



Sticking to  
**our national  
economic plan**

for jobs and growth in a stronger, new and  
more diversified economy

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# Contents

Australia's economy is successfully transitioning	2
A plan for jobs and growth	3
Backing work and investment with lower taxes	4
Growing Small Business	5
Investing in the ideas boom	6
Greater choice for consumers	8
Embracing our new financial economy	9
Transforming the defence manufacturing industry	10
Building a Navy for the future	11
Building a stronger, new and more diversified economy	12
Investing in infrastructure	14
Growing Australian exports	16
Supporting our rural and regional industries	18
Cutting red tape	19
Creating a new pathway to youth employment	20

# Australia's economy is successfully transitioning

Despite an uncertain international environment the Australian economy is transitioning to broader-based growth

**Australia is growing faster than all major advanced economies** and the 2016-17 Budget lays the foundation to ensure this growth continues well into the future.

With the high levels of investment in Australia's resources now winding down, Australia's economy is transitioning to broader-based growth. Flexible interest rates, exchange rates and wages are adjusting to support the transition.

The resources sector continues to play an important role in the economy with strong and expanding commodity export growth.

Exports of services are also increasing, particularly tourism.

*Growth is shifting to more employment-intensive service industries with around 300,000 jobs created in 2015, the largest number of jobs created since 2007.*

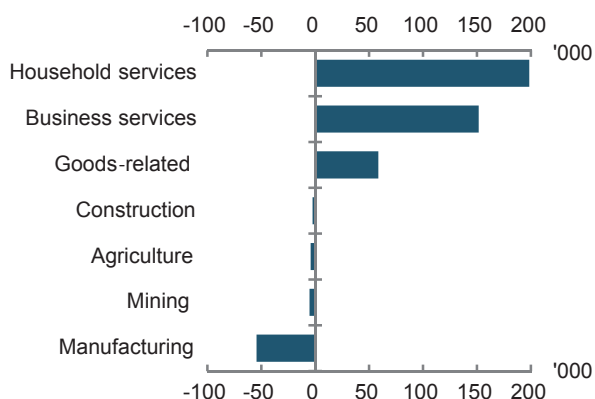
Over the past year employment growth has been strong in the household and business services sectors, such as health and retail trade.

Business conditions have been improving across the non-mining economy as the lower exchange rate improves the competitiveness of Australian businesses, assisted by our new export trade agreements. Historically low interest rates are also supporting businesses and households, with mortgage interest rates at their lowest since the late 1960s.

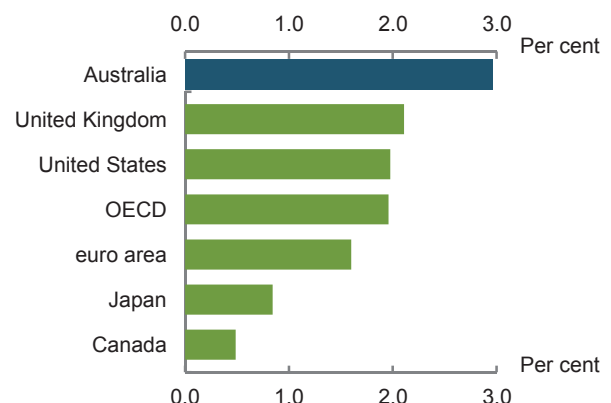
Lower petrol prices – which have fallen around 15 per cent over the past year – are also supporting businesses and households.

Securing growth in a highly competitive, volatile and uncertain global economy is no easy task. That is why the Government is sticking to its National Economic Plan for Jobs and Growth.

## Almost 300,000 jobs were created last year



## Australia grew faster than other major advanced economies through 2015



# A plan for jobs and growth

The Government is encouraging investment, facilitating innovation and providing vital infrastructure

The Government's National Economic Plan for Jobs and Growth will facilitate the economy's transition to broader-based growth over the next decade and beyond. The Government is ensuring that we have the right economic plan to respond to risks and harness exciting opportunities.

**The Government is improving the tax system, providing better access to global markets through new export trade agreements, promoting competition, providing vital infrastructure, supporting innovation and entrepreneurship, encouraging high-tech jobs and helping young people get into work.**

The Government is keeping average full-time wage earners on a lower rate of tax for longer.

The Government will support small businesses to become larger businesses by backing them to invest in their growth by reducing their tax rate.

New export trade agreements and competition reforms will ensure Australia is able to adapt to a changing world and take advantage of the opportunities it provides.

The Government is investing over \$50 billion in quality infrastructure, which will relieve passenger and freight congestion, improve safety and support growth.

The National Innovation and Science Agenda will facilitate innovative investment and collaboration between researchers and businesses across the country.

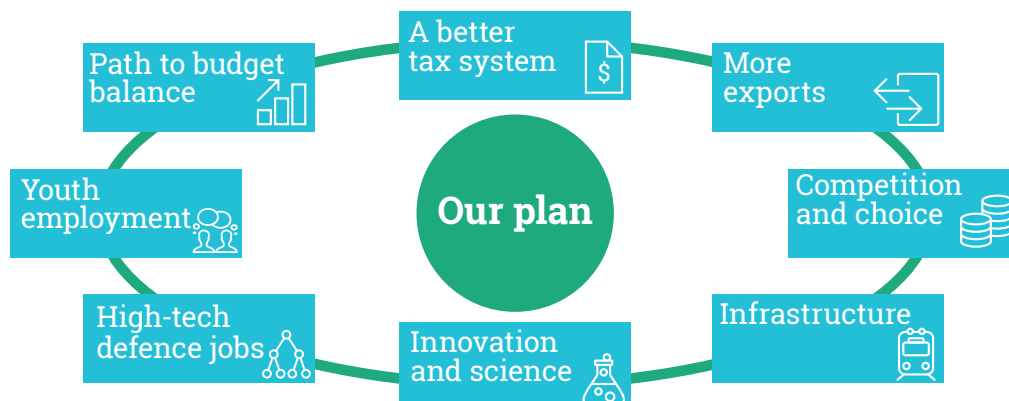
The Government is helping the transition into smart, high-value, export-focused industries. We will work to secure an advanced defence manufacturing industry here in Australia to drive new high-tech jobs in the decades to come.

Ensuring we have growth-friendly policies that put more Australians into employment is crucial to our nation's ongoing success.

The Youth Employment Package will give vulnerable young people the skills they need and that employers want, delivering real work experience and real jobs.

A continued path to budget balance will ensure Australians are not burdened by increasing debt and are free to work, save and invest.

## The Government's National Economic Plan for Jobs and Growth



# Backing work and investment with lower taxes

Lower taxes will encourage workforce participation and business investment to improve growth and create the jobs of the future

The Government will enable average full-time wage earners to earn more without being taxed at a higher rate by increasing the middle income tax bracket from \$80,000 to \$87,000.

This will ensure that around 500,000 Australians will be kept out of the second highest tax bracket. This is a key first step to maintaining the rewards for effort that risk being eaten away as wages rise.

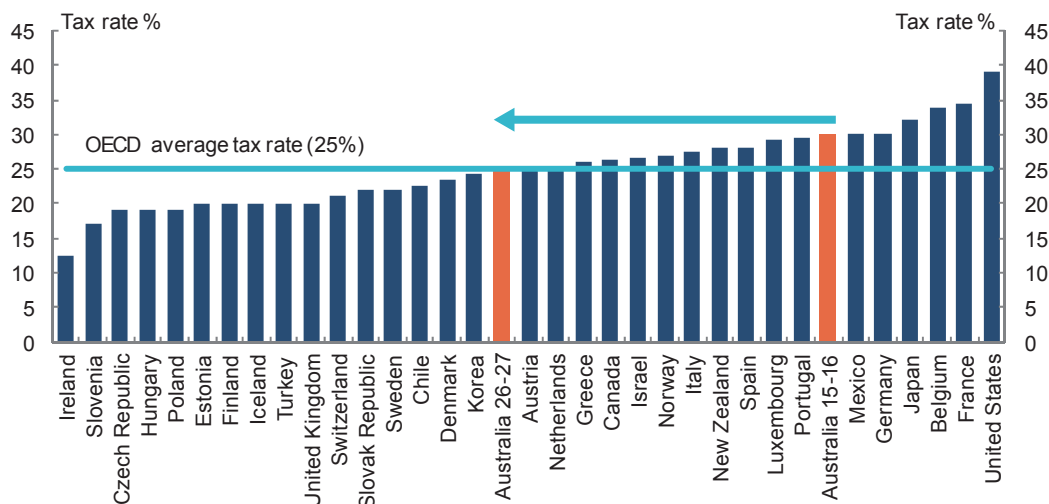
The Government is also introducing new measures to combat corporate tax avoidance to help ensure that companies pay the right amount of tax. These measures are expected to raise \$3.9 billion over four years. This includes targeting multinationals that shift profits offshore to avoid paying tax.

The Government will also back small and medium sized businesses by reducing their tax rate, starting with businesses with a turnover of less than \$10 million on 1 July this year. The tax discount for unincorporated small businesses will also be increased and extended.

Over ten years the Government will back in investment by decreasing the tax rate on all companies to 25 per cent by 2026-27. This will make Australian companies more internationally competitive in a tough global market place.

These changes to the tax system are expected to increase business investment. This means higher living standards for Australians and a permanent increase in the size of the economy of just over one per cent in the long-term.

## Australia's corporate tax rate will be more competitive



# Growing Small Business

Small businesses are the engine room of the economy

Last year the Government made it easier for small businesses to operate, grow and employ more Australians by lowering their costs and reducing red tape. This was driven by a reduction in their tax rate of 1.5 percentage points for small companies, a 5 per cent tax discount for unincorporated small businesses and immediate deductibility of assets that cost less than \$20,000.

This year the Government will go even further and introduce new measures to help small businesses invest in and grow their business.

**The small business entity annual turnover threshold will be increased from \$2 million to \$10 million from 1 July 2016.** This will provide over 90,000 additional small businesses with access to tax concessions including the reduced corporate tax rate and the instant asset write-off provisions.

**The Government will reduce the corporate tax rate for businesses with turnover less than \$10 million per year to 27.5 per cent from 1 July 2016.** This lower rate will be extended to other businesses over time through a schedule of phased reductions.

**An 8 per cent unincorporated tax discount will be provided to unincorporated businesses with turnover less than \$5 million per annum,** capped at \$1,000 per year from 1 July 2016 for the following eight years. The discount will increase to 16 per cent in increments from 2024 to 2026 to coincide with the staggered reductions in the corporate rate.

These measures form part of the Government's Ten Year Enterprise Tax Plan which will encourage investment, grow the economy and create jobs.

*The Government will reduce the corporate tax rate for businesses with turnover less than \$10 million per year to 27.5 per cent from 1 July 2016.*

**We are helping over 3 million small businesses to invest and grow**

## 2015 Budget

Tax changes for businesses with turnover below \$2 million:

- Company tax rate for small business cut to 28.5 per cent.
- 5 per cent unincorporated tax discount.
- Immediate tax deductibility on each asset costing less than \$20,000.
- Benefits around 3 million small businesses.

## 2016 Budget

- Small business entity turnover threshold increased to \$10 million per annum for most small business concessions.
- Company tax rate for small business cut to 27.5 per cent.
- Unincorporated tax discount increased to 8 per cent for businesses with turnover below \$5 million.
- Access to tax concessions increased to over 90,000 additional small businesses.

# Investing in the ideas boom

## Backing entrepreneurs and innovators



Australians are rich with ideas. We must back our entrepreneurs in order to keep pace with other countries. Investing in innovation will create new jobs and products, solve problems and keep our living standards high.

Australia has the fundamentals in place to be an innovation leader. Australians are educated, skilful and resourceful and we need to capitalise on these strengths to boost business activity and innovation. Over 280,000 new businesses were established in Australia during 2014-15. We need to support them to get involved in innovation and help those with high growth potential to succeed by overcoming the challenges of collaboration and risk-taking.

The **\$1.1 billion National Innovation and Science Agenda** is making it easier for Australians in rural, regional and city areas right across the country to undertake research in collaboration with industry and develop their ideas into new products and services for Australia and the world.

To be a truly innovative nation, a culture of entrepreneurship and ideas is necessary in all sectors of the economy – including healthcare, education, agriculture, defence, transport, information and communications technology and financial technology (FinTech).

The National Innovation and Science Agenda will continue to encourage entrepreneurs to innovate by improving collaboration and access to capital. This will be achieved by providing tax incentives for investments in early stage innovation companies, encouraging collaborative research and attracting new talent from overseas as well as removing unnecessary regulation.

## Innovation in Government

**Data61** – a merger of National ICT Australia and CSIRO's digital research unit – **will create Australia's largest data innovation group, develop cutting edge technology and improve industry cyber security.**

The Government's Digital Transformation Office (DTO) delivers a better experience for Australians when they access government services online. **An additional \$18.8 million over five years will allow the DTO to create a Digital Marketplace** to make it easier for small and medium enterprises and startups to deliver digital services to government, helping to support Australian innovators and entrepreneurs.

# Capitalising on our innovation

Recognising that accessing capital and investment is essential



The Government is ensuring entrepreneurs can access the funds to develop an idea and make it succeed. Employee Share Schemes enable staff to share in the success of the business from the early stages by providing an option to acquire shares in the company. They can better align the employee's interests to those of the company. Recent reforms will make Employee Share Schemes more user-friendly by reducing the disclosure requirements.

We are facilitating the development of crowd-sourced equity funding. This will expand financing options for innovative businesses, allowing funds to be raised from a large number of small investors.

Improving bankruptcy and insolvency laws will reduce the stigma associated with failure and foster enterprise innovation in Australia. This will strike a better balance between encouraging entrepreneurship and protecting creditors.

The Government is increasing access to company losses through improvements to our tax system. This means that entrepreneurs and loss-making startups are encouraged to remain agile and seek out new opportunities to innovate and grow.

# Greater choice for consumers

Promoting innovative firms, better services and lower prices for consumers

The Government is promoting stronger, more competitive markets to strengthen Australia's transitioning economy, support more jobs and deliver greater choice and lower prices for all Australians.

The Government is advancing the recommendations of the Harper Competition Policy Review, the first major review of Australia's competition framework in more than 20 years and a key election commitment.

Competition allows inventive Australians to back themselves by building a business and bringing new products to market, or finding new ways of providing better services and better value for consumers.

The Government believes all businesses – big and small – should compete on their merits and not be unfairly excluded by rivals. **That is why we are strengthening Australia's competition law to prevent big businesses from misusing their market power or seeking to dominate markets.**

The Government is working with the States and Territories to develop a new competition and productivity enhancing agreement to drive ambitious reform across all levels of government. This will build on the legacy of the National Competition Policy reforms undertaken in the 1990s, which directly contributed to increasing Australia's GDP by at least 2.5 per cent, equivalent to \$40 billion in today's economy.

The Productivity Commission will review how human services are delivered by government to lay the groundwork for future reforms, innovation, improved consumer choice, high quality services and better outcomes.

The Government is also removing parallel import restrictions, which will lower book prices for students and families. Through our Regulatory Reform Agenda, we will review and remove unnecessary barriers to competition and innovation throughout the economy.

## Competition reforms – encouraging innovation, greater consumer choice and lower prices

Fairer competition



Lower prices



More consumer choice



Innovative businesses



# Embracing our new financial economy

## Supporting innovation and competition in financial services through new business ideas and financial technologies – FinTech

Global disruption in financial services is changing the way the world does business. Australia must keep pace with innovation to stay competitive.

Financial technology – or FinTech – is changing how businesses and consumers interact, enabling new products and services which enhance competition and create new jobs right across the economy. This is why the Government is supporting FinTech as part of our innovation future.

**The Government's *FinTech Statement* is our plan for a strong and vibrant FinTech industry.** This Budget announces a number of initiatives which further this plan and will drive expansion of Australia's financial services exports across the Asia-Pacific region.

Australia's FinTech industry is already gaining prominence, with nine Australian companies listed amongst the leading global FinTech innovators in 2015. We will build on this by promoting Australia internationally as a FinTech destination – ensuring we seize the opportunity to boost Australian jobs.

### Regulatory framework

The Government believes that our financial system can support a 'regulatory sandbox', where FinTech businesses can test their ideas and business models.

The Australian Securities and Investments Commission will shortly release a consultation paper on a regulatory sandbox exemption to enable entrepreneurs to test ideas for up to six months with a limited number of retail clients and up to prescribed investment thresholds. Certain consumer protections will be maintained.

### Blockchain

Blockchain, or distributed ledger technology, has the potential to revolutionise transactions. Data61, part

of CSIRO, will review opportunities for its application across government and the private sector, and undertake concurrent pilot testing in areas such as sharable registry information and verifiable supply chains.

### GST on digital currencies (such as Bitcoin)

The Government has released a consultation paper on changing the GST treatment of digital currencies. This change will ensure that consumers are no longer 'double taxed' when using digital currencies to buy goods and services already subject to GST.

### Digital Marketplace

The Government is developing a Digital Marketplace for businesses to compete for government information and communications technology (ICT) work. Large scale ICT projects will be broken into individual components to allow more innovative solutions.

### Increasing data use

Effective data use is integral for an efficient, modern economy. The Productivity Commission is investigating ways to improve data availability and use across the public and private sectors.

### eInvoicing

The Government will undertake a study into the costs and benefits of electronic invoicing (eInvoicing) by agencies. eInvoicing could improve efficiency by 60-80 per cent with annual savings to the economy of up to \$10 billion.

This furthers our ambition to explore FinTech solutions that reduce administrative burdens for businesses.

# Transforming the defence manufacturing industry

Supporting Australian industry to build and maintain our defence capabilities and secure Australia's future

## Defence industry transformation plan

The Defence White Paper sets out the Government's vision to enhance Australia's defence capability, deepen our international security partnerships and collaborate with defence industry and science and technology research partners in support of the nation's security.

**Underpinning this is the Government's commitment to grow Defence funding to 2 per cent of GDP by 2020-21.**

The Defence Industry Policy Statement delivers a significant Defence capability modernisation programme to provide the Australian defence industry with new opportunities to develop innovative technologies and deliver essential capabilities for our defence forces.

The Government will provide \$1.6 billion over the period to 2025-26 to fund:

- a Next Generation Technologies Fund to invest in strategic technologies (\$730 million);
- a Defence Innovation Hub to encourage collaboration on innovation (\$640 million); and
- a Centre for Defence Industry Capability to help build the capacity of Australian industry to support Defence (\$230 million).

## Cyber security collaboration

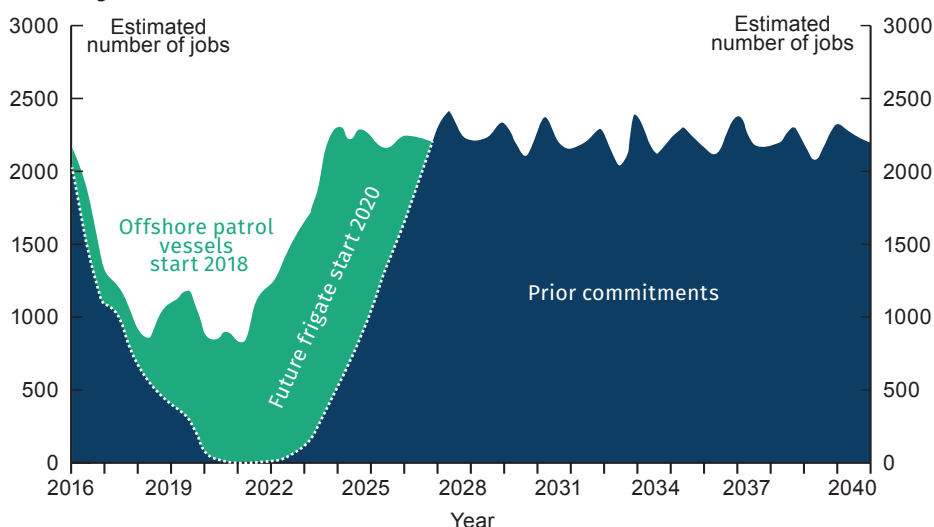
Strong cyber security provides the foundation for our online prosperity and confidence. It underpins innovation and growth in a modern digital economy.

**The Government's cyber security strategy will deliver improved cyber security for the nation through 33 new initiatives supported by over \$230 million** in Australian Government funding,

directly resulting in more than 100 new jobs to boost the Government's cyber security capabilities.

This includes \$38 million to establish a Cyber Security Growth Centre and enhance cyber security research through the Data61 initiative as part of the National Innovation and Science Agenda.

## Preventing the shipbuilding workforce 'valley of death'



# Building a Navy for the future

Securing a long-term plan for a strong and sustainable Australian naval shipbuilding industry

## A Naval Shipbuilding Plan for Australia

The Defence White Paper reaffirms the Government's commitment to a strong, internationally competitive and sustainable Australian naval shipbuilding industry.

In the most ambitious plan to regenerate the Navy since the Second World War, the White Paper sets out a range of new maritime investments, including:

- 12 regionally-superior submarines;
- 9 anti-submarine warfare frigates; and
- 12 offshore patrol vessels.

These capabilities are part of the Government's commitment to invest over **\$89 billion in ships and submarines for the Navy over the next 20 years.**

The next generation of Australian submarines meeting our unique capability requirements will be constructed in Adelaide. This project is the largest and most complex defence acquisition Australia has ever undertaken.

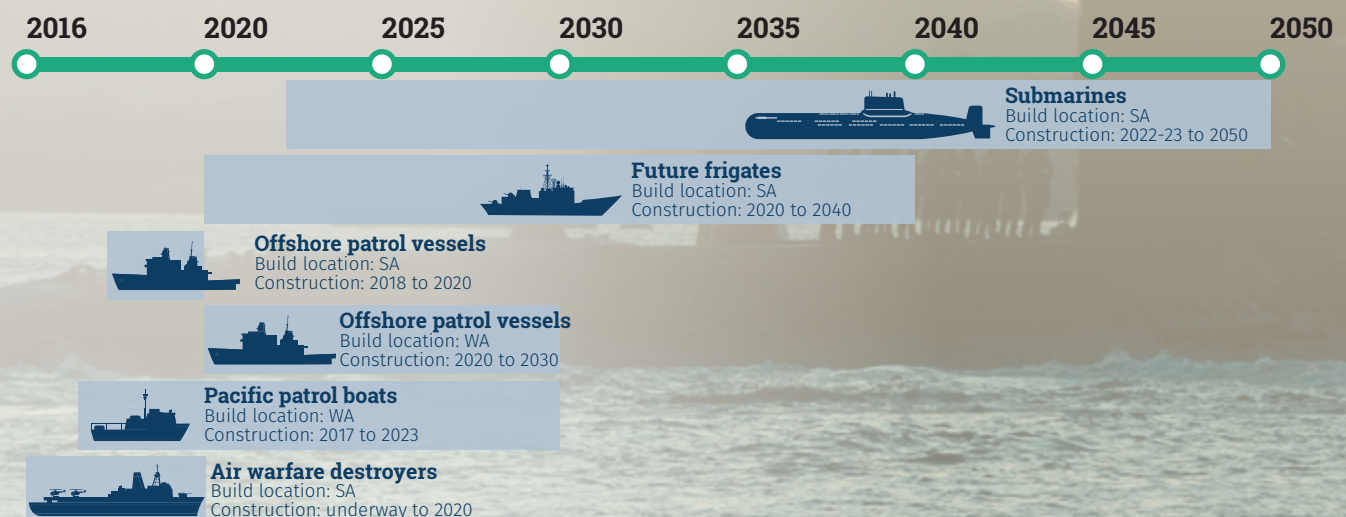
The \$50 billion investment in submarines will directly support around 1,100 Australian jobs for decades to come and create a further 1,700 local jobs through the supply chain.

To support a continuous build of naval surface ships, the future frigates, offshore patrol vessels and up to 21 replacement Pacific patrol boats will be built in two Australian shipyards – major warships in Adelaide and minor vessels in Henderson, Western Australia.

These three projects, representing close to \$40 billion in investment, will directly sustain more than 2,500 Australian jobs and generate thousands of additional jobs with suppliers.

The Government is committed to maximising the opportunities for the Australian defence industry to participate in these programmes. In particular, the new Centre for Defence Industry Capability will help small and medium enterprises identify opportunities to join the supply chains necessary to deliver these ambitious naval shipbuilding projects.

## Naval shipbuilding timeline



# Building a stronger, new and

## \$920 million

for the extension of the following programmes from 2019-20:

- Roads to Recovery
- Black Spot
- Heavy Vehicle Safety and Productivity
- Bridges Renewal
- National Network Maintenance

The Government has committed to provide \$3.3 billion in additional infrastructure funding under the Asset Recycling Initiative to NSW, Victoria, the ACT and NT.

This funding will unlock over \$23 billion in State and Territory infrastructure spending, including for the Sydney and Melbourne Metro projects.

## \$2 billion

National Water Infrastructure Loan Facility to support major water infrastructure projects



## \$5 billion

Northern Australia Infrastructure Facility



## \$261 million

Section 2 of the Perth Freight Link



## \$490 million

Forrestfield-Airport Link in Perth



Offshore patrol vessels

Pacific patrol boats

Submarines

Future frigates

Offshore patrol vessels

## Growing A

- Trade Agree
- Trans-Pacific

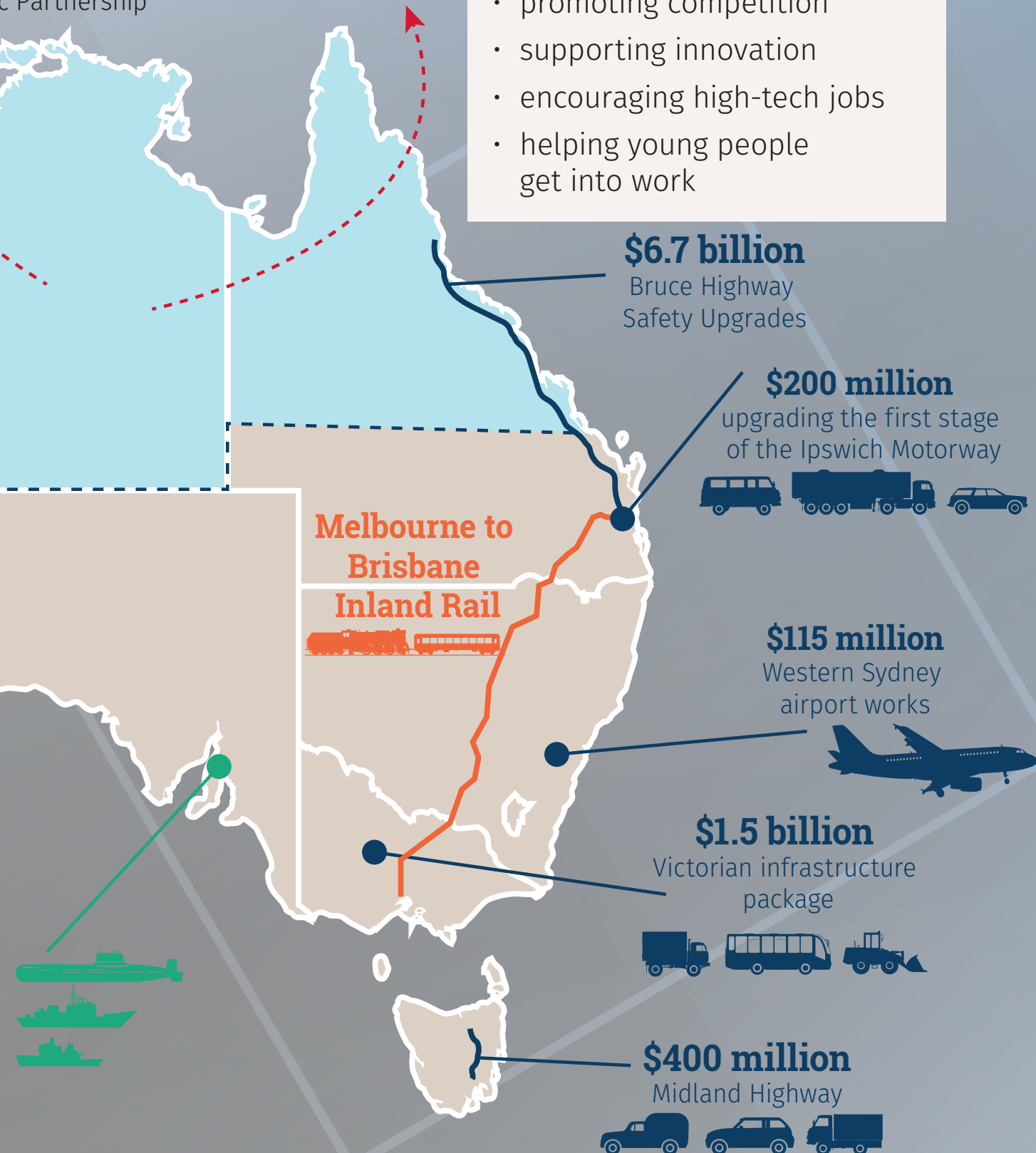
# and more diversified economy

## Australian exports

agreements with China, Japan and Korea  
Economic Partnership

## The Government is also:

- improving the tax system
- promoting competition
- supporting innovation
- encouraging high-tech jobs
- helping young people get into work



# Investing in infrastructure

Rolling out our record \$50 billion infrastructure plan

## Infrastructure investment across Australia

The Government is investing in infrastructure in our cities and regions to reduce congestion, improve safety and better connect Australian products to domestic and international markets.

**The Government is investing a record \$50 billion from 2013-14 to 2019-20 in infrastructure to improve the economy's productive capacity.**

There are currently over 1000 projects underway around Australia. These include roads, airports, bridges and passenger and freight rail.

In this Budget, **the Government is committing to the Melbourne to Brisbane Inland Rail project** and providing \$594 million in additional equity funding to the Australian Rail Track Corporation to buy land and to continue pre-construction activities.

The Government is also committing an additional **\$115 million to continue preparatory works for a Western Sydney airport** at Badgerys Creek.

The Government will help upgrade Victorian roads and rail by reallocating \$1.5 billion in funding – originally for the East West Link – subject to matching Victorian funding. This will include:

- the *Murray Basin Freight Rail* network;
- the *Monash Freeway*;
- the *M80 Ring Road*;
- a *rural and regional roads package*; and
- an *urban congestion package*.

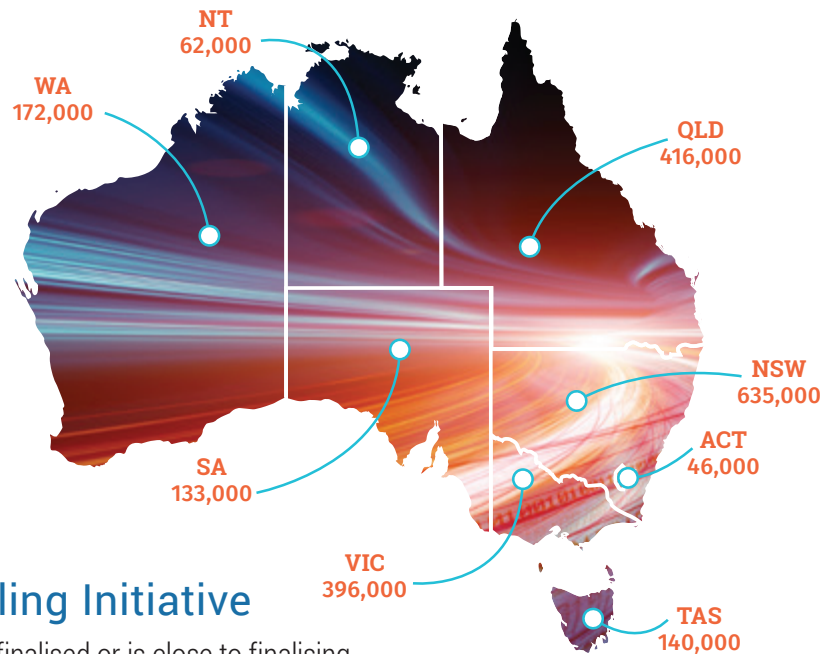
The Government remains committed to the East West Link and our offer of \$3 billion to the Victorian Government to deliver the project still stands.

**In Western Australia, \$490 million is being provided for the Forrestfield Airport Link and an additional \$261 million is being provided for Section 2 of the Perth Freight Link.**



Investing across the States and Territories, in the cities and the country, for today's and future generations

## Over 2 million premises are ready for an NBN service



### Asset Recycling Initiative

The Government has finalised or is close to finalising agreements under the Asset Recycling Initiative with four States and Territories worth \$3.3 billion. These agreements will **unlock over \$23 billion in State and Territory infrastructure spending**, including for the Sydney and Melbourne Metro projects.

### High speed broadband

The Government is investing \$29.5 billion in the **National Broadband Network (NBN)**. It will be delivered sooner, at less cost to taxpayers and with improved affordability for consumers.

A multi-technology mix will match the right technology to the right location, make use of existing infrastructure where possible and seek to finish the network by 2020. The Government is investing \$2 billion in the design, construction and launch of NBN's satellite service to ensure that Australians living and working in rural and remote Australia are not left behind.

**More than 9.1 million homes and businesses will be connected or have construction underway in their neighbourhoods by the end of 2018.** By the end of the rollout more than 12 million homes and businesses will be able to access the NBN.

### Our North, Our Future

The *Our North, Our Future: White Paper on Developing Northern Australia* outlined the Government's plan to unlock the region's potential over the next two, five, 10 and 20 years.

The Government is investing over \$6 billion in **Northern Australia** to improve roads, develop water resources, reduce regulatory burdens, build a sustainable workforce and ensure effective governance arrangements.

The **Northern Australia Infrastructure Facility** will encourage and complement private sector investment by providing up to \$5 billion in concessional financing.

This will support the construction of transformative economic infrastructure which will increase the north's productive capacity.

The Government is also investing \$600 million to improve key roads and providing a \$100 million **Beef Roads Fund** to improve cattle supply chains.

# Growing Australian exports

Removing barriers to Australian exports will help the economy's transition and create jobs

## Export trade agreements

**The Government has implemented three significant export trade agreements with China, Japan and Korea.** Australia's trade with these nations represents around 38 per cent of our goods and services trade with the world – and 49 per cent of our total exports. **They cover a greater proportion of our trade than all of Australia's previous trade agreements combined.**

Reducing trade barriers creates opportunities for exporters – including in the services sector – to grow their businesses into key overseas markets, boost jobs and drive higher Australian living standards.

**Australia's economic transition towards greater services is synchronised with growing Chinese demand for our services.** Our export trade agreement with China (ChAFTA) offers an unprecedented opportunity by obtaining expanded and preferential access for Australian exporters to further tap into China's burgeoning demand for high-value goods and services.

ChAFTA protects our competitive position by automatically granting Australia additional concessions if they are given to other countries.

These agreements will mean key household items such as family cars will become cheaper for Australian households and businesses.

The Government has also signed the historic Trans Pacific Partnership (TPP) Agreement which will eliminate 98 per cent of tariffs in the TPP region. It will also attract much needed investment and improve Australia's already strong economic linkages with North Asia and the Asia Pacific region.

**The Government has implemented three significant export trade agreements with China, Japan and Korea. They cover a greater proportion of our trade than all of Australia's previous trade agreements combined. Australia's economic transition towards greater services is synchronised with growing Chinese demand for our services.**

## Australian services export growth



### Exporting funds management services

Our funds managers will be able to grow their exports with the removal of key barriers on the export of funds management services. They will now be able to offer investment products using structures utilised internationally by foreign investors.

The Government is also championing participation in the Asia Region Funds Passport which will enable Australian fund managers to more easily export their services to foreign clients.

# Supporting our rural and regional industries

Promoting Australia's competitive advantages and boosting Australia's agricultural sector

## Promoting our competitive advantage

The Government is helping Australian businesses with the transition into smart, high-value, export-focused industries.

**Industry Growth Centres** will identify opportunities to reduce regulatory burden, increase collaboration, improve engagement with international markets, and enhance workforce skills. Centres will be established for advanced manufacturing, cyber security, food and agribusiness, medical technologies and pharmaceuticals, mining equipment, technology and services, and oil, gas and energy resources.

## Developing our resources

The Government is supporting a competitive resources sector through the **\$100 million Exploring for the Future programme** which will produce the next generation of pre-competitive exploration data and stimulate a new wave of exploration investment.

## Agricultural competitiveness

The agriculture sector exports over \$40 billion worth of goods each year and is vital to Australia's ongoing economic strength. To ensure its ongoing competitiveness, the Government's Agricultural Competitiveness White Paper is investing \$4 billion to:

- help farmers innovate through the \$200 million extension of the Rural R&D for Profit Programme;
- help farmers take advantage of trade opportunities provided by our export trade agreements; and
- help build drought resilience by providing more support to communities.

## **\$2 billion National Water Infrastructure Loan Facility**

New water storage and pipelines will provide security to farmers. In the 2016-17 Budget, the Government will provide for a **\$2 billion National Water Infrastructure Loan Facility to support major water infrastructure projects**. The Facility supplements the \$510 million National Water Infrastructure Development Fund.



# Cutting red tape

## Ensuring regulation supports productivity and growth

Regulation increases complexity, uncertainty and risk, which impede innovation and entrepreneurship. Cutting red tape has therefore been a key part of the Government's overall strategy to build a stronger, more productive and diverse economy.

The Government has tightened regulation impact analysis and required new regulatory burdens to be offset by reductions elsewhere to ensure that new regulation is well designed and to constrain its growth.

The Government introduced the Regulator Performance Framework to encourage regulators to improve relations with those they regulate.

*In just over two years, the Government has reduced the regulatory burden on business and the community by more than \$4.8 billion*

– well in excess of its 2013 commitment to reduce red tape by \$3 billion over three years. In 2015, the Government introduced legislation to repeal 1,796 redundant Acts of Parliament.

Building on these successes, the Government is strengthening its efforts on regulatory reform. The new Regulatory Reform Agenda will embrace more complex reforms that encourage innovation and competition, and enhance productivity and economic growth. These efforts will support the Government's innovation agenda and its responses to the Financial System Inquiry and the Harper Competition Policy Review.

**As part of the new agenda, the Government will provide an additional \$5.6 million to systematically review regulatory regimes**

to ensure that they are fit for purpose and can adapt to new business models and technological changes.

In partnership with business, the Government's Australian Trusted Trader programme streamlines regulatory procedures at the border. Risk-based assessments will result in lower import prices and a higher return on exports by reducing the burden for trusted traders. Independent modelling estimates this will result in exports growing by \$390 million, household consumption by \$2.2 billion and business investment by \$953 million.

## Regulatory Reform Agenda



### Better, Smarter Regulation

- Regulation Impact Analysis
- Improved regulatory design

### Administering Regulation

- Regulator Performance Framework

### Improving Existing Regulation

- Systematic regulatory review and renewal

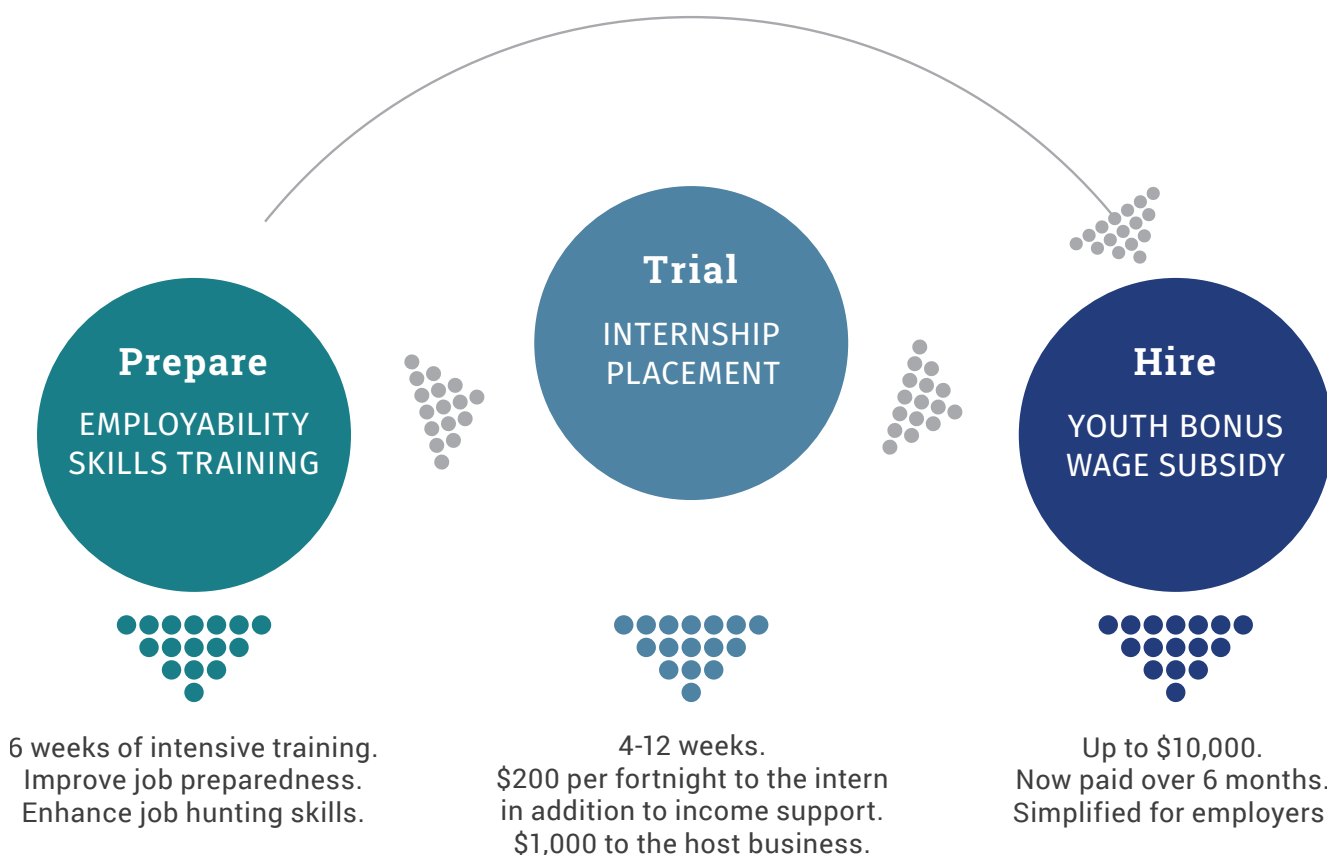
# Creating a new pathway to youth employment

Helping young people through Australia's economic transition

More than 50,000 youth jobs were created over the past 18 months. The **\$840 million Youth Employment Package** steps this up with an enterprising new approach to youth employment, and **will help up to 120,000 vulnerable young people** over four years take advantage of job opportunities as the economy diversifies and transitions to broader-based growth.

Long-term welfare dependency is not good for the economy or society. For example, if a person stays on a Newstart or Youth Allowance (Other) payment for two years, on average they will remain on a working age payment for another five to six years.

The Government's innovative **\$752 million Youth Jobs PaTH (Prepare-Trial-Hire) Programme** will help young job seekers to move off welfare and into employment.



# 1

## Youth Jobs PaTH

### Stage 1: Employability skills training

To help young people gain a foothold in the labour market, from 1 April 2017, young job seekers will participate in intensive **pre-employment skills training** within five months of registering with *jobactive* (unless extenuating circumstances exist).

The first three weeks of training will focus on skills such as working in a team, presentation, and appropriate IT skills. A further three weeks of training will centre on advanced job preparation and job hunting skills.

# 2

## Youth Jobs PaTH

### Stage 2: Internship placement

**Up to 120,000 internship placements** over four years will be provided to help young job seekers who have been in employment services for six months or more gain real work experience within businesses.

Job seekers and businesses, with the help of employment service providers, will be able to work together to design an internship placement of 4 to 12 weeks duration, during which the job seeker will work 15 to 25 hours per week. Participation in an internship placement will be voluntary for both job seekers and businesses.

In addition to gaining hands on experience in a workplace, **job seekers will receive \$200 per fortnight on top of their regular income support payment** while participating in the internship.

**Businesses that take on interns will receive an upfront payment of \$1,000**, and will also benefit from the opportunity to see what a young worker can do and how they fit in to the team before deciding whether to offer them ongoing employment.

# 3

## Youth Jobs PaTH

### Stage 3: Youth Bonus wage subsidy

Stage three of the new Youth Jobs PaTH provides increased and streamlined wage subsidies for youth.

From 1 January 2017, Australian employers will be eligible for a **Youth Bonus wage subsidy** if they hire a young job seeker who has been in employment services for six months or more.

**The most job ready job seekers will attract a wage subsidy of \$6,500. A larger \$10,000 wage subsidy will be available to businesses that employ job seekers classified as less job ready** by *jobactive* providers. Businesses will have the flexibility to employ young job seekers either directly, through labour hire arrangements, or combined with an apprenticeship or traineeship.



# Real work, real jobs

## Enhancing wage subsidies will benefit both job seekers and businesses

As part of these reforms, existing wage subsidies (including those for youth, parents, Indigenous, mature age, and the long term unemployed) will be streamlined, making them easier for employers to access.

### **Wage subsidy arrangements will be simplified and made much more flexible.**

- Wage subsidies will be available to employers from day one of a job seeker's employment.
- Employers will have flexibility to choose how often instalments are paid (fortnightly, monthly, or some other arrangement) and over what time period.
- Wage subsidies will be paid out sooner over six months rather than 12 months.
- Wage subsidies will be paid more simply at a flat rate instead of pro-rated instalments.

## How the changes can help young people get into real jobs

### Gaining the experience of an internship



Eva is 20 years old and has been unemployed for six months. She receives Newstart Allowance and is registered with *jobactive*.

Eva is told about the new **internship** opportunities by her *jobactive* provider

and organises a twelve week **internship** with her local supermarket. She not only continues receiving her Newstart Allowance, but receives an additional \$200 each fortnight for the twelve weeks of her placement.

### Increasing employability



Justin is 18 years old. He left school and signed up to *jobactive*. Justin hasn't had a job before and is uncertain about how to make the move from school into work.

With the introduction of the **Youth Jobs PaTH**, Justin

is now eligible for **employability skills training**. The training increases his confidence significantly, and gives him important practical knowledge about where and how to start looking for a job.

Following the training, Justin successfully finds a job working for his local newsagent.

### Helping youth, helping business



Virginia owns a café in a busy shopping centre. She has thought about taking on another waiter but is concerned about introducing an unknown person into her well-functioning team.

Virginia hears about the new **internship** initiative and contacts her local *jobactive* provider to arrange a placement. She is introduced to Miles, who is a 19 year old job seeker who has been struggling with depression and has been in *jobactive* looking for work for seven months. He recently completed intensive **employability skills training** and feels more confident and prepared for the workforce.

Virginia and Miles agree to an **internship placement** of 20 hours per week for eight weeks. Virginia receives a \$1,000 upfront payment when the internship placement commences, and Miles receives \$200 fortnightly on top of his income support.

At the end of the eight weeks, Miles has gained valuable experience in the café. Virginia has been encouraged by how Miles has grown into the job and sees he's a good fit for her team.

Virginia hires Miles in an ongoing position and receives a weekly **wage subsidy** of \$385 per week for the first six months of Miles' employment.



# Fostering innovation and self-enterprise

Encouraging entrepreneurship and innovation goes to the core of the Government's agenda for jobs and growth

In addition to creating the Youth Jobs PaTH, the Government is investing an **extra \$89 million in supporting job seekers, including young people, who wish to start their own business**. This complements the Government's National Innovation and Science Agenda and will help more Australians capitalise on the opportunities presented by Australia's economic transition.

## Building on the success of the New Enterprise Incentive Scheme (NEIS)

From 1 December 2016, eligibility for the NEIS will be broadened to allow access to self-employment training and mentoring for job seekers who are not in employment, education or training, including those not on income support.

**The Government will provide funding for an additional 2,300 NEIS places each year, making a total of 8,600 places available annually.**

The NEIS will continue to provide eligible job seekers with small business accredited training, mentoring and business advice for up to 52 weeks.

## Three new mechanisms to promote and support self-employment

The Government will establish new '**Exploring Being My Own Boss**' workshops to engage job seekers to explore self-employment.

To help young people to develop their innovative ideas into successful businesses, **Self-Employment Starter Packs** will also be introduced. These will contain information on the services available to support job seekers to establish a business.

Finally, **Inclusive Entrepreneurship Facilitators** will be appointed in selected locations with high youth unemployment. Facilitators will help bring together available services and programmes (such as *jobactive*, NEIS, microfinance services, and start-up incubators). They will also provide practical assistance including help accessing local mentors, business partners, finance, office space, equipment and ongoing business development training.



