On 6 December 2012, the Prime Minister convened the second meeting of the Business Advisory Forum (BAF) to the Council of Australian Governments (COAG). The BAF was attended by First Ministers, business CEOs, representatives of Australia’s peak business organisations and the President of the Australian Local Government Association.

At this meeting, the BAF considered a comprehensive report from the BAF Taskforce on the progress of the six priority areas for major reform aimed at lowering costs for business and improving productivity that make up the BAF agenda:

- national environmental reform;
- reforms to lift regulatory performance;
- reforms to reduce red tape, including initiatives to reduce the reporting burden on business and specific measures to address the concerns of small business;
- rationalisation of carbon reduction and energy efficiency schemes;
- energy market reform; and
- reforms to improve development assessment processes for low impact development and to streamline approvals for major projects.

On 7 December 2012, COAG requested the BAF Taskforce provide an update on these reform areas to the next COAG meeting. This update is set out below.

Environment Regulation Reform

On 7 December 2012, COAG re-affirmed its commitment to broad environmental regulatory reform that enhances the efficiency of environmental regulation and increases certainty for business, while maintaining high environmental standards. There are several initiatives underway to meet this objective:

- **Increasing the use of strategic assessments** – The Commonwealth, in partnership with state and territory governments (and in a number of cases industry proponents), has doubled the number of strategic assessments undertaken in the last 18 months (from eight to 16). There are 12 strategic assessments currently underway. Strategic assessments improve certainty and reduce costs for business by reducing the need for project-by-project assessments and approvals – to date, over 850 individual referrals have been avoided through the completion of four strategic assessments under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act).

- **Providing enhanced upfront guidance to proponents** – On 3 October 2012, the Commonwealth released the EPBC Act environmental offsets policy and assessment guide. This policy is being used by the Commonwealth to facilitate discussions with state and territory officials on how to better align project-by-project offset conditions so that conditions set by the states and territories and the Commonwealth are more complementary and may result in efficiencies for proponents when fulfilling the required conditions.
• **Improving the listing of species for protection** – The Commonwealth and state and territory governments continue to work together to align Commonwealth and state and territory threatened species listings. Work has commenced on developing a single national list of threatened species, and options are being scoped for an internet-based portal which would allow access to Commonwealth and state and territory threatened species and ecological communities listings from a single entry point, making it easier for proponents to establish the species to be considered by their Environmental Impact Statement.

• **Improving existing assessment bilateral processes** – Work has been undertaken to improve existing assessment bilateral agreements in a number of jurisdictions, including Queensland and Tasmania. The Commonwealth remains committed to working with all state and territory governments during 2013 to improve existing assessment bilateral agreements to reduce duplication and increase information sharing between jurisdictions.

**Lifting Regulatory Performance**

The BAF Taskforce’s December 2012 advice to COAG provided an interim report listing a broad-ranging package of practical initiatives to lift the regulatory performance of governments, across each stage of the regulatory cycle. This interim report was, in part, informed by the findings of the Productivity Commission’s draft report *Regulatory Impact Analysis: Benchmarking* (the PC Report), released in August 2012.

Participants at the BAF supported the comprehensive package of reforms put forward by all jurisdictions. At the time the interim report was developed however, the Taskforce acknowledged that several of the initiatives were still subject to jurisdictions’ formal clearance processes. In recognition of this, COAG agreed that the Taskforce would provide a report back to the April COAG meeting confirming the status of these initiatives, and advising where any further reform action may be required.

The final PC Report was released on 13 December 2012. The Productivity Commission found that while Regulatory Impact Assessment (RIA) requirements in all Australian jurisdictions are reasonably consistent with the Organisation for Economic Co-operation and Development (OECD) and COAG guiding principles, there were several areas where RIA processes could be improved, including public consultation and transparency.

The Taskforce has updated the interim Lifting Regulatory Performance report to respond to these findings. The updated report notes that all jurisdictions have implemented, or sought approval for, initiatives to improve the efficacy of their regulatory frameworks, including RIA processes, and provides a progress update on implementation ([Attachment A1 - Lifting Regulatory Performance report](#)). The changes to the report are highlighted in red.

**Red Tape Challenge – business reporting reform and small business**

In December 2012, BAF participants and COAG noted the Commonwealth’s proposed expansion of Standard Business Reporting (SBR) to reporting requirements managed by the Australian Taxation Office, the Commonwealth Department of Human Services, the Insolvency and Trustee Service Australia, and the new Australian Charities and Not-for-Profits Commission. Members of the BAF encouraged all governments to make greater use of SBR and other forms of online reporting, where it delivers net benefits.

There has been a steady increase in the use of SBR since July 2012, with over 100,000 lodgements made between July and December 2012. More large software developers are expected to have SBR-enabled products in the market shortly.

The Commonwealth’s SBR program continues to work with agencies to expand the use of SBR, as well as engaging with the key software developers to encourage and support the development of SBR-enabled financial/accounting and payroll software products for use by business and reporting professionals. Since the December 2012 COAG meeting, the Commonwealth’s Clean Energy Regulator has been exploring the possible use of SBR as part of its work to streamline reporting requirements.
On 18 March, Commonwealth Treasury held a Symposium on SBR, which was attended by officials from states and territories, and work is underway in several jurisdictions to assess the benefits of adopting SBR or other forms of online reporting.

Jurisdictions have indicated an intention to pursue further SBR work. Queensland has advised that it has requested all agencies to review all reporting obligations by 30 April 2013, and is also considering whether SBR can be extended to other areas of reporting. Victoria has implemented a number of online business reporting reforms including Business Victoria Online and is also considering an on-line forms system for early childhood service providers. The Australian Capital Territory, Tasmania, New South Wales, South Australia, the Northern Territory and Western Australia are not actively pursuing the further adoption of SBR at this time especially until additional business take-up is well underway.

**Climate Change and Energy Efficiency**

On 25 July 2012, COAG agreed that all jurisdictions would review nominated carbon reduction and energy efficiency measures by late 2012, against the revised COAG Complementarity Principles; for overall cost effectiveness, not solely the cost of abatement, but wider costs; and to determine if a measure duplicates existing energy and greenhouse reporting requirements within jurisdictions and/or with the Commonwealth requirements, and report on how these requirements might be streamlined. This review process has been finalised by the Select Council on Climate Change (SCCC) and 74 carbon reduction and energy efficiency measures have been assessed. COAG is due to consider the SCCC’s final report at its April 2013 meeting.

The Taskforce has assessed, on the basis of advice from jurisdictions, that the COAG-agreed reform outcome – to remove or rationalise policies and programs that are not complementary to a carbon price, are ineffective, inefficient or impose duplicative reporting requirements on business – appears to have been met for measures reviewed.

As a result of the SCCC reviews, 15 of the 74 measures have been removed, seven have been revised to moderate their impact on business, and 49 of the remaining measures have been assessed by jurisdictions as being complementary to a carbon price, cost-effective and not duplicative. Decisions are pending on the remaining reviewed measures.

In addition, jurisdictions identified 88 remaining measures, not captured by the SCCC process. This does not include information on any remaining measures in Western Australia, due to caretaker conventions at the time of finalisation of this information, or information on any measures remaining in New South Wales or Queensland. New South Wales advised that there are no other measures in New South Wales requiring review. Queensland has advised that it will not be nominating any further measures for review at this stage as the SCCC review captured all relevant measures in Queensland.

The majority of identified remaining measures do not appear to impose mandatory or regulatory obligations on business or, where regulatory obligations are imposed, these do not appear to be significant. On the basis of the information provided by jurisdictions, few of these remaining measures appear to be non-complementary to the national carbon price.

Some measures, however, such as state based Feed-In-Tariffs and regulatory measures identified by jurisdictions, could warrant review against the COAG-agreed principles and criteria to confirm these conclusions.

The Taskforce considers there would be merit in jurisdictions having regard to the COAG-agreed criteria and the complementarity principles in any scheduled reviews of these measures, and when considering the introduction of new carbon reduction and energy efficiency measures.

**Energy Market Reform**

Work is continuing to implement the energy market reform agenda endorsed by COAG in December 2012. A consolidated Implementation Plan (IP), drawing together the advice from the Standing Council on Energy and Resources (SCER) and the Taskforce on key reform steps and milestones has been provided to COAG by the Chair of SCER for its 2013 April meeting. SCER will report to COAG on progress against this implementation plan at future meetings.
To date progress against the IP is on track, with key developments including:

- Energy officials have engaged Dr John Tamblyn and Mr John Ryan, both of whom have extensive backgrounds in energy policy, to prepare a proposal on the form, scope and funding on a national energy advocacy body for consideration by SCER in May 2013. Dr Tamblyn and Mr Ryan have completed consultations and intend to release an initial directions paper at the end of March;
- A consultation Regulation Impact Statement (RIS) concerning reform to the Limited Merits Review Regime, which allows review of decisions made under the National Electricity Law and National Gas Law by the Australian Competition Tribunal in certain circumstances, was released on 19 December 2012 and public comment closed on 8 February 2013. Submissions are being evaluated and a decision RIS is currently being drafted. SCER is expected to consider the decision RIS in late March or early April; and
- Work undertaken to increase the capabilities of the Australian Energy Regulator (AER), as announced by the Prime Minister at the December COAG meeting. The Commonwealth will provide a further $23.2 million over four years to the AER for this purpose.

**Major project approvals and development assessment**

Following a scoping exercise undertaken by Heads of Treasuries, the Productivity Commission has been requested to benchmark Australia’s major project approvals processes against international best practice. Terms of Reference were provided to the Productivity Commission in December 2012, and an issues paper was released on 11 February 2013.

The Productivity Commission will release a draft report in July 2013, with the final report to be provided by 6 December 2013. Opportunities for any further reform will be considered following the release of the Productivity Commission’s report.

David Tune  
Chair, Business Advisory Forum Taskforce