

ANSSR: Economy Priorities and Progress Assessment Measures

Australia

Australia welcomes APEC Economic Leaders' endorsement in November 2010 of the APEC New Strategy for Structural Reform (ANSSR) and associated pledge to undertake demonstrable and significant structural reform in their economies.

Structural reform is a key component of Australia's commitment to boosting productivity and competitiveness and encouraging participation in the labour force. Key structural reform priorities for Australia over the coming years include promoting competitive markets and pursuing education and labour market reforms. The priority of financial market regulation has also been heightened following the global financial crisis.

- Australia is *promoting more open, well-functioning, transparent and competitive markets* by continuing to build a seamless economy. These reforms encourage competition reform in key sectors to expand Australia's productive capacity, reduce regulatory costs for business, and improve regulation-making and review processes.
- Australia is also focused on *promoting labour market opportunities, training and education* reforms. An educated and skilled workforce, supported by robust and flexible education and labour market policies, is central to increasing the supply of workers with appropriate skills to ensure Australia's future prosperity and opportunities for growth.
- *Promoting better functioning and effectively regulated financial markets* is a priority for Australia. Our policies, practices and institutions are designed to ensure that the financial system is both safe and competitive. Australia is currently implementing a Competitive and Sustainable Banking System package to promote banking competition and a more sustainable financial system, in addition to other measures to support prudential regulations and strengthening the regime of consumer credit regulation.

In Australia, the Council of Australian Governments (COAG) contributes to structural reforms that are of economy-wide significance and which require cooperative action by Australian governments. COAG comprises the Prime Minister, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association. In turn, COAG is supported by the COAG Reform Council, a body that undertakes independent and evidence-based monitoring and assessment and reports publicly on the progress of reforms against milestones for reform.

In addition, Australia's Productivity Commission provides independent research and advice on a range of economic, social and environmental issues affecting the welfare of Australians. The Commission is Australia's principal review and advisory body on microeconomic policy and regulation. It has been commissioned to report to COAG on the overall impacts and benefits of COAG's reform agenda every two to three years, in addition to a much larger work program that is commissioned by the Australian Government. Further information is available on the Commission's website at <http://www.pc.gov.au/>.

ANSSR Priorities

Promoting more open, well-functioning, transparent, and competitive markets	
Priority:	Progress assessed based on:
Continue to build a seamless economy	
<p><i>Competition reform in key sectors to expand productive capacity over the medium-term and enable stronger economic growth</i></p> <p>Key competition reforms include:</p> <ul style="list-style-type: none"> • domestic transport reforms including single regulators for heavy vehicles, maritime and rail; • road pricing reforms to facilitate more efficient use of infrastructure; • enhancing the energy market framework; and • applying consistent principles for regulation of access to significant infrastructure facilities. 	<p>Australia's reforms are being progressed primarily through the <i>National Partnership Agreement to Deliver a Seamless National Economy</i> (SNE NP) signed by the Australian Government and State and Territory governments in 2008-09.</p> <p>The SNE NP outlines the objectives, outcomes and outputs of the reforms together with performance benchmarks, indicators and reporting requirements.</p> <p>It is supported by an Implementation Plan, which sets out key milestones, responsibilities and timelines for delivering each of the reforms.</p>
<p><i>Reforms to decrease the regulatory and cost burden for business and increase workforce mobility across jurisdictions</i></p> <p>Australian governments have agreed to progress deregulation or regulatory harmonisation in 27 priority areas, which are set out in the Implementation Plan.</p> <p>Some examples include reforms to introduce a uniform and consistent consumer policy framework; product safety regime; consumer credit regulatory regime; regulation of trustee corporations; standard business reporting regime; and registration and accreditation scheme for health professionals.</p>	<p>The COAG Reform Council provides an independent and public assessment to COAG each year of whether the milestones for the reforms are being achieved.</p> <p>In addition, the Productivity Commission will report to COAG on the impacts and benefits of COAG's overall reform agenda every two to three years. The Commission's reports to COAG will include information on:</p> <ul style="list-style-type: none"> • the economic impacts and benefits of reform and outcome objectives, including estimates of the economy-wide, regional and distributional effects of change; and • assessments, where practicable, of whether Australia's reform potential is being achieved and the opportunities for improvement.
<p><i>Ongoing improvement of regulation-making and review processes.</i></p> <p>The development and enhancement of existing processes for regulation-making and review.</p> <p>For example, promoting best practice regulation; reviewing the regulatory burdens on business; and benchmarking how the role of local government as a regulator affects costs incurred by business.</p>	<p>Each Productivity Commission report will be guided by directions from the Assistant Treasurer concerning the particular reporting priorities to be addressed.</p> <p>Further information is contained in the Terms of Reference released by the Australian Government in June 2010.</p> <p>COAG announced in February 2011 that it is commissioning work from relevant ministers and officials on Australia's future competition and regulatory agenda.</p>

Promoting labour market opportunities, training, and education	
Priority:	Progress assessed based on:
An educated and skilled workforce supported by flexible and responsive labour market and education and training systems	
<p><i>Schools</i></p> <ul style="list-style-type: none"> Development of a consistent, world-class curriculum for all Years Foundation to 12. This will create better consistency, transparency and equity in learning outcomes. 	<p>Australia's main mechanism for measuring progress on these reforms is through performance reporting under agreements between the Australian Government and State and Territory governments.</p> <p><i>National agreements</i> or <i>partnerships</i> specify the responsibilities, objectives and outcomes of governments in key service delivery areas as well as identifying important outputs, performance indicators and performance benchmarks. <i>National partnerships</i> may be supported by detailed Implementation Plans.</p>
<p><i>Vocational Education and Training (VET)</i></p> <ul style="list-style-type: none"> Establishment of the <i>Australian Skills and Quality Authority</i> to improve quality, increase consistency and reduce red tape. Longer-term reform of the VET system to deliver more flexible, responsive and higher quality training. This will be achieved through renegotiation of the <i>National Agreement for Skills and Workforce Development</i> and negotiating a new reform-focused <i>National Partnership</i> with States and Territories. Establishment of a <i>National Workforce Development Fund</i> to deliver additional training places tailored to the needs of industry. Reforms to apprenticeship arrangements to modernise the system, improve completion rates and assist apprentices to achieve qualifications more efficiently. 	<p><i>National agreements</i> and <i>national partnership agreements</i> exist in a range of areas. The principal agreements in the area of education/skills are the <i>National Education Agreement</i> and the <i>National Agreement for Skills and Workforce Development (NASWD)</i>.</p> <p>The COAG Reform Council reports annually on the performance of all jurisdictions, in line with agreed indicators.</p>
<p><i>Higher education</i></p> <ul style="list-style-type: none"> From 2012, a demand driven approach in which funding for eligible undergraduate domestic student places is based on student demand. The universities will decide how many undergraduate places they will offer based on student demand and the needs of employers. Establishment of the <i>Tertiary Education Quality and Standards Agency</i> will support a more open, transparent and quality assured higher education sector. 	<p>In February 2011, COAG agreed to review the performance frameworks of each of the <i>National Agreements</i> to ensure that progress is measured and that all jurisdictions are clearly accountable to the public and COAG for their efforts. These reviews are being conducted during 2011 and 2012.</p> <p>COAG also agreed that the review of the NASWD would be more extensive, comprehensively examining the substance of the agreement, including the performance reporting framework, to help address the challenges associated with improving productivity and participation.</p>
<p><i>Labour force participation</i></p> <ul style="list-style-type: none"> The <i>Building Australia's Future Workforce</i> budget package better rewards work; provides new opportunities to get people into work through training, education, and improved childcare and employment services; introduces new requirements for the very long-term unemployed, Disability Support Pensioners, teenage parents, jobless families and young people; and takes new approaches to address entrenched disadvantage in targeted locations. 	<p>In addition, the Assistant Treasurer has directed the Productivity Commission to include a focus on VET reforms, and initiatives that support young people make successful transitions from school to further education, training and employment, in its report to COAG on the impacts and benefits of COAG's overall reform agenda.</p> <p>The <i>Building Australia's Future Workforce</i> budget package will be formally evaluated with an interim report due by December 2013 and a final evaluation report due by October 2014.</p>

Promoting better functioning and effectively regulated financial markets	
Priority:	Progress assessed based on:
A more competitive and sustainable financial system	
<p><i>Empowering consumers</i></p> <ul style="list-style-type: none"> Enhancing consumer flexibility to transfer deposits and mortgages by banning exit fees for new home loans and making the process for consumers switching transaction accounts simpler and easier. Enhancing disclosure of financial information, by introducing a mandatory key facts sheet for consumers seeking a new home loan, enhancing transparency of Lenders' Mortgage Insurance and undertaking a community education campaign. Introducing laws to prevent banks from engaging in anti-competitive price signalling and information disclosures. Enhancing competition and transparency in the ATM market. 	<p>The Australian Government's policies, practices and institutions seek to ensure that the financial system is both safe and competitive.</p> <p>Reflecting the importance of financial system safety, Australia has three separate agencies operating on functional lines (the Reserve Bank of Australia; the Australian Prudential Regulation Authority; and the Australian Securities and Investments Commission). These institutions have primary responsibility for maintaining the safety and soundness of financial institutions, protecting consumers and promoting systemic stability by implementing and administering the regulatory regimes that apply to the financial sector. Together with the Treasury they form the Council of Financial Regulators.</p>
<p><i>Supporting smaller lenders to compete with larger lenders</i></p> <ul style="list-style-type: none"> Ensuring continued depositor certainty and securing a critical source of funding for smaller lenders through the confirmation of the Financial Claims Scheme (deposit guarantee) as a permanent feature of Australia's financial system. Providing increased support for residential mortgage backed securities, which is an important source of funding for smaller lenders. Launching a community awareness and education campaign, to build understanding and educate consumers about the role of mutual credit unions and building societies in the Australian financial system. 	<p>An assessment of the state of competition in the Australian banking sector requires consideration of a range of quantitative and qualitative indicators, which are routinely monitored.</p> <p>These indicators include:</p> <ul style="list-style-type: none"> market share (including quantitative indicators of market concentration); profitability (including profitability of lending products as an indicator of relative levels of competitiveness); pricing (including data on fees and charges); contestability of markets for banking products (including barriers to entry and exit); and the level of product innovation (as an indicator of competitive pressures).
<p><i>Securing the long term safety and sustainability of Australia's financial system</i></p> <ul style="list-style-type: none"> Broadening access to cheaper and more stable long-term funding through allowing institutions to issue covered bonds. Facilitating a deep and liquid retail corporate bond market through the trading of Commonwealth Government Securities on a securities exchange. 	