

## **Consul-General of Japan in Sydney's Newsletter**

### **No. 18 Australia's JobMaker plan**

#### **- New opportunities for the Japanese private sector**

26 June 2020

The novel coronavirus (COVID-19) has had an unprecedented impact around the world, causing the 'twin crises' of a health crisis (on life) and an economic crisis (on livelihood). In Australia, while the health crisis has been almost overcome, the economic crisis remains a significant challenge that must be overcome from here on.

To this end, following on from the first 6 months of emergency economic measures, the Australian Government has launched its new JobMaker plan which looks ahead over the next 3 to 5 years. Moreover, the National Cabinet has been made permanent and it has identified "Jobs" as the greatest challenge. Instead of allowing the COVID-19 situation to delay infrastructure projects, work on infrastructure projects will be fast-tracked to accelerate economic recovery.

Initiatives such as the JobMaker Plan and the fast-tracking of projects present new business opportunities for Japanese companies and new possibilities for business cooperation between Australia and Japan. In this issue of my newsletter, I will introduce the basic outline of the latest Australian Government economic policies, and some concrete details, as I consider the opportunities these present for Japanese business.



**Prime Minister Morrison's National Press Club Address  
(26 May, Prime Minister Morrison's Facebook)**

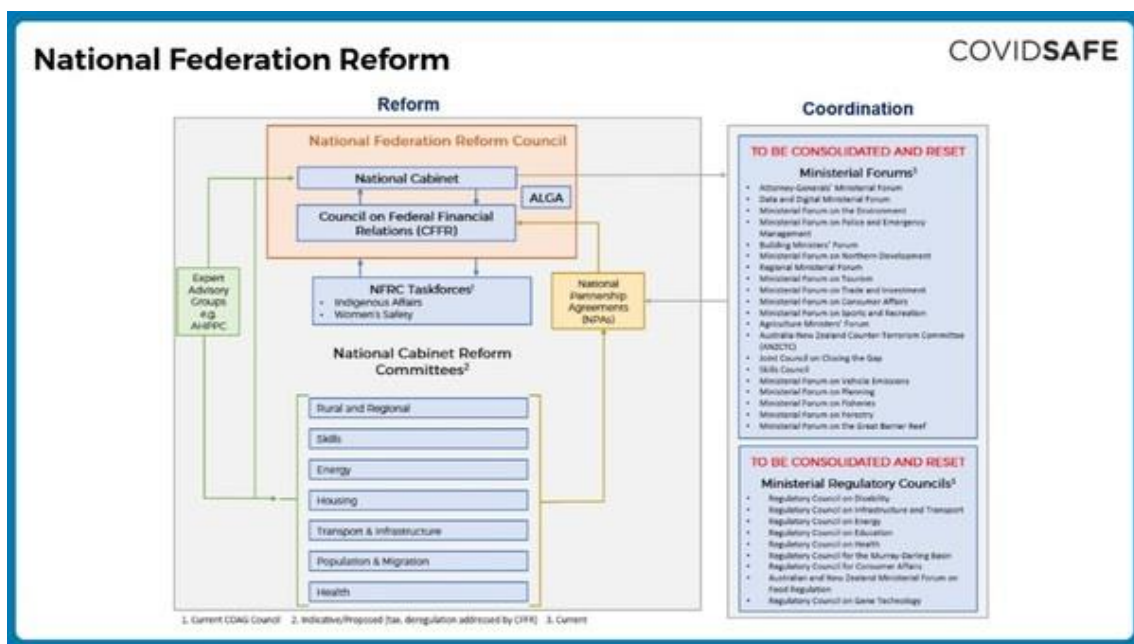
On 26 May, Prime Minister Scott Morrison addressed the National Press Club and announced the Australian Government's new economic policy called the "JobMaker plan".

First, he looked back at developments leading up to JobMaker. Confronting the twin crises threatening life and livelihood, the threat to life was largely avoided due to the introduction of measures including border controls, isolation, social distancing, testing and contact tracing, and a smart phone app. To protect people's livelihoods, measures were introduced to enable people to overcome the immediate economic crisis, including the JobKeeper (a subsidy to help businesses keep workers) and JobSeeker (an additional unemployment benefit), and this minimised the financial impact. Then the National Cabinet agreed on a three-step plan to restart the economy and this is on track to be realised nationally in July as planned.

Building on these measures, the new JobMaker plan was devised. It is an initiative which aims to reset the economy and stimulate growth over the next three to five years, while recognising the importance of bringing down the budget while creating jobs.

First, 5 basic principles were outlined. They are (1) being an open trading nation, (2) ensuring economic, environmental, cultural and natural-resource sustainability, (3) ensuring an educated and highly-skilled workforce across all sectors, (4) ensuring equality of opportunity and not punishing those who have success, and (5) the persistent pursuit of measures that will achieve economic growth or “thinking about what makes the boat go faster”.

As for specific fields, the Prime Minister mentioned skills, industrial relations, energy and resources, higher education, research and science, open banking, the digital economy, trade, manufacturing, infrastructure and regional development, deregulation and federation reform, a tax system to support jobs and investment. He then presented concrete measures relating to skills and industrial relations in the address that day.

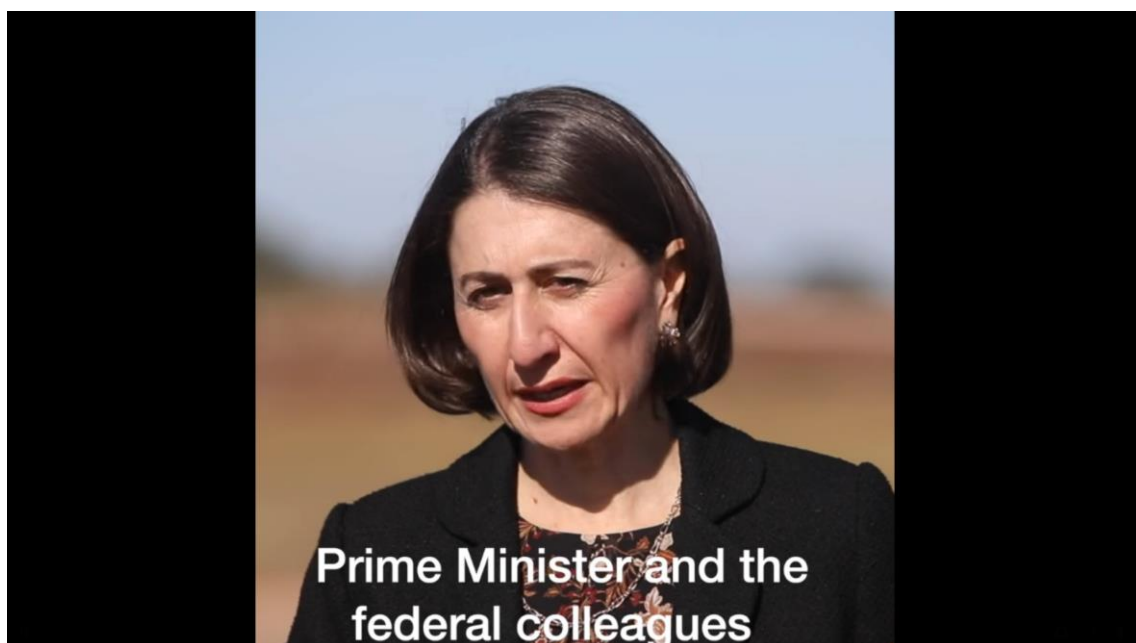


The schema used by Prime Minister to explain National Federation Reform (29 May, Australian Department of Health’s Facebook)

Three days later on 29 May, Prime Minister Morrison declared at a press conference held after the National Cabinet meeting that “COAG is no more”, referring to the Council of Australian Governments (COAG), the former framework to coordinate between the federal government and state and territory governments. He announced that the National Cabinet would be permanent.

Furthermore, he declared that the National Cabinet would be driven by a singular agenda, namely to create jobs.

In addition, the National Federation Reform Council (NFRC) was established. The National Cabinet will be at the centre of the NFRC which will consider future reform measures. The Council on Federal Financial Relations (CFFR) was also established and it will take responsibility for all of the funding agreements between the Commonwealth and the states. Multiple ministerial-level forums and regulatory committees will be consolidated and reset.



**NSW Premier Berejiklian at the joint federal and state media conference regarding fast-tracking the schedule for the Sydney Metro - Western Sydney Airport rail line (2 June, NSW Premier's Facebook)**

On 2 June, Prime Minister Morrison and NSW Premier Berejiklian together with responsible ministers and local members held a press conference in Western Sydney and announced that construction on the Sydney Metro - Western Sydney Airport rail line would start within the year. The project is being fast-tracked; previously, construction was planned to begin next year.

The Federal and NSW Governments agreed to inject a further \$3.5 billion into the project, aiming to have it completed in time for the opening of the Western Sydney

International Airport in 2026, and work will now begin in earnest. Prime Minister Morrison said that the federal and state governments would work closely to increase investment in infrastructure projects which would be central to the JobMaker plan.

Then, on 4 June, Prime Minister Morrison introduced the HomeBuilder program to support jobs in the residential construction sector. Until 31 December 2020, eligible owner-occupiers will receive a grant of \$25,000 to build a new home or substantially renovate an existing home. It is expected that around 140,000 jobs will be directly supported by the program providing 27,000 grants at a total cost of around \$680 million.

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## JobMaker Plan

**Coronavirus (COVID-19)**

**Overarching goal:** Australia to emerge from the pandemic with a stronger, more resilient and more competitive job-making and income-generating economy

Principles	Outward looking open and sovereign trading economy	Leverage and build on our strengths	Equality of opportunity and reward for effort	Caring for country	Productivity to drive prosperity
Sub-goals	Full employment Economic resilience secure supply chains and diversified markets	Structural budget balance Prosperous and connected regions	Dynamic market driven economy Guarantee essential services	Maintain market strength in commodities National security	Build high value services and manufacturing industries Environmental sustainability
Temporary measures to mitigate growth	Short term demand support (kick-starting confidence and activity)		Instant asset write-off and accelerated depreciation (boosting business investment)		
	Labour force flexibility and support (supporting employment growth)	Dynamic and responsive social supports (getting people back into work)	COVIDSafe workplaces and communities		
Reform Priorities	Taxation	Industrial Relations	Deregulation	Energy	Skills
	Population and Migration	Infrastructure and Transport	Health	Rural and regional	Digital Technology

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**Prime Minister Morrison addressing the Committee for Economic Development of Australia (CEDA)  
(15 June, CEDA YouTube)**

There is more. On 15 June, in his speech at the Committee for Economic Development of Australia (CEDA)'s annual State of the Nation Conference, Prime Minister Morrison explained that the Australian economy shrank by 0.3 per cent in the March quarter but the damage to the economy has been far less than so many other countries. He once again emphasized the importance of returning to balanced finances and that emergency support would have to end, and he announced new policies to develop infrastructure and to deregulate.

Regarding infrastructure, he stated that the approval process for 15 major infrastructure projects would be reduced from 42 to 21 months. The projects concerned include rail, dam, hydro-electric, water supply and iron ore transportation projects. Additionally, \$1.5 billion will be directed to smaller priority projects established in partnership between the federal and state and territory governments, and the Prime Minister also announced that the project approval times regarding environmental protection and biodiversity conservation are down from 90 days at the end of last year and would be reduced to 30 days.

Regarding deregulation, the Prime Minister announced that the existing Deregulation Taskforce would be brought into the Department of the Prime Minister and Cabinet as part of the JobMaker agenda. Emergency responses to deal with COVID-19 included changes to various regulations affecting shop trading hours, trucks allowed to resupply along roads, employee hours of work, use of telehealth, professional requirements for health personnel, financial reporting, AGMs and others. He declared that lessons learnt from these measures would be reported back and that deregulation would be a priority issue for the National Cabinet to promote across states and regions.



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5 June 2020

## Major reforms to Australia's foreign investment framework

The Morrison Government is today announcing the most significant reforms to the *Foreign Acquisitions and Takeovers Act 1975* since its introduction.

These reforms will ensure that our foreign investment framework keeps pace with emerging risks and global developments, including similar changes to foreign investment regimes in comparable countries.

Foreign investment drives economic growth, creates skilled jobs, improves access to overseas markets and enhances productivity. Without foreign investment, production, employment and income would all be lower. Australian firms with

### **Announcement of the Australian Government's plan to reform the foreign investment framework (5 June, Federal Treasurer's website)**

In parallel with the series of JobMaker initiatives, the Australian Government will strengthen economic measures for national security. On 5 June, Prime Minister

Morrison and Federal Treasurer Frydenberg announced the reforms to Australia's foreign investment framework.

Foreign investment is crucial for Australia's economic prosperity and is responsible for creating 1 in 10 jobs. However, for investments to be accepted, they must meet Australian conditions and rules designed to ensure that investments are in line with the national interest.

In keeping with this intention, the most significant reform of the investment framework in 45 years will occur over three key areas: a new national security test will be introduced; investment compliance conditions will be reviewed; and the approval process for non-sensitive businesses will be streamlined. The draft proposal will be announced next month and the reforms are scheduled to be implemented from January 2021.

Just at this moment, the Australian Government has sustained cyber-attacks across a wide range of institutions, and on 19 June, Prime Minister Morrison and Defence Minister Reynolds held a press conference and warned the public to be vigilant.

It is now more important than ever that digital infrastructure is reliable and secure for all types of public services and business. Not only are Japan and Australia friendly nations, our bilateral relationship is a "Special Strategic Partnership" including vis-à-vis security. Investment from Japan is very welcome. Japan currently accounts for 11.4% of total direct investment in Australia, third behind the US at 21% and the UK at 12.5%.

Of particular note in recent years is the high level of M&A activity by Japanese companies with Australian companies. According to analysis by the Australia Japan Business Cooperation Committee (AJBCC), the purpose of this M&A activity has largely been to (1) acquire know-how, (2) expand a new sales network, (3) complement a supply chain component and (4) enter into a new field of business.



**The 4<sup>th</sup> Japan-Australia Infrastructure Networking Conference  
(Sydney CBD, 3 March)**

The momentum of business cooperation between Japan and Australia, and particularly between Japan and NSW, is increasing even more, thanks to the Japan/Tokyo Chamber of Commerce and Industry (JCCI/TCCI) Economic Mission visiting Canberra and Sydney in February this year and the 4th Japan-Australia Infrastructure Networking Meeting held in March here in Sydney. Especially as Western Sydney development aims to become a world-leading smart city, Japanese companies' superior technology and know-how have much to offer.

The current COVID-19 situation has had a large economic effect on Australia, as it has on countries around the world. However, that is why here in Australia, the federal government and state and territory governments have joined forces to devise and implement the JobMaker plan under the National Cabinet. Also in NSW, it is clear to see that investment is accelerating significantly -- the fast-tracking of Western Sydney development being just the start of this.



For the time being, it is difficult for people to move between Japan and Australia, but fortunately in both countries, we have developed human networks and bonds of trust over many years. In this very situation, we can utilize technology such as video-meetings and we should make the most of the new business opportunities in Australia born from the JobMaker plan. I hope to see renewed and expanded connections and discussions between Japanese and Australian businesses.

On 5 June, the Australian and Japanese Foreign Ministers' Telephone Talk was held and the two ministers agreed to proceed with discussions between the two countries regarding the possibility of resuming mutual visits by necessary personnel. I am looking forward to the day when this difficult period has been overcome and many Japanese and Australian stakeholders will be able to meet again face-to-face to further strengthen their ties.

Prime Minister Morrison's Address to the National Press Club announcing the JobMaker Plan (26 May)

<https://www.pm.gov.au/media/address-national-press-club-260520>

National Cabinet replaces COAG – announcement at Prime Minister Morrison's press conference after meeting of the National Cabinet (29 May) and media release by the Office of the Prime Minister (2 June)

<https://www.pm.gov.au/media/press-conference-australian-parliament-house-act-29may20>

<https://www.pmc.gov.au/news-centre/government/coag-becomes-national-cabinet>

Joint press conference by Prime Minister Morrison and NSW Premier Berejiklian announcing the Sydney Metro - Western Sydney Airport rail line to be fast-tracked and Sydney Metro update (2 June)

<https://www.pm.gov.au/media/new-agreement-keeps-sydney-metro-western-sydney-airport-jobmaker-project-track>

<https://www.sydneymetro.info/article/western-sydney-airport-line-project-update>

Prime Minister's press conference announcing the HomeBuilder Program (4 June)  
<https://www.pm.gov.au/media/homebuilder-program-drive-economic-activity-across-residential-construction-sector>

Prime Minister Morrison's address at Committee for Economic Development of Australia (CEDA)'s State of the Nation conference announcing infrastructure and easing of restrictions (15 June)  
<https://www.pm.gov.au/media/address-%E2%80%93ceda%E2%80%99s-state-nation-conference>

Treasurer Frydenberg's media release announcing reform of the Australian Government's foreign investment laws and the Treasurer's opinion piece in a newspaper (5 June)  
<https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/media-releases/major-reforms-australias-foreign-investment-framework>  
<https://joshfrydenberg.com.au/latest-news/foreign-investment-reforms-will-protect-our-interests-1/>

Prime Minister's statement relating to malicious cyber-activity against Australian networks (19 June)  
<https://www.pm.gov.au/media/statement-malicious-cyber-activity-against-australian-networks>

Australia Japan Business Cooperation Committee (AJBCC)  
<https://www.ajbcc.asn.au/>

Japan-Australia Foreign Minister's telephone talk (5 June)  
[https://www.mofa.go.jp/press/release/press4e\\_002840.html](https://www.mofa.go.jp/press/release/press4e_002840.html)

This consulate's webpage for Japanese companies (Japanese only)  
[https://www.sydney.au.emb-japan.go.jp/itpr\\_ja/japanese\\_company.html](https://www.sydney.au.emb-japan.go.jp/itpr_ja/japanese_company.html)

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