Council of Australian Governments  
Business Advisory Forum  
Canberra, 6 December 2012  
Communiqué

The second meeting of the Business Advisory Forum to the Council of Australian Governments (COAG), convened by the Prime Minister, was held in Canberra today.

The Forum was chaired by the Prime Minister and attended by Premiers and Chief Ministers, business chief executives, representatives of Australia’s peak business organisations and the President of the Australian Local Government Association.

Participants discussed the progress of major reforms to lower costs for business and improve productivity, including reforms to streamline environmental approvals and a package of reforms to improve the operation of energy markets in the long term interests of consumers. They also reaffirmed a shared commitment to working together to improve national productivity growth to boost the prosperity of all Australians.

To give effect to this shared commitment, all governments and business leaders signed a National Compact on Regulatory and Competition Reform. The Compact sets out for the first time how governments and business will work together to develop, implement and review significant national regulatory and competition reforms.

Progress on Major Reform Priorities

Participants received reports on the progress of the seven priority areas for major reform identified at the first Business Advisory Forum in April 2012 and confirmed by all governments.

Environmental Regulation Reform

The Forum noted COAG’s commitment to broad environment regulation reform that enhances efficiency and increases certainty for business, while maintaining high environmental standards.

To this end, participants acknowledged the efforts jurisdictions have made to improve regulatory arrangements, including increased use of strategic tools and commitment to early engagement with proponents. They welcomed the release of the Commonwealth’s Statement of Environmental and Assurance Outcomes and draft Framework of Standards for Accreditation. These two documents articulate the standards that the Commonwealth has proposed that State and Territory processes would need to meet to ensure community confidence in accredited arrangements, and represent an important milestone in COAG’s reform agenda.

Participants noted that detailed and constructive bilateral discussions about accreditation arrangements have occurred with all jurisdictions. These discussions have narrowed the range of outstanding issues for resolution. The Commonwealth noted the significant challenges that have emerged in developing accreditation arrangements that provide consistency for business and assurance to the community that high standards will be met and maintained. Participants
welcomed the commitment by the Commonwealth and States and Territories to continue to work to streamline environmental regulation that delivers strong environmental outcomes and better conditions for business. Participants noted that the Commonwealth will introduce legislative reforms to progress the Government’s response to the Hawke review of the Environment Protection and Biodiversity Conservation Act 1999 to further strengthen and streamline environmental regulation. Participants noted that discussions between the Commonwealth and States and Territories will continue to work through all these matters and business participants urged governments not to limit their options in this regard.

Development Assessments and Major Projects

Participants of the Forum acknowledged progress made by States and Territories on reforms to improve major project approval processes. States and Territories confirmed their commitments made at the last Forum in April 2012, to work towards approaches, such as the creation of taskforces for major projects, so that approvals are administered by a single State agency and unnecessary duplication in Commonwealth and State processes is removed.

Forum participants considered a report prepared by State and Territory Governments, setting out current arrangements to facilitate major project delivery.

The Forum noted that the Commonwealth Government will commission a study on behalf of all governments by the Productivity Commission to benchmark Australia’s major project approvals processes against international best practice. This will assist State and Territory Governments to consider the need for any further enhancements of current arrangements.

Participants at the Forum also considered advice from States and Territories on development assessment initiatives to improve processes for low risk, low impact developments.

Carbon Reduction and Energy Efficiency Measures

The Forum endorsed the good progress that has been made. Governments have removed 57 carbon reduction and energy efficiency measures that were not complementary to the national carbon price and were ineffective, inefficient or impose unnecessary reporting burdens on business. The removal of these programs is expected to reduce unnecessary costs to business and to consumers.

The Forum also noted that a further 73 measures are currently being reviewed by governments, with the majority of the reviews on track to be completed by the end of 2012. Governments will report to COAG in February 2013 on what action will be taken in response to these reviews.

The Business Advisory Forum Taskforce will assess review outcomes and report to COAG’s first meeting in 2013 on the extent to which action by all governments has been sufficient to meet the Forum’s objectives and whether any further reform action is required.

Participants noted that COAG will consider measures at its meeting on 7 December 2012 to streamline reporting burdens on business in relation to the National Greenhouse and Energy Reporting Scheme and the Energy Efficiency Opportunities program.
Energy Market Reform

The Forum noted growth in electricity prices in recent years has placed pressure on households and businesses, and that COAG will consider a package of measures at its 7 December meeting which reflects reforms agreed by Energy Ministers and further proposals by the Business Advisory Forum Taskforce to enhance the pace and transparency of reform. Participants noted the reforms will help ease electricity price pressures while maintaining the high level of reliability of supply which Australians have come to expect. Measures proposed for the National Electricity Market are designed to:

- improve the capability and performance of the independent regulator and tighten the rules governing the market;
- put downward pressure on prices through reforms that ensure future investment by network businesses is efficient;
- ensure strong protections for consumers and boost their role in energy market decision making;
- help address rising peak demand by improving consumers’ ability to manage and benefit from controlling their energy usage; and
- deliver reliability standards that better reflect the interest of consumers by balancing the need for a reliable energy supply with the impact on prices.

Participants agreed that COAG should take responsibility for ensuring the delivery of reforms and sought a progress report at the Forum’s next meeting.

A majority of participants stressed the need for consumers to have access to more flexible pricing. Participants agreed that implementation of the reform agenda will require sustained commitment by all governments.

Lifting Regulatory Performance

Participants agreed that comprehensive government frameworks for regulatory management provide businesses with assurance that governments are committed to reducing the scope for poor quality regulation to impose unintended or unnecessary costs.

Forum participants supported a comprehensive package of reforms from all jurisdictions to strengthen regulatory practice across all stages of the regulatory cycle. These initiatives will strengthen the rigour of regulation impact analysis, provide for the continuous review of the stock of regulation and enhance the performance of regulators.

The Red Tape Challenge (Business Reporting and Small Business)

Participants at the 12 April 2012 meeting of the Forum challenged governments to take action to lower costs to business by identifying unnecessarily burdensome, inefficient or duplicative rules and regulation that impede productivity and economic growth.

The Forum noted that the Commonwealth Government proposes to reduce business reporting burdens further by expanding use of electronic Standard Business Reporting (SBR) to include all business electronic reporting to the Australian Taxation Office by 2015; employer reporting
obligations to the Department of Human Services; and paper-based reporting to the Insolvency and Trustee Services and to the new Australian Charities and Not-for-Profit Commission. It is expected that this will increase take-up of SBR.

The Forum encouraged all governments to make greater use of SBR and other forms of online reporting, where it delivers net benefits.

Forum participants noted work by the Commonwealth Minister for Small Business with state and territory ministers, the Small Business Advisory Committee, the Council of Small Business Australia and chambers of commerce to outline:

- burdensome or unnecessary regulations that frustrate businesses on a day-to-day basis;
- initiatives to assist reducing red tape being progressed by all jurisdictions; and
- guidance which will be provided to governments to assist them to engage more effectively with small business when developing regulation.

The Forum acknowledged that small businesses, in particular, are disproportionately affected by the cumulative impact of regulation.

The Forum noted that the Commonwealth is commissioning a study by the Productivity Commission to benchmark regulator engagement with small business. The study will examine the different approaches of Commonwealth, State and Territory regulators with respect to small business and identify best practices.

Delivery of a Seamless National Economy

The Minister for Finance and Deregulation, the Senator the Hon Penny Wong, reported to the Forum on the progress of reforms under the National Partnership Agreement to Deliver a Seamless National Economy. The report noted that the majority of regulation reforms are now complete, with a number of the remaining reforms likely to be completed in the first half of 2013. The Business Advisory Forum Taskforce will have responsibility for reporting progress on outstanding reforms to COAG.

The Forum agreed the importance of completing this reform stream, noting that the PC had identified up to $4 billion of savings for business from just 17 of the reforms.

National Compact on Regulatory and Competition Reform

The Forum agreed to the Compact, which was signed by First Ministers, the President of the Australian Local Government Association, and representatives from key business groups.

The Compact sets out for the first time how governments and business will work together on regulation and competition reforms. In order to improve the way these reforms are developed, implemented and reviewed, business and governments committed to:

- prioritise reforms with the greatest impact on productivity growth;
- work in partnership at each stage of the reform process and engage openly about their priorities, positions and consultations with relevant stakeholders;
• adhere to best-practice regulatory impact analysis; and
• assist regulators to function effectively and efficiently by providing administrative frameworks and resources that enable them to adopt consistent, risk-based and best-practice approaches, and feedback on their performance to ensure the objectives of the regulations are being met.

The Compact also tracks government progress on agreed reforms, focussing initially on the seven priority areas for major reform agreed at the first Business Advisory Forum in April 2012 as well as the Seamless National Economy Reforms. This provides transparency of agreed purpose and ensures that governments are held accountable for progress on reforms.

The Forum agreed that the existing reform agenda has primacy and that this should be reflected in the Compact. However, as this agenda is completed, the priorities of the Forum are expected to evolve and so too may the focus of the Compact.

Regular review of the Compact every three years will ensure that it remains relevant and reflects the priorities of governments, business and other stakeholders. The first review will commence in 2015-16.


Next Meeting of the Forum

Participants agreed that the Forum is providing a valuable input from business on key regulatory and competition issues being considered by COAG and that it should continue to do so. To this end, the next Forum will immediately precede the next COAG meeting in the first half of 2013.

Participants agreed it was important that the next Forum maintain the focus on the current priority reforms by reviewing progress on these but also consider other options for competition and regulation reform.

Further information from the Forum is available at www.dpmc.gov.au/publications.