance, thereby making Australian businesses more competitive.		



<b>Contribute to global trade liberalisation through FTAs with Korea and Japan.</b>	<b>Australia has recently brought the Japanese and Korean free trade agreements into force.</b>		
<b>Detailed implementation path and status</b>	<i>Interim Steps for Implementation</i>	<i>Deadline</i>	<i>Status</i>
		Completed.	The Korea-Australia Free Trade Agreement and the Japan-Australia Economic Partnership Agreement entered into force on 12 December 2014 and 15 January 2015 respectively.
<b>Impact of Measure</b>	Trade and investment with Korea and Japan, and business feedback following entry into force.		

<b>Create self-reliant industries through various funds amounting to \$1.4 billion</b>	<b>The Government has committed \$1.4 billion to make Australian industry more productive and competitive.</b>		
<b>Detailed implementation path and status</b>	<i>Interim Steps for Implementation</i>	<i>Deadline</i>	<i>Status</i>
	The package of measures to create self-reliant industries was announced as part of the 2014-15 Budget.	Completed as announced.	The Entrepreneurs Infrastructure Programme commenced from 1 July 2014; Manufacturing Transition Programme commenced in late 2014; Industry Skills Fund commenced from 1 January 2015.
<b>Impact of Measure</b>	<p>The Government has committed \$1.4 billion to make Australian industry more productive and competitive.</p> <p>The Government has shifted its focus away from providing general industry assistance to firms which may be non-competitive, to creating more self-reliant and competitive industries. More productive and competitive Australian industries means sustained improved performance in the market sector, which has long-term impacts for growth.</p> <p>The commitment to self-reliance will be achieved through consolidating existing programmes with: a new Entrepreneurs' Infrastructure Programme; establishment of an Industry Skills Fund; and a new Manufacturing Transition Grants Programme. These programmes are designed to build skills, encourage innovation and improve links between entrepreneurs and researchers.</p>		

Paid Parental Leave Scheme	Strengthen female labour participation through a new Paid Parental Leave scheme.		
<b>Detailed implementation path and status</b>	<i>Interim Steps for Implementation</i>	<i>Deadline</i>	<i>Status</i>
	N/A	N/A	The Government is not proceeding with its previously announced Paid Parental Leave scheme. As announced in the 2015-16 Budget, the Government will focus on improving child care accessibility, affordability and flexibility, to support higher participation and a stronger economy.

### Other Brisbane Commitments

*This table is for the monitoring of other Brisbane commitments (non key commitments). Please complete a table for each commitment.*

<b>Higher Education Reform Package</b>	<b>The Australian Government is strengthening the higher education system to make it more market based and competitive.</b>		
<b>Implementation path and expected date of implementation</b>	<p>The Government has been seeking to progress higher education reform in order to expand access to higher education and provide universities with more flexibility in setting tuition fees. The aim is to promote quality, excellence and innovation in the sector so as to improve Australia's global competitiveness.</p> <p>The Government has amended its original reform package in response to sector and community feedback and has announced that it will consult further with the higher education sector and other stakeholders in order to ensure a sustainable funding basis for the higher education system.</p> <p>Accordingly, the proposed commencement of the higher education reform package has been deferred. Any major reforms that come out of this process will take effect from 2017.</p>		
<b>Status of Implementation and Impact</b>	<p>The Government will undertake further consultation before bringing reform legislation to Parliament for consideration. Any reform measures would be implemented once the relevant legislation has passed.</p> <p>Relevant indicators include progress of legislation through the Parliament; the number of higher education students; number of students accessing HELP loans; and the number of higher education institutions offering subsidised places.</p>		

<p><b>Lowering the Cost of Trading Across Borders</b></p>	<p><b>The Trusted Trader Programme will ensure that ‘trusted traders’ will be offered trade facilitation benefits where there is a secure supply chain and a demonstrated history of satisfactory trade compliance.</b></p>
<p><b>Implementation path and expected date of implementation</b></p>	<p>The Department of Immigration and Border Protection commenced Australian Trusted Trader (ATT) Programme on 1 July 2015 with a pilot phase which will run for 12 months. ATT will be implemented in a phased approach starting with limited participation to test and refine processes before the programme is opened more broadly.</p> <p>Following evaluation of the pilot, the programme will become operational and opened more broadly to the trading community.</p>
<p><b>Status of Implementation and Impact</b></p>	<p>The implementation of ATT is on track, with the pilot phase commencing on 1 July 2015 with a small selection of exporters and their service providers.</p> <p>Once fully implemented, the Australian Trusted Trader Programme will streamline and facilitate trade and enhance supply chain security. This will be achieved by entities demonstrating requirements relating to supply chain security and trade compliance being recognised as low risk and allowed priority and streamlined services, among other benefits, to help them forge new global trade links and operate with greater certainty.</p> <p>A key benefit to implementing ATT is that it allows Australia to pursue Mutual Recognition Arrangements (MRA) with our trading partners. This allows Australian exporters to benefit from similar treatment in destination countries, making our exports more attractive and competitive.</p> <p>ATT allows voluntary participation for all industry participants, including importers, exporters and service providers, regardless of their size. This will allow small to medium-sized businesses to also participate in the programme.</p>

#### ANNEX 4: PRE-BRISBANE COMMITMENTS

*Please include a maximum of 5 important structural reform commitments from Action Plans prior to Brisbane. Please also include all relevant monetary and exchange rate commitments. Fiscal commitments will be accounted for in the St. Petersburg Fiscal Template in Annex 2.*

Infrastructure reform to improve transport quality.	
Structural reform	Action Plan
	St Petersburg Action Plan
Rationale for carrying forward	These measures invest in high-quality infrastructure projects that will expand capacity and boost productivity
Update on Progress	<p>These reforms were announced in the 2012-13 Budget, building on the Nation Building programmes, rolling out \$36 billion over six years to 2013-14. These reforms are on track.</p> <ul style="list-style-type: none"> <li>• Completion of significant upgrade of a major national highway. The duplication of the Pacific highway is expected to be completed by 2020.</li> <li>• Reduced congestion on freight rail networks - this project will commence in 2015-16.</li> <li>• Development of an intermodal terminal to ease congestion at one of Australia's major ports - this project commenced in 2012.</li> </ul>

Reform Disability benefit schemes.	
Structural reform	Action Plan
	Los Cabos Action Plan, St Petersburg Action Plan
Rationale for carrying forward	The National Disability Insurance Scheme (NDIS) enables the provision of individualised support for eligible people with permanent and significant disability, their families and carers.
Update on Progress	<p>NDIS trials are continuing in five states and the two territories of Australia.</p> <p>The Commonwealth Government and states and territories are currently negotiating on agreements to transition from trials to full implementation of the NDIS. Rollout of the full scheme is scheduled to start progressively from July 2016 in all states except Western Australia. The experience of a comparative trial of two models is informing planning for the future of NDIS in Western Australia.</p> <p>As of 30 June 2015, the National Disability Insurance Agency (NDIA) had approved 17303 plans for people with disability, providing them with the reasonable and necessary supports required to lead an ordinary life.</p> <p>As of 30 June 2015, there were 1955 registered service providers.</p>

<b>Strengthen competition in network industries.</b>	
<b>Structural reform</b>	<b>Action Plan</b>
	Los Cabos Action Plan
<b>Rationale for carrying forward</b>	While Australia has a competition-friendly regulatory framework, geographical segmentation in the electricity, transport and water management sectors limits productivity advances in network industries and the economy more generally.
<b>Update on Progress</b>	<p>The Industry, Innovation and Competitiveness Agenda, released on 14 October 2014, outlines a sector based approach to drive growth, productivity and competitiveness in Australia's industries.</p> <p>The Prime Minister and the Minister for Small Business announced a review of competition policy on 4 December 2013. On 27 March 2014, the Minister for Small Business released the final Terms of Reference following consultation with the States and Territories and announced the Review Panel.</p> <p>The Competition Policy Review Final Report was released on 31 March 2015 and the Review has concluded. The Government has welcomed the Harper Review Final Report, and supports the broad direction of the Final Report – promoting more dynamic, competitive and well-functioning markets. The Commonwealth Government is consulting on the recommendations of the Final Report, prior to its forthcoming response.</p>

<b>Labour market reforms.</b>	
<b>Structural reform</b>	<b>Action Plan</b>
	Los Cabos Action Plan
<b>Rationale for carrying forward</b>	<p>Australia committed to the following labour market reforms to increase employment and increase labour force participation: enhancing education, training and skills development; and encouraging the participation of women in the labour force.</p> <p>Labour market reform creates jobs and stimulates growth through improving the tax and welfare system, specifically the tax wedge and unemployment support.</p>
<b>Update on Progress</b>	<p>The Government has introduced key policies to reform Australia's benefit systems and provide affordable child care services, including in the 2015-16 Budget.</p> <p>In the 2015-16 Budget, the Government announced it will provide over \$330 million to implement a new Youth Employment Strategy, to improve employment outcomes for Australia's young people and make it easier for them to enter the workforce. Targeted support will be available for groups of young people who are more susceptible to long term unemployment or are at risk of welfare dependence.</p>