2016
GROWTH STRATEGY
AUSTRALIA

2016 Growth Strategy Update – Australia

A. Economic Context and Objective

The Australian Government has an economic plan to ensure Australia continues to successfully transition from the mining investment boom to a stronger, more diversified, new economy. This is through a plan for jobs and growth including the *Ten Year Enterprise Tax Plan*, continued investment in the National Innovation and Science Agenda, and encouraging vulnerable young people to participate in the economy with the skills employers are seeking. The Government is ensuring it lives within its means and remains on a continued path to a balanced budget as soon as possible. It is making responsible choices in its national economic plan to boost the economy by directing spending where it is needed and most effective.

The Australian economy is entering its 26th year of expansion as it transitions from mining investment-led growth to broader-based growth. The Australian Government forecasts that the Australian economy will grow at around 2½ per cent in both 2015-16 and 2016-17 before growth strengthens to 3 per cent in 2017-18 as the detraction from falling mining investment eases.

Strong mining sector investment through the 2000s is now driving strong growth in exports. Solid export growth is expected to continue as exports of iron ore increase and production of liquefied natural gas ramps up, with the volume of mining exports increasing by around 8 per cent in 2014-15. Service exports are also expected to remain strong. Industries such as tourism and education have been benefiting from a lower exchange rate.

Growth outside the resources sector is being supported by historically low interest rates and a lower Australian dollar compared with when it peaked in 2011. This is reflected in recent business surveys which are showing solid conditions in the non-mining sectors. Household consumption is expanding, underpinned by moderate employment growth and a declining household saving rate while growth in disposable incomes has been modest. A buoyant housing market is also likely to have been supporting consumption through rising household wealth.

Dwelling investment grew at the fastest pace seen over the past decade in 2014-15, partly driven by a significant shift towards higher density dwellings. Dwelling investment in 2015-16 has remained strong, supported by low interest rates and an elevated level of work under construction. While the level of investment is expected to remain high, growth is expected to ease over the next two years as a record number of dwellings reach completion. Housing market conditions have moderated in recent quarters as housing price growth has eased and investors have become less active in the market. This is in part due to the actions of regulators starting from late 2014 to address increased risks stemming from the housing sector as outlined in the 2015 Antalya Adjusted Growth Strategy.

The transition of the economy towards broader-based drivers of growth has also been evident in the labour market. Employment growth has strengthened over the past three years and particularly in 2015, supported by the subdued pace of wage growth and a shift in activity towards more labour intensive sectors of the economy. This has seen the unemployment rate fall to 5.7 per cent despite falling employment in the mining sector.

Conditions are in place for non-mining investment to pick up – borrowing costs are low, domestic demand is forecast to strengthen and business conditions in the non-mining sector remain above average. However, the timing and magnitude of the eventual pick-up remains a key source of uncertainty. The combination of subdued wage growth and domestic inflation, along with weaker commodity prices, is weighing on nominal GDP and tax receipts. The Australian Treasury forecasts that nominal GDP will grow by 2½ per cent in 2015-16 and by 4¼ per cent in 2016-17.

An uncertain global outlook also poses risks to the Australian economy. The global economy is struggling to regain sustained momentum and downside risks to the outlook are elevated. There was a period of heightened financial market volatility following the UK 'Brexit' referendum, as one of the risks to the fragile global recovery was crystallised. International trade data also points to slowing growth, with global merchandise trade volumes declining for three consecutive months to May.

The uncertainties around the outlook for growth in China and the implications of high levels of debt there are particularly significant for Australia given the exposure that both Australia and its major trading partners have to China. Overcapacity in China's slowing industrial sector has also been one factor that has contributed to declines in commodity prices.

Prices for Australia's key commodity exports have picked up since the start of 2016 but they remain volatile. The risks posed to the domestic financial system from the sharp falls in commodity prices in recent years seem limited. While the performance of loans to the resource-related sector has deteriorated and provisioning for such lending has increased, domestic banks' exposure to the sector is not large.

Sustaining growth in national income over the longer term will involve additional challenges. As the 2015 Intergenerational Report noted, Australia's ageing population is likely to put downward pressure on the participation rate. 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. This challenge has been further complicated by a downward revision to the Government's central estimates of Australia's potential GDP growth in light of revised data on the working age population and updated estimates and projections of trend average hours worked. As a result, growth in potential GDP is now estimated to be around 2¾ per cent over the next few years. This means improvements in Australian living standards over the long term will depend on continual improvements in productivity and efforts to increase workforce participation rates.

B. Macroeconomic Policy Actions to Support Growth

Macroeconomic policy settings continue to support growth. In the 2016-17 Budget, the Government outlined that it remains committed to its strategy of returning the budget to surplus by maintaining strong fiscal discipline, strengthening the Government's balance sheet and redirecting government spending to boost productivity and workforce participation.

Fiscal Policy

The 2016-17 Budget maintains a steady trajectory towards surplus. The deficit is expected to fall from 2.2 per cent of GDP in 2016-17 to 0.3 per cent of GDP in 2019-20. Government payments as a share of GDP are forecast to decline from 25.8 per cent of GDP in 2016-17 to 25.2 per cent of GDP in 2019-20. Tax receipts as a share of GDP are forecast to return to the long-term average in 2017-18. Net debt, at 18.9 per cent of GDP in 2016-17, is low by global standards and expected to peak in 2017-18 and then decline over the medium term. Despite slower than expected growth in nominal GDP and weaker tax receipts since the 2015-16 Budget, the Government has limited new spending and delivered net savings. The average annual pace of fiscal consolidation across the forward estimates is 0.4 per cent of GDP.

The Government retains the target of reaching a surplus of 1 per cent of GDP as soon as possible. This will be achieved by reducing payments to a lower and more sustainable share of the economy, while boosting revenues by supporting growth through policies that drive jobs and growth.

Monetary Policy

Australia's monetary policy stance remains accommodative, with the policy rate lowered to a historic low of 1.50 per cent in August 2016 following information confirming that inflation remains quite low. The decision to lower the policy rate took account of developments in the housing market, including the effects of supervisory measures to strengthen lending standards, the recent easing in housing credit growth and the abatement of strong price pressures. Overall, the evidence suggests that the risks associated with rising household sector leverage and rapid gains in housing prices have diminished. Monetary policy will continue to be set to foster sustainable growth in demand and achieve inflation outcomes consistent with the Reserve Bank of Australia's inflation target of 2-3 per cent, on average, over the cycle.

C. Structural Reform Priorities

C1. Implementation of Past Growth Strategy Commitments

The Government is making good progress on the implementation of key commitments from the Brisbane and Antalya growth strategies. As part of the 2015-16 Budget, the Government announced a $5.5 billion *Growing Jobs and Small Business* package to help businesses hire, invest and grow, which includes $5 billion in tax relief for small businesses. The six tax measures, which formed the centrepiece of the package, have been legislated.

Australia is continuing to open up trade and investment opportunities, with the entry into force of the China-Australia Free Trade Agreement, joining existing FTAs with Japan and Korea. Following the entry into force of the China-Australia Free Trade Agreement on 20 December 2015, over 85 per cent of Australia's goods exports to China (by value) entered China duty free; this will rise to 93 per cent after four years and 97.9 per cent when the Agreement is fully implemented. All Australian import tariffs on Chinese goods will be progressively eliminated.

The Government is exceeding its commitment to reduce the burden of red tape imposed on the Australian economy by $1 billion per year. In just over two years, the Government has reduced the regulatory burden on business and the community by more than $4.8 billion. Reducing the regulatory burden for individuals, businesses and community organisations is expected to significantly boost productivity performance, thereby making Australian businesses more competitive.

Implementation of the Government's *Jobs For Families* Child Care package is continuing, with the package focused on making child care simpler, more affordable, accessible and flexible, to support workforce participation and a stronger economy. Implementation of legislative components of this package is now scheduled to take effect in July 2018.

Details on implementation of these measures can be found in Annex 1 and details on key investment commitments can be found in Section D.

C2. New Structural Reform Measures

In addition, Australia is undertaking a range of new structural reform measures announced since the Antalya Adjusted Growth Strategy. The Australian Government is helping to facilitate the economy's transition to broader-based growth in the aftermath of the mining boom and declining commodity prices. The Government is improving the tax system, providing better access to global markets, promoting competition, providing vital infrastructure, supporting innovation and entrepreneurship, encouraging creation of high-tech jobs and helping young people get into work. These reform commitments are also consistent with and support the G20's structural reform priorities.

Ten-year Enterprise Tax Plan

In the 2016-17 Budget the Australian Government announced a 10-year enterprise tax plan that will encourage investment, enhance productivity, create and support jobs and, over time, increase real wages and living standards. From 1 July 2016, incorporated businesses with annual turnover less than $10 million will have a company tax rate of 27.5 per cent, down from 28.5 per cent. This lower rate will be extended to all companies by 2023-24 and further phased down to 27 per cent in 2024-25 for all companies, then 26 per cent in 2025-26 and finally 25 per cent in 2026-27.

The Government is increasing the small business turnover threshold from less than $2 million to less than $10 million, resulting in over 90,000 individual businesses gaining access to a number of existing small business concessions, such as accelerated depreciation provisions (as part of the *Growing Jobs and Small Business Package* outlined in Section C1) and simplified stock trading rules. In addition, the tax discount for unincorporated businesses with annual turnover less than $5 million will be increased from 5 to 8 per cent from 1 July 2016. This tax discount will be further increased in stages to 16 per cent by 1 July 2026. Measures for small businesses, such as the company tax cut and the increase in the unincorporated tax discount, build on the *Growing Jobs and Small Business* package included in the 2015 Antalya Adjusted Growth Strategy.

The 10-year enterprise tax plan is expected to permanently increase the size of the Australian economy by just over 1 per cent in the long term.

National Innovation and Science Agenda

On 7 December 2015 the Australian Government announced the $1.1 billion National Innovation and Science Agenda. The Agenda comprises a range of initiatives to be implemented over coming years, including a broad suite of complementary measures that recognise the need to embrace new ideas in innovation and science, and harness new sources of growth to deliver economic prosperity in Australia.

The Agenda supports innovation by encouraging entrepreneurial and innovative activity. This includes facilitating business operations and collaboration between industry, researchers and government; improving access to investment and capital; and making it easier for Australian businesses to succeed internationally.

The Agenda supports science by prioritising education and research. This includes fostering scientific research and preparing it for commercialisation; prioritising science, technology, engineering and mathematics education; and making government data more accessible.

Youth Employment Package

The Australian Government announced in the 2016-17 Budget a $840 million Youth Employment Package, with the key component a $752 million Youth Jobs PaTH (prepare-trial-hire) Programme for job seekers under 25 years of age registered with employment services. The programme involves three stages that can be undertaken flexibly, with stage one involving intensive pre-employment skills training. In the second stage, an internship placement will provide up to 30,000 job seekers each year with a four to twelve week placement. Participating job seekers will receive $200 per fortnight on top of their regular income support payment, and businesses hosting the internship will receive a one-off payment of $1,000. Stage three of the pathway provides employers who hire a young job seeker in an ongoing job with a wage subsidy of up to $10,000 paid over six months, rather than the current twelve months.

The Youth Employment Package will help young people by giving them the skills that employers want, opportunities for work experience and support for the move from welfare to work. Implementation of the measures will start from December 2016.

Trans-Pacific Partnership

Australia along with other negotiating countries signed the Trans-Pacific Partnership on 4 February 2016. The TPP will establish a more seamless trade and investment environment across 12 countries, which represent around 40 per cent of global GDP. Economic modelling indicates the TPP will benefit all parties, and result in a permanent increase in Australian GDP of 0.7 per cent by 2030. The TPP includes Peru, Mexico and Canada, with whom Australia did not previously have FTAs. Once it enters into force, the TPP will eliminate 98 per cent of tariffs in the TPP region, with tariffs on US$9 billion of Australia's dutiable exports to TPP countries to be removed.

Actions to reduce income inequality and promote inclusive growth

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.

The Youth Employment Package will contribute to inclusive growth by helping young people become more competitive in the labour market through developing employability skills, providing opportunities for work experience and additional support to help them move from welfare to work. The package also includes further support for youth to start up their own business.

D. Investment

This section outlines Australia's overall investment climate, the facilitators and safeguards to promote investment in quality infrastructure, and progress on initiatives in Australia's 2015 Investment Strategy.

D1. Australia's Investment Climate

Macroeconomic environment: Australia's macroeconomic and microeconomic policy framework plays an important role in promoting a strong and stable economic environment to support private investment. The main pillars of the macroeconomic policy framework are a flexible exchange rate, an open capital account, an inflation-targeting independent central bank, and fiscal policy focused on transparency and medium-term sustainability.

Financial system: Australia's robust and well-regulated financial system facilitates the efficient allocation of savings to investment opportunities, and has effective prudential and financial market regulation to protect investors and consumers. Australia has introduced a number of measures to improve the stability and competitiveness of the financial system. In October 2015, in response to an independent review of the financial system, the Australian Government announced a comprehensive Financial System Program which should support investment by creating a more resilient, fairer and innovative financial system. A key finding was that Australian banks should be 'unquestionably strong' in terms of their capital positions. The specific measures of the program are being implemented over the coming years.

Competition and regulatory reform: Australia has a history of competition policy reform that encourages efficient investment, including through deregulation where competitive markets exist. These reforms have included improving the efficiency of government-owned monopolies through corporatisation and privatisation, introducing competitive neutrality (so publicly owned businesses do not enjoy competitive advantages) and efficient pricing of infrastructure (e.g. in electricity, water and transport). In 2014, the Government commissioned an independent 'root and branch' review of Australia's competition laws and policy (the Harper Review). The Final Report made 56 recommendations for reforms across three key themes: competition law, policy and institutions. The Government will implement the majority of the recommendations of the Harper Review. Recommendations supported include reforms to improve the misuse of market power provision in Australia's competition law, as well as a number of actions to simplify regulation and improve coordination between the Australian Government and states and territories.

Taxation: As part of a broader reform agenda, the Government undertook a comprehensive review of the tax system to deliver better taxes that encourage people to work, save and invest. The Government announced a number of measures to reform the taxation and retirement savings systems in its 2016-17 Budget. These include a 10-year plan to reduce the company tax rate from 30 per cent to 25 per cent.

D2. Facilitators and Safeguards

Facilitators

1. Australian Government investments in infrastructure

In the 2016-17 Budget, the Australian Government reaffirmed its commitment to invest over $50 billion from 2013-14 to 2019-20 to build or upgrade both new and existing land transport infrastructure. This funding will catalyse infrastructure investment from state and territory governments, and the private sector. The Government will also provide $2 billion in concessional loan funding to the states and territories through the National Water Infrastructure Loan Facility.

Northern Australia is a region with immense potential but is also characterised by a number of challenges relating to its remoteness, geography and its limited economic base. In the 2015-16 Budget, the Australian Government announced a $5 billion Northern Australia Infrastructure Facility (NAIF) to increase private sector investment in infrastructure to expand the economic capacity of northern Australia.

More information can be found in Annex 1 under the investment strategy commitments, and Annex 2.

2. Facilitating alternative sources of infrastructure financing

The Australian Government will also consider a range of innovative financing mechanisms to deliver infrastructure to complement traditional grant-based funding. Such approaches include: concessional government loans; loans that can be converted into equity; equity; and government guarantees. These will allow the government to recover some, or all, of its funds, and create additional fiscal room to apply (or recycle) these funds into other government activity, whether they are infrastructure or other services.

Value capture is a source of private financing that is being closely considered by the Australian Government. This involves the costs of constructing and operating a new infrastructure asset being part funded by collections from beneficiaries who may not use it but receive indirect benefits from its operation. The Government will continue to work with state and territory jurisdictions to ensure these principles are put into practice when developing, prioritising and delivering projects.

Australia's Asset Recycling Initiative provides the state and territory governments with incentives to privatise infrastructure assets, and reinvest the proceeds in productivity-enhancing infrastructure. The Initiative provides investors with opportunities to purchase mature, brownfield infrastructure assets. The Initiative is a five-year programme with funding allocated to states and territories on a first-come, first-served basis. The sale of the asset and the construction of the additional infrastructure must commence on or before 30 June 2019. Three of Australia's eight state and territory governments have reached agreement with the Australian Government on asset sales and new infrastructure projects under the Asset Recycling Initiative.

Safeguards

1. Planning

i) Alignment of priorities at all levels of government

Australian governments ensure strategic planning is coordinated in a number of ways. The Council of Australian Governments (COAG) is the peak intergovernmental forum which seeks to promote policy reforms of national significance or those which require coordinated action across governments. Strategic plans are often agreed through COAG or its subordinate bodies, with each jurisdiction adopting its own tailored approach to implementation. This way, jurisdictional planning processes take into account agreed national policy directions. Ongoing engagement between all levels of government through forums such as COAG, as well as through consultation on key planning documents, will contribute to integrated long-term infrastructure planning in Australia.

A prime example of cross government coordination is the Smart Cities Plan. This sets out the Australian Government's vision for its cities, comprising three pillars: smart investment, smart policy, and smart technology. The Australian Government will work with state and territory governments to develop City Deals, which will deliver better outcomes through coordinated investment in economic centres of all sizes.

ii) Corridor protection (transport)

In November 2015, Commonwealth and State and Territory transport and infrastructure ministers agreed to further develop a work program to protect transport corridors and precincts. The Australian Government has committed to a significant Infrastructure Investment Programme to refocus state and territory planning efforts. Infrastructure Australia's 15-year Infrastructure Plan is intended to support decision making and long-term planning for major land transport infrastructure projects, and to encourage states and territories to preserve corridors and economic precincts from incompatible uses.

iii) Key freight routes (transport)

Continuing growth in freight volumes has given rise to a range of increasingly complex challenges for Australia's freight network. This is why in November 2014, Australian transport ministers agreed to the publication of digitalised freight route maps. These maps provide details of the road and rail routes joining Australia's nationally significant places for freight and provide a policy tool to inform strategic planning, as well as operational and investment decisions across the Australian freight network. Improvements in the levels of access of high productivity vehicles (such as 'B-doubles') on the key freight routes will be subject to ongoing monitoring. The results of this monitoring are published annually by the National Heavy Vehicle Regulator.

2. Project appraisal, prioritisation and project pipeline

i) Infrastructure Australia – reform and re-prioritisation

Infrastructure Australia (IA) was established in 2008 as a key independent adviser to Australian governments on infrastructure priorities and policies. IA has contributed to raising the profile of infrastructure investment and identifying barriers to an efficient infrastructure market.

In September 2014, the Australian Government implemented institutional reforms to increase IA's independence. It was also tasked with the responsibility of developing a 15-year Infrastructure Plan, which specifies infrastructure priorities at national and state level based on rigorous and transparent assessment, and to undertake five-yearly evidence-based audits of Australia's infrastructure asset base. These reviews cover Australia's infrastructure needs across transport, water, energy and telecommunications. IA also evaluates all nationally significant economic infrastructure projects (water, transport, energy and communications) as well as any social infrastructure (health and education) or where $100 million or more in Australian Government funding is sought. The first Australian Infrastructure Audit Report was released in May 2015. The 15-year Infrastructure Plan was published in February 2016.

ii) Project appraisal methodology

To maximise the productivity improvement through investment in infrastructure, funding must flow to projects that yield the highest benefits. Poor infrastructure investment decisions are economically expensive and undermine private sector confidence and future investment. In the case of transport infrastructure, project proposals are identified and assessed using a framework set out in the *National Guidelines for Transport System Management* (now to be known as the *Australian Transport Assessment and Planning (ATAP) Guidelines*). Project proposals emerge from a strategic planning process that involves identifying goals, problems, and options, which are then assessed using detailed cost-benefit analysis. Work is continuing to further develop the project appraisal guidelines to ensure a nationally consistent approach to the use of cost-benefit analysis.

iii) Benchmarking (data collection) of project procurement and project costs

Australia has commenced the development of formal data collection mechanisms to benchmark the performance of infrastructure procurement processes, and the cost of infrastructure procurement for publicly-funded major infrastructure projects in Australia. The first national pilot benchmarking of infrastructure procurement processes and construction costs was completed in 2015. Procurement and cost benchmark processes are being reviewed to collect additional data that will help understand reasons for delays and higher costs on transport infrastructure projects.

iv) National Infrastructure Construction Schedule

The National Infrastructure Construction Schedule (NICS) is a web-based resource that enables Australian governments and industry to better plan their forward work and investment programmes. The NICS helps facilitate private sector engagement by promoting upcoming investment opportunities to both domestic and international investors. The NICS is currently in operation.

G20 2016 CHINA

Annex 1. Past commitment – Brisbane and Antalya commitments

These tables monitor the implementation of members' previous commitments.

Brisbane and Antalya Key Commitments for Monitoring Purposes

Growing Jobs and Small Business package	**As part of the 2015-16 Budget, the Government announced a $5.5 billion Growing Jobs and Small Business package.**		
Inclusion of the commitment in growth strategies	This measure was included in the 2015 Antalya Adjusted Growth Strategy.		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	The package contained the following measures for small businesses with an annual turnover of less than $2 million: • a tax cut of 1.5 percentage points for small companies; • a tax discount of 5 per cent, capped at $1,000 per taxpayer per year for small unincorporated businesses; • immediate deductibility on asset purchases less than $20,000 (until 30 June 2017); • removal of fringe benefits tax on multiple portable electronic devices; • measures to encourage start-ups and entrepreneurship; • measures to help employers take on unemployed job seekers;		The six tax measures, which formed the centrepiece of the package, have been legislated. The organisations that will deliver the 'Transition to Work' service (a component of the Youth Employment Strategy) were finalised in March 2016. The Youth Employment Strategy ($330 million) is underway and has been built upon as a key measure within the 2016-17 Budget (expanded upon in Annex 4).

	• measures to encourage job seekers to look for work; • over $330 million to help disengaged youth become job ready; • restructure roll-over relief that defers capital gains tax liabilities; and • immediate deductibility of professional expenses for new small businesses.		
Impact of Measure	The tax cuts for small businesses will increase the after-tax income of small business owners, which may increase labour force participation and employment and potentially lead to greater business investment.		

China-Australia Free Trade Agreement	**The China-Australia Free Trade Agreement has entered into force.**		
Inclusion of the commitment in growth strategies	This measure was included in the 2015 Antalya Adjusted Growth Strategy.		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
		Completed.	The China-Australia Free Trade Agreement (ChAFTA) entered into force on 20 December 2015.
Impact of Measure	Following entry into force of the ChAFTA, over 85 per cent of Australia's goods exports to China (by value) entered China duty free; this will rise to 93 per cent after four years and 97.9 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.

Contribute to global trade liberalisation through FTAs with Korea and Japan	**Australia has brought the Japanese and Korean free trade agreements into force.**		
Inclusion of the commitment in growth strategies	This measure was included in the 2014 Brisbane Growth Strategy.		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
		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.
Impact of Measure	Following entry into force of KAFTA, 83 per cent of Australia's exports (by value) to Korea immediately were able to enter duty free. The proportion of trade being made duty-free (or covered by preferential quotas) by the FTA is rising each year as tariffs are cut further, and will reach 99.7 per cent coverage on full implementation of the Agreement. KAFTA improves opportunities for Australian investors and investments in Korea, and will help promote direct investment from Korea into Australia. JAEPA is the most liberalising bilateral trade agreement Japan has ever concluded, and gives Australian exporters significantly improved market access in goods and services and substantially improves investment protections. Once JAEPA is fully implemented, more than 99.5 per cent of Australia's merchandise exports to Japan will receive preferential access or enter duty-free. Australia will liberalise the general business investment screening threshold for private Japanese investors in non-sensitive sectors from $252 million to $1,094 million.		

<table>
<tr><th>Improve competition by reducing regulatory and administrative burdens</th><th colspan="3">The Australian Government is reducing red tape by $1 billion every year.</th></tr>
<tr><td>Inclusion of the commitment in growth strategies</td><td colspan="3">This measure was included in the 2014 Brisbane Growth Strategy.</td></tr>
<tr><td rowspan="2">Detailed implementation path and status</td><td>Interim Steps for Implementation</td><td>Deadline</td><td>Status</td></tr>
<tr><td>The Government set a target to reduce the net regulatory burden by $1 billion each year in 2014, 2015 and 2016.
The Government is commencing a program of systematically reviewing regulation with a focus on reforms that enhance innovation, competitiveness and productivity, in addition to the previous focus on red tape (compliance cost) reduction.</td><td>Updates on progress in regulatory reform and red tape reduction are released annually.</td><td>As of December 2015, $4.8 billion of compliance costs on the community had been removed as a result of Government policies announced since September 2013.
In 2015, the Government removed more than 1796 redundant Acts of Parliament.</td></tr>
<tr><td>Impact of Measure</td><td colspan="3">The Government is delivering its commitment to reduce the burden of red and green tape imposed on the Australian economy by $1 billion per year. In just over two years, the Government has reduced the regulatory burden on business and the community by more than $4.8 billion. Reducing the regulatory burden for individuals, businesses and community organisations is expected to significantly boost productivity performance, thereby making Australian businesses more competitive.</td></tr>
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<tr><th>Create self-reliant industries through various funds amounting to $1.1 billion</th><th colspan="3">The Government has committed $1.1 billion over four years to make Australian industry more productive and competitive.</th></tr>
<tr><td>Inclusion of the commitment in growth strategies</td><td colspan="3">This measure was included in the 2014 Brisbane Growth Strategy</td></tr>
<tr><td rowspan="2">Detailed implementation path and status</td><td>Interim Steps for Implementation</td><td>Deadline</td><td>Status</td></tr>
<tr><td>The package of measures to create self-reliant industries was announced as part of the 2014-15 Budget.</td><td>Completed.</td><td>The Entrepreneurs Infrastructure Programme commenced from 1 July 2014; Manufacturing Transition Programme commenced in late 2014; Industry Skills Fund commenced from 1 January 2015.</td></tr>
<tr><td>Impact of Measure</td><td colspan="3">The Government has committed $1.1 billion over four years from 2014-15 to make Australian industry more productive and competitive.

More productive and competitive Australian industries means sustained improved performance in the market sector, which has long-term impacts for growth.

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.

The Entrepreneurs’ Programme and the Industry Skills Fund are ongoing, with funding beyond the initial four-year period of the commitment.

The Government has built on this commitment through the National Innovation and Science Agenda.</td></tr>
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<tr><th>The Jobs for Families Child Care Package</th><th colspan="3">The Government has committed to a Jobs for Families Child Care Package.</th></tr>
<tr><td>Inclusion of the commitment in growth strategies</td><td colspan="3">This measure was included in the 2015 Antalya Adjusted Growth Strategy.</td></tr>
<tr><td rowspan="2">Detailed implementation path and status</td><td>Interim Steps for Implementation</td><td>Deadline</td><td>Status</td></tr>
<tr><td>The Australian Government will invest around $40 billion on child care support over the next four years. This significant investment includes an increase of more than $3 billion to support the implementation of the Jobs for Families Child Care Package. The Package will provide greater choice for more than 1.2 million families through simpler, more affordable, more flexible and accessible child care.
The Package will replace the current Child Care Benefit, Child Care Rebate and Jobs, Education and Training Child Care Fee Assistance programmes; and
introduce a single means-tested Child Care Subsidy for families (subject to a new activity test) paid directly to approved care service providers.
The Package also includes:
the establishment of the Nanny Pilot Programme to support around 7,500 children in families who find it difficult to access mainstream child care services;
a new Child Care Safety Net to provide additional support to genuinely vulnerable and disadvantaged families through three new programmes (around $1 billion); and</td><td>1 – Commencement of Nanny Pilot Programme (January 2016)

2 – Commencement of Inclusion Support Programme under the Child Care Safety Net (July 2016)

3 – Introduction of legislated components of the Package including the Child Care Subsidy, Additional Child Care Subsidy, and</td><td>1 – on track

2 – on track

3 – on track pending passage of accompanying savings legislation</td></tr>
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	• extending funding to the states and territories ($840 million) to provide families access to 600 hours per year of preschool programmes in calendar years 2016 and 2017. The *Jobs for Families* Child Care Package was due to be implemented in its entirety by July 2017. However, some components of the Package are dependent on legislative change including accompanying savings legislation. These include the Child Care Subsidy, Additional Child Care Subsidy and the Community Child Care Fund. As the legislation required to give effect to these components was not passed by the Parliament in its current term, these components will now be implemented in July 2018.	Community Child Care fund (July 2018)	
Impact of Measure	The Jobs for Families Child Care Package focuses on making child care simpler, more affordable, accessible and flexible, to support workforce participation and a stronger economy.		

Strengthen participation incentives through active labour market policies, including education and training reforms	**The Government is reforming the Vocational Education and Training (VET) sector to provide Australia with a skilled and flexible workforce.**		
Inclusion of the commitment in growth strategies	This measure was included in the Brisbane growth strategy.		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	• Industry Skills Fund: 1 January	These initiatives	• Industry Skills Fund has been established and subsequently

	2015. • Australian Apprenticeship Support Network (AASN): 1 July 2015. • Income contingent loans support arrangements for VET students (VET FEE-HELP)	have been gradually implemented since 1 January 2015.	reformed. • AASN commenced on 1 July 2015. • To support access and participation in VET the Australian Government provides subsidised loans to students undertaking higher level VET qualifications. These loans are part of the Australian Government's Higher Education Loan Programme (HELP) and allow students to undertake a higher level VET qualification at an approved institution. Students are only required to repay the loan once their annual income exceeds a specified threshold. On 29 April 2016 the Government released a discussion paper, 'Redesigning VET FEE-HELP', to inform future reforms to the loan program.
Impact of Measure	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.		

Other Commitments

Higher Education Reform Package	**The Australian Government is strengthening the higher education system to make it more market based and competitive.**
Implementation path and expected date of implementation	The Government has been seeking to progress higher education reform in order to expand access to higher education and provide universities with more flexibility to innovate and provide high quality courses. 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. 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 2018.
Status of Implementation and Impact	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. On 3 May 2016 Government released a discussion paper, 'Driving Innovation and Excellent in Australian Higher Education', setting out options for reform to be considered later in 2016. 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.

Investment Strategy Commitments

The following tables include updates on key investment commitments from the Antalya and Brisbane growth strategies.

<table>
<tr><th>Northern Australia Infrastructure Facility</th><th colspan="3">The Government will establish a $5 billion loan facility to promote infrastructure investment across Northern Australia.</th></tr>
<tr><td>Inclusion of the commitment in growth strategies</td><td colspan="3">This measure was included in the 2015 Antalya Adjusted Growth Strategy.</td></tr>
<tr><td rowspan="2">Detailed implementation path and status</td><td>Interim Steps for Implementation</td><td>Deadline</td><td>Status</td></tr>
<tr><td>The Northern Australia infrastructure facility (NAIF) will provide repayable concessional financial support to economically beneficial projects in the largely undeveloped northern regions of Australia. This support must be at least matched by private funding.

The Northern Australia Infrastructure Facility Act 2016, which establishes the NAIF, was enacted by Parliament on 3 May 2016. The NAIF will commence operation on 1 July 2016.

The seven member independent NAIF Board, was announced on 4 May 2016. The Board will make decisions in accordance with the Facility's Investment Mandate.</td><td>This measure is being implemented.

The NAIF will be established from 1 July 2016 – see Status.</td><td>The NAIF will be officially established from 1 July 2016. It has been accepting expressions of interest since 1 July 2015 and will be able to make first payments from 1 July 2016.</td></tr>
<tr><td>Impact of Measure</td><td colspan="3">The NAIF's support for transformative economic infrastructure will be a significant step for the longer-term expansion of northern Australia's population and economy.

This and associated measures included in the Australian Government's White Paper on Developing Northern Australia (released in June 2015) will encourage growth, generate jobs and assist businesses in northern Australia to be more competitive in global markets.</td></tr>
</table>

Boost public infrastructure investment through the Infrastructure Growth Package	**The Government is committed to a $50 billion Infrastructure Investment Programme, through the Infrastructure Growth Package.**		
Inclusion of the commitment in growth strategies	Australia's infrastructure investment was included in the 2014 Brisbane Growth Strategy.		
Detailed implementation path and status	Interim Steps for Implementation	Deadline	Status
	Each major project has an individual delivery schedule.	Each infrastructure project has its own construction and operational timelines.	There are over 1,000 projects underway across Australia. This includes the $3.6 billion Western Sydney Infrastructure Plan. The Australian Government, in partnership with NSW, is investing in world-class transport connections for the proposed second Sydney airport at Badgerys Creek in Western Sydney.
Impact of Measure	The Australian Government is investing over $50 billion in infrastructure from 2013-14 to 2019-20. This includes funding under the 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.		

Annex 2. New and Adjusted Policy Commitments since Antalya

Ten year enterprise tax plan	The Government's ten year enterprise tax plan will support growth and higher wages by lowering the tax rate for companies over time.
Implementation path and expected date of implementation	• From 1 July 2016, incorporated businesses with annual turnover less than $10 million will have a company tax rate of 27.5 per cent, down from 28.5 per cent. • This lower rate will be extended gradually to all companies by 2023-24 and further phased down to 27 per cent in 2024-25 for all companies, then 26 per cent in 2025-26 and finally 25 per cent in 2026-27. This is estimated to cost $2.7 billion in revenue over the forward estimates period. • The small business entity turnover threshold will be increased from $2 million to $10 million. This change will mean over 90,000 businesses will have access to a range of small business tax concessions and is estimated to cost $2.2 billion in revenue over the forward estimates period. • The small business unincorporated tax discount will be increased from 5 to 8 per cent from 1 July 2016, capped at $1,000, for unincorporated businesses with annual turnover less than $2 million and extended to businesses with turnover less than $5 million. The tax discount will further increase to 10 per cent from 1 July 2024, 13 per cent from 1 July 2025, and reach a new permanent discount of 16 per cent from 1 July 2026, alongside cuts in the company tax rate. This is estimated to cost $450 million in revenue over the forward estimates period. Owners of around 2.3 million small unincorporated businesses may be eligible for the expanded tax discount. • The 32.5 per cent personal income tax threshold will increase from $80,000 to $87,000 from 1 July 2016. This is estimated to cost $4 billion in revenue over the forward estimates period.
What indicator(s) will be used to measure progress?	Providing support for business, with an initial emphasis on small business aims to encourage investment, enhance productivity, increase the level of economic activity and over time, increase real wages and living standards.

Explanation of additionality or adjustment (where relevant)	This plan will support growth, higher wages and jobs by lowering the tax rate for companies over time to an internationally competitive level. The ten year enterprise tax plan is expected to permanently increase the size of the economy by just over 1 per cent in the long term.

National Innovation and Science Agenda	**The Government has committed $1.1 billion to a National Innovation and Science Agenda**
Implementation path and expected date of implementation	On 7 December 2015, the Australian Government released the National Innovation and Science Agenda.
What indicator(s) will be used to measure progress?	The Agenda contains 24 measures with varying start dates. Detailed information on each measure is available at: www.innovation.gov.au.
Explanation of additionality or adjustment (where relevant)	The Government has committed $1.1 billion over four years from 2015-16 to 2018-19 to to embrace new ideas in innovation and science, and harness new sources of growth to deliver the next age of economic prosperity in Australia. The Agenda will focus on four key pillars: culture and capital, collaboration, talent and skills, and government as an exemplar. It supports innovation by encouraging entrepreneurial and innovative activity. This includes facilitating business operations and collaboration between industry, researchers and government; improving access to investment and capital; as well as making it easier for Australian businesses to succeed internationally. The Agenda also supports science by prioritising education and research. This includes fostering scientific research and preparing it for commercialisation; prioritising science, technology, engineering and mathematics education; as well as making government data more accessible.

Youth Employment Package	The Government has introduced an $840 million Youth Employment Package.
Implementation path and expected date of implementation	The $752 million Youth Jobs PaTH (Prepare-Trial-Hire) Programme for job seekers under 25 years of age registered with employment services involves three stages that can be undertaken flexibly. • Stage one is intensive pre-employment skills training to help prepare young job seekers for work by providing them with stronger employability skills. • Stage two is a voluntary internship placement for young job seekers who have been unemployed for six months or more to provide them with work experience and to allow businesses to trial the job seeker's fit in the workplace. Up to 30,000 job seekers each year will gain a four to twelve week paid placement, while businesses hosting an intern will receive a one-off payment for their involvement. • Stage three provides employers who hire an eligible young job seeker in an ongoing job with a wage subsidy of up to $10,000 paid over six months, rather than the current twelve months. The Government will also provide a further $89 million to encourage young people to start their own businesses, including through expansion of the New Enterprise Incentive Scheme.
What indicator(s) will be used to measure progress?	Implementation of the measures will commence from December 2016. Performance indicators will be developed as part of the detailed programme design in the second half of 2016.
Explanation of additionality or adjustment (where relevant)	The Youth Employment Package will help young people become more competitive in the labour market by giving them the skills that employers want, opportunities for work experience and support the move from welfare to work.

Trans-Pacific Partnership	The Government has signed the Trans-Pacific Partnership
Implementation path and expected date of implementation	The Trans-Pacific Partnership Agreement (TPP) negotiations concluded on 5 October 2015. The TPP was signed on 4 February 2016 by Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, Peru, New Zealand, Singapore, the United States and Vietnam. These countries represent around 40 per cent of the global economy and a quarter of world trade. The TPP will enter into force 60 days after all original 12 signatories have ratified it. If this has not occurred by 4 February 2018, the Agreement will enter into force 60 days after at least six original signatories accounting for 85 per cent of the combined gross domestic product of the original signatories have ratified the TPP.
What indicator(s) will be used to measure progress?	Implementation of Treaty commitments; trade and investment between TPP Parties.
Explanation of additionality or adjustment (where relevant)	The TPP is a regional free trade agreement of unprecedented scope and ambition, which addresses 'trade in the digital age'. Economic modelling indicates the TPP will benefit all parties, and a permanent increase in Australian GDP of 0.7 per cent by 2030. The TPP includes Peru, Mexico and Canada, with whom Australia did not previously have FTAs. Outcomes include: • eliminating tariffs on US$9 billion of Australia's dutiable exports; • additional market access for key agricultural, resource and energy products, and services; • new opportunities in government procurement; • liberalising Australia's investment regime; • trade rules which take into account global value chains; • state of the art e-commerce provisions; • balanced intellectual property rules; • assisting SMEs to reap the benefit of the TPP; and • commitments related to SOEs and monopolies which promote competition.

Harper Review Response	The Government is amending competition legislation in response to the independent Harper Review into competition policy.
Implementation path and expected date of implementation	The Government is amending a number of key provisions of the *Competition and Consumer Act 2010* to simplify the law and better target anti-competitive conduct whilst supporting pro-competitive behaviour. The Government supported the majority of the recommendations of the Harper Review. The Government is undertaking further consultation and policy development in relation to the remaining recommendations. For example, following public consultation, the Government adopted in full the Harper Review recommended that section 46, relating to the unilateral misuse of market power, be replaced by a new provision which is better able to deal with harm to competition in Australian markets. The Government is continuing to progress the recommendation to simplify the regulation of liner shipping. The Government has also undertaken actions consistent with the Harper Review including tasking the Productivity Commission with a back-to-basics review of intellectual property laws. In addition, to support a new competition reform agenda the Government is working with the states and territories to form a new competition agreement to implement Harper Review reforms as well as continuing to work with the states and territories on other reforms. These competition reforms are an important step to ensure Australia has the best possible competition framework to support innovation and boost economic growth and jobs.
What indicator(s) will be used to measure progress?	Legislation will be introduced into Parliament in 2016-17. The Australian Competition and Consumer Commission will release guidance on its approach to implementation prior to the commencement of the new law. Previous National Competition Policy Reforms delivered in response to the independent Hilmer Review boosted GDP by 2.5 per cent and the Harper Review is expected to also have a positive impact on Australia's economy.
Explanation of additionality or adjustment (where relevant)	Improving the law's clarity, effectiveness and force will improve choice for consumers, and support innovation by new businesses.

Boost water infrastructure investment through the National Water Infrastructure Loan Facility	The Government will provide $2 billion in concessional loan funding to the states and territories through the National Water Infrastructure Loan Facility
Implementation path and expected date of implementation	After being announced in the May 2016-17 Budget, this measure is in the process of being implemented. Concessional loan funding will take place over a 10-year period.
What indicator(s) will be used to measure progress?	Concessional loans will be provided to the states and territories to support major water infrastructure projects. The loan recipients will make interest only payments for up to the first five years of the loan term and will then have a further 10 years to repay the principal and any additional interest.
Explanation of additionality or adjustment (where relevant)	The National Water Infrastructure Loan Facility will provide state and territory governments with concessional loans to co-fund the construction of water infrastructure projects. The $2 billion of concessional loan funding will help stimulate the construction of water infrastructure projects such as dams, weirs, pipelines and managed aquifer recharge projects.

Australian Trusted Trader	The Australian Trusted Trader programme has come into operation
Implementation path and expected date of implementation	Australian Trusted Trader (ATT) is a trade facilitation programme that decreases regulatory burden, enhances cash-flow, and increases export speed to market for Australian international businesses that have sound supply chain security and trade compliance standards. On 1 July 2016 ATT opened to all Australian businesses that are active in the international supply chain. Over 300 businesses have applied since the programme launched. Australia and New Zealand signed a Mutual Recognition Arrangement (MRA) on 15 July 2016 in Brussels. MRAs assist cross-agency data sharing, improve end-to-end supply chain security and facilitate trade for trusted businesses from both countries. Statements of Intent to work towards MRAs have been signed with the Customs administrations of Hong Kong, Singapore, Republic of Korea and Canada. MRA discussions are also underway with a

	number of other trading partners.
What indicator(s) will be used to measure progress?	International benchmarks indicate that to be sustainable, ATT must grow to over 1000 Trusted Traders by 2020, covering 30 per cent of Australia's two-way trade volume and 50 per cent of two-way trade value.
Explanation of additionality or adjustment (where relevant)	Independent modelling shows implementation will result in a positive impact to industry of $2.9 billion. It is also expected to increase household consumption by $2.2 billion and business investment $953 million over the same period.

Information Technology Agreement	**The Government has concluded negotiations of the expanded Information Technology Agreement**
Implementation path and expected date of implementation	In December 2015, Australia, together with 53 other World Trade Organization (WTO) Members, concluded the expansion of the Information Technology Agreement (ITA). Participants agreed to eliminate tariffs on 201 products valued at over AUD $1.3 trillion per year, accounting for around 10 per cent of total global trade. Most participants began implementation of the commitments on 1 July 2016, with the majority of tariffs phased-out over three years to 2019. Australia, and several other participants, negotiated to begin implementation of the commitments on 1 January 2017, to allow sufficient time for domestic treaty amendment processes.
What indicator(s) will be used to measure progress?	The WTO Working Group on the Information Technology Agreement will track and report on participants implementation of the agreed commitments. Trade values could also be analysed to assess impact.
Explanation of additionality or adjustment (where relevant)	The expansion of the ITA has committed participants to eliminate tariffs on 201 IT products – including retail and consumer electronics, telecommunications, advanced medical equipment and IT hardware. This accounts for approximately 10 per cent of global trade, more than $18.9 billion of Australian imports, and around $3.6 billion of Australian exports. Eliminating tariffs on these goods will benefit consumers and businesses by putting downward pressure on prices. This will create jobs and help boost global GDP growth.

Annex 3. Past commitment – St. Petersburg fiscal commitment

The Government's medium-term fiscal strategy is to achieve budget surpluses, on average, over the course of the economic cycle. The Government remains committed to its strategy of returning the budget to surplus by maintaining strong fiscal discipline, strengthening the Government's balance sheet and redirecting government spending to boost productivity and workforce participation. The 2016‑17 Budget maintains a steady trajectory towards surplus. The deficit is expected to fall from $37.1 billion in 2016‑17 (2.2 per cent of GDP) to $6 billion in 2019‑20 (0.3 per cent of GDP). Net debt, at 18.9 per cent of GDP in 2016-17, is low by international standards and expected to peak in 2017-18 and then decline over the medium term.

	2014-15**	2015-16	2016-17	2017-18	2018-19	2019-20
Gross Debt (A$bn)	369	427	499	545	568	584
Gross Debt (per cent of GDP)	22.9	25.9	29.0	30.2	30	29.3
*ppt change****	-0.1	0.9	1.7	3.0	3.1	3.0
Net Debt (A$bn)	239	286	326	347	357	355
Net Debt (per cent of GDP)	14.8	17.3	18.9	19.2	18.8	17.8
*ppt change****	-0.8	0	0.9	1.6	2.0	2.4
Underlying Cash Balance (A$bn)	-37.9	-40.0	-37.1	-26.1	-15.4	-5.9
Underlying Cash Balance (per cent of GDP)	-2.4	-2.4	-2.2	-1.4	-0.8	-0.3
*ppt change****	0.2	-0.3	-0.7	-0.6	-0.4	-0.4

*Numbers are prepared on a fiscal year basis.
**Refers to actual outcomes as published at the 2016-17 Budget
***Percentage point changes are the difference between the share of GDP at the 2016 Pre-election Economic and Fiscal Outlook minus the share of GDP in Australia's 2015 adjusted growth strategy.

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

	2014-15*	2015-16	2016-17	2017-18	2018-19	2019-20
Real GDP growth	2.2	2 1/2	2 1/2	3	3	3
*ppt change***	-0.3	-0.25	-0.75	-0.5	-0.5	-0.5
Nominal GDP growth	1.6	2 1/2	4 1/4	5	5	5
*ppt change***	0.1	-0.75	-1.25	-0.25	-0.5	-0.5

* Figures are presented on a fiscal year basis.
**Changes (in percentage points) are the difference between the growth figures at the 2016 Pre-election Economic and Fiscal Outlook minus the growth figure in Australia's 2015 adjusted growth strategy.

Annex 4. Pre-Brisbane commitments

Infrastructure reform to improve transport quality.	
Structural reform	**G20 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	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. • Completion of significant upgrade of a major national highway. The duplication of the Pacific highway is expected to be completed by 2020. • Reduced congestion on freight rail networks. This project will commence in 2015-16. Development of an intermodal terminal to ease congestion at one of Australia's major ports - this project commenced in 2012.

Reform disability benefit schemes.	
Structural reform	**G20 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	Transition agreements for full roll out of the NDIS have been agreed with all states and territories, except Western Australia (where an agreement has been reached to expand trial sites). Transition will start progressively from July 2016, and is expected to be complete by January 2019. As at 31 March 2016, the National Disability Insurance Agency had 29,769 active and inactive participants, of which 24,866 have received an approved plan, providing them with the reasonable and necessary supports required to lead an ordinary life. As of 31 March 2016, there were 2377 registered service providers.

Strengthen competition in network industries.	
Structural reform	**G20 Action Plan**: Los Cabos Action Plan
Rationale for carrying forward	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.
Update on Progress	The Industry, Innovation and Competiveness Agenda, released on 14 October 2014, outlines a sector based approach to drive growth, productivity and competitiveness in Australia's industries. The Prime Minister and the Minister for Small Business announced a review of competition policy on 4 December 2013. The Competition Policy Review Final Report was released on 31 March 2015. The Government released its response to the review on 24 November 2015. The Government is working with states and territories on implementation.

Labour market reforms.	
Structural reform	**G20 Action Plan**: Los Cabos Action Plan
Rationale for carrying forward	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. Labour market reform creates jobs and stimulates growth through improving the tax and welfare system, specifically the tax wedge and unemployment support.
Update on Progress	In the 2015-16 Budget, the Government introduced key policies to reform Australia's benefit systems and provide affordable child care services. Also announced was provision of over $330 million to implement a new Youth Employment Strategy, aimed at improving employment outcomes for Australia's young people and make it easier for them to enter the workforce. Targeted support is also available for groups of young people who are more susceptible to long term unemployment or are at risk of welfare dependence. The programme helps young people become more competitive in the labour market.

	The $840 million Youth Employment Package announced in the 2016-17 Budget provides additional support for young people to move into employment.

Annex 5. Key Economic Indicators

Key Indicators*

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
I. Macroeconomic Indicators						
Real GDP	2.2	2 1/2	2 1/2	3	3	3
Nominal GDP	1.6	2 1/2	4 1/4	5	5	5
Output Gap (% of GDP)**	-1	-1 1/4	-1 1/2	-1	-1	-3/4
Inflation (%, tty)	1.5	1.0	2	2 1/4	2 1/2	2 1/2
Underlying cash balance (% of GDP)***	-2.4	-2.4	-2.2	-1.4	-0.8	-0.3
Unemployment rate (%)	6.1	5.7	5 1/2	5 1/2	5 1/2	5 1/2
Current Account Balance (% of GDP)	-3.7	-4 3/4	-4	-3 1/2	-4	-4 1/4

***Indicators are presented on a fiscal year basis. Year average growth unless otherwise stated. The unemployment rate is the rate for the June quarter. Inflation is through the year growth in the consumer price index. For 2015-16, outcomes are shown for inflation and the unemployment rate.**

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

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