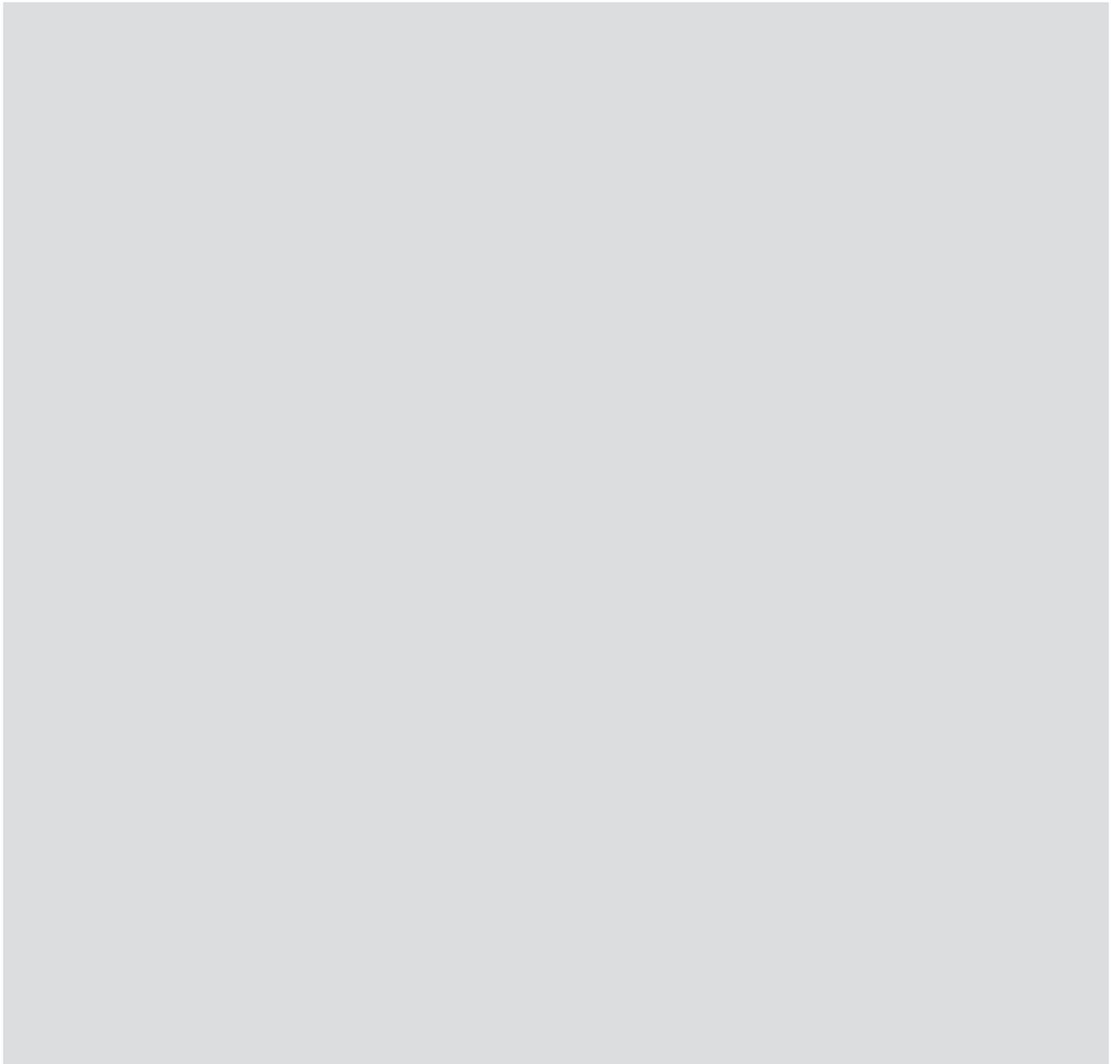




National Platform



Chapter 2: A strong economy for all Australians

Introduction

- 1 Labor is delivering a strong and sustainable economy for all Australians. We are committed to the ongoing reform and economic management that will increase productivity, create good jobs and secure the future health of the Australian economy. By modernising our infrastructure, managing the transition to clean energy, investing in skills and innovation and advancing tax reform, Labor is transforming our economy. Labor's commitment to a strong economy is driven by its determination to build a good society and give all Australians a better quality of life which allows the broader community to share in our nation's prosperity. A strong economy allows Labor to deliver the programs and services that Australians need, and particularly to support the those who are the most vulnerable in our society.
- 2 Labor acted decisively during the Global Financial Crisis and saved hundreds of thousands of Australian jobs. Labor has continued to ensure the Australian economy's fundamentals are strong. We have low unemployment, robust public finances with very low public debt, and a huge flow of mining investment. Our banks are well capitalised and among the highest rated in the world. But we are an economy and a society in transition. Global economic power is shifting to the Asia-Pacific. Our society is ageing. While some important steps have been taken in recent years to extend the benefits of economic growth to all Australians, Labor understands that more needs to be done to address income inequality, including for those in low paid work. The world is moving to a clean energy future. Labor has the vision and the policies to lead this change, and to work to ensure that our future is one based on prosperity fairly shared amongst our citizens. We are at our best when we help Australians adapt to change. We have managed the recent effects of the GFC and natural disasters, and will confront future challenges from a position of genuine strength and compassion.
- 3 Patchwork pressures mean that while some parts of our economy are strained by growth, others risk being left behind. The demand for our minerals, driven by the rise of Asia, represents a huge opportunity for Australia. The high dollar and a cautious consumer are making it tough for retailers and our trade exposed sectors like tourism, higher education and manufacturing. Uncertainty abroad is having an impact on the confidence of consumers and on domestic businesses. The mining boom also contributes to skills shortages elsewhere in the economy and increased wage and price pressures. The challenge for Australia is to convert the opportunities created by the mining boom into sustainable gains in national prosperity and good jobs. We need to ensure that the benefits of economic growth are redistributed through the economy to those on low wages, not in work or reliant on welfare. We are pursuing a high technology, high skill, clean energy economy that is self-sustaining, beyond our reliance on mineral exports. Labor believes that government must pursue these priorities for the long-term strength of our economy and society.
- 4 While our core values do not change, Australia is once again in the process of re-creating itself, making the changes that enable us to meet the challenges of the 21st century. The foundations of our prosperity are constantly shifting, as the climate changes, technologies evolve and global markets adjust. To secure quality jobs, we must re-tool our industries and re-skill our people to rise to the challenges and opportunities of our time. Knowledge, skills and ideas have become increasingly important to business success and individual opportunity, as developing countries move up the value chain and global competition intensifies. Innovation is the key to building and revitalising existing industries: to support regions through hard times; to keep improving our standard of living; and to generate quality jobs and opportunities for all.
- 5 We know that strong and sustainable public finances underpin the progressive future we want for the next generation. Delivering the health care, pensions and education needs of future generations will require prudent budget management and prioritising support for those most in need.

Labor values

- 6 We believe in the power of education, enterprise and equality of opportunity. Labor will manage the economy in the interests of working families and all Australians. We believe this is best achieved by maintaining strong public finances and pursuing policies that enable a sustainable rate of economic growth, job creation, low inflation and interest rates, and increased productivity. Labor believes in the importance of direct and indirect policy measures that spread opportunity and enhance the productive capacity of the economy through education and skills, infrastructure and innovation investment. This in turn provides support for manufacturing and small businesses.
- 7 Labor is committed to lifting workforce participation and achieving full employment, meaning everyone who wants to work is supported and able to find a good job in a reasonable period of time. Good jobs and job security provide dignity and are the keys to social and personal wellbeing, stable family life and strong communities. We want to maximise the opportunity for Australians to be employed in secure, high-wage, high-skill jobs. Increased participation is good for economic output and living standards and an essential response to the ageing population. Labor is adopting an integrated strategy to lift workforce participation levels, including through education and training, welfare, taxation and industry policies. Labor will make sure no one is left behind.
- 8 Labor believes in a strong economy that delivers for all people. Economic growth must be shared, particularly at times of increasing cost of living due to global instability. Labor's commitment to social justice drives our economic policies. Labor believes in providing opportunities for all Australians to contribute to and benefit from economic growth and wealth creation, through a fair tax system, quality public services, equal access to educational opportunities, and a decent social safety net. We are committed to:
- a just society where no one is left behind
 - all Australians having the opportunity to enjoy a reasonable standard of living to enable them and their families to live with dignity building a fairer Australia with a more equitable distribution of assets, income and employment underpinned by a strong and vibrant union movement giving all Australians the opportunity to be educated, trained and job ready throughout their working lives
 - improving financial incentives for workforce participation through taxation and welfare reforms, alongside training and industry policies and increasing the affordability and supply of quality childcare
 - removing the barriers that prevent people with disability and their carers from participating in the Australian economy
 - supporting and protecting those unable to work
 - promoting economic growth in regional and rural Australia providing a fair and just level of retirement adequacy.
- 9 Labor believes that public finances should be managed responsibly, and that the budget should be kept in surplus on average over the medium term. This strategy provides the flexibility for the budget to vary with economic conditions to support macroeconomic stability, while ensuring public finances remain strong over time. In a growing economy, returning to surplus will help protect our future and ensure our continued productivity and prosperity. Strong public finances also provide a buffer against unfolding uncertainties in the global economy and allow government to provide for the most marginalised in our community. We took responsible action in tough economic times. We are now taking responsible action and making the hard fiscal decisions to build a strong and sustainable economy for the future.

- 10 Labor believes government plays an important role in the economy, both in short- and long-term economic management and in establishing a framework of rules that enhance stability, fairness and certainty. In line with our social democratic values, Labor believes government must play an active role in shaping the economy, including during crises. Labor is committed to a fair market society, where government is willing to intervene for the sake of long term prosperity, opportunity and fairness.
- 11 Labor believes that open markets, supported by a framework of pro-competitive rules, provide the best incentives for innovation, enterprise, investment and hard work. Australia's openness to the global economy has made Australia a more competitive, productive and prosperous nation. The benefits of an open market have flowed to everyday Australians through lower consumer prices and increased employment opportunities.
- 12 Labor believes Australia's long-term prosperity depends on competing successfully in global markets. This means Australia needs to produce high quality goods and services that the world wants to buy, and remove barriers to overseas markets. Labor will work to ensure major policy settings like skills development and training, infrastructure planning, tax and regulation frameworks do not hold businesses back from achieving their full potential in global markets while at the same time ensuring that all Australians enjoy a fair share of the benefits of growth.
- 13 Labor also recognises that markets sometimes fail and understands that the market will often create the most equitable and efficient distribution of power, wealth and services. Labor believes that government has a responsibility to intervene to address market failures and the extremes of capitalism. Labor supports an active role for governments in addressing market failure, and improving equity and social justice through the full range of government policy instruments including expenditure, taxation, regulation, and the provision of goods and services.
- 14 Labor believes strong regulatory frameworks in both the global and the Australian economies are important to ensure that markets operate with transparency and openness, and to prevent and expose misconduct. Strong regulatory frameworks are also necessary to ensure that markets adhere to broader goals of social responsibility in relation to the environment, the community and the rights of employees.
- 15 Labor is committed to good corporate governance and social responsibility. Transparency, accountability and disclosure are at the core of good corporate governance and social responsibility practices. Labor will ensure that obligations on companies and their officers result in comprehensive and comprehensible disclosures for shareholders and stakeholders and appropriate accountability. We also welcome, encourage and applaud the growing number of strategic partnerships between the private and not-for-profit sectors in a wide range of areas. Labor will facilitate opportunities for responsible employers conducting their operations in a sustainable manner that benefits the entire population and broader economy.
- 16 Labor believes in sustainable economic management. Labor is committed to laying the foundations for future prosperity and to protecting the environment for future generations. As the world moves to a carbon constrained economy, Labor believes in Australia taking action to invest in a clean energy future. Putting a price on carbon is the most cost-effective way to take action and ensure our long term competitiveness. This key economic reform is vital to secure a sustainable Australian economy. Australia is among those countries with the most to lose from climate change, Australia also has the potential to benefit substantially from investing in a clean energy future. Labor has a vision of Australia growing millions of clean technology jobs into the future.
- 17 Labor stands for a fair go. We believe that Australian industry and business deserve the chance to compete on their own merits, in both government procurement and private sector projects at home and abroad. Governments should assist them to match their capabilities to the new market opportunities.
- 18 Labor seeks national progress through global collaboration. The scale and complexity of the challenges we face demand a global research effort. Labor recognises that international collaboration is critical to developing our own research strengths, and harnessing the strengths of others.

Labor achievements

Jobs and productivity

We have:

- acted quickly and decisively to protect jobs and to save the country from the global recession. Australia was one of very few advanced economies to avoid a recession during the Global Financial Crisis, and has since grown at a solid pace
- created around 750,000 jobs—and our unemployment rate remains at around half that of the United States and Europe
- stabilised Australia's financial system against the worst effects of the crisis by introducing bank guarantees—without them, our banks would have lent less, and interest rates would have risen
- led the way in global reform following the Global Financial Crisis. Through the Group of 20, Australia has ensured regulatory frameworks have been revised to help secure future economic stability
- promoted workforce participation and invested in skills—we built 100 trade training centres that will help meet the skills shortage and train the next generation of tradespeople
- invested \$36 billion in road, rail and ports to ensure that our Australian industry has the infrastructure it needs to compete in the global economy
- started building the National Broadband Network to help business access new opportunities to expand their markets nationally and internationally by overcoming the tyranny of distance
- protected jobs and invested in local schools with the largest modernisation of school infrastructure in Australia's history through the Building the Education Revolution program
- scrapped WorkChoices and introduced a fair workplace relations system that protects workers' entitlements while ensuring flexibility for business
- improved employee entitlements under the General Employee Entitlements and Redundancy Scheme
- introduced Australia's first ever paid parental leave scheme
- reduced barriers to work by tripling the tax-free threshold and phasing out the Dependent Spouse Tax Offset
- improved the effectiveness of Australia's anti-dumping system
- managed government expenditure responsibly in difficult times, with taxes as a share of Gross Domestic Product below the level under the Howard Government.

Cost of living

We have:

- delivered three rounds of personal tax cuts
- increased the Child Care Rebate
- increased the pension
- kept pressure off interest rates
- introduced an Education Tax Refund for laptops, school text books and uniforms
- increased the Family Tax Benefit for families with teenagers
- boosted savings through an increase in the superannuation guarantee and higher contribution limits for over 50s

- made superannuation fairer through an annual superannuation contribution for 3.5 million low income earners
- helped small business during the GFC by providing a small business tax break as part of the \$42 billion Nation Building Economic Stimulus Plan
- introduced a Competitive and Sustainable Banking Package so consumers get a better deal and smaller lenders can put more competitive pressure on the big banks. We have:
- banned exit fees outright on new home loans
- boosted consumer flexibility to transfer deposits and mortgages
- introduced a mandatory key fact sheet for new home loan customers
- empowered the Australian Competition and Consumer Commission to prosecute anti-competitive price signalling
- fast-tracked legislation to get a better deal for Australians with credit cards
- launched a national community awareness campaign to empower consumers in banking
- set up a taskforce with the Reserve Bank of Australia to enhance Automatic Teller Machine competition reforms.

Labor priorities

Responsible fiscal policy

- 19 Labor is keeping government finances strong, while also taking action to support jobs and growth and lay the foundations for future prosperity. Labor is committed to sound public finances by adhering to a fiscal strategy that keeps the budget in surplus on average over the medium-term. This provides the flexibility for the budget to vary with changing economic conditions to support economic stability, while also ensuring our public finances remain strong over time. Labor put in place fiscal support for the economy during the global recession to protect jobs, and is returning the budget to surplus as our economy continues to strengthen. This strategy has ensured that Australia's public finances remain among the strongest in the developed world, with a rapid return to surplus and lower net debt than any of the major advanced economies. Labor will operate temporary budget deficits during periods of economic downturn and build surpluses during periods where growth is above the long-term trend.
- 20 We have outlined our strategy to return the budget to surplus in 2012–13, and we are determined to achieve that despite increased global instability. The return to surplus is occurring ahead of all of the major advanced economies and years before countries like the US and United Kingdom, and Canada and Germany. This is being achieved by strict limits on spending and budget savings to make room to fund new priorities.

Stable monetary policy

- 21 Labor wants to maximise sustainable economic growth, consistent with maintaining low and stable inflation. Labor is committed to the independence of the Reserve Bank and expects it will fulfil each of its charter objectives of stability, employment and general economic welfare. Labor fully supports the independent conduct of monetary policy by the Reserve Bank and its medium-term inflation target of an average of two to three per cent over the course of the economic cycle.
- 22 Labor is committed to investing in the long-term drivers of growth and productivity so we can maintain growth with low inflation. By addressing supply-side pressures and increasing the productive capacity of the economy, inflation and interest rates can remain lower over the longer term.

Improving corporate and financial regulation for a stronger economy

- 23 Labor believes in robust corporate regulation as a foundation for investor confidence and sustainable economic growth. Further, Labor believes that robust corporate regulation is an essential means of protecting employees' entitlements. Labor will ensure that officers cannot avoid their obligations and will ensure effective enforcement of officer obligations and the imposition of penalties that reflect the gravity of contraventions.
- 24 Labor supports Australia's strong system of financial regulation overseen by the Australian Securities and Investments Commission, the Australian Prudential Regulatory Authority and the Reserve Bank of Australia, and will continue to ensure that Australia's regulators are adequately resourced to continue their work.
- 25 In response to matters highlighted by the GFC and local collapses such as Storm Financial and Trio Capital, Labor has committed to comprehensive reforms in key sectors of financial services including pay-day lending, reverse mortgages and financial planning.
- 26 Labor's Future of Financial Advice reforms ban the payment of sales commissions to financial planners. It introduces and imposes a new duty for advisers to place their interest ahead of their clients and impose a new requirement for advisers to seek regular client approval to charge ongoing fees.
- 27 Labor is committed to establishing a single, standard and uniform national regulatory structure for the regulation and supervision of all financial products and their distribution, including consumer credit.
- 28 Labor will include new responsible lending provisions in its national regulatory framework for financial products.
- 29 Labor will continue to improve regulation around short selling, consumer dispute and compensation arrangements and will put in place simplified, easy to understand, cost effective disclosure regimes and rating agencies.
- 30 Under Labor, Australia will be a strong voice in international efforts to address weaknesses in the regulatory and supervisory framework for the global economy to help ensure greater future stability in the global economy.
- 31 Labor is also reforming superannuation to ensure Australians get a better deal from their superannuation fund, including through the new low cost superannuation product MySuper. Unnecessary fees and charges will be prohibited within MySuper and APRA will publish information on costs and performance, making fund comparisons easier.

- 32 Labor will continue to improve corporate governance practices, the Corporations Act and related legislation to ensure that:
- performance-based executive remuneration arrangements are genuinely linked to long-term performance and consideration of the role of the remuneration consultancy industry in the setting of executive remuneration
 - companies fully disclose the remuneration, including options, termination payments, non-recourse loans and equity value protection schemes, of directors and senior management in a comprehensive and comprehensible manner and are accountable to shareholders
 - companies use their general meetings to appropriately communicate with shareholders
 - shareholders retain the ability to call an extraordinary general meeting of a company and shareholders and institutional investors exercise their voting rights appropriately and regularly
 - appropriate penalties are imposed for breaches of the corporations law, in particular for insider trading and trading while insolvent
 - the election of directors of listed public companies is transparent and direct voting of proxies is encouraged
 - shareholders are informed about the directors' relationships with the company and other directors when standing for election
 - companies continue to appoint independent directors to the board of directors
 - the independence of audit and auditors is maintained
 - not-for-profit organisations improve their governance arrangements and disclosure
 - disclosure requirements for transactions between related parties are strengthened
 - ASIC and the Director of Public Prosecutions regularly review their operations to ensure thorough management of law enforcement and prosecutions
 - corporate governance addresses responsibility to employees, the environment and the community and corporate regulation removes impediments to acting in a socially responsible manner
 - comparative wage justice driven by executive remuneration consultants does not result in inflated unjustified executive salaries.

A price on carbon

- 33 Labor believes reducing carbon pollution is critical to our future economic and environmental health. It is a belief founded squarely on science. We are advised by scientists that the world's climate is changing and that there will be severe, adverse effects on our nation if the trend continues. No party acting in the public interest can ignore such advice.
- 34 Labor's plan for a Clean Energy Future will transform our economy, so that we produce and use energy in a cleaner, smarter way.
- 35 The plan involves four fundamental initiatives:
- introducing a carbon price and using every cent raised to assist households, support jobs and tackle climate change
 - promoting innovation and investment in renewable energy
 - encouraging energy efficiency in our homes, offices and factories
 - creating opportunities on the land to cut pollution and improve productivity, sustainability and resilience.

- 36 Our plan will ensure the Australian economy remains globally competitive in the years ahead. It will drive investment in clean energy and low pollution technologies, supporting the industries and jobs of the future. It will position us to play a key role in the emerging low-carbon goods and services sector, which is already estimated to be worth about \$5 trillion dollars, and to employ 28 million people. Labor understands that delaying this transformation will only lead to higher costs down the track.
- 37 The core element of our plan is putting a price on carbon pollution from polluters and allowing the market to drive the investment and innovation needed to transform to a global clean energy economy. In addition, complementary measures will be implemented to develop clean energy industries and support households, workers and communities. Alternative policies for reducing our levels of carbon pollution—such as more regulation or taxpayer-funded subsidies will impose much higher costs on the economy. Ultimately, these higher costs will be borne by businesses and households.
- 38 Labor will provide extensive compensation for those affected by a price on carbon. Nine out of ten households will receive assistance, with almost six million households receiving assistance that meets or exceeds their expected average price impact. Over four million households—almost half of all households—will get assistance that provides a 20 per cent buffer over and above their expected price impact.
- 39 The compensation package includes tax reform. All taxpayers earning up to \$80,000 will get a tax cut under the package. Labor will also increase the tax-free threshold to \$18,200. That will mean that up to one million people will no longer have to lodge a tax return.
- 40 In addition to the carbon price, complementary measures will be implemented to develop clean energy industries and support households, workers and communities.
- 41 Labor will eliminate or, where impractical, reduce unintentional incentives which may exist in government policies and programs which would support environmentally harmful activity.

Improving the tax system

- 42 Labor is committed to a fair and sustainable tax system that provides incentives for all Australians to work and undertake productive enterprise while guaranteeing adequate revenue to provide quality public services and ensuring an equitable distribution of income and wealth. Public confidence in Australia's tax system depends on a simple and transparent tax system where everyone pays their fair share of tax. Labor is implementing important tax reforms to improve competitiveness, boost savings through superannuation, make superannuation fairer, simplify personal tax, reduce barriers to participation and provide better assistance to families. We will also continue the public discussions about further ideas for tax reform.
- 43 We want a better return on the profits made from extracting our resources and a strong, sustainable resource sector for the future. These are non-renewable resources that can only be extracted once. We are working with the resources industry to design and deliver a profits-based resource tax.
- 44 Future tax reforms will:
- ensure there is a sound revenue base for all levels of government for investing in social and economic infrastructure and quality public services
 - remove barriers to investment and workforce participation
 - support families
 - boost savings and make superannuation fairer

- enhance the capacity of Australian business and industry to successfully integrate into the global economy, so Australian companies win places in global supply chains, while ensuring that business continues to pay its fair share of tax revenue
- simplify the tax system for individuals and businesses while tackling avoidance activity
- preserve and enhance a progressive and fair tax system, where all Australians pay their fair share
- ensure that executives and the wealthy pay a fairer share of tax
- minimise the impact of high effective marginal tax rates, particularly on those moving from welfare to work or the second income earners in low- to middle-income families
- ensure that executives and the wealthy pay a fair share of tax and implement measures to curb excessive executive salary payments
- further reduce inconsistencies in the taxation of income from different forms of assets
- ensure that the tax system does not make housing less affordable for Australian families
- ensure that Australia's financial stability is preserved and that the potentially harmful effects of excessive short-term financial speculation are minimised
- enhance allocative efficiency by not distorting investment and consumption decisions, except where interventions would address market failures and serve environmental or social purposes.

45 Labor is committed to a fair and sustainable tax system that provides incentives for all Australians to work and undertake productive enterprise while guaranteeing adequate revenue to provide quality public services and ensuring an equitable distribution of income and wealth. Public confidence in Australia's tax system depends on a simple and transparent tax system where everyone pays their fair share of tax. Labor is implementing important tax reforms to improve competitiveness, boost savings through superannuation, make superannuation fairer, simplify personal tax, reduce barriers to participation and provide better assistance to families. We will also continue the public discussions about further ideas for tax reform.

46 Labor supports the principles behind the alienation of personal services income tax rules and will apply these principles with consistency and transparency. However, the Australia's Future Tax System Review found that the current rules are not fully effective, and are complex and uncertain. Labor will consider a revised regime to prevent the alienation of personal services income.

47 Labor will continue to support efforts to establish an international agreement that would require the tax authorities to share information in relation to individuals and corporations suspected of tax evasion or money laundering. Labor is committed to supporting the growing global trend of requiring oil, gas and extractive industry companies to report publicly on their revenue, profits and taxes and royalties paid on a country-by-country basis.

A professional finance sector

48 Labor recognises the fundamental importance of a comprehensive, professional, efficient and competitive finance sector in delivering essential services such as banking, insurance and superannuation to the Australian community. The industry underpins many business and personal activities through credit and other financial services that form the foundations for economic prosperity and growth. A vibrant finance sector is a growth sector providing significant employment and career opportunities for many Australians.

- 49 A well regulated and comprehensive local banking and finance sector has been of paramount importance to Australia's capacity to manage the consequences of the GFC. Labor will continue to take steps to promote an Australian finance sector that functions in accessible, affordable and fair manner by ensuring our financial institutions are:
- regulated appropriately and professionally
 - governed in a transparent and accountable manner
 - staffed by appropriately trained and resourced professionals
 - required to compete ethically and in the interests of all Australians.
 - operating free of conflicts of interest
 - investing in domestic jobs and skills development.
- 50 It is in the national interest to ensure that Australia's finance industry has comprehensive local capability to meet the needs of both the domestic and global economies.
- 51 The strength of our regulatory regime, together with effective competition policy and consumer protections will ensure our finance sector has the best chance to make its full contribution to national wellbeing as well as providing a platform for growth in the export of financial services to our region and the world. We want Australia to become a financial services centre in the region and will continue to undertake the necessary reforms to achieve this. That means we need to foster a professional, efficient, ethical and innovative marketplace for financial products and industry planning and investment in employment, technology and skill development across the sector.
- 52 Competition between financial markets will promote better outcomes for investors and productivity growth throughout the financial services sector. Labor has made considerable progress in financial market reform. The government recently approved new market integrity rules that will allow for the introduction of competition in financial markets. The government also approved the licence for a new operator to establish a market, subject to a range of pre-conditions.
- 53 Labor will continue to improve corporate governance practices and legislation to ensure that performance-based executive remuneration arrangements are genuinely linked to long-term performance and are not excessive, and that companies fully disclose the remuneration of directors and senior management.
- 54 To restore trust and confidence in the financial planning industry, we will introduce comprehensive reform to improve trust and confidence in the financial planning industry, including:
- a ban on conflicted payments to advisers
 - a new legal duty to put clients' interests ahead of those of financial planners and
 - a new requirement for advisers to seek a renewed mandate from their customers every two years.
- 55 These reforms will encourage more Australians to seek financial advice, by improving trust and confidence in the financial planning industry. They are also a critical part of our plan to encourage a professional financial planning industry.

Competitive and sustainable banking system

- 56 Labor promotes a competitive and sustainable banking system for all. Australians are compelled to participate in the finance sector and as such the industry bears national economic and social significance. The industry must provide its products and services transparently and responsibly, balancing the needs of consumers, employees, shareholders and the economy. Our banks are highly profitable compared to their overseas counterparts, and Labor expects them to continue supporting the communities in which they operate.

- 57 We have already introduced reforms so consumers get a better deal, and small lenders can put more competitive pressure on the big banks, allowing our financial system to continue to provide a sustainable flow of credit to households and businesses. We believe vigorous competition underpinned by ethical practices, prudent supervision, consumer protection and transparency is the best way to get a better deal for families and create a system that offers real choice. Labor believes that strong prudential supervision and other regulation has greatly benefited both the financial sector and the consumers, and will continue to ensure that important reforms such as the Future of Financial Advice are pursued to the benefit of all Australians. Labor believes all Australians should have access to information about key elements of our financial system. We will ensure our financial regulations continue to publish information about the size, nature and structure of our financial institutions, and work to ensure that information about the levels of prices and fees in the market continues to be available. Financial product and service providers must be required to act in the best interests of their customers and clients at all times. Labor has worked hard to remove conflicted remuneration practices and structures throughout the financial sector and we will continue to work with the industry and unions to ensure more appropriate remuneration systems.
- 58 To support smaller lenders so they can put more competitive pressure on the big banks, we will:
- build a new pillar in the banking system based on the combined competitive power of our mutual credit unions and building societies
 - confirm the Financial Claims Scheme as a permanent feature of our financial system, to secure critical deposit funding for smaller lenders
 - invest \$4 billion to support the Residential Mortgage Backed Securities market that many of our smaller lenders rely on to make cheaper loans
 - accelerate a 'bullet bond' structure for Residential Mortgage Backed Securities issuance to strengthen and diversify funding for smaller lenders.
- 59 To secure the long-term safety and sustainability of our financial system, we will:
- allow all banks, credit unions and building societies to issue covered bonds to broaden access to cheaper, more stable and longer-term funding, and harness our national superannuation savings to domestically fund more productive investment in our economy
 - develop a deep and liquid corporate bond market and reduce our reliance on offshore wholesale funding market through the trading of Commonwealth Government Securities on a securities exchange.
- 60 These reforms build on our decisive action during the GFC to secure our financial system and preserve the competitive foundations of Australia's banking sector. We worked hard to help smaller lenders compete with the big banks by supporting their access to vital funding sources through our deposit and wholesale funding guarantees and \$16 billion investment in AAA-rated Residential Mortgage Backed Securities. We have also introduced tough new laws to crack down on unfair mortgage exit fees—so customers can seek out a better deal. A competitive and sustainable banking system is central to our broad economic agenda, and continues our record of strong and responsible economic management.

Skilled migration

- 61 Labor will continue to adopt a long-term approach when setting annual immigration levels. Australia operates in a global economy with an increasing number of skilled and other workers wishing to migrate to Australia. This means we must continue to work hard to prevent the brain drain of talented Australian employees offshore and develop systems that ensure the best skilled workers who can contribute to national economic development are selected.

- 62 Labor is committed to a range of policies to lift workforce participation and the qualification level of the workforce in response to an ageing population and the demand for higher levels of skill and mobility. We recognise that falling workforce participation could pose a serious capacity constraint on our economic growth, and we are committed to using Australia's skilled migration program as an important part of the policy response to this challenge.
- 63 Labor's immigration planning framework will take into account net overseas migration, its positive and negative impacts on employment and training opportunities for Australian residents, demographic trends, and other factors while remaining responsive to current and longer-term economic needs.
- 64 Labor will ensure that all Australian jobs and industries are regulated under migration law, consistent with Australia's international obligations. To this effect, Labor will review the *Migration Act 1958* (Cth) with a view to ensuring that the definition of the migration zone encapsulates all offshore Australian jobs and industries where possible.
- 65 Labor's skilled migration policies:
- will be informed by ongoing consultation with industry, unions, the education sector and state and territory governments
 - should be underpinned by the identification of emerging skill shortages across different sectors and complement domestic training policies to fill those shortages
 - will ensure that, as far as possible, skilled vacancies are filled locally.
- 66 Labor will administer a skilled migration program that:
- supplements domestic training policies in targeting skills shortages that cannot be filled locally
 - balances the temporary and permanent skilled visa programs, recognising the increasing numbers of permanent visas granted onshore
 - is demand driven, with greater emphasis on migrants sponsored by employers into jobs where there are demonstrated skills shortages
 - recognises the different skill needs that exist across and within states and territories and metropolitan and regional and rural communities
 - allows Australia to compete internationally for skilled labour
 - has the necessary tests and checks, and resources to ensure the integrity of the system and recognise the primary right of Australian workers to Australian jobs
 - is underpinned by rigorous safeguards to ensure that employers have made all possible efforts to fill positions locally in order to protect the primary rights of Australian workers to Australian jobs and ensure that migrants are not filling the jobs that Australians could be undertaking
 - protects temporary overseas skilled workers from exploitation.
- 67 Labor understands that both permanent and temporary skilled migration will play an important role in delivering sustainable economic growth. Labor prefers permanent skilled migration to temporary skilled migration because permanent migrants:
- provide a stable, effective and targeted source of skilled workers
 - have a greater stake in Australia's future and in integrating into all aspects of Australian community life
 - are less susceptible to exploitation and more secure in their jobs, so are less likely to generate negative impacts on Australian workers, in terms of wages, employment conditions and job and training opportunities.

- 68 The permanent skilled migration program should:
- encourage an appreciated balance between independent government-sponsored and employment sponsored migration
 - ensure that non-sponsored skilled migration is targeted on skills in critical need in the economy
 - provide state and territory governments with the capacity to address the skill shortages in their jurisdiction have the necessary checks to ensure that migrants have the competencies and qualifications claimed recognise the importance of English language skills in finding skilled employment
 - provide information, including on workplace rights and responsibilities, for skilled permanent migrants and their families to welcome them into the Australian community.
- 69 The temporary skilled migration program should:
- only be used to fill short-term skill shortages that cannot be met locally
 - require employers accessing overseas workers to make, as a condition of use of such workers, a commensurate investment in training of local workers, including through apprenticeships
 - be based on a rigorous and transparent process to ensure that employers have made all possible efforts to fill positions locally
 - ensure overseas workers are provided with genuine market rates and conditions equal to those received by equivalent Australian workers in their industry or occupation to prevent the undermining of those entitlements, and be based on a rigorous and transparent process to ensure that employers have made all possible efforts to fill positions locally.
 - include a targeted monitoring program that recognises the risks of exploitation across different employers, occupations and sectors and imposes effective sanctions on those who breach the law
 - ensure that workers, if dismissed from their employment, are able to remain in Australia while any challenge to the dismissal is before Fair Work Australia or the courts, to make workers less vulnerable to exploitation
 - provide quick processing of visas to employers who have a record of compliance
 - provide the relevant external agencies with the information to effectively regulate overseas workers, including work safety and industrial relations agencies
 - ensure that overseas workers have the relevant qualifications for the trade or profession
 - ensure that the children of temporary migrants have access to education
 - Labor will ensure that all categories of temporary workers will not be exploited through sham contracting.
- 70 Labor will ensure that local labour market needs are met through Registered Employment Authorities, which will include representatives from industry and unions. The Registered Employment Authorities will:
- ensure the scheme is more transparent and will provide advice in high risk cases, Regional Migration Agreements and high risk Labour Agreements on whether applications are consistent with the objectives of the program
 - provide a benefit to Australia and reflect local labour market needs
 - ensure the occupations where skills shortages exist will be identified on a regular basis
 - Labor is committed to establishing a National Jobs Board for the resources sector by July 2012.

- 71 Labor recognises that significant numbers of permanent visas are granted to temporary visa holders already working in Australia. Recognising that a transition to permanent residency status helps move an individual overseas worker onto a more secure footing, where possible, Labor will align the permanent and temporary migration programs to facilitate the conversion of temporary visa holders on to permanent visas and citizenship. Employers will be encouraged to sponsor temporary visa holders for permanent residency where the visa holders are working under successful arrangements and have skills that correspond with those needed in the economy and Australia's migration priorities. However any such transition to permanent residency status should not be automatic. It should be underpinned by a rigorous process of labour market testing to ensure that labour market conditions used to justify the granting of the original temporary visa are still valid.
- 72 Labor will ensure that all Australian employment and industries are regulated under Australian law, including those located on the landward side of the outer limits of the territorial sea of Australia, in the Exclusive Economic Zone, or in the waters above the continental shelf. To this effect, Labor will review the *Migration Act 1958* (Cth) with a view to ensuring that the definition of the 'Migration Zone' encapsulates all offshore Australian employment and industries.

International competitiveness and trade policy

- 73 Labor will secure a solid foundation for Australia's future economic prosperity by ensuring we have the domestic policy settings to compete on the global stage. Labor recognises that Australia's trade success depends on its international competitiveness and that trade policy is integrally linked to our domestic economic performance. Labor is committed to boosting Australia's international competitiveness by:

- rebuilding the skills of our workforce—the skills relevant to Australian export industries
- lifting our innovation, research and development performance
- developing the skills of the future by investing in education and training
- building Australia's national infrastructure and removing structural impediments to trade
- improving the effectiveness of our trade and investment promotion efforts
- better coordinating federal and state government efforts on trade and investment promotion
- rebuilding Australia's export culture.

Labor is committed to opposing low-quality piecemeal trade agreements in favour of fair and transparent, multilateral agreements that are based on widespread consultation, provide for appropriate, minimum and enforceable labour and environmental standards, take account of the social and economic impacts of the agreement and allow for sovereign governments to continue making decisions in the interests of their citizens.

- 74 Australia is committed to building on its long record as an advocate for an open global trading system, because reducing global trade barriers boosts our economic growth, creates more competitive industries and benefits consumers. More trade is a pathway to a high-skill, high-wage future for working Australians. While acknowledging the benefits of global trade, Labor recognises that particularly in the short-term adjustment support is needed for some sectors and workers.
- 75 Labor is committed to ensuring that the benefits of global economic growth are shared—both within Australia and between countries. Australia has directly benefited from our history of trade liberalisation, with those benefits enhanced by domestic measures to address the economic, social and regional effects of structural change in our economy.

- 76 Labor will work to:
- secure a successful conclusion to the Doha Round of world trade talks. Labor will continue to work for an outcome that brings greater certainty to the international trading system and makes real progress for free trade, especially for developing economies
 - provide leadership to the Cairns Group, established by Labor in 1986, in reducing world agricultural subsidies and protection
 - secure substantial reductions in industrial tariffs in other markets and substantial new market openings overseas for Australia's fast-growing services export sector.
- 77 Australia's economic future lies principally with the Asia-Pacific region. Over half of our trade is with nations in the Asia-Pacific. We want to build on these relationships. Labor supports trade and investment liberalisation through the Asia-Pacific Economic Cooperation forum. APEC, established by Labor in 1989, is pivotal to increasing trade and investment in our region. Labor will ensure APEC is a driver of economic integration in our region and will take an active and strategic approach to its long-term role in the region's economic architecture. Labor believes APEC has a key role to play in promoting economic reform behind the border throughout the Asia-Pacific region and will promote efforts in this area. Labor will also endeavour to strengthen the APEC forum's role in mobilising support for the Doha Round.
- 78 We will pursue our trading interests in other important markets, including in Europe and the US, and seize opportunities in emerging economies around the globe. Labor recognises the growing importance of China and India as markets for Australian exports, including our services. We believe we must diversify our export base to China and India and develop export policies to compete effectively.
- 79 Labor is committed to trade policies that are consistent with Australian values, community views and the interests of developing countries. Labor believes a rules-based system underpinned by core labour standards provides a framework for fairness and equity and is the most effective means to ensure governments around the world do not resort to unsustainable protectionism. Labor will work towards the development of a global trading system for the 21st century that is underpinned by equity and transparency.
- 80 Labor supports the principle of national treatment—that foreign and domestic companies are treated equally under the law. Labor does not support, however, the inclusion of provisions in trade agreements that confer greater legal rights on foreign businesses than those available to domestic businesses. Nor does Labor support the inclusion of provisions that would constrain the ability of the government to make laws on social, environmental and economic matters in circumstances where those laws do not discriminate between domestic and foreign businesses. Labor will not ask this of its trading partners in future trade agreements.
- 81 The past decade has seen a significant increase in non-tariff 'behind borders' trade barriers, particularly in Asia. Such barriers include excise tax arrangements, standards, customs procedures, a wide range of subsidies and other restrictive measures. Australia should produce a biannual report, similar to that of the US Trade Representative, which details these tariff and non-tariff barriers which act as a constraint to Australian and other exporters. The report should become the focus of dialogue between Australia and its trading partners for changes to inappropriate practices and better inform the strategic debate about Australia's trade priorities.
- 82 Labor is committed to comprehensive bilateral free trade agreements where they support Australia's national economic interests and support the multilateral trading system. Labor will also pursue Free Trade Agreements (FTAs) that are consistent with our national social and economic objectives.

- 83 Labor is committed to ensuring regional and bilateral agreements reinforce and support the multilateral trading system. Labor will support regional approaches to trade reform wherever possible, consistent with those principles.
- 84 Labor is committed to sustaining a new depth of transparency into the process of entering trade agreements, by providing full community consultation prior to entering into new trade agreements. Labor will:
- ensure that on commencing negotiations for bilateral or regional FTAs, a document is tabled in both houses of parliament setting our priorities and objectives, including independent assessments of the costs and benefits of any proposals that may be negotiated. This assessment should consider the economic, employment, regional, social, cultural, regulatory and environmental impacts that are expected to arise
 - ensure that during trade negotiations, trade unions and community groups are consulted on draft texts, proposals and requests for review and comment
 - ensure that once the negotiation proposal is complete, a package will be tabled including the proposed treaty together with any legislation required to implement the treaty domestically
 - ensure the positions that a Labor Government takes at the World Trade Organisation (WTO) and developments within the WTO are regularly reported to parliament through the Joint Standing Committee on Foreign Affairs, Defence and Trade
 - ensure that all Australian submissions and relevant materials to FTAs and the WTO are made public unless there are genuine commercial-in-confidence reasons, or disclosure will damage our national interest
 - review all existing government consultative mechanisms and reconstituting them to ensure they are representative of business, unions, environmental and community interests
 - review the composition of delegations to WTO ministerial meetings, so that they include appropriate representation from business, small business, unions and non-government organisations
 - advance rule changes within the WTO to ensure immediate publication of dispute settlement decisions, together with a short, plain language explanation of the decision.
- 85 Labor supports current WTO rules that allow all nations to determine for themselves: the appropriate public-private mix in their health, education, water and welfare sectors and the distribution of government funding within these sectors, and to protect their cultural industries and procurement and employment policies.
- 86 Labor will vigorously oppose any WTO rules or other trade agreements, interpretations or proposals or other trade agreements that would require Australia to privatise its health, education and welfare sectors, undermine the Pharmaceutical Benefits Scheme, reduce government rights to determine the distribution of government funding within these sectors, or which would require us to remove protection of our cultural industries. Labor will oppose attempts to privatise water services under WTO rules. As part of Australia's forward trade objectives Labor believes that federal, state, territory and local governments should retain the flexibility to implement effective policies to encourage industry development, research and development, regional development and appropriate environmental, employment and procurement standards. Labor will not support the expansion of intellectual property rights, which would extend monopoly patent rights to charge higher prices and would give copyright holders greater rights, at the expense of consumers.

- 87 Labor will not allow trade agreements to limit the capacity of the government to determine immigration policies that promote education and training, permanent rather than temporary migration, local employment and fair employment standards. Labor will ensure that future trade agreements do not prevent Australia effectively regulating temporary migration. Labor will ensure trade agreements promote the recruitment of local labour, and protect the wages and conditions of local workers.
- 88 Labor believes the development assistance Australia provides under the banner of aid-for-trade should be targeted to support developing countries in establishing the skills, infrastructure, regulatory and investment policies that will support sustainable growth in developing countries. We want to deliver practical trade-related capacity building programs that improve the ability of developing nations to export, raise their international competitiveness, and engage with the global economy.
- 89 Labor recognises that trade is a necessary, but not sufficient, condition to promote economic growth in developing countries. We will work to ensure that nations and their communities in our region and throughout the world benefit from open markets and share in global growth. We will promote policies to achieve this in the WTO, through trade agreements, as well as at the World Bank, International Monetary Fund, International Labour Organization (ILO) and other international forums.
- 90 Labor acknowledges the benefit of economic growth in developing countries, while also noting that many developing economies have not seen the equitable distribution of the benefits of economic growth. The creation of decent and productive jobs, assists with more equitable economic growth that can free people from hunger and poverty, provide access to economic independence for individuals and support meaningful basic human rights. At the same time economic growth in developing countries brings new markets for Australian exporters, contributing to creating jobs in our country and strengthening our economy.
- 91 Labor recognises that increased international trade brings with it the responsibility to promote higher labour and environmental standards for Australia and internationally. Labor will support greater co-operation between the secretariats of the WTO and the ILO on the issue of trade and enforceable labour standards. Labor supports and promotes the incorporation of core labour standards, as a minimum, in all international trade agreements. Labor will outlaw the importation into Australia of goods or services produced with forced labour and the worst forms of child labour or prison labour. Labor will work actively through the ILO, WTO, other international trade organisations and the implementing mechanisms of bilateral and regional free trade agreements to combat and overcome the scourges of forced, prison and child labour.
- 92 Labor is fully committed to the goal of sustainable development. Labor will work towards the removal of environmentally damaging subsidies, and promote mechanisms that can reconcile the interests of environmental protection and open markets.
- 93 Labor notes the important role and responsibility we have at the Asian Development Bank (ADB) and supports the inclusion of core labour standards in ADB decision-making, including the roles monitoring mechanism at the ADB.
- 94 Labor supports the maintenance of anti-dumping measures. Anti-dumping legislation ensures that overseas exporters do not hurt our industry by selling their products in Australia at a lower price than they charge in their home markets.

The Trans-Pacific Partnership Agreement

- 95 The Trans-Pacific Partnership offers the prospect of more and better jobs through improved access to member countries' markets for Australian exporting businesses and their employees. Australia's position on the Trans-Pacific Partnership Agreement must be consistent with the provisions of the National Platform, specifically that it:
- does not undermine the Pharmaceutical Benefits Scheme
 - provides for national treatment—that foreign and domestic companies are treated equally under the law—while not conferring greater legal rights on foreign businesses than those available to domestic businesses
 - does not require Australia to remove protection of its cultural industries
 - retains the Foreign Investment Review Board and its powers to review foreign investment in the public interest
 - retains legitimate quarantine provisions for reducing the risk of imported pests and diseases
 - retains the flexibility to encourage industry development including through research and development, regional development and appropriate environmental, employment and procurement policies
 - contains enforceable labour clauses that require signatories to enforce the core international Labour organisation standards in the ILO conventions
 - contains enforceable environmental clauses that require signatories to meet all relevant international environmental standards, including those provided for in applicable UN international environmental agreements.