

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Innovation, Industry, Science and Research Portfolio
Additional Estimates Hearing 2009-10
10 February 2010

AGENCY/DEPARTMENT: INNOVATION, INDUSTRY, SCIENCE AND RESEARCH

TOPIC: Business Compliance

REFERENCE: Written Question – Senator Eggleston

QUESTION No.: AI-60

What work is being undertaken in the Department to address the issue of red tape and the lack of harmonisation across states and territories of business compliance obligations?

What work is being done in the Department in connection with the COAG agenda to reduce or streamline red tape?

What area of the Department undertakes the above work?

How many staff and other resources including costs and funding are allocated by the Department to the above work for each of the last 3 years?

For how long has that work been being undertaken in the Department?

ANSWER

The Department of Innovation, Industry, Science and Research has a key role in ensuring an environment that supports productive and internationally competitive Australian industries (and encourages world-class science, research and innovation). To underpin these outcomes, the Department's priorities include regulation reform initiatives under the Government's small business and deregulation agenda.

The COAG Business Regulation and Competition Working Group (BRCWG) has identified 27 specific areas of regulatory reform to be completed under the National Partnership (NP) Agreement to deliver a Seamless National Economy.

The Department has responsibility for four of these regulation priority areas:

- National system of trade measurement;
- the National Construction Code (building regulation reform);
- Regulation of chemicals and plastics; and
- ABN/Business names Registration.

The Department is also responsible for retail tenancy reform. Retail tenancy, while not a reform item subject to the National Partnership agreement, formed part of the BRCWG outcomes relating to development assessment as agreed at the November 2008 COAG meeting.

The COAG BRCWG work referred to above is undertaken by the following divisions in the Department: the National Measurement Institute, Manufacturing Division, the Industry and Small Business Policy Division, and eBusiness Division.

The Department is represented on the BRCWG. The Industry and Small Business Policy Division coordinates papers and briefing across the Department for BRCWG meetings and the ongoing implementation of relevant BRCWG reform items. The Industry and Small Business Policy Division also works across government to ensure that small business is considered in policy making, particularly in terms of red tape reduction/deregulation.

Year	2007-08	2008-09	2009-10
ASL*	1	0.8	0.6

*Note ASL: Average Staffing Level

No specific funding is allocated to this function, and costs are absorbed from Departmental funds.

National system of trade measurement (National Measurement Institute)

A national system of trade measurement will commence operation in Australia on 1 July 2010. The National Measurement Institute will have responsibility for the on-going operation of the new system.

A national trade measurement system was one of the regulatory hotspots identified by COAG in 2006 as an area where overlapping and inconsistent regulatory regimes were impeding economic activity. The new national system of trade measurement will introduce considerable deregulation benefits by reducing the current eight systems of trade measurement in Australia down to one.

Funding of \$29.35 million, including \$3 million capital, was provided to the Department for the transition to a national system of trade measurement and its first year of operation (2007-08 to 2010-11). Ongoing funding of \$21.35m will be provided from 2011-12.

Year	2007-08	2008-09	2009-10
Funding \$m*	1.1	1.6	4.3
ASL	6	8.5	9.5

* Note the funding allocation includes staffing costs.

Building regulation reform (Manufacturing Division)

National Construction Code

In July 2008, COAG agreed to the development of a national construction code on building, plumbing, electrical and telecommunications technical provisions. The first phase is to establish a nationally consistent approach to building and plumbing regulation by developing a national construction code which consolidates building and plumbing regulation into one code to be applied across Australia. A new intergovernmental agreement will be made for the national construction code and will replace the current *Intergovernmental Agreement for the Australian Building Codes Board*.

The Manufacturing Division within the Department provides advice to the BRCWG and the Building Ministers' Forum on building regulation reform. This included the preparation of a Regulatory Impact Statement for a National Construction Code and overseeing the review of the *Intergovernmental Agreement for the Australian Building Codes Board*.

Year	2007-08	2008-09	2009-10
ASL	0.1	0.3	0.5

No specific funding is allocated to this function, and costs are absorbed from Departmental funds.

Regulation of chemicals and plastics (Industry and Small Business Policy Division)

In 2006, COAG established a Ministerial Taskforce to develop measures ‘to achieve a streamlined and harmonised system of national chemicals and plastics regulation’. In 2007, the Productivity Commission (PC) undertook a research study into chemicals and plastics regulation.

In November 2008, COAG agreed to a package of reforms informed by the 2008 Productivity Commission (PC) report, *Chemicals and Plastics Regulation*. The reforms included new governance arrangements for chemicals and plastics regulation and the establishment of a Standing Committee on Chemicals to oversee regulatory reform. This was in response to specific recommendations of the PC Report. The Department provided policy and coordination support to both the taskforce and the working group, and played a key role in coordinating the Government response to the PC report.

In December 2009, COAG established a Standing Committee on Chemicals (SCOC) to oversee chemicals and plastics regulatory reform. The SCOC is currently chaired by a Deputy Secretary from the Department and the Industry and Small Business Policy Division within the Department provides Secretariat support.

Year	2007-08	2008-09	2009-10
ASL	1.0	1.75	2

No specific funding is allocated to this function, and costs are absorbed from Departmental funds until 2009-10 in which \$500k is allocated. Figures are GST exclusive.

ABN/Business Names Registration (Industry and Small Business Policy Division)

In April 2007, COAG agreed to a process to develop a single online registration system for business names and Australian Business Numbers, including a trademark searching facility. In 2008, the Small Business Ministerial Council endorsed a model for the development of a seamless, single, online registration system for business names and Australian Business Numbers, including a trademark search facility. In July 2008, COAG agreed to refer all necessary business names registration powers to the Australian Government to allow the establishment of a new national system.

The Australian Government provided \$49.0 million over four years in the 2007-08 Budget to the Department of Innovation, Industry, Science and Research; IP Australia; the Australian Taxation Office; and the Australian Securities and Investments Commission for the design and construction of a single, streamlined online system that will facilitate Australian Business Number and business name registration across Australia, including trademark searching.

The funding breakdown for the Department is as follows:

Year	2007-08	2008-09	2009-10
Funding \$m*	1.020	6.139	13.471
ASL	4.62	22.5	28.6

* Note this includes capital funding, staffing costs and reflects Departmental funding approved as part of the: Portfolio Budget Statement 2007-08, funding redistribution for 2008-09 as outlined in the Portfolio Additional Estimates Statement 2008-09; and funding redistribution for 2009-10 as outlined in the Portfolio Budget Statements 2009-10.

Retail tenancy reform (Industry and Small Business Policy Division)

In 2007 the Productivity Commission (PC) undertook an inquiry into the market for retail tenancy leases in Australia. In August 2008, the PC inquiry report: *The Market for Retail Tenancy Leases in Australia* was released along with the Government's response. The Australian Government response supports measures that would improve consistency and harmonisation of state and territory retail tenancy laws, without increasing the regulatory burden for business. In April 2009, the BRCWG agreed that the Small Business Ministerial Council (SBMC) should report back to COAG through the BRCWG on retail tenancy reforms.

The SBMC National Retail Tenancy Working Group (NRTWG) was established in 2008 to re-establish communication between jurisdictions and foster national harmonisation. The NRTWG has identified projects that support the Commonwealth response to the PC inquiry. The Department represents the Commonwealth at NRTWG meetings in an observational capacity. The Industry and Small Business Policy Division of the Department was also responsible for coordinating the Government response to the PC Inquiry, including convening an inter-departmental committee to oversee the process.

Year	2007-08	2008-09	2009-10
ASL	1.0	0.5	0.6

No specific funding is allocated to this function, and costs are absorbed from Departmental funds.

Business.gov.au (eBusiness Division)

Through the business.gov.au website, established in 1998, the Department is encouraging the use of information technology to reduce compliance costs for business. The website informs businesses, particularly small businesses, of their compliance obligations across federal, state and local government jurisdictions.

A range of free products and services for business are available on the site, including the ABN lookup and Superannuation lookup tools. eBusiness Division also collaborates with other policy areas within the Department, other federal Departments, and State/Territory and local government bodies to develop services such as the ABN-Business Names and Business Online Services projects.

Year	2007-08	2008-09	2009-10
Funding \$m*	2.29	2.25	2.01
ASL	13	12	13.5

* Note the funding allocation includes staffing costs.