

POLICY UPDATE

Purpose:

This policy update is intended to provide a brief and general review of the most recent government policies, strategies and initiatives in major policy areas at both federal and state level.

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IN FOCUS

Federal Budget 2013-14

The Federal Budget 2014-15 was released and focussed on spending cuts and raised taxes to generate policy savings to try and combat a deepening budget deficit problem within the context of a continued weakening of the economy as Australia transitions to the post resources boom environment.

The deficit in 2013-14 was estimated in the Budget at \$49.9b. The economic outlook is expected to steady into the future, with nominal GDP gains of 8% in 2013-14 and 3% in 2014-15, albeit with real GDP growth rate slightly below average at 2.5%. This outlook paired with the policy reforms announced, sees the cash underlying deficit forecast in the Budget estimated at \$29.8b in 2014-15, \$17.1b in 2015-16, \$10.6b in 2016-17 and \$2.8b in 2017-18.

Some of the key measures introduced in the Budget are:

- Reduction in the company tax rate of 1.5% from 1 July 2015
- Introduction of a 1.5% Paid Parental Leave Levy for large business with the scheme starting on 1 July 2014 and will include superannuation
- Repeal of the mining and carbon taxes
- Temporary increase to the Fringe Benefits Tax rate to 49% from 1 April 2015
- Introduction of a 2 % Temporary Budget Repair Levy for high income earners for 3 years starting from 1 July 2014
- Resumption of indexation of fuel excise from 1 August 2014
- Super guarantee rate rise rephrased to defer increases and will reach 12% on 1 July 2022
- Changes to rules around excess non-concessional contributions to superannuation for contributions made from 1 July 2013
- Age Pension age to rise to 70 by 1 July 2035
- Deregulation of university fees
- Introduction of Medicare co-payments from 1 July 2014
- Additional \$11.6 billion infrastructure growth package to incentivise additional infrastructure investment
- Introduction of an Exploration Development Incentive for junior explorers from 1 July 2014

There are a number of economic development themes which have been masked by the reaction by the winners and, mainly the losers, from the proposed changes. Climate change response, incentives and regulation to expand the labour force in the face of an aging workforce, health and education demand management and infrastructure investment all feature in the budget. The sceptics among you might wonder about why the federal government keeps incentivising building infrastructure rather than demand management and what the opportunity cost of a medical research fund might be.

For those of you looking for individual State budgets a wrap up will be provided in the next edition.

For more information ctrl click [here](#).

IN FOCUS (CONT.)

Taxi Reform

The push for a reassessment of regulations surrounding the taxi industry has come due to the emergence of competitors to taxis such as Uber and Dash. Uber and Dash use smartphone apps allowing consumers to book private hire cars on demand instead of taxis.

Current regulations and laws that the taxi industry must operate under in Australia do not adequately encompass or apply to these new competitors. The legalities, regulations and implications of these new operators entering the market are being looked at in Australia as well as a number of other countries where Uber and their counterparts have started operating. This is an example of technology solutions can undermine barriers to market entry and provide lower cost solutions than regulated solutions. Issues of quality, safety and price will need to be carefully assessed by policy makers in response to technology enabled market solutions.

For details of particular activities please refer to the following sections of this report.

Red Tape Reduction

Both Federal and State governments continue to progress reforms reduce red tap and regulatory burdens that are deemed to impose unnecessary costs to the economy. For details of particular activities since the last Policy Update please refer to the following sections of this report.

ECONOMIC & REGULATORY REFORM

ACCC

- The ACCC has issued a carbon monitoring report to the Treasurer detailing the monitoring of prices, costs and profits across various sectors for the March 2014 quarter. This information should allow for the assessment of the general effect of the carbon tax scheme in Australia and comparisons between pre and post scheme once the carbon tax has been repealed.

For more information ctrl click [here](#).

- The ACCC has granted authorisation to a group of Queensland coal producers, known as the RG Tanna Coal Export Terminal Producers, to collectively negotiate with Gladstone Ports Corporation. The authorisation has been granted for 16 years with all parties entering into the arrangement voluntarily

For more information ctrl click [here](#).

- The ACCC has granted interim authorisation for Rio Tinto, Peabody and Pacific National to coordinate transportation of coal in the Goonyella Coal Chain. It is proposed that after an initial three month trial period, these arrangements will be open to all coal producers and rail operators, with the Interim authorisation commencing immediately and remaining in place until the ACCC's final determination comes into effect or it is revoked.

For more information ctrl click [here](#).

Productivity Commission

- Released a research report that assesses geographic labour mobility within Australia and its role in a well-functioning labour market.

For more information ctrl click [here](#).

- Released the Productivity Update for 2014. This edition analyses the latest ABS productivity statistics and provides the Commission's perspective on new developments underlying Australia's recent productivity performance.

For more information ctrl click [here](#).

QUEENSLAND

Energy & Water Supply

- The Interdepartmental Committee on Electricity Sector Reform (IDC), has recommended new reliability standards that will commence from 1 July 2014, with the intention to put downward pressure on future electricity prices with the reduction of future capital expenditure between 2015 and 2030.

For more information ctrl click [here](#).

- New water quality standards have been released for public consultation for all fresh, estuarine and coastal waters of the Capricorn and Curtis Coasts regions. These standards will help inform the Gladstone Healthy Harbour Report Card, the pilot of which is due for release by the end of the year.

For more information ctrl click [here](#).

State Development Infrastructure & Planning

- New legislation has been introduced to State Parliament in the form of the Sustainable Planning (Infrastructure Charges) and Other Legislation Amendment Bill 2014, introducing a 'fair value schedule of infrastructure charges'.

For more information ctrl click [here](#).

- New legislation, the Water Supply Service Legislation Amendment Act, has been introduced to help speed up and simplify development approvals for building projects.

RED TAPE

For more information ctrl click [here](#).

- Proposed changes to the Building and Construction Industry Payments Act due to a recently completed review will see the Queensland Building and Construction Commission take on the role of registering adjudicators and will appoint them to cases. The proposed changes to the Act will be introduced to parliament by mid-year and are expected to come into effect in late 2014.

For more information ctrl click [here](#).

Natural Resources & Mines

- Changes to the model conditions for petroleum activities in Queensland have been announced in an aim to reduce red tape and regulation whilst maintaining appropriate environmental protections.

RED TAPE

For more information ctrl click [here](#).

Environment

- A draft Queensland bilateral agreement on environmental approvals has been released for public comment. The draft approval bilateral agreement with Queensland is open for public comment until Friday 13th June.

For more information ctrl click [here](#).

Regulatory

- Queensland Treasury and Trade has released its latest Red Tape Reduction Report Card. The report card details the Queensland Government's progress in implementing key red tape reduction reforms across sectors of the Queensland economy.

RED TAPE

For more information ctrl click [here](#).

- The QCA has commenced an inquiry into State Government assistance to industry with the release of an issues paper for public comment. The QCA will release an interim report in August with a second report provided in June 2015. Submissions on the issues paper are invited by 30 May.

For more information ctrl click [here](#).

Other

Beef Industry Action Plan Released

- The State government's draft Beef Industry Action Plan which underpins the goal to double production by 2040 has been released. Public submissions on the draft plan are due by 21 May 2014.

For more information ctrl click [here](#).

NEW SOUTH WALES

Transport

- A package of reforms to make taxis safer, save customers money and improve reliability has been announced. Surcharge capping, mobile phone booking app regulations are included in the new reforms.

TAXI REFORM

For more information ctrl click [here](#).

Natural Resources

- The NSW Government has frozen new Petroleum Exploration Licence Applications (PELAs) until 26 September 2014 to help establish a more comprehensive process. An audit of existing Petroleum Exploration Licences (PELs) will also be conducted.

For more information ctrl click [here](#).

Infrastructure

- IPART has provided its final advice on benchmark costs for local infrastructure which include benchmark costs or reference costs for 169 items and sub-items of local infrastructure. This review is part of a broader set of investigations about infrastructure contributions by the Department of Planning and Environment.

For more information ctrl click [here](#).

Energy

- IPART is currently undertaking a review of solar feed-in tariffs and has released a Draft Report and Draft Determination on solar feed-in tariffs in 2014/15. Public submissions are due by 21 May 2014. Final decisions due to be released in June 2014.

For more information ctrl click [here](#).

VICTORIA

State Development Infrastructure & Planning

- Amendments to the Building Act 1993, the Domestic Building Contracts Act 1995 and the Architects Act 1991 have been introduced to Parliament. The Bill will give effect to the Government's Domestic Building Consumer Protection Reform Strategy.

For more information ctrl click [here](#).

- Standard Levies for development contributions in priority growth locations, the implementation of a new Infrastructure Contribution Plan (ICP) and a streamlined approval process has been announced.

For more information ctrl click [here](#).

Transport

- The ESC has released its Final Report and associated documents relating to the appropriate fares for tax services provided in Victoria. This report was requested by the Minister for Public Transport under the Transport (Compliance and Miscellaneous) Act 1983.

TAXI REFORM

For more information ctrl click [here](#).

WESTERN AUSTRALIA

Travel

- Legislation was introduced into State Parliament to deregulate the Western Australian travel industry and abolish the Travel Compensation Fund (TCF). This legislation would bring WA in line with other states that do not have a State-based licensing system and compensation fund.

For more information ctrl click [here](#).

Microeconomic Reform

- The ERA has released a series of microeconomic reform draft recommendations in response to the Inquiry into Microeconomic Reform. This draft report makes 31 recommendations aimed at reducing overall costs in the State's economy, cutting the cost of goods and services and removing barriers to competition. The draft report will be open to public comment until Friday 9 May with the final report due by 30 June 2014.

For more information ctrl click [here](#).

ABOUT SYNERGIES

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- Regulatory compliance and strategy
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- Economic impact analysis
- Public policy
- Competition policy analysis
- Expert testimony
- Commercial advisory

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