



The Coalition's Policy to Create Jobs by Boosting Productivity

September 2013

Key Points

The Coalition will boost national productivity and competitiveness.

Investment, job creation, higher real wage growth and better standards of living all depend on productivity and competitiveness.

The Coalition believes that productivity and competitiveness are two sides of the same coin – it is competition that provides the incentive for greater productivity, while productivity growth is what allows our firms to remain internationally competitive.

The Coalition has a detailed, multi-faceted strategy to boost Australia's flagging productivity performance.

But as the Rudd-Gillard Government has vividly demonstrated, it is not enough to have a plan that looks good on paper.

That's why the Coalition set up its Productivity Priorities Working Group to establish a detailed implementation plan, so that, if elected, a Coalition government can hit the ground running in restoring productivity growth.

The Coalition's Productivity Priorities Working Group has spent the last nine months consulting widely and in detail with businesses, industry representatives and not for profit organisations across Australia.

We have sought to understand the practical priority measures that will best enhance national productivity and competitiveness.

In response, we have developed a plan of action that will boost the nation's productivity performance.

Our *Policy to Create Jobs by Boosting Productivity* prioritises 17 policy initiatives that will result in a stronger economy capable of delivering higher real wage growth and job creation.

The Coalition's *Policy to Create Jobs by Boosting Productivity* sets out the first term steps that a Coalition government will take to drive investment, job creation, higher real wage growth and better standards of living for all Australians.



Introduction

Why Productivity Matters

Productivity is the underlying driver of economic growth and higher standards of living.

As the Productivity Commission makes clear:

“Productivity growth is a means to an end. It is an important determinant of long-term economic growth and real per capita income growth, which in turn are crucial (but not the only) determinants of living standards and wellbeing...Higher productivity growth leads to improved returns to the owners of capital (including shareholders) and to labour. It enables greater consumption of goods and services per person, including education, health and other community services.”¹

In its simplest sense, productivity is a measure of how efficiently a business, industry, government agency or nation uses its limited resources to produce goods and services.

Productivity is commonly measured as output produced per unit of input, with inputs ranging from labour (number of people or labour-hours), to capital, land, energy and other resources. When these inputs are considered collectively, the most comprehensive measure of productivity is known as multifactor productivity. Multifactor productivity captures the effects of technical progress and innovation, and improvements in human capital, as well as the effectiveness of workplace and management practices (and the impact of any constraints on these).

The Coalition understands that productivity is fundamentally driven by the ingenuity of businesses and individuals operating in an efficient and competitive market economy.

The best way to improve the material living standards for all Australians and to create lasting prosperity for Australian households and businesses is to improve national productivity.

Higher levels of productivity allow Australian workers, businesses and government to produce more goods and services from the same level of inputs. This allows firms to earn higher profits and workers to earn higher incomes by allocating their resources and talents in the most efficient ways possible.

As Reserve Bank Governor Glenn Stevens said in July 2011:

“.. there is only one source of ongoing higher rates of growth of real per capita incomes, and that is higher rates of growth of productivity.”²

¹ Productivity Commission (2009) *Australia's Productivity Performance*, p. xv.

² “The Cautious Consumer”, Address to the Anika Foundation Luncheon, Sydney, 26 July 2011.



By and large, productivity is driven by private investors and by individual enterprises operating in a competitive market. Impediments to productivity growth are created by governments that impose inefficient and unnecessary taxes, burdensome regulations and ill-targeted spending programmes.

Excessive red tape and inefficient public institutions hinder competition, reduce investment, stifle innovation, lower job opportunities and damage overall living standards of Australians.

Despite six years of talk about the need for productivity and competition, no government has been more culpable in hampering growth in productivity than the Rudd-Gillard Government.

While in government, Labor has created significant roadblocks to investment and disincentives to those who aspire to invent and innovate to provide for their families.

Prime examples include Labor's carbon and mining taxes, massive spending of scarce taxpayer resources on programmes of little lasting value (like Labor's disastrous home insulation programme), and the introduction of 21,000 new regulations despite a 'one-in one-out' promise on red tape.

Australia's Productivity Performance

Australia's economic and productivity performance has deteriorated significantly under the Rudd-Gillard Government – see Box 1 overleaf.

According to the latest Australian Bureau of Statistics data available, multi-factor productivity (assessed using quality adjusted hours worked) has fallen by 3 per cent under Labor.

A study by the Economist Intelligence Unit in August 2012 ranked Australia as the second worst of 51 countries for productivity growth, ahead only of Botswana. And Australia's ranking in the IMD's World Competitiveness Yearbook has fallen from 7th in 2008 to 15th in 2012.

A core responsibility of government is to facilitate economic opportunities for the people it represents. This task is inextricably linked to increasing real incomes, improving living standards and securing a better future for generations to come.

The primary mechanism by which government can achieve these goals is by implementing targeted policies to enhance national productivity growth.

Labor's failure to implement a coherent and disciplined productivity reform agenda has substantially weakened the Australian economy. It has dampened consumer and business sentiment, driven up unemployment, and reduced the competitiveness of Australian firms relative to their international competitors.



Box 1 – Australia’s Economic Performance under Labor and the Coalition

With each passing year under Rudd-Gillard Labor, the last Coalition government looks more and more like a golden age of economic prosperity.

Over the course of its 11½ years in office, the Howard government delivered:

- 2.4 million new jobs, an average pace of job growth 40 per cent faster than the current Labor government has achieved;
- a reduction of over 260,000 in the number of Australians out of work, and a halving in the unemployment rate;
- average growth in GDP per person of 2¼ per cent per year;
- an increase of over 20 per cent in real wages; and
- a doubling in net wealth per person in real terms.

By contrast, nearly six years of Rudd/Gillard Labor government has delivered:

- an increase of over 200,000 in the number of Australians unemployed, to the highest level in almost 15 years;
- a decline in real net wealth per person;
- an actual fall in multifactor productivity of 3 per cent, compared with an increase of over 8 per cent under the previous Coalition government; and
- average growth in GDP per person of just ¾ per cent per year, one third the pace achieved year in and year out by the previous Coalition government.

And while Labor likes to boast of having created “almost 1 million” jobs during its time in office, what they don’t mention is that over the equivalent length at the end of the Howard Government almost 1.5 million new jobs were created!



The Coalition's Productivity Priorities Working Group

To help address Australia's productivity problem, the Hon Tony Abbott MHR, Leader of the Opposition, formed the Productivity Priorities Working Group (the Working Group) on 2 November 2012, with the purpose of:

- consulting with business, the community, academics and other stakeholders about our productivity-enhancing agenda; and
- reporting on our productivity priorities and any challenges to putting them into practice, to ensure efficient and coordinated implementation of our strategy early in the life of a new Coalition government.

The Working Group is Chaired by Mr Steven Ciobo MP, with Mr Josh Frydenberg MP and Mr Dan Tehan MP as Deputy Chairs. The Working Group has worked closely with Shadow Minister for Productivity and Population, Scott Morrison MP, and Shadow Treasurer, The Hon Joe Hockey MP.

The Working Group consulted widely, including with business, industry groups, unions, research organisations, academics and other individuals.

A newly elected Coalition government will pursue its productivity agenda with a focus not just on announcements, but on practical implementation.

Our *Policy to Create Jobs by Boosting Productivity* sets-out the twenty policy priorities the Coalition will pursue to enhance productivity and competitiveness.



The Plan

1. Abolish the Carbon Tax

The Coalition will move immediately to abolish the carbon tax.

The carbon tax is detrimental to productivity and competitiveness because it is tax that our international competitors do not have to pay.

No other economy in the world faces an economy-wide carbon tax like Australia's. New Zealand's carbon tax is currently less than one-twentieth of the price of Australia's, and despite claims to the contrary, no national carbon tax exists in China or the United States.

The carbon tax is unequivocally a tax that punishes businesses and households for using electricity, and that increases the cost of everyday items.

The Coalition will act immediately to rescind Labor's carbon tax.

This toxic, job-destroying tax punishes successful and hard-working Australian businesses, particularly trade-exposed businesses.

A carbon tax only causes jobs and emissions to be exported overseas.

The carbon tax means:

- a \$9 billion a year new tax;
- a 10 per cent hike in electricity bills in the first year alone, further rising as the carbon tax increases; and
- a 9 per cent per cent hike in gas bills in the first year alone, further rising as the carbon tax increases.

Australians are now going to yet another election with the Labor leader promising "there will be no carbon tax under the government I lead."

But on Labor's own figures the carbon tax is set to go to \$38 in a few short years and to \$350 over the coming decades. Importantly, it will still be \$24.15 for the next 12 months. Mr Rudd can change the name but whether it is fixed or floating, it is still a carbon tax.

If Labor is re-elected, Australians will still be paying more – a total of over \$3,000 for the average family over the six years to mid-2020, on top of \$545 this year (on the Government's own figures). It will continue to be a tax on electricity bills which will hurt Australian families and hurt local businesses.



Abolishing the carbon tax will lift a \$9 billion a year tax burden on Australian businesses and households, result in the removal of 19 separate Acts and 1,100 pages of legislation, and unwind Labor's sprawling climate change bureaucracy.

The Coalition will not let the carbon tax destroy Australian industry and Australian jobs. The carbon tax is an act of economic self-harm that unnecessarily adds to the cost of living.

2. Abolish the Minerals Resource Rent Tax (the Mining Tax)

The Coalition will move immediately to abolish the mining tax.

The mining tax discourages investment and job creation in one of Australia's vital sectors. It is a tax on success and a tax that damages the sector rather than encourages its further expansion.

The mining tax discourages new domestic and foreign investment in Australia's mining sector.

Abolishing Labor's mining tax will boost investor confidence in our economy by restoring Australia's reputation as a safe and reliable investment destination, improving our sovereign risk profile.

By abolishing the mining tax we will lower administrative and compliance costs for Australian businesses, which hamper industry productivity and global competitiveness.

Abolishing the mining tax will result in the repeal of 11 separate Acts and 525 pages of legislation.

3. Tax Cuts Without a Carbon Tax

The Coalition will provide income tax cuts without a carbon tax.

The Coalition will keep the current income tax thresholds and the current pension and benefit fortnightly rates while scrapping the carbon tax. This means that Australian workers, families and pensioners will keep the tax cuts and fortnightly pension and benefit increases provided in Labor's carbon tax package, but without the carbon tax.

As a result these tax cuts and fortnightly benefit increases will become genuine cost-of-living relief, worth around \$4 billion a year, rather than partial compensation for Labor's damaging carbon tax hit.

Australians will have tax cuts funded by smaller government, not by taking money out of one pocket to put it in the other. And people's weekly and fortnightly budgets will be under less pressure as electricity prices fall and gas prices fall and the carbon tax no longer cascades through our economy.



This will also strengthen our economy, because there'll be less tax hitting Australian businesses but not their overseas competitors – as even Labor now concedes.

Households will be able to plan their futures with confidence, the financial pressure on Australian families will be dramatically eased, and there will be more incentive for ordinary Australians to 'have a go' and get ahead.

4. A Commission of Audit

The Coalition will immediately establish a Commission of Audit to improve the productive capacity and efficiencies of government.

The Coalition understands that governments should live within their means and make every dollar count, just as families and small businesses around Australia do.

We will make the public sector more efficient and will cut the waste that has built up under Labor, to deliver better value for money from government spending.

The Coalition will immediately establish a Commission of Audit to review all aspects of the federal government's operations, to improve their focus and responsiveness and to identify efficiencies.

It has been 17 years since a top-to-bottom independent review of federal government operations and spending was undertaken by the Commonwealth. The last review was the National Commission of Audit chaired by Professor Bob Officer in 1996.

During this 17 year period, the size and complexity of the public sector has grown and needs urgent review. Commonwealth government spending amounts to around a quarter of Australia's GDP each year. To build a more productive economy, we need to ensure that this money is being spent wisely, and that government agencies are only doing what they really have to do, and doing it as efficiently as they can.

The Commission will be asked to review the range and effectiveness of all existing federal government programmes and agencies. This will involve identifying opportunities to improve the focus of government activities and deliver better value to taxpayers and the community. Any unnecessary duplication of the services provided by other levels of government will also be identified.

5. Implement a 'Root and Branch' Competition Review

The Coalition will commence a comprehensive competition review within two months of the election.

While successive governments have introduced a range of competition reforms, the reform process has ground to a halt under the Rudd-Gillard government. A renewed commitment to



competition reform is likely to be necessary to reinvigorate growth and to ensure strong and sustainable increases in Australians' standard of living over the long-term.

The Coalition's comprehensive 'root and branch' review of Australia's competition laws and competition frameworks will provide broad scope to identify areas where further competitive reforms could be introduced.

Past experience suggests that the benefits of such competition reform can be significant.

The original National Competition Policy, introduced in the 1990s, resulted in a 19 per cent fall in average real electricity prices nationwide and conservatively increased GDP by 2.5 per cent (currently equivalent to almost \$40 billion a year).

This policy worked because it linked financial incentive payments from the Commonwealth to the States and Territories to the implementation of competition reforms and realised productivity gains.

Detailed consideration of industry structures may be necessary to achieve long-term competitiveness, investment, productivity and higher real wage growth for Australia.

In this context, the Coalition believes that a 'root and branch' review of competition laws must incorporate consideration of structural economic issues that determine the long-term improvements in competitiveness of the Australian economy.

The Coalition's 'root and branch' review will consider broad competition issues and will not be constrained or limited to consideration of just the functioning and effectiveness of the *Competition and Consumer Act*.

The Coalition will, in other words, implement a competition review akin to the parameters and substance of the Hilmer Review rather than the more limited Dawson Review.

Such an approach is appropriate if we are to lay the foundations for a more productive and competitive 21st century economy and a more prosperous Australia.

6. Reduce Red and Green Tape by \$1 Billion Annually

Within two months of the election, the Coalition will introduce government-wide processes to reduce the cost of red tape throughout the economy.

The Coalition will reduce the regulatory burden for individuals, businesses and community organisations by establishing and meeting a red and green tape reduction target of at least \$1 billion a year.



This red and green tape reduction target will drive the Coalition's regulatory reform agenda and will be the yardstick by which a future Coalition government will measure its progress.

We will hold ourselves accountable to this target by conducting regular audits that measure our progress against this target.

Some of our key measures to deregulate the economy and boost productivity include:

- establishing a one-stop shop for environmental approvals for major projects without compromising high environmental standards;
- requiring that Cabinet submissions must have a proper Regulatory Impact Statement;
- giving small business the option to remit compulsory superannuation payments made on behalf of workers directly to the Australian Taxation Office;
- establishing ministerial industry advisory councils for each portfolio Minister to ensure proper consultation with business;
- making deregulation and red tape reduction a standing agenda item at COAG meetings;
- requiring the Minister for Finance to table an annual red tape reduction report in Parliament;
- commissioning an audit of all environmental legislation and regulation at Local, State and Federal levels to identify unworkable, contradictory or incompatible 'green tape'; and
- streamlining the grant application processes and simplifying the way the National Health and Medical Research Council assesses research grants.

The Coalition is committed to building a stronger, more productive and diverse economy with lower taxes, more efficient government and more competitive businesses.

7. Restore the Australian Building and Construction Commission (ABCC)

The Coalition will move to restore the ABCC within three months of the election.

The work of the ABCC is as important today as when it was established. Labor abolished the ABCC, leading to a return to the bad old days of lawlessness in the construction sector.

The establishment of the Australian Building and Construction Commission in 2005 by the Howard Government provided a genuinely strong cop on the beat, ending the 1970's style inefficiencies and union standover tactics that plagued this industry.

The ABCC resulted in:



- a productivity gain in the construction industry of 10 per cent;
- an economic welfare gain of \$6 billion dollars per year;
- a reduction in consumer prices of 1.2 per cent; and
- significant reduction in days lost through industrial action.³

8. Improve the Fair Work Laws

Within six months of the election, the Coalition will commence a Productivity Commission review into the operation of the Fair Work Laws.

The Coalition has already released a policy to improve the Fair Work Laws.

Businesses, workers and the economy will all be better off because of our sensible approach.

In addition to the incremental improvements already announced, the Coalition will initiate a genuine and independent review of the *Fair Work* laws to ensure Australians have the benefit of an objective, comprehensive and factual assessment of their operation and impact.

This review will be conducted by the Productivity Commission, which will also be asked to consider how the laws can be improved.

9. Better Planning of Infrastructure

The Coalition will, within six months of the election, introduce reforms to Infrastructure Australia so that infrastructure planning is made more rigorous and transparent.

Infrastructure is important to Australia's productivity and underpins the quality of life of every household.

Better infrastructure underpins lower cost services, such as transport and logistics, water and energy. Inefficient infrastructure networks are one of the key reasons why Australia's productivity has declined; and have also been a key driver of the cost of living pressures affecting Australian households.

The Coalition will stop Labor's pork barrelling and will deliver the infrastructure Australia needs.

We will strengthen the role of Infrastructure Australia, to create a more transparent, accountable and effective adviser on infrastructure projects and policies.

³ KPMG Econtech, Economic Analysis of Building and Construction Industry Productivity: 2009 Report 6 May 2009



Under a Coalition government, Infrastructure Australia will develop a rolling 15-year infrastructure plan for Australia, with this plan being revised every five years.

The Coalition will task Infrastructure Australia with undertaking a new National Infrastructure Audit. The new audit will be more robust and will be undertaken in collaboration with the states and territories. It will be updated every 5 years.

Infrastructure Australia will be commissioned with establishing a funding and financing unit to examine opportunities to drive additional funding for projects identified through the renewed National Infrastructure Audit, in partnership with the Commonwealth Treasury and the States.

The Coalition will require all infrastructure projects worth more than \$100 million to undergo a cost-benefit analysis.

Infrastructure Australia will be required to calculate and publish the net present value of recommended infrastructure projects and to justify why a given project has been recommended and prioritised.

The Coalition will appoint a Chief Executive Officer responsible to Infrastructure Australia's non-executive Board.

The Coalition will allow Infrastructure Australia to provide support to the States and Territories through secondment of experienced personnel to work with jurisdictions to help get major projects going.

10. Review into Child Care

The Coalition will commence a review into child care within six months of the election.

The Coalition will help ensure that child care is more accessible, affordable and flexible for Australian parents.

More than 110,000 Australian parents say they cannot pursue available employment opportunities because they cannot find suitable or affordable child care.

Over the past three years ABS data show that the cost of child care has skyrocketed by 27 per cent.

Improving access to child care will provide parents with more choice, the workforce with more workers and lift the productivity of the nation. Our review will include consideration of:

- the current hours parents work or study, or wish to study;
- the particular needs of rural, regional or remote parents, as well as shift workers;
- the out of pocket costs of child care to families; and



- the needs of vulnerable or at risk children.

Options to be considered to enhance the choices available to families, within the existing funding parameters, include subsidies, rebates and tax deductions.

Almost one million Australian children are in child care, but many more are excluded due to cost and limited choice. In particular, parents who work in regional and remote areas and who undertake shift work find it difficult to find child care that suits their circumstances.

The Coalition wants Australian families to have more choices when it comes to the decisions they make about the care of their children. Parents need more choices as they move in and out of different types of child care due to their changing personal, economic and working circumstances.

We want a child care system that is more capable of responding to the dynamic and individual needs of parents.

11. Faster and Cheaper Broadband

The Coalition will deliver the National Broadband Network (NBN) sooner and for tens of billions cheaper than Labor.

Within six months of the election, the Coalition will have conducted:

- a rigorous review into NBN Co.'s current commercial progress and options to meet the Coalition's policy objectives;
- an independent audit into how Labor's costly NBN was designed with no cost-benefit analysis or any consideration of other options;
- an independent review into the long-term structure and regulation of telecommunications.

The woeful and wasteful rollout of the NBN under Labor has cost taxpayers billions, while the slow pace of the rollout is depriving our nation of potentially significant productivity gains.

After six years and about \$5 billion of spending Labor's policies have failed to deliver better broadband:

- just 33,600 households and businesses were using the NBN fibre network in June 2013, and NBN Co was over a million premises short of the rollout targets announced by Julia Gillard in 2010;
- after four years NBN Co has rolled out its fibre network to only 2 per cent of the 12.2 million premises it must reach by 2021 to complete the network on schedule; and



- the NBN wireless rollout has reached only 35 per cent of its targets, and in June 2013 NBN had only 1900 wireless customers. The NBN interim satellite service can only provide broadband to one in five remote households.

The Coalition will deliver the NBN sooner and cheaper so that Australia can benefit from the potential productivity gains of the network.

12. Boost Employment Participation

The Coalition will provide real incentives to help unemployed mature Australians participate in the workforce.

Unemployment can have a corrosive impact on individuals, families and society at large. In addition to the economic costs, unemployment can be particularly debilitating particularly if for long periods of time. Allowing people who could readily work to stay out of the workforce for long periods is cruelty, not compassion.

The Coalition believes that we have an obligation to do what we can to provide real incentives and assistance to encourage as many mature job seekers as possible to find suitable work and to stay off welfare.

At June 2013, approximately 120,000 Australians over the age of 50 were unemployed. In addition, the participation rate for those aged 60 to 64 was a very low 54.1 per cent (more than ten percentage points below the 65.1 per cent rate for all age groups).

The Coalition is determined to ensure that mature jobseekers aren't abandoned to a lifetime of welfare dependence but are engaged in work if they are reasonably capable of it.

To help overcome the difficulties faced by older jobseekers, the Coalition will introduce a *Seniors Employment Incentive* payment to encourage employers take on mature job seekers aged 50 or over.

A business will be eligible for the incentive payment if they hire a mature job seeker who has been unemployed for six months or more, registered with Centrelink and receiving unemployment benefits.

The incentive payment will be worth up to \$3250, equivalent to half the cost of the current Newstart Allowance.

Once the mature worker has been continuously employed for six months, the business will start to receive the incentive payment paid at \$250 each fortnight over the subsequent six months.

This incentive will encourage businesses to provide jobs to mature job seekers who have been unemployed for an extended period, reducing their risk of becoming detached from society, ensuring their skills do not erode and preventing the damaging effects of welfare dependency.



Most importantly, the payment will allow businesses to tap into the skills and experience. Mature job seekers are job ready and ready to contribute productively and positively from day one.

The Seniors Employment Incentive payment will commence on 1 July 2014 along with a series of other measures to boost employment participation, including:

- a new Job Commitment Bonus Payment to encourage long-term unemployed young Australians to find a job and keep it;
- new measures to connect unemployed jobseekers with jobs, including a payment of up to \$3,000 to unemployed jobseekers on NewStart Allowance if they wish to move to a metropolitan area to take up a job (people relocating between capital cities or within capital cities will not be eligible for the payment) and \$6,000 to relocate to a regional area to take up a job; and
- a renewed commitment to reinvigorate the Work for the Dole programme, so that unemployed people on income support are active, engaging in mutual obligation work activities and building skills to ensure they are work ready.

13. Delivering Priority Infrastructure for our Nation – Better Roads

Major economic infrastructure will be underway within 12 months of the election.

Australia needs an efficient and safe national transport system to create sustainable growth and drive our future prosperity.

The Coalition has a track record of investing in transport infrastructure of national significance to grow our economy, build our communities and connect our regions.

Three quarters of Australians live in our major cities, with 64 per cent living in our State and Territory capitals. Our major cities contribute nearly 80 per cent of our GDP and play a large part in Australia's economic and employment growth. Despite this, congestion and traffic jams plague our cities, affecting all commuters and hampering further productivity gains.

The Coalition understands the many benefits of providing efficient and reliable integrated road networks in our capital cities.

Under our plan, vital road projects will be underway across the country within twelve months of an election.

Our plan to reduce traffic congestion includes:

- \$6.7 billion to fix Queensland's Bruce Highway;
- \$1.5 billion to get construction underway on Melbourne's East West Link;
- \$1.5 billion to ensure the Westconnex project gets underway in Sydney;



- \$1 billion to support the Gateway Motorway upgrade in Brisbane;
- \$686 million to complete Perth's Gateway without the mining tax;
- \$615 million to build the Swan Valley Bypass on the Perth-Darwin Highway;
- \$500 million to support the upgrade of Adelaide's North-South Road Corridor;
- \$400 million to upgrade the Midland Highway in Tasmania;
- \$405 million to get Sydney's F3 to M2 started by late 2014, which will mean shorter travel times, reduced congestion and safer roads for the residents of the Central Coast; and
- \$5.6 billion to complete the duplication of the Pacific Highway from Newcastle to the Queensland border.

In addition, the Coalition will:

- get the Toowoomba Second Range Crossing underway; and
- invest \$25 million to upgrade the iconic Great Ocean Road.

In addition, we will get the Toowoomba Second Range Crossing underway and finish the Perth Gateway.

The Coalition has a clear and definitive plan to build the nationally significant roads our cities and country need. This will mean that people spend less time in traffic and more time with family, that businesses can get their goods and services to market faster, and that our export industries can be more competitive.

14. Deliver a One-Stop-Shop Environmental Approvals Process

Within 12 months of the election, the Coalition intends to have established agreements with the States and Territories for a 'one-stop-shop' for environmental approvals.

The Coalition will cut red tape and encourage more projects to get off the ground by creating a 'one-stop-shop' for environmental approvals for mining and other projects.

The Business Council of Australia has noted that obtaining approvals for one major project had cost \$25 million and involved 4000 meetings, briefings and presentations and the preparation of a 12,000 page report. After two years, 1200 state and 300 Commonwealth conditions were imposed with a further 8000 sub-conditions.

In another notorious case, a marina in Victoria that had spent \$1 million to gain state approval was indefinitely delayed under the Commonwealth Environmental Protection and Biodiversity Conservation Act because it might threaten the orange-bellied parrot that had not been seen in the area for 25 years.



Investors accept that projects should comply with best environmental standards. The standards aren't the problem. It is the indecision, imprecision, duplication and inconsistency that are killing new projects.

The Coalition will maintain high standards, but seek to simplify the approvals process.

As the Business Council of Australia has recommended, the Coalition will offer state and territory governments the opportunity to act as a one-stop-shop for environmental approvals. Should they accept, the states and territories would administer a single approvals process including approvals under Commonwealth legislation.

For some projects, such as major offshore developments, the states and territories may prefer to have the Commonwealth as the sole, designated assessor.

In addition to a single assessment process, a Coalition government would seek to create a single lodgement and documentation process for environmental approvals.

States and territories that agree to be part of this one-stop-shop process should have a significant advantage attracting investment. Engendering competition between the states would be a way to make Australia's federal system work for us rather than against us.

The one-stop-shop process could also be extended to councils that choose to be involved.

This one-stop-shop process should also be accompanied by deadlines for decision-making with penalties if these are breached – such as partial reimbursement of lodgement fees.

15. Lower Company Tax

We will cut the company tax rate by 1.5 per cent, which will see Australian companies paying a new lower rate of 28.5 per cent from 1 July 2015.

By cutting corporate taxes we will make Australian jobs more secure, boost real wage growth and make our economy stronger.

As former Treasury Secretary and personal adviser to Prime Minister Julia Gillard, Ken Henry, said at the Government's own Tax Forum in late 2011:

*"...if the company income tax were to be cut, the principal beneficiaries would be workers."*⁴

A competitive corporate tax rate is also essential to ensure ongoing investment in our economy and especially for our manufacturing industry.

⁴ Ken Henry, Comment on Day 1 of Tax Forum, 4 October 2011, Parliament House; see The Australian, 'Cut Company Rate to Aid Workers, Henry Urges,' 5 October 2011.



According to the Government's own Business Tax Working Group, a one percentage point reduction in the company tax rate would have the following effects in the long run:

- GDP up 0.2 per cent (around \$3 billion a year);
- wages up 0.2 per cent; and
- employment up 0.1 per cent (over 10,000 jobs based on the current labour force).

The Australia's Future Tax System Review (the 'Henry Review') concluded that:

*"...company tax rates matter for investment decisions, particularly investments for which location is not critical, and decisions by firms about where to declare profits and pay tax..."*⁵

Cutting company tax is a key part of helping Australian workers and easing cost-of-living pressures on Australian families, since it will flow through to better wages for employees of Australia's 750,000 companies, better returns for shareholders and lower prices.

16. Introduce a Genuine Paid Parental Leave Scheme

Within two years, the Coalition will deliver a genuine paid parental leave scheme to give mothers six months leave based on their actual wage.

We will help families get ahead and give women a more realistic choice if they want to combine work with family and continue their career.

The period following the birth of a child is one of the hardest financially for parents. With the majority of mothers now in paid employment immediately prior to giving birth, many families cannot easily forgo a second income, even temporarily, without putting the financial security of their family at risk.

Under the Coalition's scheme, mothers will be provided with 26 weeks of paid parental leave, at their actual wage or the national minimum wage (whichever is greater, up to a maximum of \$75,000), plus superannuation.

In contrast, Labor's parental leave scheme is paid at the minimum wage for 18 weeks, with no superannuation. No other Organisation for Economic Co-operation and Development (OECD) country derives its rate of payment of parental leave from the minimum wage. Paid parental leave should be a workplace entitlement not a welfare payment.

According to Australian Bureau of Statistics data, around 80 per cent of Australian women earn a salary of less than \$62,400; and the average salary for women who work full-time is around \$65,000.

⁵ Australia's Future Tax System, December 2009, p. 8.



The Coalition's scheme means that women who earn the average full-time salary for women will be more than \$21,000 better off under the Coalition's scheme because they will receive their actual wage over 26 weeks (around \$32,500) instead of the minimum wage for 18 weeks (around \$11,200).

Because the Coalition's scheme includes superannuation, a woman earning the average full-time female salary of \$65,000 who has a child at 26 years of age and another at 29 years of age will also be around \$50,000 better off in retirement than she would have been under Labor's scheme, which does not include superannuation.

Our scheme will boost workforce productivity and workforce participation, encouraging women to remain in the workforce so their skills are not lost to paid employment.

The Coalition's paid parental leave scheme will commence from 1 July 2015.

17. Promoting Learning, Initiative and Collaboration with Our Regional Neighbours Through a New Colombo Plan

By the end of our second year, the Coalition's new Colombo Plan that doesn't just bring the best and the brightest from our region to Australia, but that takes Australia's best and brightest to our region, will be underway.

We should better appreciate not just how much Australia can give our neighbours but how much they can give us, in cultural insights and scientific and technological know-how, as well as in trade benefits.

A modern version of the Colombo Plan, operating as a two-way rather than as a one-way street, should reinforce our own and overseas future leaders' understanding of the things we have in common.

This will be an important basis for strengthening learning, initiative and collaboration with our regional neighbours and building longer-term research capabilities – important ingredients in building the long-term productivity of the nation.

18. Better Delivery of Public Sector Services

By the end of our first term, the Coalition will be working with the States and Territories to encourage 25 per cent of existing public schools to become Independent Public Schools by 2017.

To support those schools that elect to become an Independent Public School, the Coalition will establish a \$67 million 'Independent Public Schools Fund.' This Fund will provide grants directly to a school to assist them in becoming independent.

The Coalition is committed to improving the ability of schools to respond individually to local issues that are affecting learning outcomes of their students.



We believe that senior members of a school community are far better equipped to know what is best for their school than government bureaucrats.

Independent schools are accountable to the local community and provide the autonomy needed not only for principals to achieve better education outcomes, but for principals and teachers to be more accountable to students, parents and the community.

We will also be working with the States and Territories to encourage local hospital boards, which will give the community greater say in how their hospitals are run.



The Choice

Australia's productivity and competitiveness have been undermined by nearly six years of Labor.

According to the latest available Australian Bureau of Statistics data, multifactor productivity (assessed using quality adjusted hours worked) has fallen by 3 per cent under Labor.

A study by the Economist Intelligence Unit in August 2012 ranked Australia as the second worst of 51 countries for productivity growth, ahead only of Botswana.

Australia's ranking has declined from 7th in 2008 to 15th in 2012 in IMD's World Competitiveness Yearbook.

The Business Council of Australia found that the cost of doing business in Australia's resources sector is between 30 and 50 per cent higher than in competing jurisdictions in the Asia-Pacific region.

Despite now having the world's 12th largest economy, Australia has fallen to 20th on the World Economic Forum's Global Competitiveness Index, placing us well behind major competitors like the US, Japan, Singapore, the UK, Canada and Hong Kong, as well as economies such as Germany, Denmark, Saudi Arabia and Qatar.

Moreover, the World Economic Forum's Global Competitiveness Index reports that Australia has:

- slumped in pay and productivity from 40th in 2007-08 to 80th in 2012-13;
- slumped in the burden of government regulation from 68th in 2007-08 to 96th in 2012-13;
- slumped in extent and effect of taxation from 75th in 2007-08 to 103rd in 2012-13; and
- slumped in terms of transparency of government policymaking from 12th in 2007-08 to 29th in 2012-13.

In April 2007, Kevin Rudd and Labor promised to lift Australia's productivity performance by implementing a 'one regulation in, one regulation out' policy. Instead, productivity has fallen, Labor has added over 21,000 new regulations and the number of regulations repealed equates to just five per cent of the number introduced.

Over the last five years, Labor has imposed unnecessary new regulatory costs on businesses and not-for-profit organisations without removing equivalent costs.



Labor's failed approach to regulation is confirmed by an October 2012 Australian Chamber of Commerce and Industry (ACCI) National Red Tape Survey. ACCI surveyed 870 businesses across all States and Territories and found that:

- 73.1 per cent of businesses believed that the overall regulatory compliance burden had increased in the past two years;
- 60 per cent of businesses spent more than \$5,000 per annum directly on costs related to regulatory requirements (more than 16 per cent spent more than \$50,000 per annum); and
- more than half of businesses believed regulatory compliance prevented business growth.

The Coalition's *Policy to Create Jobs by Boosting Productivity* prioritises 17 policy initiatives that will result in a stronger economy capable of delivering higher real wage growth and job creation.

Our productivity priorities include abolishing unnecessary taxes (like the carbon and mining taxes), cutting the cost of red tape by \$1 billion a year, encouraging more workforce participation, delivering the economic infrastructure our nation needs, and introducing a genuine paid parental leave scheme,

The Coalition's *Policy to Create Jobs by Boosting Productivity* sets out the first term steps that a Coalition government will take to drive investment, job creation, higher real wage growth and better standards of living for all Australians.

Cost

The Coalition's *Senior Employment Incentive* payment programme will commence from 1 July 2014 and will cost \$190 million.

In accordance with election costing rules in the Charter of Budget Honesty, this figure makes no allowance for any positive impacts on overall employment from the Coalition's participation measures – positive impacts which would generate offsetting savings to taxpayers from reduced benefit payments and higher taxation revenues.

Nevertheless, the Coalition is confident that, by boosting the job readiness of the unemployed, while also providing growth through lower taxes and our comprehensive economic plan, positive impacts on total employment will be achieved.



Hope.
Reward.
Opportunity.



THE NATIONALS *for Regional Australia*

For further details of the Coalition's Plan go to
www.realsolutions.org.au