ADJUSTED

GROWTH STRATEGY:

ITALY

*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.

Italy remains committed to buttress the recovery and raise potential growth, while ensuring sound public finances. To achieve these objectives, the Government is determined to follow a comprehensive approach, based on three mutually reinforcing pillars: (a) the simultaneous implementation of structural reforms, according to an ambitious, preannounced and detailed timetable stretching over three years; (b) measures to foster public and private investment and facilitate its financing; and (c) a growth- and employment-friendly fiscal policy. The joint implementation of measures along these pillars is key for economic confidence, which, in turn, is pivotal to a durable strengthening of the current recovery.

As a result, and considering the progress already made since the Brisbane Summit, Italy's key commitments are:

1) **Structural reforms to improve the business environment**. This includes further steps to complete the reform of the labor market; the reform of the civil justice system and of the public administration; the simplification agenda; liberalization of product and service markets; and progress on the privatization agenda;
2) **Changes to the tax code** to make it more transparent and growth-friendly;
3) **The reform of the educational system** to improve the quality of human capital;
4) **Measures to boost investment and facilitate its financing**, which includes measures to unlock infrastructure investment and leverage private capital, a more efficient and productive use of European Funds, the very recently launched "Investment Compact" to bolster available financing to businesses via –among other actions—a reform of cooperative banks, and the "Digital Growth Agenda" centered on the use of public funds targeted at leveraging private investment in the IT sector;
5) **Growth- and employment-friendly public finances**. The government continues to focus on ways to enhance the sustainability of public finances by buttressing activity-enhancing fiscal choices, which also enhance the effectiveness of structural reforms, such as investment to lift the growth potential, the reduction of the tax burden on households, businesses and workers, cuts to inefficient public spending in order to generate fiscal buffers for pro-growth public expenditure, as well as the divestment of public assets.

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:

In 2014, the Italy's GDP decreased by 0.4 per cent,essentially in line with preliminary official estimates published in October 2014. After years of recession, in the first semester of 2015, Italy's GDP increasedby 0.7 per cent setting the stage for a further acceleration of the Italian economy, which is starting to benefit from the comprehensive policy approach based on the three above mentioned pillars, and also from certainexternal factors, such as the depreciation of the value of the euro and the substantial reduction in oil prices.

The internal demand, driven by private consumption, is regaining momentum at a faster rate than expected, while the contributuion of the external sector has weakened due to a less favourable international enivornment. Available consumption and production indicators point to a cyclical upswing and favourable indications also come from leading data.

Moreover, in the medium term, all the expansionary measures implemented by the ECB (including QE) should promote a relaunch of the credit to the private sector and foster consumption and investment growth; accordingly, a gradual rise in consumer prices towards the medium-term objective is also foreseeable.

Positive signals come from the labour market too. Employment has increased by 1.5 per cent in the last twelve months (+325 thousand employed) and the employment rate by 0.9 percentage points. Unemployment has decreased by 5 per cent in the same period (-162 thousand unemployed) and the unemployment rate by 0.7 percentage points. The new labor market regulation has been playing a decisive role with thelabour market recovery expected to strengthen further in 2016.

In the Economic and Financial Document (EFD, April2015), the growth rate was expected to be at 0.7 per cent. In light of a faster improvement of the cycle along the first semester, which had resulted already in a cumulative growth of 0.7 per cent, the Government has revised upward the annual growth rate by 0.2 percentage point and its expected value is now at 0.9 per cent (Update EFD, September 2015). As far as the 2016 is concerned, due to a less favourable international environment, the baseline growth rate is expected to diminish of 0.1 per cent relatively to the April forecasts (1.2 per cent), but this downward revision will be more than offset by the postive impact of further policy actions envisaged in the update policy scenario. The latter, indeed, which incorporates the Government fiscal strategy, projects a growth rate in 2016 at 1.6 per cent (+0.3 per cent relatively to the April EFD) In particular, the policy scenario assumes a comprehensive reform to reduce the tax burden on households, businesses and workers (with a positive impact on GDP of +0.1 per cent), the non-activation of the indirect taxes increases foreseen for 2016 (impact on GDP: +0.2)other pro-growth measures, particularly targeted on investment (+0.1 per cent) , and a plan to reduce public spending (impact on GDP: -0.1 per cent). This overall effort is prudently expected to generate a positive impact also in 2017, thus increasing the growth rate by an additional 0.3 per cent.

In the medium to long term, the economy will greatly benefit from structural reforms implementation; however, official projections followed a very conservative and prudential approach in the estimated impact of reforms built into the GDP growth forecasts.

Update table of key indicators as follows:

	2014	**2015**	**2016**	**2017**	**2018**
Real GDP (% yoy)	-0.4	0.9	1.6	1.6	1.5
Nominal GDP (% yoy)	0.4	1.2	2.6	3.3	3.4
Output Gap (% of GDP)*	-4.8	-4.0	-2.5	-1.3	-0.2
Inflation (% yoy)	0.2	0.3	1.0	1.6	1.9
Fiscal Balance (% of GDP)**	-0.7	-0.3	-0.7	-0.3	0.0
Unemployment (%)	12.7	12.2	11.9	11.3	10.7
Savings (% of GDP)	18.3	18.0	17.3	16.9	16.8
Investment (% of GDP)	16,9	16,9	17,1	17,5	17,8
Current Account Balance (% of GDP)	1.9	1,8	1,7	1,6	1,6

Looking at the growth rate of potential GDP, the estimate considers jointly the new growth forecasts and the contraction of the economy in recent years. The growth of potential GDP is estimated to be close to zero but slightly negative in the period 2014-2015, yet it is expected to move firmly into positive territory at the end of the forecast horizon. After hitting the level of -4.6 per cent of potential GDP in 2014, the output gap is projected to fall slightly in 2015 (-4.0 per cent), thereby confirming the continuation of the exceptionally weak phase of the economic cycle. In 2019, the output gap should finally turn positive (0.5 per cent of potential GDP). However, these estimates do not consider the positive impact of recently adopted structural reforms on the Total Factor Productivity (TFP), which may imply a swifter return to productive potential.

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.

Starting from 2014, the Italian Government has been pursuing a growth-and-employment friendly fiscal policy as part of a comprehensive and balanced strategy to boost employment, sustain the recovery and ensure long-lasting growth, while guaranteeing a sustainable path to public finances.

This effort will be further enriched with the 2016 Stability Law, which encompasses a broad **plan to reduce the tax burden on workers, households and businesses**, including -among the other measures- the abolition of taxation on main primary residential properties the reduction of corporate income taxation, the introduction of tax incentives for productivity bonuses, social contribution relief on newly hired permanent workers and increasing tax deductibility of the costs borne for instrumental goods. Given the Government's push to further accelerate the reform process, in 2016 Italy will be able to take advantage of the budgetary flexibility allowed to support comprehensive structural reforms plans on the basis of European criteria. The important structural reforms that have been announced and are already partially implemented are expected to contribute to improving the Italian economy's potential GDP, and to lead to structural improvement of the budget balance in the medium term and its sustainability over time.

Italy also intends to make a prudent use of the budgetary flexibility provided by the European rules for investment expenditures co-funded by the European Union (so called *Investment clause*).

Accordingly, to further consolidate the recovery in a weaker-then-expected international environment, , the government believes that it is appropriate to pursue a more gradual adjustment process by achieving the budget balance in structural terms in 2018, even though the MTO could be already achieved in 2016 and 2017.. The net borrowing target will continue to decline, (2.6 per cent of GDP in 2015, 2.2 per cent in 2016, 1.1 per cent in 2017)and will turn to positive in 2019, with a nominal surplus of 0.3 per cent of GDP.

In 2015, the room of manoeuvre with respect to the net borrowing as based on unchanged legislation were used to offset the impact on public finances of the recent judgment issued by the Constitutional Court on a pension measure enacted in 2011.

Subsequently, with regard to the **public finance targets** indicated, the government has committed: i) to cancel the activation of the safeguard clauses as a means of ensuring the public finance balances and to reduce the taxation burden on households, businesses and workers; ii) to continue the path toward achievement of a balanced budget in structural terms through additional and more ambitious actions to revise public expenditure and to achieve other savings.

On the basis of the policy scenario, the primary surplus in nominal terms is due to rise gradually, reaching 4.3 per cent in 2019, while the debt-to-GDP ratio will start to fall in 2016, ensuring the full respect of the Stability and Growth Pact's debt rule by 2018.

In full compliance with European regulations, the macroeconomic forecasts contained in this document have been submitted to the Parliamentary Budget Office (PBO) for validation. The macroeconomic scenario has already been validated by the PBO.

In order to allow for positive interaction with budget policy, the Government is implementing a comprehensive programme of **structural reforms** which concern three following areas: i) raising productivity through measures to enhance the value of human capital; ii) reducing indirect costs to businesses in relation to bureaucratic formalities and the activity of the public administration; and iii) reducing the margins of legal uncertainty for some sectors (new rules for job dismissal and reform of the civil justice system). This program will be further strenghtened in the coming years, through a number of measures reinforcing the already intense structual reforms agenda. Starting from 2016, for example, the implementation of the education reform and the national plan on research will be accompanied by more financial resoruces devoted to the hiring of young researchers and high-qualified academics. Morevoer, the Government intends to revive culture and tourism and to improve the conservation and valorization of cultural heritage, by pursuing a broad array of actions that combine structural measures with tax incentives. In addtion, futher steps will be adopted to complete the reform of the civil justice and of the public administration.

The **relaunch of investments** is the last key factor to boost the economic recovery and productivity over the medium term. In 2014, the Government took action to improve the economic environment for private investment, including investment from abroad (tax incentives for investing in capital goods, for funding research, and for developing trademarks and patents). The forthcoming reform of the procurement code is aimed at making the regulatory framework for infrastructure development clear, stable and trasparent. A new bill known as the Investment Compact, to be fully implemented this year also includes measures to reform Italy's cooperative banks with the objective of increasing the efficiency and solidity of the Italian banking system. With regard to public investment, their decline has finally been interrupted in 2015, and a gradual increase in capital spending is expected in the next few years.

The impact on **global rebalancing** of Italy's strategy for growth is substantial. The table below—from the 2015 EDF—quantifies the economic impact of structural reforms for area of intervention contained in the 2015 Budget starting from 2020[1]. Estimates generated using a suite of macro and micro-econometric general equilibrium models (including QUEST III, IGEM, ITAC-SIM and ITEM) show that – upon full implementation – the reforms undertaken will generate an increase in GDP with respect to the baseline scenario of 1.8 per cent in 2020 and of 3 per cent in 2025. In the long run, the estimated impact on output is above 7 per cent.

Note that these estimates consider only the new reforms of the Government, both approved and in the process of approval, which are expected to generate their effects starting from 2016.

Stronger and more stable growth in Italy will in turn contribute to stronger, more sustainable and balanced growth in Europe and in the G20. The international **spillovers** of policies listed in the EDF 2015 table reported below are hard to quantify given the constant evolution of trade shares and elasticities in the lengthy period of time over which the reforms will have an economic impact domestically. Based on the 2011 IMF Spillover Report it can be inferred that if the EA were to enact reforms as ambitious as Italy's (thereby raising the entire EA's GDP by about 7 percent over the long term) the average peak impulse response of output in the United States, Japan and Asia would be approximately 0.5, 1.05 and 0.8 percent, respectively. By themselves, Italy's reforms have the potential to raise the EA's GDP by over 1 percentage point in the long run, with positive ripple effects onto other G20 regions, and important benefits to Italy's largest trading partners within the EA.

[1] The Government has adopted a prudential approach in the EDF assuming a lower impact of structural reforms on GDP within the 2015-2019 forecast horizon. They will increase growth by 0,1 in 2018 and by 0,2 in 2019.

Public Finance Indicators (% of GDP)

	2014	2015	2016	2017	2018
POLICY SCENARIO					
Net borrowing	-3.0	-2.6	-2.2	-1.1	-0.2
Primary balance	1.6	1.7	2.0	3.0	3.9
Interest	4.7	4.3	4.3	4.1	4.1
Structural net borrowing (1)	-0.7	-0.3	-0.7	-0.3	0.0
Change in structural balance	0.0	0.3	-0.4	0.4	0.3
Public debt (including support and PA debt) (2)	132.1	132.8	131.4	127.9	123.7
Public debt (net of support) (2)	128.4	129.3	127.9	124.6	120.5
Public debt (net of support and PA debt) (2)	126.2	126.8	125.5	122.3	118.3
Debt rule target (3)					123.8
Privatisation proceeds		0.4	0.5	0.5	0.5
SCENARIO BASED ON UNCHANGED LEGISLATION					
Net borrowing	-3.0	-2.6	-1.4	0.0	0.7
Primary balance	1.6	1.7	2.9	4.1	4.8
Interest	4.7	4.3	4.2	4.1	4.0
Structural net borrowing (1)	-0.7	-0.4	0.1	0.8	1.0
Change in structural balance	0.0	0.3	0.5	0.7	0.2
Public debt (including support and PA debt) (2)	132.1	132.8	130.3	126.1	121.7
Public debt (including support) (2)	128.4	129.3	126.8	122.8	118.4
Public debt (net of support and PA debt) (2)	126.2	126.8	124.4	120.5	116.3

(1) Net of one-off measures and cyclical component.
(2) Inclusive or net of Italy's portion of loans to Member States of the EMU (bilateral or through the EFSF) and the ESM capital contribution.
(3) Level of the debt-to-GDP ratio that ensures the compliance of the rule in 2016 on the basis of the forward-looking criterion as of 2018. For additional details, reference should be made to Section III.7 of this document.

Macroeconomic Effects of Structural Reforms For Area of Interventions (percentage deviation of GDP from the baseline scenario)			
	2020	**2025**	**Long Run**
Public Administration	0,4	0,7	1,2
Competitiveness	0,4	0,7	1,2
Labour Market	0,6	0,9	1,3
Justice	0,1	0,2	0,9
School System	0,3	0,6	2,4
Tax Shift (total)	0,2	0,2	0,2
of which: Reduction of tax wedge (IRAP-IRPEF)	0,4	0,4	0,4
increase in the taxation of capital income + Vat	-0,2	-0,2	-0,2
spending review	-0,2	-0,3	0,0
Total	**1,8**	**3,0**	**7,2**

The above estimates are more or less in line with the OECD's expectation of the reforms' impact, although the OECD expects that reforms will have a slightly larger effect on GDP (2.0 percent by 2020. See OECD Economic Surveys: Italy 2015).

Italy's plans under the Growth Strategy are also key to rein in recent increases in **inequality**. Like elsewhere in the advanced world, following the global financial crisis, Italy has seen an increase in labor earnings inequality over the past years, which was exacerbated by longer jobless spells, contributing to raising overall inequality as well as heavily affecting human capital formation.

The Government's programme for the labor market and social policy broadly set out in the "Jobs Act" has the potential to reduce inequality and increase employment opportunities by reforming employment protection legislation, by reducing segmentation in the labour market and by fostering a more efficient turnover; it will increase investiment in human capital by favoring open-end jobs (recent developments in the labor market indicate it is working); furthermore by extending social safety nets and strengthening active labor market policies, it will safeguard and promote participation in the labour market.

In addition, in 2016 the Government will launch a targeted strategy aimed at ensuring a **more inclusive economic growth** by adopting a broad set of measures to contrast poverty and to improve the standard of living of more disadvantaged and vulnerable people. In this respect, more financial resources will be devoted to families in poverty, elderly and disabled people.

In addition, starting from 2016, people near retirement age, will be given the possibility to opt for part-time job and the experimental flexibility for women that has been introduced since 2013 will be confirmed.

The Government's array of planned actions to enhance **female labor participation** and improve work-life balance, further strenghtened by the 2016 Stability Law,are expected to reduce significantly the gender gap between paid and unpaid work, while raising women's opportunities to progress in their careers and also, eventually, better equalize real wage pay vis-à-vis their male colleagues. The Government's actions in the realm of **competition policy** will ensure a better allocation of economic and financial resources, promoting self-employment, start-ups, innovation and, hence, income of future generations.

Meaures aimed at **digital growth**, the ultrabroad band and the development of an integrated infrastructures for fixed and mobile communications included in the Italian Digital Agenda, will further promote public and private investment and foster an increase in growth potential.

The comprehensive reform of the **education** system, including training and merit bonuses for teachers, more flexibility at school level, a closer relationship with businesses and significant investment in school infrastructures as well as vocational training and adult learning, will ensure better overall quality of education and a minimization of jobs mismatch in the medium term. Finally, the **reform of the tax code and the completion of the relevant chapters of the tax reform –** including measures on simplification, tax evasion and avoidance, the system of criminal and administrative sanctions, the reorganization of Tax Agencies and litigation and rulings—are making the tax system fairer, simpler, more transparent and more growth- and employment-friendly. A reduction of the wedge between labor costs to the employer and the corresponding net take-home pay of the employee, was already implemented. This helped smooth both consumption and investment plans of households and businesses over time, with positive repercussions on the volatility of income and therefore equality among heterogeneous agents.

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.

• **The new or adjusted policy action:**	**A comprehensive taxation plan to relaunch growth**
Implementation path and expected date of implementation	Measure: with the 2016 Stability Law, approval of a comprehensive strategy to reduce the tax burden on businesses, households and workers. The new taxation plan encompasses, among the others, the following measures: i) the abolition of the taxation on residential primary properties ("TASI" and "IMU"), excluding luxury ones; ii) increasing tax deductibility of the costs borne for capital goods; iii) a reduction of the corporate income tax, starting from2016 if allowed to take advantage of the so called 'migrants clause' or at latest from 2017; iv) the abolition of the regional taxation (IRAP) on agricultural and fisheries activities and of the tax on land property; v) maintenance of social contribution reliefs for businesses hiring new permanent workers, although lower than 2015; vi) introduction of a favorable flat-rate taxation (10%) on productivity bonuses; vii) confirmation of the tax deduction for property renovation, energy-savings and furniture expenditures; viii) under certain income thresholds, extension of a more favorable and flat-rate taxation regime for professionals, SMEs, start-ups, private businesses owned by employees and pensioners Rationale: reducing the overall taxation burden with the aim of supporting the recovery in growth and employment and sustaining long-lasting growth. Implementation date: 2016
What indicator(s) will be used to measure progress?	Public finances and macroeconomic indicators
Explanation of additionality or adjustment (where relevant)	This plan is part and parcel of the growth-and-employment friendly budgetary policy, which represents a key pillar of the Government's growth agenda.

• The new or adjusted policy action:	Promote a more inclusive growth
Implementation path and expected date of implementation	Measure: with the 2016 Stability Law, the Government will launch a number of initiatives to fight against poverty and ensure a better integration of more disadvantaged and vulnerable people. Among the others:: i) a dedicated fund to fight against poverty and social exclusion will be established, with an initial proposed endowment of 600 million euro in 2016, raised to 1 billion in 2017;ii) additional resources will be allocated to the Fund for the non-self-sufficient people and to disabled people with no relatives; ii) a new fund financed by banking foundation will be launched to contrast the vicious circle between poverty and low educational attainments; iii) the "no-tax-area" for pensioners will be heightened. Rationale: to promote a more inclusive and sustainable growth. Implementation date: 2016
What indicator(s) will be used to measure progress?	Poverty indicators
Explanation of additionality or adjustment (where relevant)	The Government aims to strengthen its policy response to the rise in poverty and inequality caused by the economic and financial crisis. These measures are part of a broader strategy to improve social mobility and the wellbeing of the most vulnerable people, including youth and elderly people.

• The new or adjusted policy action:	Review of public procurement procedures (*codice degli appalti pubblici*)
Implementation path and expected date of implementation	Measure: Adoption of the draft legislation enabling the transposition of Directives 2014/23/EU; 2014/24/EU; 2014/25/EU. Enabling draft law presented by the Government in November 2014 (Legislative Act n. 1678). Rationale: Reduce opportunities for wrongdoing and corruption through the adoption of clear and transparent rules. Simplify, strengthen skill upgrading of the relevant companies and increase the participation of all interested qualified *stakeholders*. Implementation: By December 2015.
What indicator(s) will be used to measure progress?	Change in public sector productivity and public expenditure efficiency.
Explanation of additionality or adjustment (where relevant)	The central role of infrastructures to increase growth potential and reinforce the impact of structural reforms is confirmed in the priorities set by the Government. Budget constraints require an efficient use of resources while ensuring full transparency of procedures.

• The new or adjusted policy action:	Enhancement of enterprise network and consortia
Implementation path and expected date of implementation	Measure: Boost business aggregation through network contract and consortia. In particular, for network contract the Government aims at: a) extending the regime of tax reliefs; b) introducing incentives to network initiatives promoted by a 'catalyst entity' or led by medium – to- large companies that can handle complex aspects of a financial, logistical-distributional, legal and marketing nature – connected to the implementation of the network program; c) simplifying the regulations concerning staff mobility for the employees of the participating firms (provisions on co-employers; d) possible establishment of a national Fund supplementing the single regional fund to support firms included in the interregional network contract that are not recipients of the regional fund; e) promote the Italian 'network contract' designing a European contract on the basis of the Italian model to promote the internationalisation of networks. Moreover, the Government aims at revitalizing the role of consortia, which is important for supporting firms, especially in terms of purchasing optimization. Rationale: The majority of Italian companies are microfirms or SMEs, they work in cluster (so-called districts, collaborative business networks, supply chains, groups, consortia, A.T.I. - *Associazioni temporanee d'impresa* – temporary business associations) and through clusters they can achieve the best performance and compete in a global environment. Implementation date: By 2015.
What indicator(s) will be used to measure progress?	Business competitiveness.
Explanation of additionality or adjustment (where relevant)	Business networks and consortia represent a very flexible organizational model which may help firms gain a competitive edge.

• The new or adjusted policy action:	Banking measures tackling non-performing loans
Implementation path and expected date of implementation	Measure: Enable banks to free up resources and increase their ability to provide loans to businesses. The options currently being considered would facilitate the sale by intermediaries of a substantial share of bad debts vis-a-vis enterprises. Rationale: the extent of deterioration of lending quality is quite significant and suggests that consideration should be given to possible tools that could enable the banking system to tackle non-performing loans. Implementation date: By 2015.
What indicator(s) will be used to measure progress?	Financial and banking indicators.
Explanation of additionality or adjustment (where relevant)	The Government is working on designing a comprehensive reform of the banking system to make investment in Italian banks more attractive, facilitate consolidation and M&A processes, encourage efficiency and competitiveness so as to enable the banking system to support growth.

• The new or adjusted policy action:	**Reform of the Cooperative Banks**
Implementation path and expected date of implementation	Measure: Fixing a threshold in terms of size to qualify for cooperative banks. This type of bank becomes the most suitable model for smaller banks or for those performing banking activities at local level. The threshold has been set at € 8 bn of total assets. Rationale: Strengthening the organizational structure and governance of cooperative banks (*banche popolari).* Implementation: The reform will be fully implemented by the second half of 2016.
What indicator(s) will be used to measure progress?	Financial and banking indicators.
Explanation of additionality or adjustment (where relevant)	The changed architecture of banking supervision in Europe (which is bound to increase competition in the banking sector), the evolution - over time - of the features of Italy's *banche popolari* (that were basically becoming ever more removed from the actual nature of cooperative enterprises), and the need to increase the ability of the banking system to support the real economy require strengthening of the whole industry.

• The new or adjusted policy action:	**Reform of Banking Foundations**
Implementation path and expected date of implementation	Measure: With regard to economic and financial aspects, banking foundations will now: a) diversify their lending portfolio to contain concentration of risks and dependence of operating results from given issuing banks, groups of enterprises, business sectors and geographical areas; b) avoid, in line with the principle of capital conservation, any form of debt except in the event of temporary and limited need for liquidity; c) abstain from using derivative contracts and financial tools except for coverage purposes or in transactions involving no risk of capital loss. With regard to *governance*, banking foundations will now: a) apply stringent criteria to define compensation for the members of their bodies, in line with their nature of non- profit institutions; such compensation shall be commensurate with the size of their capital and disbursements; b) set limits to the number of terms members may serve, ensuring turnover, thereby maintaining a high degree of accountability to citizens; c) adopt direct appointment procedures and ensure the presence of the least represented gender and put a premium on special skills that ensure adequate levels of professionalism among board members; d) abide to an incompatibility rule with a view to ensuring the free and independent performance of board functions; e) ensure that activities are predicated on a far-reaching principle of transparency, reflected in precise rules to ensure that the local community is sufficiently informed of the main decision adopted Rationale: Transparency and efficacy of banking institutions' *governance* Implementation: By 2015.
What indicator(s) will be used to measure progress?	Financial and banking indicators.
Explanation of additionality or adjustment (where relevant)	Update and further development of the regulatory framework on banking foundations established 15 years ago with the Ciampi Law, including a more accurate definition of some of the main principles with a view to clarifying their scope.

• The new or adjusted policy action:	Ultra-Broadband Plan
Implementation path and expected date of implementation	Measure: A Plan for the development of ultra-broadband networks to achieve, by 2020, the objectives of the European Digital Agenda, including through investment for six billion euro, tax and credit incentives, reduction of administrative fees and simplification of rules. Rationale: Developing ultra-broadband is crucial to enhance Italy's competitiveness. The comprehensive strategy will tackle existing gaps and get Italy closer to the best practices. Implementation date: 2015-2020.
What indicator(s) will be used to measure progress?	Outcome indicators (i.e. % of population reached).
Explanation of additionality or adjustment (where relevant)	This plan complements other actions already provided for by the "Digital Growth Agenda", aimed at stimulating the development of digital infrastructures, encouraging the widespread use of digital technologies, services and processes and boosting competitiveness, productivity and efficiency, in order to support economic growth and employment.

• The new or adjusted policy action:	Reform of the education system
Implementation path and expected date of implementation	Measure: implementation of the "Good School" Plan, already legislated by the Parliament in July, whose aim is to: i) increase schools autonomy and tackle inefficiencies; ii) establish an integrated and comprehensive evaluation system for schools, headmasters and teachers to reward good performances; iii) increase transparency; iv) promote digitalization, innovation and network infrastructures through the triennial National Plan for a Digital School; v) make use of open-end contracts; vi) establish a closer relationship with businesses. Rationale: invest in human capital by increasing the quality of education. Implementation date: 2015
What indicator(s) will be used to measure progress?	Educational indicators
Explanation of additionality or adjustment (where relevant)	Investing in human capital is a key pillar of the Government's reform agenda. The education reform is part and parcel of a broader strategy, which involves universities (reform to be launched in 2015) and research (National Research Plan, which will be launched this year for the period ending in 2020).

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)*:

Estimate Projections

	2014	2015	2016	2017	2018	2019
Gross Debt	132.1	132.8	131.4	127.9	123.7	119.8
ppt change	0.5	-0.6	-0.5	-0.7	-0.9	-
Net Debt	-	-	-	-	-	-
ppt change						
Deficit	-3.0	-2.6	-2.2	-1.1	-0.2	0.3
ppt change	0.0	0.3	-0.4	-0.3	0.0	-
Primary Balance	1.6	1.7	2.0	3.0	3.9	4.3
ppt change	-0.1	0.1	-0.7	-0.4	0.0	-
CAPB	4.2	3.8	3.4	3.7	4.0	4.0
ppt change	0.1	0.2	-0.7	-0.5	-0.1	-

* Figures can be presented on a fiscal year basis, should they be unavailable for the calendar year. Source: DEF 2015, April 2015.
Note: Data are compared with the Draft Budgetary Plan 2015 published in October 2014.

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

Estimate Projections

	2014	2015	2016	2017	2018	2019
Real GDP growth	-0.4	0.9	1.6	1.6	1.5	1.3
ppt change	-0.1	0.3	0.6	0.3	0.1	-
Nominal GDP growth	0.4	1.2	2.6	3.3	3.4	3.1
ppt change	-0.1	0.0	0.0	0.2	0.1	-
ST interest rate	n.d.	0.0	0.3	0.7	1.2	1.9
ppt change	-	-0.4	-0.3	-0.1	0.0	-
LT interest rate	3.0	2.0	2.4	2.7	3.0	3.3
ppt change	0.0	-0.7	-1.3	-2.0	-2.7	-

* Figures can be presented on a fiscal year basis, should they be unavailable for the calendar year. Source: DEF 2015, April 2015.
Note: Data are compared with the Draft Budgetary Plan 2015 published in October 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.

KC#1	Make changes in the tax system to make it more transparent and growth-friendly		
	Interim Steps for Implementation	**Deadline**	**Status**
	1 – Enabling Law on tax reform (L.23/2014). In April, the Government has issued the first three implementing decrees : 1) tax simplification and pre-compiled tax return forms; 2) composition and taxation of processed tobacco; 3) powers and functioning of census commissions for implementing the reform of the cadastral registry. Moreover, the lump-sum taxation regime for lower-income taxpayers, originally envisaged in the 'delega fiscale', has already been introduced by the 2015 Stability Law. In addition, at the end of June, the Government has approved other five legislative decrees, including the implementing legislation on simplification, which is aimed at giving certainty on procedures, requirements and timing; measures to strengthen the fight against tax evasion and avoidance; the reform of the system of criminal and administrative sanctions; the reorganization of Tax Agencies; and measures to improve the relationship between tax authorities and taxpayers (litigation and rulings). .	1 - Law no.23/2014 - March 2014; 1a) November and 1b) December 2014; 1c) January to be completed by Fall 2015	The remaining legislative acts, which include the reform of the cadastral system, the revision of tax expenditures and incentives, electronic invoicing and the reform of local taxation, will be issued by the Fall. .
	2 – Strengthening the role of environmental taxes. A Committee on a green tax reform will consider the review of excise duties taking into account CO2, SO2, NOx emissions; analysis and assessment of environmentally harmful subsidies and review of environment-friendly subsidies; and possible introduction of new 'green taxes' to encourage efficient use of resources (consumption and production).	2 - June – November 2015	2 - Measures to be approved in 2015 and gradually implemented by 2016.
	3 - Permanent reduction of tax wedge (L.190/2014)	3 - December 2014 (Stability law for 2015)	3 - Implemented - Cuts in personal income tax for permanent employees earning less than €26,000 before taxes
	4 - The 2014-2020 National Research Plan is about to be published and implementation of the Plan will begin shortly thereafter. Among others measures, the Plan will provide for incentives to support R&D investments.	4 - by 2015;	4 – The Plan will be approved by the Interministerial Committee for Economic Planning (CIPE) by the end of the year.

	5 – The ‘Investment Compact’ has introduced a new category of firms, “Innovative SMEs”, and provides for them a more favourable fiscal regime.	5 – January 2015	5 – In force (L. 33/2015). Innovative SMEs can benefit for five years from tax incentives.
	6 – Introduction of tax credit to support the hiring of highly qualified researchers and off –site research carried out in collaboration with universities, research centers and other companies.	6 - January 2015	6 - The tax credit, which applies to all types of firms, is in force for the period 2015/2019 (Stability Law for 2015).
	7 - A particularly favorable tax regime, for both SMEs and large national and multinational companies, on the income deriving from the exploitation of patents and trademarks and intellectual property (“Patent Box”)	7 - January 2015	7 - In force (Stability Law for 2015).
Impact of Measure	Economic impact on GDP: Measures no. 1a, 1b, 1c - fiscal simplifications included in the estimation of administrative simplifications, which together with the reform of P.A., are estimated to have an impact of 0.4% in 2020 and 1.2% in the long run. Measure no. 3: 0.4% in 2020 and 0.4% in the long run.		
	Fiscal impact: Measure no.1 no effect. Measure no.6 tax credit: higher revenues for €255.5 mln in 2015, €428.7 mln in 2016, €519.7 mln in 2017, €547 mln yearly for 2018-2019, €164 mln in 2020. Lower expenses for €36.6 mln since 2015. Measure no.7 Patent Box: Major expenses for the net balance to be financed for €22.6 mln in 2016 and €20.1 mln in 2017, €24.3 mln in 2018 and €20.8 starting from 2019. As for the net borrowing of the public administration, these effects are registered as minor revenues. Minor revenues are estimated in €125.4 mln for 2016, €113.4 for 2017, €137.3 for 2018, €119.7 for 2019 and €0.3 mln since 2020. With the extension of the measure (DL3/2015) to the registered trade mark: major expenses on the State budget are assessed as follows: €5.6 mln in 2016, €5 mln in 2017, €6 mln in 2018 and €5.2 mln since 2019. As As for net borrowing of the public administration minor expenses, for the same amounts, are estimated for each year. Finally, for both balances, minor revenues are estimated for €31.3 mln in 2016, €28.3 mln in 2017, €34.3 mln in 2018 and €29.8 mln since 2019.		

KC#2	**Increase efficiency and transparency and reduce costs by simplifying procedure in justice system and public administration, while keeping the quality of services**		
	Interim Steps for Implementation	**Deadline**	**Status**
	1-Public Administration's reform (D.L. no.90/2014)	June 2014; converted into law in August 2014	Improve the allocation of PA personnel: Two Prime Minister's decrees (DPCM) have been adopted to implement measures providing for a better allocation of PA personnel. The streamlining of the organisation of independent authorities has also been implemented. A decree of the Prime Minister for the reorganization of the ANAC is to be approved, as well as a deliberation of the CIPE to strengthen the efficiency of public procurement.
	2 - Electronic invoicing	June 2014: mandatory for central PAs. From 31 March 2015: the mandatory use of electronic invoice has been extended to Regions, Provinces and municipalities.	After one year since the introduction of electronic invoicing 7.7 million invoices were received by the public administrations. In May 2015, the interchange system (SdI) - managed by the Tax Revenue Agency - received and processed approximately 2.464.689electronic invoices, most of which (90,2% per cent) have already been transmitted to the public administrations involved.
	3 -Justice sector – the electronic process (D.L. no.90/2014)	The mandatory use for all proceedings was set: - for Tribunals, at 31 December 2014; - for the Court of Appeal, at 30 June 2015.	Ministerial decrees on the setting up of judges' offices are being adopted, which will provide for organisational aspects and envisage scholarships for trainees. Expected time: June 2015. A decree law has been issued by the Government at the end of June (DL. 83/2015), containing detailed measure to ensure a full implementation of the electronic process and the digitalization of the Ministry of Justice.
	4 –Enabling Law on reforming the PA. The bill aims at improving competences and performances of civil servants and tackling inefficiencies.	by the Summer 2015(enabling decrees by December 2015)	The enabling law was approved by the Parliament in August 2015 (L. 124/2015).Implementing legislation will be issued by December 2015.
	5 – Simplification Agenda 2015-2017	2015 – 2017	Government, Regions and local authorities are committed to implement the Simplification Agenda (approved in December 2014)which concerns five key sectors: i) digital citizenship, ii) welfare and health; iii) tax system; iv) housing; v) businesses. Deadlines and responsibilities across different administrations have already been identified.
	6 – Reform of local public services in order to reduce public shareholdings, tackle fragmentation and liberalize the sector	by 2015	The Stability law for 2015 has already introduced measures to favour mergers and acquisitions, at both national and local level. In addition, the enabling law on reforming the PA (L 124/2015) delegates the Government to reorganize consistently the discipline on both corporate governance and services of general economic interest.

	7 - Digital citizenship and digitalisation of general government bodies	Since March 2015-2016	The Government has launched the “Italia Login”, a fully integrated online platform, which will act as a single access point for citizens and companies to public services.
	8 - Reform of civil justice (D.L. 132/2014), which provides for alternative dispute resolution mechanisms to reduce the length of proceedings.	November 2014; Converted into law n.162/2014.	The reform is fully effective.
	9 - Reform of criminal justice (D.L.92/2014), which modifies the Code of penal procedure and introduces urgent measures regarding compensation for wrongful imprisonment	August 2014; Converted into law n.117/2015.	The reform is fully effective.
	10 – Enabling law to strengthen the Courts specialized in business activities and extend their competences, including to competition and consumer protection, to accelerate civil proceedings in all of the three constitutional phases and to reform the institutional architecture and the organization, including the Ministry of Justice, honorary judges, the geographical distribution of Courts and the management of public resources.	by 2015	The enabling law is currently before Parliament.
	11 - Law against corruption and organized crime, encompassing the following measures: a) a review of the regulation on false accounting; b) heavier sanctions for crimes against the government and organized-crime; c) strengthening of ANAC powers; e) a review of the so-called ‘extended’ confiscation regime.	by 2015	The law was approved by the Parliament in May (Law 69/2015), further strengthening the anti-corruption framework already established with Law n. 190/2012.

Impact of Measure	Economic impact on GDP: Measures no.3, 8 and 10: 0.1% on 2020, 0.2% on 2025 and 0.9% in the long period. Measures no.1, 2, 4 and 5 are considered among the measures for public administration and simplification, for which the total estimated impact is 0.4% in 20120, 0.7% in 2025 and 1.2% in the long period. Measure no.6 is considered among the measures for competitiveness, for which the total estimated impact is 0.4% in 20120, 0.7% in 2025 and 1.2% in the long period.
	Fiscal impact: Measure no.1 and 3 no effect. Measure no.5: for initiatives already implemented, no effect are estimated. Measure no.7: for initiatives already implemented with D.L. no.66, no effect. Measure no.6 no effect. Measure no.8: minor revenues for €4.36 mn yearly, €0.9 mn of major expenditures from 2015 for both net balance to be financed and net borrowing of the PA. Ministry of Justice monitors each semester the minor revenues and make a report to the Ministry of Economy. If a gap is occurred, with a Ministry of Justice decree the amount of the unified contribution will be raised to cover the minor revenues. Measure no.11: for initiatives already implemented with D.L. no.90, no effect.

KC#3	Reduce labour costs and make the labour market more efficient by Increasing labour flexibility and simplify procedures		
	Interim Steps for Implementation	**Deadline**	**Status**
	1 – Enabling Law on labour market reform (L.183/2014)	December 2014	In December 2014, the Parliament approved the enabling law (so called Jobs Act), which delegated the Government to issue implementing legislation by mid-2015. The Government has issued all implementing legislative decrees, including the open-end contract with gradually increasing protection, the reorganization of employment- and unemployment-related social safety nets, the simplification of labor contracts, measures concerning the work-life balance.
	2 – Legislative decrees on: standard open-end contract (Lgs. D. 23/2015); new unemployment benefit scheme (Lgs. D. 22/2015)	June 2015	Definitely adopted in February 2015. The open-end contract with gradually increasing protection became operational in March 2015, while the New Social Insurance for Employment (NASPI) entered into force in May
	3 – Legislative decrees on: work-life balance (Lgs. D. 80/2015) and the revision of the code of labour contracts (Lgs. D. 81/2015)	June 2015	Definitely adopted by the Government in June 2015. The Lgs. D. 81/2015 contains a comprehensive review of labour contracts types, while the Lgs. D. 81/2015 provides for measures to help reconcile work and family life.
	4 - Legislative decrees on wage supplementation scheme	June 2015	Definitely adopted by the Government in September 2015. It provides mechanisms to favour a more efficient use of wage supplementation measures for workers still in employment, as well as encourage faster re-employment for workers made redundant.
	5 - Legislative decrees decrees on simplification of procedures	May 2015	. Definitely adopted by the Government in September 2015. The decree aims to simplify labour inspection procedures and increase coordination among competent institutions (Ministry of Labour, INPS and INAIL). In this regard, the decree will establish the Agency for labour inspections, which will conduct integrate inspections.
	6 - Stability Law for 2015 (L.190/2014) - Labour costs	December 2014	The Stability Law for 2015 provides for a number of measures to reduce labour costs. Among others:

	reduction.		1) relief on social contributions paid by employers (particularly with regard to new employees hired with open-end contract and) 2) full deduction of labour cost of permanent workers from the IRAP tax basis.
	7 - Youth Guarantee - employment bonus.	January 2015	The employment bonus (Youth Guarantee) has been extended to apprenticeship contracts and fixed-term contracts.
	8 - D.L. no.91/2014 - Action Plan 'Campolibero'	June 2014. Converted into law in August 2014 (L.116/2014)	The decree law introduces a tax relief of 1/3 of the gross salary (over 18 months) for young people employed in the agricultural sector, with permanent contracts or temporary contracts lasting at least 3 years.
	9 - D.L. no.34/2014 - For fixed-term contract lasting up to 3 years, employers will no longer be required to specify the reason of the termination of the contract.	March 2014. Converted into law in May 2014 (L.78/2014).	This decree law is aimed to: i) simplify rules on contract termination; ii) relax constraints on renewal of temporary contracts; iii) set limits on the number of temporary workers, which cannot exceed the 20% of the total amount of permanent workers; iv) simplify procedures for traineeship and apprenticeship in public administrations.

Impact of Measure	Economic impact: Measures in this reform area regard the so called Jobs Act and the related implementing decrees. In detail see the table below:
	Fiscal impact for Labour and pensions on GDP: The higher charges regard the personal income tax credit (the 'bonus' introduced by Decree-Law No. 66/2014 and made permanent by the 2015 Stability Law), the reduction of the rates for the regional tax on productive activity (IRAP) for the private sector, and other measures to support earned income: the total impact in terms of incremental expenditure is more than €87 billion; if the lower revenue is added, the incremental charges rise to approximately €101.7 billion. Instead, the welfare measures (in favour of families and children, the disabled, innocently-defaulting tenants, and migrants, and incentives to housing rental, and the reform of the services industry, etc.) will entail higher expenditure for the State budget in the amount of €8.7 billion. There is another €8 billion of incremental expenditure, from 2015 to 2019, for the implementation of the Legislative Decree No. 22/2015, implementing the Jobs Act. In detail see the table below (numbers are in €million):

MACROECONOMIC EFFECTS OF REFORMS IN LABOUR MARKET (percentage deviation from the baseline scenario)			
	2020	**2025**	**Long run**
GDP	0.6	0.9	1.3
Consumption	0.6	1.3	1.4
Investment	0.4	0.4	1.0
Labour	1.0	1.5	2.0

Financial impact	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Labour and pensions						
Incremental expenditure	6,948	21,944	28,046	28,728	26,695	23,524
Incremental revenue	4	2,614	5,933	6,096	3,941	1,864
Lower expenditure	25	476	849	1,24	1,492	1,539
Lower revenue	469	3,124	3,982	4,104	2,733	1,11

KC#4	Tackle unemployment by ALMPs		
	Interim Steps for Implementation	**Deadline**	**Status**
	1 – Enabling Law on labour market reform (L.183/2014)	December 2014	In December 2014, the Parliament approved the enabling law (so called Jobs Act), which delegated the Government to issue implementing legislation by mid-2015. The Government has issued all implementing legislative decrees, including the open-end contract with gradually increasing protection, the reorganization of employment- and unemployment-related social safety nets, the simplification of labour contracts, measures concerning the work-life balance.
	2 – Legislative Decree on: National Employment Agency and active labour market policy	June by July 2015	Definitely adopted by the Government in September 2015. The decree will establish the National Employment Agency, which will ensure effective ALMPs and work in close cooperation with all relevant institutions (INPS, central and regional authorities)
Impact of Measure	For the Economic and fiscal impact, see KC#3.		

KC#5	Boost female labour participation by introducing various measures to increase incentives for females to work		
	Interim Steps for Implementation	**Deadline**	**Status**
	1 – Enabling Law on labour market reform (L.183/2014)	1 – December 2014	In December 2014, the Parliament approved the enabling law (so called Jobs Act), which delegated the Government to issue implementing legislation by mid-2015. The Government has issued all implementing legislative decrees, including the open-end contract with gradually increasing protection, the reorganization of employment- and unemployment-related social safety nets, the simplification of labour contracts and measures concerning the work-life balance.
	3 – Legislative decrees on: work-life balance (Lgs. D. 80/2015)	2 – April 2015	Definitely adopted by the Parliament in June 2015 (see also K 3.3). Among other measures, the decree enhances childcare and eldercare services and extends the maternity leave.
	3 – Stability law for 2015 (L.190/2014) - labour costs deduction from IRAP	3 – December 2014	IRAP tax deduction, particularly favourable for female employees, is provided by the Stability Law for 2015 and is already fully effective. (See also K3 6)
	4 - Stability law for 2015 (L.190/2014) - 'Baby bonus'	4 - December 2014	4 – The baby bonus is already fully operational. The bonus is provided to families with a child born or adopted from 1 January 2015 and with an estimated income (indicator of equivalent economic situation, ISEE) not exceeding 25.000 euros. For three years after the birth or adoption, families will be paid a monthly allowance of 80 euros or a maximum of 160 euros when the ISEE is lower than 7.000 euros.

Impact of Measure	For the Economic and fiscal impact, see KC#3.

KC#6	Improve competition in network industries		
	Interim Steps for Implementation	**Deadline**	**Status**
	1 - The annual law on competition was presented to the Parliament last April. The bill concerns key areas in the effort to promote competition – such as insurance, pension funds, communication, postal service, energy sector, banks, legal profession, pharmaceutical distribution – and contains a comprehensive set of measures aimed at reducing uncertainties, increasing transparency, promoting demand mobility, and allowing organizational innovation and product differentiation, with particular regard to introducing or strengthening the role of non-professional shareholders in professional services, eliminating standard offers set by the regulators in the electricity and natural gas markets, limiting exclusive areas of business (such as in the case of notaries, postal services, and to some extent pension funds) and information asymmetries in the insurance sector.	1 – By the end of 2015	1 – Approved by the Chamber of Deputies and currently under discussion for approval before the Senate.
	2 - Access to railway network	2- October 2014	2 – Implemented. The Transport Authority approved the regulation on equal and non-discriminatory access to railways infrastructures and related services.
	43 – Rationalisation of SOEs and liberalisation of local public services, including measures on: a) mergers and acquisitions; b) reorganization of the discipline on both corporate governance and services of general economic interest.	3- by 2015	a) implemented; b) the draft enabling law on reforming the PA (AS 1577) delegates the Government in this respect.
	54– Transport a) A Bill, currently being drafted by the Government, to: i) rationalize subsides; ii) increase competitiveness, productivity and quality of services; iii) revise standard costs to reduce regional disparities. b) A comprehensive reform of the port system	5 4 – by 2015.	54– a) ongoing; b) a legislative decree – including the National Strategic Plan for Ports and Logistics (Piano strategico nazionale della Portualità e della Logistica,PSNPL) – has been definitely adopted by the Government in August 2015.
	65 –Energy a) with the Stability law for 2015 and the Decree 91/2014, the Government has introduced a comprehensive set of measures, aimed at cutting electricity prices by about 10% for SMEs. The package consists in a substantial reduction of: i) subsidies to power generators; ii) transfers to, or exemptions for, specific groups of energy consumers; iii) system costs (including network costs and the financing of bodies such as GSE). The Government has also strengthen	5 - The package will have full effect by late 2015	5 - a) the DL 91/ 2014 is in force and is fully implemented. Market coupling at the Italy-France and Italy-Austria boundaries has also been completed. The process will be completed with the coupling at the Greek frontier.

	powers of GME on market behaviours. Market reforms are to be introduced with regard to the EU market coupling (particularly negative prices will be allowed on wholesale power markets). b) Natural Gas (Decree 133/2014 converted into Law 164/2014) - simplification and speeding up of gas pipelines. Gas infrastructures and related projects are included in the list of strategic infrastructures.		b) implemented as of November 2014

Impact of Measure	Economic impact on GDP: Measures no.1 and n. 5 are estimated to have an impact of 0.4% in 2020, 0.7% in 2025 and 1.2% in the long run.
	Fiscal impact: Measure n. 5 b) no effects.

KC#7	Reduce corruption to improve the business environment by improving institutional setting		
	Interim Steps for Implementation	**Deadline**	**Status**
	1 – a) The National Anti-corruption Authority (ANAC) has been substantially strengthened and has been given a very wide range of powers with respect to the public administration and, particularly, on all public contracts, the supervision on modifications to the contracted budget and the ability to change the board of private contractor charged of corruption (Decree 90/2014). b) The President of ANAC was committed functions of supervision and guarantee of the fairness and transparency of the procurement procedures related to EXPO2015. c) A Memorandum of Understanding has been signed by the ANAC and the Antitrust authority to strengthen fight against corruption and enforce joint actions. The MoU, also, introduces new criteria on the legality rating attributed to firms. d) the Government has also strengthen the fight against criminal infiltrations (Decree 90/2014) and created an Automated Procedures Against Criminal Infiltration in public contracts (so called CAPACI). e) A bill to fight against corruption, illicit wealth, organized crime and falsification of financial accountings.	1 –by the first semester 2015	1 – (a-b-c-d) implemented; (e) approved by the Parliament in May 2015 (law 69/2015)
	2 –a) the Decree 90/2014 enhances 'whistleblowing' measures and introduces sanctions against public administrations not adopting the three-year plan for the prevention of corruption, the three-year programme for transparency and integrity and the code of conduct. 2.b) ANAC has launched a public consultation on guidelines for the protection of whistle-blowers. 2.c) in November 2014, the Ministry of Economy and Finance and the ANAC established a joint group to develop guidelines for implementing the legislation on prevention of corruption and transparency in government-owned companies. 2.d) ANAC has been mandated to set reference prices (maximum awarding price) for goods and services purchased by public administrations (DL 66/2014).	2 – by the first semester 2015	in force; 2.b) guidelines entered into force in May 2015 2.c) after an online consultation the directive was jointly adopted by MEF and ANAC in May 2015; 2.d) effective from 1 October 2014.

Impact of Measure	Economic impact on GDP: measures in the area of PA which include also the anticorruption provisions will have an estimated impact of 0.4% in 2020, 0.7% in 2025 and 1.2% in the long run.
	Fiscal impact: Measure envisaged in the Law decree 90/2014 have no fiscal effects.

Other Brisbane Commitments

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

Infrastructures	**A comprehensive strategy to improve the business environment and boost investment in infrastructures**
Implementation path and expected date of implementation	The Government has started to implement this strategy at the end of last year (law-decree "Unblock Italy"), by facilitating infrastructure development through a broad range of measures to simplify and accelerate procedures, including among others: i) the provision of 3.9 billion euro to finance projects ready for execution in the priority areas of undergrounds, railways, roads, water infrastructure and airports; ii) simplified procurement procedures, particularly regarding the approval phase; iii) the exclusion from Internal Stability Pact of payments made by municipalities investing in school buildings, sport facilities, soil conservation and road safety; iv) extension of concessions on highways to increase investment, with a total value estimated at 10 billion euro; v) role of the National Development Bank (Cassa Depositi e Prestiti) in support of profitable investment projects related to innovative technologies, energy and environment; vi) introduction of a tax credit on both the corporate income tax and the regional tax on productive activities for up to a maximum of 50 per cent for all public works between 50 million and 2 billion euro executed with project financing tools; vi) a number of measures to promote the use and transferability of project bonds ((i.e. a tax treatment equal to government securities; flexibility and reduced costs on the related guarantees). The implementation path of the other main chapters of this comprehensive effort (reform of the PA, justice system, procurement, labour market) is described above (paragraph on Key Commitments).
Status of Implementation	Past commitments have been transposed into law. The implementation effort is ongoing.

Investment - Access to finance	A comprehensive program to facilitate SMEs financing and develop non-bank non-traditional sources of financing
Implementation path and expected date of implementation	In order to support SMEs access to finance, public action aims both at responding to the need to have access to bank loans and at facilitating alternative financing channels. Key in this regard is the Central Guarantee Fund for SMEs, which continues to be an effective tool for SMEs access to credit (last year over 85,000 applications were received for a guaranteed amount of over 8 billion euro). The Fund guarantees up to 80% of the loan for a maximum amount of 2.5 million euro. The Government commits by the fall of 2015 to review its model of credit and corporate evaluation, in order to better determine the portfolio risks and focus on the SMEs hardest hit. In addition, in order to support investment in capital goods, the Government has introduced a financial instrument ("Sabatini Law") aimed at improving access to financing for the purchase of machinery, plant and equipment through contribution on interests. This measure has reached about 4.000 companies so far, for around 1.2 billion euro of new investment. Furthermore, a 15% tax credit on additional investment in machinery and capital goods above 10.000 euro has been introduced, for a budget allocation of around 1.2 billion. The Government has also adopted several measures to promote non-banking sources of financing and equity investment, including: i) the removal of legal and fiscal barriers to issue corporate bonds by unlisted companies (particularly SMEs), granting access to capital markets and enabling the solicitation of national and international institutional investors; ii) opening at the Italian Stock Exchange of a trading platform (ExtraMOT PRO) for mini-bonds with simple, fast and low-cost admission procedures; iii) extension of the mission of the National Development Bank (Cassa Depositi e Prestiti) in order to finance, directly or through agreements with the banking sector, private companies, particularly SMEs, in Italy and abroad at market terms; iv) strengthening (beneficiary companies and incentive) of the Aid for Economic Growth (ACE) tax program, aimed at promoting equity investments, also linked to initial public offerings; v) reduction of the minimum regulatory share capital for joint-stock companies from 120 thousands to 50 thousands euro; vi) allowance to SMEs with a turnover of up to 300 million euro or a capitalization lower than 500 million euro to decide flexibly the thresholds for mandatory public offerings within a range of 25/40 per cent. In addition, to help enterprises achieve their growth targets, Borsa Italiana has created ELITE, a unique platform of integrated services.
Status of Implementation	Past commitments have been transposed into law and are currently in place. This effort is of a permanent nature.

FDI and internationalization of Italian companies	**A broader effort to support "Made in Italy" in international markets and to attract foreign investment**
Implementation path and expected date of implementation	The Italian Government has: i) launched an Action Plan with specific targets to be reached by 2016 – increasing the export flows of goods and services by about EUR 50 billion; increasing the number of the Italian firms steadily exporting (around 45,000 at present) by about 20,000; generating EUR 20 billion in additional foreign investment; ii) adopted concrete measures (i.e. the Single Access Point for foreign investors), including the strengthening of the Italian Trade Agency, supported by a budgetary line of 260 million euro. The Government has also adopted a number of initiatives to: i) simplify taxation for international businesses and reduce administrative burden on international firms, by introducing a prior agreement with the Revenue Agency; and ii) create a stable taxation profile for new investment (over €30m) realized by international firms. In addition, the voucher for internationalisation of SMEs, aimed at supporting firms and business networks in their strategy to access foreign markets through the assistance of a temporary export manager, is fully operational.
Status of Implementation	Implementation is on track.

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.

Rationalization of public expenditure and a more growth-friendly tax system	
Structural reform	**Action Plan** *St. Petersburg*
Rationale for carrying forward	To increase efficiency and competitiveness and pursue internal rebalancing, both public expenditure and taxation will be reviewed. Public expenditure will continue to be rationalized, including in relation to the levels of government and the costs of doing politics, also to ensure transparency and fairness. The tax system will be made more growth-friendly, including by focusing on reducing taxation on labor income and the tax wedge, particularly in relation to the recruitment of young people, and fairer, by continuing the fight against tax evasion and fraud.
Update on Progress	This wide-ranging reform has been absorbed into the Renzi's Government 1000-days action plan and progress is detailed in Annex 2, under KC#1 and 2.

Further improve the labour market	
Structural reform	**Action Plan** *St. Petersburg*
Rationale for carrying forward	The Government will take additional steps to strengthen the labor market institutions and implement the European “Youth Guarantee”, including by reforming public employment services and active labour market policies.
Update on Progress	reform has been absorbed into the Renzi’s Government 1000-days action plan and progress is detailed in Annex 2, under KC#4 and 5.

Improve the business environment	
Structural reform	**Action Plan** *St. Petersburg*
Rationale for carrying forward	As part of the overall effort to increase the efficiency of the Italian economy, the Government intends to pay special attention to: a) the liberalization of sectors such as local public services, including transports, also by strengthening the annual law on competition; b) the reform of the civil judicial system, building on the measures already taken, particularly by improving the mediation and arbitration systems and the use of appeals; c) specific measures to improve access to financing, in particular by SMEs by strengthening the Guarantee Fund, providing financial assistance for the purchase of capital goods and opening the bond markets to unlisted companies; d) a further reduction in the administrative burden for companies, including by the ex-ante measurement of regulatory costs and the comprehensive review of existing administrative procedures; e) the launch of a major program of reforms, called “Destination Italy”, to attract and accompany foreign investments. In addition, the Government will work towards paying out the full value of arrears in outstanding commercial credits to domestic businesses by end 2014.
Update on Progress	This wide-ranging reform has been absorbed into the Renzi’s Government 1000-days action plan and progress is detailed in Annex 2, under KC#6 and 7.