



The Voice for Australia's exporters



Export Council of Australia 2016 Budget Update

May 2016



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Support for FTA portal and trade facilitation standouts this budget

In this fiscally constrained environment, the ECA is encouraged that the government continues to recognise the importance of investing in initiatives to promote trade and investment.

The ECA welcomes the measures announced in the 2016 Budget that will help Australian companies take advantage of the ever increasing global opportunities.

As the Australian economy continues its post-mining boom transition, it is pleasing to see the government investing in initiatives that will help facilitate trade. Highlights from the budget include funding to expand the Department of Foreign Affairs and Trade's (DFAT) FTA portal, the investment in expanding Australia's trade and diplomatic footprint and funding for the implementation of the Australian Trusted Trader Program.

Over the last few years, the ECA has been persistent in advocating on behalf of its members and is pleased to now report progress across a number of trade and investment related issues that will ultimately advance our members' interests.

In its 2015/2016 Trade Policy Recommendations, the ECA called for:

- **Addressing Infrastructure Challenges & Improving Supply Chain Efficiencies:** Australia's infrastructure must improve to meet expectations and demand.
- **Leverage Free Trade Agreements:** Increasing business' awareness and understanding of FTAs is key to delivering outcomes.
- **Advancing Trade Development:** Investing in trade is investing to grow.
- **Improving Trade Facilitation:** Improving the processes and regulations that govern the delivery of goods and services will facilitate more seamless trade.
- **Growing Service Exports:** Services are one of our strengths, we need to deliver to the world.
- **Enhancing Two-way Investment:** Investment is critical to Australia's future prosperity.

While perhaps not as jam-packed as last year's budget, there are still some significant wins in the 2016 Budget in relation to trade and investment. We have summarised the key outcomes—many of which are aligned with the ECA's 2015/16 Trade Policy Recommendations—on the following page.

Membership

If you are currently not a member of the ECA we strongly encourage you to consider joining. Our core offering lies within creating value for our members through the development of programs and services that focus on building the capacity and capability of companies to help them engage further in international business.

We hope you decide to join as a member and we look forward to working with you to help you reach your full potential.

For more information and to join: <http://www.export.org.au/membership>



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Key outcomes for trade and investment in the 2016 Budget

	Funding (\$m)	Time period
Trade & Investment		
Expanding DFAT's FTA Portal	\$1.8 million	Over 4 years
Re-opening a trade and investment office in Tehran, Iran	\$5.3 million	Over 4 years
Expand Australia's diplomatic network	\$42.3 million	Over 5 years
Infrastructure & Trade Facilitation		
Implementing the Australian Trusted Trader Program	\$69.9 million	Over 4 years
Infrastructure investment	\$50 billion	From 2013/14 and 2019/20
Investing in regional growth	\$593.7 million	Over 3 years
Innovation		
Expediting Landing Pads	\$2.4 million	Over 2 years
Services		
Asia Region Funds Passport	\$6.4 million	Over 4 years
Small Business		
Corporate tax rate cut for small business	Rate cut to 27.5%	As of 1 July 2016
Funding for ombudsman	\$16.3 million	Over 4 years
Agriculture		
Australian Grape and Wine Authority	\$50 million	Over 4 years



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Trade & Investment:

- **Free Trade Agreements:** \$1.8 million to expand DFAT's FTA portal over four years. The FTA portal provides comprehensive tariff information and product specific Australian and international trade data to help businesses assess how their products meet the requirements of the FTAs. The portal recently won an Australian Government ICT award in the applications development category. Currently the portal only covers Australia's North Asian FTAs, namely China, Korea and Japan.

The ECA called for this in its 2014/15 TPR for Government:

"Place greater emphasis and investment in raising the overall awareness of the impact of recent FTAs for particular industries and provide practical, user-friendly information to assist individual businesses, especially SMEs, utilise FTAs. This could be achieved through the creation of an online educational FTA tool, which includes information on where companies can go to access professional advice.

Ensure that trade outcomes become a greater priority of DFAT and that engagement and cooperation between DFAT and Austrade be improved—particularly in the outreach on FTAs—thereby ensuring a stronger trade voice in economic policy setting."

In its 2015/16 TPR, the ECA referred to the expected benefits of DFAT's Portal:

"... this year the ECA developed an FTA Tool with ANZ Bank, and content partner Hunt and Hunt Lawyers, which it believes is an excellent starting point for businesses wishing to understand the basics about FTAs. The FTA Portal being developed by DFAT will complement the ECA's work in this space and offer businesses a deeper level of detail."

In the ECA's 2016 pre-election statement we again supported DFAT's portal:

"Further benefits could arise if DFAT's Dashboard was expanded to cover all existing FTAs, not only the North Asian FTAs.

Recommendation:

- *Invest in expanding the FTA Dashboard to cover all existing FTA's in 2016/17."*

- **Re-opening trade and investment office in Tehran:** \$5.3 million will be invested over four years to re-open a trade and investment office in Tehran, Iran. This is a welcome and significant investment in a market which was, at one point, our largest trading partner in the Middle East.
- **Expanding diplomatic network:** The government is allocating \$42.3 million over five years to expand Australia diplomatic network. New consulates will be opened in Papua New Guinea, China and Ukraine. These diplomatic posts will help facilitate trade and investment and break down non-tariff barriers to trade, which is particularly import in markets such as China.
- **Collective Investment Vehicles:** The government announced details regarding proposed corporate collective investment vehicles, or CIVs, which will be introduced for income years starting on or after 1 July, 2017. These vehicles aim to make managed funds based in Australia a more attractive place for foreigners to invest.



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Infrastructure & Trade Facilitation

- **Major infrastructure projects:** The government has committed \$50 billion in infrastructure investment between 2013/14 and 2019/20 for roads, rail, airports and dams.
- **Investing in regional growth:** The government will invest \$594 million over three years in researching and acquiring land for an inland rail network connecting Brisbane to Melbourne, as well as rail links connecting south-east Queensland with Perth and Adelaide.

"Improving soft and hard infrastructure is critical for Australia's international business community in particular because it impacts on their ability to compete at home and abroad. Indeed, 63 per cent of Australia's International Business Survey (AIBS) 2014 respondents indicated that domestic transport/freight costs were an important factor impacting their international competitiveness." – TPR 2015/16

- **Australian Trusted Trader Program:** The Government will continue to invest in the Australian Trusted Trader Program (ATT), which will fast-track cargo clearances for Australian companies engaged in international trade. The ECA has long called for the introduction of a Trusted Trader program in Australia and we are pleased that additional funding has been provided to implement the program.

From 2017-2018 'trusted traders' will be able to acquit their obligation to pay customs duty monthly rather than at the time of each individual importation. This deferral of customs duty it's a significant benefit and will enable them to improve their cash flow management.

"Fund the full implementation, following the successful pilot, of the Australian Trusted Trader program (ATT) starting in 2016, and the Known Consignor Scheme by mid-2017. This should include an education and training outreach campaign to all parties in the supply chain, delivered by the private sector." – TPR 2015/16

Innovation

- **Landing pads in Innovation Hot Spots:** \$2.4 million is being invested over two years, from 2016 to 2017, to bring forward the opening of the Singapore and Berlin landing pads, which were originally scheduled to be launched in 2018-2019. The Landing Pads will support emerging Australian companies in global innovation hotspots.

Services Exports:

Asia Regional Funds Passport: \$6.4 million will be provided over four years from 2016/17 to the Australian Securities and Investments Commission to implement a regulatory framework for Australia's participation in the Asia Region Funds Passport. This initiative aims to increase access for Australian fund managers to Asian markets by creating a regulatory arrangement for the cross border offer of collective



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investment vehicles and will help position Australia as an international financial centre.

“Continuing to encourage all forms of foreign investment into the Australian economy will provide opportunities to broaden sectors of growth, launch new ventures and position Australia to engage more effectively with international markets. At the same time, however, adequate resources should be focused on implementing frameworks to ensure inbound investment is into well-regulated industries and investment vehicles, which ensure compliance with Australian standards.” – TPR 2015/16

Small business:

- **Reduction in the corporate tax rate:** The corporate tax rate will be reduced to from the current level of 28.5% to 27.5% for small businesses, commencing 1 July 2016. The government is also increasing the small business definition to annual turnover less than \$10 million to extend access to a range of small business tax concessions.
- **Funding for Small Business Ombudsman:** The government has expanded the advocacy role of the Australian Small Business and Family Enterprise Ombudsman. \$16.3 million will be provided over four years to support the activities of the Ombudsman's office.

Agriculture:

- **Wine equalisation tax:** The government has introduced wine equalisation tax (WET) reforms that will save \$300 million over four years. \$50 million of that will be given to the Australian Grape and Wine Authority to promote Australian wine overseas, and wine tourism at home.



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About the Export Council of Australia

The Export Council of Australia (ECA) has a long, proud history of supporting Australian international business. For the past 60 years we have encouraged, educated and assisted Australian companies to take on the world.

The ECA has the development of Australia's resources via the promotion of Australian industry in international markets as our primary goal. We achieve this goal by:

- Developing international business skills
- Building Australian business capacity
- Conducting international market research
- Helping to break down barriers to trade
- Building global networks
- Informing Australian trade policy

The ECA plays an active role in advocating on behalf of Australian exporters and importers. A respected and influential voice on trade policy issues, the ECA is a non-partisan organisation with a mission to promote policies that support trade liberalisation and enhance the global competitiveness of Australian businesses.

The ECA's trade policy work is driven by its membership and trade research undertaken with our partners and sponsors.

In consultation with members, industry, and the ECA's Trade Policy Committee and Trade Policy Advisory Committee, the ECA releases annual Trade Policy Recommendations for Government. In addition, the ECA provides submissions to parliamentary and other inquiries relating to trade and regularly engage with all levels of government to advance Australia's trade development.

Objectives:

- Promote trade liberalisation as a means to foster economic growth and help ensure Australia's long term prosperity.
- Represent the needs of our members, Australia's export and import community, to government.
- Provide recommendations to government on where barriers to trade can be removed and trade facilitation improved.
- Be a body that helps coordinate industry's voice on trade related issues.

If you have any questions or comments, please don't hesitate to contact us.

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