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THE FUTURE OF  
THE AUSTRALIAN ECONOMY

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Australia faces a range of long term economic challenges including an ageing population, an increasingly competitive international economy, and adjusting to a low carbon future.

The global economic crisis has increased the risks faced by the Australian economy and created a more volatile and uncertain economic environment. The Government is collaborating with other national governments in order to stabilise international markets. The Government is also committed to maintaining the strength of the Australian economy by taking measures to stimulate growth, investment and jobs. In February 2009 the Government announced a \$42 billion Nation Building Economic Stimulus Plan to support jobs and invest in future long term economic growth. This built on the \$10.4 billion Economic Security Strategy announced in October 2008, and the \$4.7 billion Nation Building Package and \$15.2 billion COAG funding package announced in November 2008. These investments are crucial in supporting economic activity and jobs now, and as we head towards 2020.

The Government is also committed to tackling Australia's long term structural challenges through ongoing economic reform including the productivity agenda, with the goal of making Australia's economy more flexible, sustainable, dynamic and resilient.

Participants in the Economy Stream of the 2020 Summit agreed that Australia should aspire to be the world's best place to live and do business, and that achieving this goal will require urgent action to create of a truly national, efficient, sustainable and inclusive economy. They also recognised that the Australian Government plays a major role in ensuring national economic prosperity and that policies on taxation, regulation and investment should be carefully defined to meet economic goals.

The Economy Stream developed a broad range of aspirations, themes and ideas that have influenced and guided the Government's policies in this area, including:

- **Australia's Future Tax System** – On 13 May 2008, the Government announced a review of Australia's tax system in response to the significant number of issues raised at the 2020 Summit regarding tax reform. The review's terms of reference were heavily influenced by ideas from the Summit. An initial discussion paper was released by the Commonwealth Treasury in August 2008. The final report is due by the end of 2009.
- **Reducing the regulatory burden through COAG** – The Council of Australian Governments (COAG) established the Business Regulation and Competition Working Group (BRCWG). COAG has agreed on a reform agenda for reducing the costs of regulation and enhancing productivity and workforce mobility in areas of shared Commonwealth and state responsibility through the National Partnership Agreement to Deliver a Seamless Economy. The reforms focus on harmonising or providing consistency of regulatory regimes across state boundaries and initial outcomes were agreed in November 2008. The Commonwealth has committed to provide funding to the states and territories of \$550 million over five years to facilitate the implementation of these reforms and provide rewards for progress on agreed reforms.

The following tables provide the Government's response to the ideas raised by the Economy Stream at the 2020 Summit.

## Key ideas being taken forward by the Government

Topic	2020 proposed ideas	Government response
<p><b>Review of Australia's Future Tax System</b></p> <p>Also raised by: Creativity Rural Productivity</p>	<ul style="list-style-type: none"> <li>• The Commonwealth Government should undertake a comprehensive review of state and federal taxes within a two year timeframe, including interim reporting. This review should consider measures to simplify taxes, reduce inefficient taxes, harmonise taxes, ensure a progressive system as intended, and address negative interaction with the welfare system.</li> <li>• Provide business and tax incentives, such as reduced income tax rates for those living in remote, rural and regional Australia.</li> <li>• Increase harmonisation across jurisdictions to reduce the costs of administration and decrease the number of taxes.</li> </ul> <p><b>Removal of distortions</b></p> <ul style="list-style-type: none"> <li>• Reduce wasteful taxes that create perverse incentives, such as the fringe benefits tax threshold that encourages people to increase their driving mileage.</li> <li>• Eliminate transaction taxes such as stamp duty.</li> <li>• Recognise that some taxes will be deliberately distortive, but ensure that any distortion is driven by deliberate socially beneficial policy.</li> <li>• Move the tax base from income towards consumption.</li> <li>• Ensure the tax system is progressive in practice.</li> <li>• Provide incentives for participation, such as marginal tax rates on second family incomes.</li> <li>• Redress negative interactions with the welfare system such as effective marginal tax rates on transition from welfare to work.</li> <li>• Review tax offsets and tax deductibility and consider ways of encouraging older people's participation in the workforce. The taxation review should include consideration of the relationship with retirement incomes.</li> </ul>	<p>The Government agrees with the need to review these issues and is undertaking a comprehensive review of Australia's tax system to position Australia to deal with the demographic, social, economic and environmental challenges of the 21st century.</p> <p>The review's terms of reference have been heavily influenced by ideas from the 2020 Summit. They also require the review to reflect the Government's policy not to increase the rate or broaden the base of the GST, and to preserve tax-free superannuation payments for the over-60s. The first round of public submissions closed on 17 October 2008. The review panel released a consultation paper in December 2008, informed by these submissions. The final report is due by the end of 2009, with the report on retirement incomes due at the end of March 2009.</p>

Topic	2020 proposed ideas	Government response
<p><b>Continued ...</b></p> <p><b>Review of Australia's Future Tax System</b></p> <p><b>Also raised by:</b> Creativity Rural Productivity</p>	<ul style="list-style-type: none"> <li>• Ensure that Australia is not permanently disadvantaged vis-à-vis the flatter, simpler tax systems in Asia.</li> <li>• Index the tax scales to reduce buoyancy in the tax system.</li> <li>• Eliminate distortions on taxation of investment.</li> <li>• Use the tax system to encourage collaboration.</li> <li>• Tax incentives should be provided for private investment in research and development.</li> </ul>	
<p><b>Regulation – COAG Business Regulation and Competition Working Group</b></p> <p><b>Also raised by:</b> Rural Governance</p>	<ul style="list-style-type: none"> <li>• Uniform regulation, licensing, standards and enforcement for transport (both road and rail) and agriculture.</li> <li>• Harmonisation of state and territory regulations, including the removal of impediments associated with access to drought assistance.</li> <li>• Cutting red tape in general and setting minimum red tape targets when introducing new polices for dealing with climate change.</li> <li>• Harmonisation of federal and state regulations to reduce duplication and the costs of doing business.</li> <li>• The speed of regulatory reform should be increased, including creation of seamless national markets in key areas.</li> <li>• Review regulatory regimes to encourage private investment.</li> <li>• Regulation to be seen in the context of allowing market solutions wherever possible to deal with social problems and externalities.</li> <li>• Establish uniform national laws for industry, trade, finance and property.</li> <li>• Uniform laws for human rights, resources and infrastructure, and workplace safety.</li> </ul>	<p>Agree in-principle. The 2020 Summit recognised the importance of regulatory reform and harmonisation of state and territory laws.</p> <p>Many of the ideas discussed at the Summit reflect the work program of the Council of Australian Governments' (COAG) Business Regulation and Competition Working Group (BRCWG).</p> <p>In December 2007, COAG established the BRCWG to deliver more consistent regulation across jurisdictions, reduce restrictions on competition in priority areas of the economy, and improve processes for regulation making and review. The work program includes reducing inconsistent and unnecessary regulation in 27 separate areas and delivering competition reform in eight agreed priority areas.</p> <p>In November 2008, COAG agreed to the new National Partnership Agreement to Deliver a Seamless National Economy, under which the Commonwealth committed to provide funding to the states and territories of \$550 million over five years. The payments are in two components; \$100 million to facilitate the implementation of reforms, and \$450 million in reward payments. The reforms, include nationally uniform OH&amp;S laws, a national system for registering business names, and a national electronic conveyancing system.</p>

Topic	2020 proposed ideas	Government response
<p><b>Infrastructure – National Institution</b></p> <p>Also raised by: Rural</p>	<ul style="list-style-type: none"> <li>• Future infrastructure investment decisions should be approached from a national perspective. In rail infrastructure, such an approach would help facilitate a catch-up in investment and improve both the modality of our current network and intermodal hubbing.</li> <li>• A single national government entity to facilitate financing, approval and development of infrastructure projects.</li> <li>• Increase the power of Infrastructure Australia to drive priorities, develop more competitive national markets in areas such as water, electricity and transport and ensure market-based pricing of scarce resources such as water.</li> </ul>	<p>Agree in-part. Infrastructure Australia was established by the Government in April 2008. It will conduct regular audits to determine the adequacy, capacity and condition of nationally significant infrastructure, taking into account forecast growth and the adequacy of the infrastructure to meet that growth. It will also develop a national infrastructure priority list for COAG to consider.</p> <p>Infrastructure Australia released an interim report on both the National Infrastructure Audit and the Infrastructure Priority List at the end of 2008.</p>



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<p data-bbox="240 349 384 495"><b>Infrastructure Australia – National Priorities and Investment</b></p> <p data-bbox="240 551 395 607">Also raised by: Rural</p>	<ul style="list-style-type: none"> <li data-bbox="456 349 847 405">• A time-sensitive approach to more rapid development of infrastructure.</li> <li data-bbox="456 416 858 472">• Telescope the development approval process for infrastructure projects.</li> <li data-bbox="456 483 858 629">• Provide clear guidance to parties so they can act on the objective criteria that have been set for a project and make the necessary longer term investments.</li> <li data-bbox="456 640 868 730">• Increase accountability for regulators, with clear performance indicators to review performance.</li> <li data-bbox="456 741 820 887">• Liaise more directly with capital markets (that is, superannuation funds) and develop national standardised protocols for public-private partnerships.</li> <li data-bbox="456 898 847 987">• Government should confirm its priorities in energy, transport, water and communications.</li> <li data-bbox="456 999 879 1413">• Create a master plan with a clear framework for assessing infrastructure priorities. The plan should: <ul style="list-style-type: none"> <li data-bbox="488 1099 874 1189">– focus on areas where Australia has a competitive advantage, such as agriculture, mining and education</li> <li data-bbox="488 1200 884 1335">– impose national standards encompassing economic, environmental and social criteria for the development of infrastructure, and</li> <li data-bbox="488 1346 884 1413">– provide a framework for a rigorous cost-benefit assessment of projects.</li> </ul> </li> <li data-bbox="456 1424 884 1536">• Immediate and sustained investment in Australia's intramodal and intermodal transport systems, targeting rail as the short-term imperative.</li> </ul>	<p data-bbox="919 349 1347 607">Agree in-principle. Infrastructure Australia released an interim report on both the National Infrastructure Audit and the Infrastructure Priority List at the end of 2008. The final Priority List will enable the Government, advised by Infrastructure Australia, to make timely decisions on projects that will advance Australia's nation building agenda.</p> <p data-bbox="919 618 1347 943">In November 2008 COAG endorsed a National Public-Private Partnerships (PPP) package. The package offers major reform gains in terms of consistency and harmonisation of PPP policy and practices across jurisdictions. It aims to encourage the consideration of PPPs, ensure consistent application of best practice across Australia and encourage private sector investment in public infrastructure in Australia.</p>

Topic	2020 proposed ideas	Government response
<p data-bbox="240 349 389 465"><b>Infrastructure – National Broadband Network</b></p> <p data-bbox="240 521 389 638">Also raised by: Productivity Rural Creativity</p>	<ul data-bbox="451 349 884 931" style="list-style-type: none"> <li>• Connecting Australia: Use new technologies to foster new working environments that dissipate the ‘tyranny of distance’ both within and beyond Australia.</li> <li>• Build and enable the use by all Australians of a world class broadband system to foster full participation in the digital economy.</li> <li>• Roll out a competitive national broadband network across Australia.</li> <li>• Establish a national digital fund to continue to expand Australia’s broadband.</li> <li>• Improve technology infrastructure and increased access to technology.</li> <li>• Provide broadband access for remote, rural and regional Australia.</li> </ul>	<p data-bbox="914 349 1347 555">Agree. The Government has announced it will establish a new company that will invest up to \$43 billion over eight years to build and operate a National Broadband Network (NBN) delivering superfast broadband to Australian homes and workplaces.</p> <p data-bbox="914 566 1347 683">Every person and business in Australia, no matter where they are located, will have access to affordable, fast broadband at their fingertips.</p> <p data-bbox="914 694 1347 1048">The Schools Summits also recognised the importance of connecting regional areas to the internet, and the Australian Broadband Guarantee (ABG) program complements the rollout of the National Broadband Network in rural areas by providing safety net broadband services to all Australian households that are unable to access metro-comparable broadband services. An additional \$270.7 million over four years was allocated in the 2008–09 Budget to continue the ABG program.</p> <p data-bbox="914 1059 1347 1265">In addition the Government is preparing a ‘Digital Economy – Future Directions’ Paper in consultation with industry. The paper will provide a roadmap of how the Government and industry can collaborate to maximise the participation of Australians in the digital economy.</p> <p data-bbox="914 1276 1347 1565">Further, the Government’s Vocational Education Broadband Network will create a single post-secondary high speed broadband network, connecting the Australian training system to a similar network to that currently serving universities. This will increase flexibility in the place and pace of learning, and offer speedy access to resources no matter where they are located.</p>

Topic	2020 proposed ideas	Government response
<p><b>Continued ...</b></p> <p><b>Infrastructure – National Broadband Network</b></p> <p>Also raised by: Productivity Rural Creativity</p>	<ul style="list-style-type: none"> <li>The rural, economy, creativity and productivity streams proposed that the Government should assess the case for vertical separation of the national broadband network owner from retail carriers and carriage service providers.</li> <li>Fibre-to-the-home should be the key technology goal of government.</li> </ul>	<p>Agree in-part. The Government has established a company that will invest up to \$43 billion to build and operate a new super fast national broadband network.</p> <p>The network will be a wholesale-only, open access network that offers equivalent access terms and conditions for all access seekers. The Government will encourage private sector investment in the new network but measures will be put in place to ensure that the equivalence arrangements are not compromised.</p> <p>The Government has also announced that in the transition period to the full rollout of the new network, it will give consideration to stronger measures to ensure access seekers receive equivalent access terms on Telstra’s existing fixed-line network.</p> <p>The Government has announced that it will establish a company that will invest up to \$43 billion to build and operate a new super fast national broadband network.</p> <p>The Government’s objective is that the national broadband network achieve 90 per cent coverage to homes, schools and workplaces using optical fibre (fibre-to-the-premises or ‘FTTP’) and remaining coverage to be delivered through wireless and satellite technologies, within this funding envelope.</p>



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<b>Mortgage Regulation and Housing Finance</b>	<ul style="list-style-type: none"> <li>• Ensure there is a fully effective housing finance market.</li> </ul>	<p>The Government agrees that a properly functioning housing finance system is critical to support residential lending. Important recent initiatives to support a fully effective housing finance market include:</p> <ul style="list-style-type: none"> <li>• A package of measures announced in February 2008 to make it easier for Australians to switch banks if they are not satisfied with their current provider</li> <li>• Agreement through COAG that the Commonwealth will assume responsibility for the national regulation of consumer credit, which will establish a consistent and robust consumer credit protection framework for borrowers</li> <li>• The introduction of First Home Savers Accounts</li> <li>• The Government has directed the Australian Office of Financial Management (AOFM) to purchase residential mortgage-backed securities to support strong and effective competition in Australian mortgage market</li> <li>• A guarantee has been made available on wholesale funding for banks, building societies and credit unions, to support them raising the funds necessary to provide home loans.</li> </ul>

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<p><b>Removing Discrimination</b></p> <p>Also raised by: Security Governance</p>	<ul style="list-style-type: none"> <li>Unleash Australian talent by removing direct and indirect discrimination, which means improving structural support, strengthening laws and creating public accountabilities beyond gender – that is, age, race and disability.</li> <li>Review domestic legislation for human rights impacts and compliance.</li> </ul>	<p>Agree in-principle. On 10 December 2008, the Commonwealth Attorney-General announced a national consultation process on human rights and responsibilities in Australia. The consultation will be conducted in the first half of 2009 by a committee comprised of Father Frank Brennan SJ AO (Chair), Ms Tammy Williams, Ms Mary Kostakidis and Mr Mick Palmer AO APM.</p> <p>The Government has recently taken some key steps to addressing issues of discrimination. For example, in July 2008, the Government ratified the UN Convention on the Rights of Persons with Disabilities and in December 2008, tabled a National Interest Analysis proposing that Australia accede to the Optional Protocol to the Convention. The Joint Standing Committee on Treaties reported its views on 12 March 2009 and recommended that Australia accede to the Optional Protocol.</p> <p>In December 2008, the Government tabled draft Disability Standards to improve access to premises for persons with disabilities, and introduced legislation to implement recommendations of the Productivity Commission from 2004 to improve the operation of the Disability Discrimination Act.</p> <p>The states and territories also have existing programs to address issues of discrimination.</p> <p>In December 2008, the Government acceded to the Optional Protocol to the Convention on the Elimination of All Forms of Discrimination Against Women.</p>
<p><b>Budgets</b></p>	<ul style="list-style-type: none"> <li>Re-establish annual budgets as the sole priority-setting mechanism for government policy. This would help avoid 'short-termism'.</li> </ul>	<p>The Budget is the principal economic statement of the Australian Government and will continue to be supported by a comprehensive process of deliberation on competing proposals for limited funding.</p> <p>The Government, however, reserves the flexibility to respond outside the Budget process on matters of significance, such as the delivery of the economic security packages in response to the global economic crisis.</p>

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<p><b>Teaching Workforce – Improving Teacher Quality</b></p> <p>Also raised by: Productivity</p>	<ul style="list-style-type: none"> <li>Reward excellence in teaching.</li> <li>Celebrate the vocation and contribution of teaching.</li> <li>Create a national education and qualification accreditation system and increase education funding.</li> </ul>	<p>Agree in-principle. The Government is committed to rewarding excellence in teaching and attracting high quality teachers. The Government has allocated \$550 million to the Smarter Schools – Improving Teacher Quality National Partnership and will work together with the states and territories to deliver reforms to attract, train, place, develop and retrain quality teachers and school leaders. Reform will focus on a number of areas, including new professional standards, recognition and reward for quality teaching – including for top graduates and mid-career changers, and national accreditation of pre-service teacher education courses.</p>
<p><b>Financing Literacy Program</b></p>	<ul style="list-style-type: none"> <li>Establish a national financing literacy program to provide to customers knowledge and understanding about things such as investment in superannuation, retirement and other sectors.</li> </ul>	<p>The Government has consolidated the Government’s financial literacy response under the Australian Securities and Investments Commission (ASIC). This will help ensure that Australia’s financial markets are fair, transparent and supported by more informed investors and consumers.</p> <p>ASIC will play a national leadership role in advancing financial literacy in Australia. The Government’s decision recognises the need for people of all ages to have access to a range of learning opportunities, as well as reliable and independent information and resources to help them make informed financial decisions.</p>



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<p><b>Community Engagement</b></p> <p>Also raised by: Communities Governance Rural</p>	<ul style="list-style-type: none"> <li>• Introduce a Prime Minister's Grand Challenge Prize for solving big national challenges of a global nature – for example, climate change.</li> <li>• Strengthen the public policy debate.</li> <li>• Establish a 'bottom-up' approach instead of a 'top-down' one, fostering an environment for experiments that are monitored, measured and shared with the public through the internet.</li> </ul>	<p>The Government agrees with the idea of enhancing community engagement. The Government's approach is to trial different and innovative mechanisms and draw on specific suggestions across several streams in that context.</p> <p>For example the Government is committed to developing practical initiatives in e-governance that increase communities' ability to interact with the Parliament and the policy development processes of government. The Government is committed to making extensive information about policy issues available on-line to the community. The Government will develop better ways to increase interactive consultative processes using new technologies to communicate and hear from people. Some aspects of this work will be guided by the statutory Information Commissioner position, which the Government will be establishing as part of its Open Government reform agenda. As a first step, the Department of the Prime Minister and Cabinet has sought expert advice on the enhancement of information and access to Commonwealth information and policy and a whole-of-government approach to the development of an e-governance strategy.</p> <p>The Government is also considering holding a set of forums that will bring together experts, business and community representatives and others with a strong interest in a number of topics to promote a collaborative approach to challenging issues and better inform government decision making.</p> <p><i>The full list of related ideas can be found in the Governance Stream.</i></p>

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<p data-bbox="240 349 389 405"><b>Reform of the Federation</b></p> <p data-bbox="240 461 397 517">Also raised by: Governance</p>	<ul data-bbox="451 349 884 680" style="list-style-type: none"> <li data-bbox="451 349 884 495">• The creation of an independent body to carry out a ‘clean sheet of paper’ review of the roles and responsibilities of federal, state and local governments in areas of major economic activity.</li> <li data-bbox="451 506 884 680">• This body could be a new Federation Commission or an expanded version of the Productivity Commission and would absorb the activities currently conducted by the COAG Reform Council.</li> </ul> <p data-bbox="451 692 815 725">The new independent body should:</p> <ul data-bbox="451 736 884 1637" style="list-style-type: none"> <li data-bbox="451 736 884 853">• Initiate studies into areas of federal and state activity perceived to be operating at sub-optimal level and make recommendations for improvement</li> <li data-bbox="451 864 884 1039">• Monitor the progress of implementation of the foregoing initiatives against agreed criteria and perform these tasks through a combination of internal research and self-initiated public inquiry</li> <li data-bbox="451 1050 884 1140">• Make reports public early in the process to ensure progress and transparency</li> <li data-bbox="451 1151 884 1296">• Include a detailed cost-benefit analysis of the proposed changes, considering the question of fiscal imbalances and resourcing, and design a road map for implementing the changes</li> <li data-bbox="451 1308 884 1397">• Within two years carry out a detailed audit of existing national governance arrangements</li> <li data-bbox="451 1408 884 1637">• Make recommendations on the priorities and changes required in order to achieve efficient, effective, non-duplicating outcomes, with a clear definition of the roles and responsibilities of respective governments and a true common market.</li> </ul>	<p data-bbox="917 349 1350 931">On 29 November 2008, COAG reaffirmed its commitment to cooperative working arrangements through an intergovernmental agreement that provides an overarching framework for the Commonwealth Government’s financial relationships with the states and territories. The intergovernmental agreement is aimed at improving the quality and effectiveness of government services by reducing Commonwealth prescriptions on service delivery by the states and territories, giving them increased flexibility in the way they deliver services to the Australian people. The agreement provides a clearer specification of the roles and responsibilities of each level of government and an improved focus on accountability for better outcomes and better service delivery.</p> <p data-bbox="917 943 1350 1357">Under the new framework, six National Agreements set out the roles and responsibilities of each level of government and what they intend to achieve from their joint involvement in major areas of policy, including health, education, early childhood and housing. The new arrangements also include National Partnership payments to fund specific projects and to facilitate and/or reward states that deliver on nationally-significant reforms. Further work on roles and responsibilities will be taken forward in 2009.</p> <p data-bbox="917 1368 1350 1805">To enhance accountability, COAG has agreed to an expanded role for an independent body, the COAG Reform Council (CRC). The CRC will report to the Prime Minister (as Chair of COAG) on the performance of all jurisdictions in relation to each National Agreement, and independently assess whether performance benchmarks have been achieved before an incentive payment to reward nationally-significant reforms under a National Partnership is made. The CRC will also produce an analytical view of performance information for each Specific Purpose Payment.</p> <p data-bbox="917 1816 1350 1906">The CRC also has a role in monitoring the aggregate pace of activity in progressing COAG’s agreed reform agenda.</p>

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<p><b>Climate Change – Carbon Pollution Reduction Scheme</b></p> <p>Also raised by: Sustainability</p>	<ul style="list-style-type: none"> <li>• Introduce an Emissions Trading Scheme and transition to clean energy technologies.</li> <li>• Invest in a carbon tax to create internationally competitive markets, such as reinvesting in research and development of clean technology. This would give domestic industry a chance to solve national problems, obtain an international advantage, and use the solution to create further export opportunities.</li> <li>• Establish a National Climate Strategy for transforming Australia to a green economy with technologies that could be exported globally.</li> <li>• Establish institutions for the long term management and oversight of carbon risk – a single, independent clean energy authority, in the manner of the Reserve Bank of Australia.</li> <li>• ‘Climate-proof’ the economy, remove anomalies and inconsistencies in planning, zoning, building codes, inefficient and distorting taxes, subsidies and regulations.</li> </ul>	<p>Agree. The Government is committed to a Carbon Pollution Reduction Scheme (CPRS) commencing in 2010.</p> <p>The Carbon Pollution Reduction Scheme White Paper was released on 15 December 2008 and outlines the design of the national emissions trading scheme, including a mid-term target range of a 5 to 15 per cent reduction in emissions from 2000 levels by 2020. The 5 per cent reduction represents an unconditional commitment by Australia to reduce emissions even if no international agreement to do so is reached. This sets Australia on a path to achieve its long term goal of a 60 per cent reduction from 2000 levels by 2050.</p> <p>The Carbon Pollution Reduction Scheme White Paper proposes that a scheme regulator be created with powers to monitor compliance, educate liable entities, investigate suspected non-compliance and initiate enforcement action if necessary. The scheme is specifically designed to link with international developments in this area.</p>



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## Ideas the Government will consider further

Topic	2020 proposed ideas	Government response
<b>Reform of the National Access Regime</b>  Also raised by: Productivity	<ul style="list-style-type: none"> <li>The infrastructure imperative is to create a regulatory and institutional framework to allow timely and efficient investment, especially in key export areas. A specific priority is a simpler, national regime for third party access to give up-front regulatory certainty and to promote competitive pricing and adequate returns.</li> </ul>	<p>The Government is developing a package of reforms for the National Access Regime (Part IIIA <i>Trade Practices Act</i>) to enhance the regime. The reforms are being overseen by the COAG Business Regulation and Competition Working Group as part of its Competition Reform Agenda under the National Partnership Agreement to deliver a Seamless National Economy agreed by COAG on 29 November 2008.</p>
<b>National Development Index</b>  Also raised by: Communities	<p>There were a range of ideas to create a national development index or national balanced score card that:</p> <ul style="list-style-type: none"> <li>Focuses on the economy, people, the environment, culture, innovation and governance</li> <li>Measures progress against social inclusion based on economic, social and environmental measures. Federal budget papers should report annually on progress</li> <li>Contains social inclusion indicators – with social, economic and environmental measures and the publication of a government report with the budget each year to measure progress. Consider voluntary reporting by other organisations on the index as well. Government should model good practice in social inclusion and diversity. Apply a social inclusion test to all policy</li> <li>Has three streams – economic, social and environmental development – as measures of progress rather than GDP. It may include sub-indices</li> <li>Develops social inclusion performance indicators to measure progress, particularly child social inclusion indicators such as literacy and numeracy benchmarks.</li> </ul>	<p>The Government is considering expanding the use of national indicators of development and ensuring consistency between the performance measures and indicators that are used across various levels of government.</p> <p>The Australian Bureau of Statistics (ABS) already publishes a range of relevant reports, including Measures of Australia's Progress. Further work could be done to enhance areas of these reports and engage the community in discussion about what is important to Australia's progress and development.</p> <p>The National Action Plan for Social Inclusion will include reporting on a suite of indicators to show the nature and extent of social inclusion in Australia as well as how to best measure progress in achieving social inclusion goals.</p> <p>The Government is also looking into the establishment of a set of national environmental accounts. This will need to consider existing accounting mechanisms including:</p> <ul style="list-style-type: none"> <li>The National Greenhouse Gas inventory</li> <li>The new National Water Account maintained by the Bureau of Meteorology (BOM)</li> <li>Water, energy and emissions, and other environmental accounts developed and published by the ABS.</li> </ul>

Topic	2020 proposed ideas	Government response
<p><b>Public Sector Reform</b></p> <p>Also raised by: Governance</p>	<p><b>Attracting and retaining quality staff</b></p> <ul style="list-style-type: none"> <li>• Develop a core of strong policy professionals with ease of movement between academia and the public service.</li> <li>• Commission an Inquiry on flexibility, remuneration and incentives within the APS to facilitate transition of top Australians between public and private sectors.</li> <li>• Expedite issues of remuneration (with better, more competitive pay), flexibility, and mobility.</li> <li>• Pay competitive, market-related remuneration to staff in order to attract and retain people and create a positive culture between business and government.</li> <li>• Create career paths from the private sector to the public sector and back, between government departments and the community.</li> <li>• Ensure diversity at all levels.</li> <li>• Strengthen the quality of the public service.</li> <li>• Promote the noble purpose of the sector in order to attract and retain the best people.</li> </ul> <p><b>Innovative and open policy</b></p> <ul style="list-style-type: none"> <li>• Seek out opportunities to change the way the public service operates and engages by becoming a thought leader in innovation.</li> <li>• Expect innovation in delivery approaches to all initiatives.</li> <li>• Manage risk instead of avoiding it in relation to innovation by people in the public sector.</li> <li>• Instil greater independence to encourage the provision of frank and fearless advice.</li> <li>• Develop a citizen or community focused public service and system.</li> <li>• Eliminate jargon in governance and bureaucracy.</li> <li>• Reserve and strengthen the whole-of-government approach in policy development, as opposed to silos between departments.</li> <li>• Strengthen institutions that develop the policy core (including the Australia New Zealand School of Government) and allow a greater flow from our neighbours in the region.</li> </ul>	<p>The Government recognises that new approaches to workforce planning are fundamental to ensuring that the Australian Public Service (APS) is responsive, agile and well positioned to support government in the 21st century. With this in mind, the APS is taking steps to identify current and future capability requirements and implement strategies to make sure that they are met.</p> <p>A number of reforms aimed at improving the professionalism of the APS are already in place, including, for example, the introduction of merit based selection for government appointments to APS agencies and the commencement in April 2009 of the Ethics Advisory Service in the Australian Public Service Commission.</p> <p>Strategies are also being explored to build a professional and better skilled public service, attract and retain employees with specialist skills through cadetships and work experience programs for tertiary students, enhance strategic policy capability and encourage more evidence based policy making and increase mobility between the APS, universities and the private and not for profit sectors. These reforms will help ensure that the APS has the capability to meet the challenges of the future.</p> <p>In developing and implementing these reforms, the Government will draw on the input of the 2020 Summit.</p> <p>The Cabinet Implementation Unit in the Department of the Prime Minister and Cabinet has a specific mandate to promote effective policy and program implementation and build skills and capacity across the APS in this area.</p>

Topic	2020 proposed ideas	Government response
<p><b>Continued ...</b></p> <p><b>Public Sector Reform</b></p> <p>Also raised by: Governance</p>	<p><b>Implementation</b></p> <ul style="list-style-type: none"> <li>• Focus on more effective implementation.</li> <li>• Make strengthening implementation a priority, with line managers accountable.</li> <li>• Create a mind-set that implementation is highly valued.</li> <li>• Carry out regular reviews of clear deliverables and outcomes in years following implementation.</li> <li>• Create a specialised implementation capability that helps line managers develop plans and carry out reviews.</li> </ul>	
<p><b>Constitutional Reform – General</b></p> <p>Also raised by: Indigenous Governance</p>	<p><b>Republic</b></p> <ul style="list-style-type: none"> <li>• An Australian Republic (Stage One: That a plebiscite be held on the principle that Australia becomes a republic and severs ties with the Crown. Stage Two: This is to be followed by a referendum on the model of a republic after broad and extensive consultation.) Establish a constitutional commission or convention.</li> </ul> <p><b>General</b></p> <ul style="list-style-type: none"> <li>• A new Constitution – retaining good bits of the existing Constitution, embodying a republic model, protecting rights, and permitting extensive community consultation.</li> <li>• A national competition to draft a new preamble to the Constitution.</li> <li>• If the Constitution and Senate powers remain the same, there should be a requirement that if the Senate blocks supply it should face the people.</li> <li>• Statehood for the Northern Territory and Treaty.</li> <li>• Introduction of four-year fixed terms for the federal government to allow for a greater focus on longer term matters and removal of overlap between different tiers of government.</li> <li>• Improve process to make law making more efficient and effective by creating fixed parliamentary terms.</li> </ul> <p><b>Indigenous Recognition</b></p> <ul style="list-style-type: none"> <li>• Constitutional recognition of Indigenous Australians and reconciliation compact/settlement through which the relationship between Indigenous and non-Indigenous Australians is defined.</li> <li>• The Constitution be amended to remove any language that is racially discriminatory.</li> </ul>	<p>The Government recognises the priority placed on constitutional reform by the community. The Government is committed to ongoing reform of our Constitution where appropriate and will draw on the input of the 2020 Summit in thinking about future possible proposals for constitutional change.</p> <p>Indigenous recognition is a key issue for consideration and the Government is committed to consulting the community on a range of proposed constitutional reforms. The Government is considering a timetable for this consultation.</p>

Topic	2020 proposed ideas	Government response
<b>Foresight Centre</b>	<ul style="list-style-type: none"> <li>Creation of a 'Foresight Centre' to look at trends and continuity over the long term to help engage future thinking.</li> </ul>	<p>The Government is committed to ensuring policy development is informed by long-term strategic foresight, and is considering how best to achieve this by building on existing processes such as the Review of Australia's Future Tax System. This review, due to report in 2009, will look at the current tax system and make recommendations to position Australia to deal with the demographic, social, economic and environmental challenges of the 21st century.</p>
<b>Education Funding</b>	<ul style="list-style-type: none"> <li>Publicly funding the education system so that it is in the top quartile of the OECD (excluding HECS).</li> </ul>	<p>Increasing investment in education is a core priority of the Government, along with increased accountability and performance measurement, to improve the quality of Australia's education system. A range of initiatives are underway to achieve this goal, including the Education Revolution, reforms to higher education arising from the Bradley Review and the COAG Productivity Agenda.</p>
<b>Response to the Review of the National Innovation System</b>	<ul style="list-style-type: none"> <li>Develop and strengthen institutions such as the Productivity Commission, university research departments and independent institutions that produce credible research results.</li> </ul>	<p>The Review of the National Innovation System was undertaken by an expert panel chaired by Dr Terry Cutler and was completed in August 2008. The report from this review – <i>Venturous Australia: Building Strength in Innovation</i> – was released on 9 September 2008.</p> <p>The Review considered many aspects of the National Innovation System, including strengthening research institutions and funding for research and commercialisation.</p> <p>The Government will respond to the review in the near future.</p>

## Ideas with no further action at this time

Topic	2020 proposed ideas	Government response
<b>Regulation Reform – New Agency</b>	<ul style="list-style-type: none"> <li>Establishment of an independent, bipartisan agency to review regulation across the country, create systems and processes and create an opportunity for ‘quick wins’ such as reducing the number of regulatory bodies. A committee of no more than five people with a two-month time frame could identify ineffective current policies and ineffective agencies for quick elimination.</li> </ul>	<p>Not supported at this time. At the Commonwealth level, there is already an extensive process underway to drive regulatory improvement through the Office of Best Practice Regulation in the Department of Finance and Deregulation. Some states also have similar processes underway.</p> <p>The Commonwealth and the state and territory governments are also working to reduce regulatory burdens through the Council of Australian Governments (COAG). The Business Regulation and Competition Working Group is specifically working to reduce the regulatory burden on business.</p>
<b>Sector Reviews</b>	<ul style="list-style-type: none"> <li>Carry out whole-sector (such as education) reviews every 10 to 15 years.</li> </ul>	<p>The Government already undertakes broad reviews of major policy sectors – usually more frequently than every 10 to 15 years. This time period is too long for appropriate reform in a rapidly changing economic environment.</p>
<b>National Education System</b>	<ul style="list-style-type: none"> <li>Having a single national education system that promotes diversity, flexibility and mobility.</li> </ul>	<p>Not supported at this time. The Government believes a single unitary system from early childhood to higher education would not deliver the desired flexibility required for superior educational outcomes. However a range of initiatives are underway to capture the benefits of further national alignment of education, including the National Curriculum and National Education Agreement agreed by COAG in November 2008.</p>
<b>Reform and Governance</b>	<ul style="list-style-type: none"> <li>Abolish ministerial councils and steer related matters through the Council of Australian Governments and the proposed new commission.</li> </ul>	<p>The Government considers that the role of ministerial councils should be kept under review but notes that abolishing ministerial councils would increase the substantial workload of COAG, as ministerial councils often undertake work of a technical or specialised nature that is specifically commissioned by COAG.</p>

