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From Red Tape to Smart Tape
Administrative Simplification in OECD Countries

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Administrative Simplification in Australia*

Abstract. *The focus of administrative simplification and burden reduction programmes has tended to shift over time in Australia, from an initial concern with information provision, towards a process re-engineering approach, followed by an emphasis on technologically driven projects. The reduction of red tape on small businesses has also received special attention over the last years. Specialised regulatory reform bodies and central agency policy groups have a strong record in driving initiative, while extra-governmental reform advisory bodies have also been in operation. Given the federal system of the country, sub-national initiatives have been as important as national ones.*

* This report is based on a draft prepared by Nick McShane of Stenning & Associates with the assistance of Rex Deighton-Smith of Jaguar Consulting, Australia. The report has been fact checked and commented on by the Australian Government.

Introduction

The purpose of this report is to provide an overview of how key administrative simplification and burden reduction programmes and policies have been developed, implemented and performed in Australia over the last decade. The report will provide a broad outline of the background to, and historical development of, administrative simplification and burden reduction policies in Australia. It then examines in detail a number of key administrative simplification and burden reduction programmes and policies across a range of functional areas. This examination includes briefly discussing the specific background to the selected programme or policy, describing its key features, outlining how they have been applied, evaluating their results and performance and commenting on the perspectives for improvements and the evolution of such programmes. The report concludes with a summary of the key lessons learned overall from Australia's experience.

Australia's federal structure[1] and the split of legislative and expenditure responsibilities between the Commonwealth and State governments under the Australian Constitution has significant implications for the examination of administrative simplification and burden reduction programmes and policies. Specifically, this structure has meant that sub-national initiatives have been equally as important as national initiatives in the development of administrative simplification and burden reduction programmes and policies. In particular, Australia's federal structure has meant that for many programmes and policies to be effective, a co-operative approach is required from the national and sub-national governments to ensure the maximum burden reduction benefits. This often requires supporting inter-governmental legislative, financial or administrative infrastructure or frameworks.

Accordingly, this report examines a number of co-operative initiatives and programmes involving national and sub-national levels of government, together with some specific initiatives and programmes at a sub-national level. This helps to provide a broad understanding of the issues associated with administrative simplification programmes and practices in Australia.

Background and historical development

The history of regulatory reform programmes in Australia, at both Federal and State Government levels, can be traced back to the mid-1980s. Administrative simplification and burden reduction programmes have constituted an important part of these broader regulatory reform programmes from the early years of their implementation. This can be seen as a reflection of the fact that regulatory reform policies in Australia have always incorporated a strong focus on regulatory quality concerns.

A review of the development of administrative simplification and burden reduction programmes indicates that their focus has tended to shift over time, from an initial concern with information provision, toward a process re-engineering approach, and then

to an emphasis on technologically driven conclusions. Of course, these characterisations of the evolution of policy on administrative simplification and burden reduction are generalisations only and are subject to a number of exceptions. For example, it is arguable that licence information systems, which are generally regarded as information-based initiatives, also represent a "technologically driven" solution, since their inception in the 1980s coincided closely with the appearance of the technology required to make them a reality.

Nonetheless, it is argued that this view of policy development is broadly explanatory and the detailed discussion of individual policies contained in the section on Selected policies and programmes of this paper is, accordingly, organised along these lines.

While both levels of government have long involvements with administrative simplification and burden reduction policies, a key distinction can be made between Federal and State Government approaches. In general, the States have a longer history of implementing policies that are specifically concerned with administrative simplification and burden reduction, while programmes and policies at a national level have, until recent times, tended to be mainly sub-components of larger Commonwealth reform programmes.

This, in turn, reflects the fact that, at a national level, for several decades the focus has been predominately on major macroeconomic and microeconomic reform programmes and structural adjustment policies. This was prompted by concerns about Australia's declining relative prosperity, which saw Australia's per capita GNP fall from being one of the top OECD countries to the bottom third of OECD countries within a few decades, largely due to poor productivity in key infrastructure industries such as ports, railroads, electricity generation, and telecommunications. These problems were, in part, attributable to structural distortions in Australia's labour and product markets caused by regulatory and other constraints.

This Federal focus has seen, over a twenty year period, major tariff reductions and subsidy cuts and significant reforms over a wide range of areas, including the financial, telecommunications, land and marine transport, domestic aviation, electricity, gas, and communications sectors, together with labour market and public sector reforms. As has been the case in other OECD countries, the focus of such programmes and policies has been to improve the competitiveness of both national and sub-national economies. Within this context, identifiable administrative simplification and burden reduction initiatives have been those that relate also to wider economic efficiency and market reform goals, including mutual recognition and the certification and product approval reforms implemented within the building industry.

Thus, the initiative by the incoming Commonwealth Government in 1996 to establish a major red tape reduction programme, through the establishment of a Small Business Deregulation Taskforce, constituted something of a departure for the federal government. This initiative followed from a Government election commitment to halve red tape for small business. The Government's response to the recommendations of this Taskforce has provided the mainstay for administrative simplification and burden reduction measures at the Federal level over the past five years.

Importantly, the implementation of the Taskforce's recommendations required considerable co-operation between the Commonwealth, State, and Territory Governments. The same observation can be made in respect of the building industry reforms noted above. It is arguable that administrative simplification and burden reduction is an area of

Box 2.1. **Examples of advisory bodies used to assist with regulatory reform in Western Australia**

Review of the Project Development Approvals Process (Keating Review)

An independent review committee is examining the approvals process for major projects in Western Australia. The objective of the review is to develop a system of government decision-making that is co-ordinated and integrated, clear and unambiguous, balanced between community and developer needs and that will lead to Western Australia being the global location of choice for project investment.

The scope of review is the primary approval process. A discussion paper "Review of the Project Development Approvals System" was released in January 2002. The final report was released in May 2002 and public comment on the final report has now closed. The report will now be considered by the Cabinet Standing Committee on Economic Policy.

Some of the report's key recommendations include:

- Greater use of timelines to improve levels of certainty and predictability;
- Allowing the Western Australian Government to undertake environmental assessments on behalf of the Commonwealth; and
- An integrated approvals system for projects of "State significance".

Business tax reform

The Western Australian Treasurer has formed an independent reference group to assist in carrying out a comprehensive review of business taxes. The review will examine all state taxes with the objective of improving the efficiency, equity and simplicity of the State's tax system. A reference group assisted with the review and a draft White Paper was released in June 2002. The public comment period has now closed and the reference group is preparing advice to the Treasurer.

Review of civil and administrative boards and committees

The proposal to establish a single State Administrative Tribunal to replace 40 Western Australian tribunals and boards is the major recommendation of the Western Australian Civil and Administrative Review Tribunal Taskforce. The proposed Tribunal would handle a wide range of appeals including town planning, strata titles, land valuation as well as registration of builders and painters. A discussion paper was released in July 2002 and is available at *http://167.30.48.105/content/files/sat_report.pdf*.

Regulation review panel

In Western Australia, a Regulation Review Panel examines government regulation and regulatory practices which may adversely impact on, or unnecessarily impede, business operations with a view to developing positive recommendations on ways to overcome this. The Panel also plays a key role in progressing issues identified through the Red Tape Buster Service, which is provided by the Small Business Development Corporation (SBDC), and involves the SBDC working with small business operators and their representatives to take an industry-specific approach to the identification of red tape issues.

The range of regulatory issues considered by the Panel is not restricted, although its primary focus is on the identification of existing State regulations which have direct impact on Western Australian small businesses. Membership of the Regulation Review Panel is drawn from representatives of industry associations with a strong interest in small business.

policy in respect of which the federal nature of Australia's government is a crucial element, and that there has been an increasing recognition of this fact in recent years and a consequent focus on ensuring federalist co-operation in advancing reform initiatives.

In this respect, the establishment of Special Premier's Conferences (SPCs) in 1990, (replaced by the Council of Australian Governments (COAG) since 1994) as a standing forum, or mechanism, for federal/state co-operation on a wide range of policy issues, was a key turning point in the development of co-operative approaches by the Commonwealth, State, and Territory Governments. SPCs and subsequently COAG provided the forum for united political leadership from Australian governments to pursue a wide range of microeconomic reforms and structural adjustment policies. At the same time it enabled a co-ordinated and consistent approach to regulatory reform efforts, including administrative simplification and burden reduction programmes and policies. Key administrative simplification and burden reduction initiatives that have been advanced under the SPCs and COAG include the adoption and implementation of mutual recognition, the implementation of co-operative reforms arising from the Small Business Deregulation Taskforce, the legislation reviewand transport reform, and the water and energy reforms components of National Competition Policy (NCP).

Current environment

Impetus for administrative simplification and burden reduction

Administrative simplification and burden reduction policies and programmes have, unsurprisingly, been supported consistently by key industry and small business organisations such as State and regional Chambers of Commerce and various State manufacturing, retail and agricultural industry organisations. At a national level, key proponents include the Australian Chamber of Commerce and Industry (ACCI), the Business Council of Australia, the National Farmers Federation, and other similar national associations.

However, this is not to say that administrative simplification and burden reduction programmes have been primarily driven by business or other private sector interests. While such bodies have supported, and often lobbied for, these programmes, their lobbying has largely been of a generic nature and has rarely included the advocacy of specific and detailed programmes of reform. Similarly, Australia on the federal level, has made only very limited use of the model of external advisory committees as a means of determining and/or driving a regulatory reform agenda, unlike many other OECD countries. What use it has made of this model has, in general, been quite recent. As noted elsewhere in this report, the recent use of this model has included the establishment of the *ad hoc* Small Business Deregulation Task Force, which was responsible for identifying and recommending a range of burden reduction initiatives. It thereby represents something of a point of departure, being the first time that a detailed programme of this type has been developed by private sector interests – albeit in a forum commissioned explicitly by government.

Over the longer term, the impetus for administrative simplification and burden reduction programmes can be seen as deriving primarily from the specialist regulatory reform bodies. The first of these bodies were created in Australia since 1985 by the Federal Government and the Government of the State of Victoria.

From the perspective of regulatory reform authorities, pursuing administrative simplification and burden reduction policies can often represent a feasible and pragmatic approach to regulatory reform. In most cases, regulatory agencies can be expected to be more willing to co-operate with such initiatives, as they do not threaten their prestige and authority to the extent that many fundamental regulatory reforms may do. Similarly, the likelihood of organised and sustained resistance from other vested interests is less in relation to simplification/burden reduction programmes than for many reform initiatives: again, their interests are less likely to be threatened fundamentally by the implementation of such programmes.

Within this context, it can be noted that Australia's specialist reform bodies have not, historically, been located in the centres of government. For example the Federal and Victorian units were located in the industry department at the time of their establishment, as was the Queensland unit when it was established in 1989. The Queensland unit has stayed in the industry department. The Victorian unit was transferred to the newly created small business ministry in 1991.

For regulatory reform authorities that were struggling to meet high expectations of programme effectiveness while usually lacking the necessary political support and authority within the administration, a focus on such "pragmatic" reform policies is to be expected. This is not to argue against the effectiveness of the policies pursued, but rather to indicate that there were specific historical factors that favoured the pursuit of such policies.

Institutions

The government institutions in relation to administrative simplification and burden reduction in Australia are much the same as those involved in regulatory management and reform. The key institutions are briefly described below.

Specialised regulatory reform bodies

The Commonwealth and most States and Territories have established specialised regulatory reform bodies. The functions and the operations of these bodies can vary significantly, however, a common role is to oversee the regulatory reform processes instituted by the jurisdictions and to advise or assist agencies in relation to regulatory reform issues. At the Commonwealth level, the Office of Regulation Review is located within the Productivity Commission (formerly the Industry Commission), which is an independent advisory body on industry policy and microeconomic reform issues.

Through their scrutiny of regulatory proposals, the work they undertake with regulatory agencies and the independent advice they provide to Government, these regulatory reform bodies play an important role in administrative simplification and burden reduction. Increasingly over the past decade, most of these bodies have worked with agencies to improve the quality of regulatory proposals by ensuring that their purpose is properly focused and that regulatory objectives are achieved with the minimum adverse impact on business and consumers.

Technology adoption-facilitative agencies

All Australian Governments have in recent years adopted firm policies to embrace emerging Internet technologies through e-commerce or e-government initiatives. To oversee these policies, many governments have established facilitative bodies within the bureaucracy, either as new agencies or as part of existing ones. For example, the

Commonwealth has established the National Office of the Information Economy, Victoria has established Multimedia Victoria and Queensland set up an Innovation and Information Economy portfolio. The New South Wales government has created the Department of Information Technology and Management to facilitate technology uptake. These agencies or bodies are emerging as key influences and facilitators regarding the way in which governments are adopting e-commerce and e-government initiatives. While it is early days yet, they have the potential, either directly or indirectly, to assist in the development of administrative simplification measures through encouraging and working with other government agencies in the adoption of new technology.

General inter-jurisdictional government bodies

A key regulatory trend in Australia since the late 1980s has been that of "co-operative federalism," in which extensive efforts are made to ensure regulatory harmonisation or uniformity in areas that are the responsibility of State governments. This trend arguably slightly pre-dates the development of mutual recognition legislation in Australia, but is clearly related to it. The harmonisation/uniformity agenda is generally advanced through the establishment of a range of inter-jurisdictional forums – most commonly Ministerial Councils, which bring together the responsible Ministers in each jurisdiction and function as the final decision-making body, and are shadowed by an equivalent body of officials that also provides secretariat support. In priority reform areas, standing inter-jurisdictional bodies are often created at the administrative level and are staffed by officials from all participating jurisdictions. It should be noted that the Federal Government often plays a leading role in the establishment and operations of these bodies, notwithstanding that they operate, by definition, in areas of State government policy responsibility.

Given the focus on harmonisation and uniformity in this context, the operations of these bodies are clearly important drivers of much simplification and burden reduction activity. As indicated earlier, administrative simplification and burden reduction programmes and policies at a national level have often been sub-components of other reform programmes. Box 2.2 describes their operations in more detail.

External advisory groups

In general, it can be stated that Australian Governments have made relatively little use of external advisory groups as a means of identifying and advancing administrative simplification and burden reduction initiatives – or indeed of driving regulatory reform more generally. Two early examples were the Tasmanian Government's Deregulation Advisory Board, established in the early 1980s to advise on red tape reduction, and the Queensland Government's Savage Committee, established around the same time for a similar purpose. Such early bodies had mixed success, with their performance in large part dependent on whether their sponsor government was serious about reform, or was simply using such bodies as political "window dressing". In general, the use of specialist regulatory reform bodies within the administration was favoured by Federal and State governments, notwithstanding these early experiments.

More recently, however, there has been a move in some jurisdictions to supplement their regulatory reform bodies with other external advisory group mechanisms, in particular, specialist red tape reduction taskforces. The use of taskforces (or boards, committees, inquiries, etc.) has been utilised in many other areas of government over recent times, particularly at the Commonwealth and inter-jurisdictional level. However, it

Box 2.2. **Ministerial councils and other specialised inter-judicial bodies**

Ministerial councils exist in a wide range of portfolio areas and ultimately report to the Council of Australian Governments (COAG). They are a commonly used mechanism for initiating, overseeing and implementing inter-jurisdictional reform regarding their relevant policy areas. In recent times, ministerial councils have been given a wide range of reform tasks to implement that have been derived from "whole of government" reform programmes, such as the National Competition Policy (NCP) (see Section on National Competition Policy) and the Federal Government's implementation of the recommendations of the Small Business Deregulation Taskforce (see Section on Business approvals packages).

However, given competing jurisdictional interests, ministerial councils can often be limited in the extent of change that they can achieve. Further, the role of Ministerial Councils should not be understood as being simply that of regulatory reform bodies, in the narrow sense of being bodies that are fundamentally committed to improved regulatory quality and the associated search for the correct mix of deregulation, re-regulation and improved regulatory quality. The Councils are, fundamentally, a forum for regulators from nine different jurisdictions with specific portfolio responsibilities. Thus, they are not equivalent to specialist reform bodies in the sense that they cannot be expected to take consistently a broad, social welfare-based view of policy issues. Given this, a number of dynamics operate that will mean that their endeavours may lead to increased burdens as often as reduced burdens.

In practice, Ministerial Councils have very often operated to devise new regulatory schemes that impose greater burdens than existing ones. Indeed, it can be argued that they have contributed to regulatory inflation as the search for national agreement on regulatory standards has led in the direction of a "race to the top" – particularly in contexts in which not all jurisdictions have previously adopted regulation. It can also be argued that the desire to reach agreement has sometimes resulted in the adoption of less than optimal regulatory arrangements.

These trends were identified by COAG's Committee for Regulatory Reform (CRR), which developed the *Principles and Guidelines for Standard Setting and Regulatory Action* as a response. The Principles and Guidelines were formulated as a means of assuring regulatory quality in the context of the activities of Ministerial Councils and are the mechanism that requires proposals involving regulatory burdens to undergo a sound Regulatory Impact Assessment (RIA) process as part of the national development process, rather than as part of the process of adoption by each State jurisdiction, as was previously the case. These Principles were endorsed by COAG as part of its NCP implementation and COAG now requires all ministerial councils and standard setting bodies to comply with them.

Importantly, the principles have effectively extended the application of the RIA methodology to many important national primary legislative proposals regularly developed by ministerial councils that otherwise would not be been subject to such analysis, as well as subordinate and quasi-regulatory proposals regularly developed by various government and quasi-government inter-jurisdictional standard-setting bodies. The Principles also promote administrative simplification and burden reduction by incorporating:

- A presumption against regulation;
- A principle of "minimum necessary regulation";
- A principle of least trade restrictiveness, including a presumption in favour of adopting existing international standards; and
- A presumption in favour of performance-based regulation and of regulatory flexibility.

Box 2.2. **Ministerial councils and other specialised inter-judicial bodies** *(cont.)*

This development has provided clear criteria against which new regulatory proposals can be judged, thereby adding rigour to the operations of ministerial councils. To the extent that its RIA disciplines and regulatory principles requirements improve upon some of the State-based policy development processes, it is possible to argue that regulatory quality assurance has been improved as a result of the proliferation of Ministerial Councils. However, there are now concerns regarding the proliferation and operations of Ministerial Councils, and COAG agreed in June 2001 to a number of measures to streamline the operation of Ministerial Councils, including the rationalisation of a number of Ministerial Councils. As noted above, underlying this concern is the question of whether the Councils are, in effect, acting as agents of regulatory inflation.

It can be argued that the role of the Ministerial Councils is in some ways analogous to that of the European Commission – on the one hand, they have tended to promote the single market and the modernisation of regulatory standards while, on the other, they are often believed to be the agents of regulatory inflation.

Although Ministerial Councils are supported by shadow forums of senior officials, they do not always have dedicated secretariats. However, once a major reform area has been identified and jurisdictional agreement on direction attained, it is becoming increasingly common for such standing secretariat bodies to be established by the Commonwealth in conjunction with the States and Territories and to be given carriage of the reform implementation. Some examples in this vein include the:

Australian Building Codes Board – which has overseen the establishment of a nationally uniform approach to building regulation;

Australian National Training Authority – which is similarly establishing a nationally consistent approach to the provision and regulation of industry training;

National Occupational Health and Safety Commission – which develops policy and regulation in relation to occupational health and safety and has been responsible for a major harmonisation programme.

Australian and New Zealand Food Authority – which is responsible for the reform and ongoing management of Australian and New Zealand food standards; and

National Road Transport Commission – which is co-ordinating a raft of national reforms in the road transport area.

These bodies tend to be staffed by officials from a range of participating jurisdictions and ultimately report to Ministerial Councils. They have been and are involved in significant reform initiatives that have, or can, deliver important administrative simplification and burden reduction outcomes as part of a broader reform programme. However, it is also clear that their greater resourcing (vis-à-vis the ad hoc secretariats normally serving Ministerial Councils) also necessarily increases the tendency for them to be drivers of regulatory inflation.

is only since the mid-1990s that these approaches have been utilised in relation to red tape reduction policies in any substantive way.

The two key examples of the use of taskforces regarding administrative simplification are the Small Business Deregulation Taskforce established by the Federal Government and the Red Tape Reduction Taskforce established by the Queensland Government.

In both cases, the membership of the taskforces has been drawn from a narrow range of interests, essentially representing business and, in particular, small business. This reflects what is arguably a trend toward an increased focus on improving the business environment as the fundamental goal of regulatory reform policy in Australia, as well as an increasing level of explicit policy concern with small business.

The taskforces are seen to combine the private sector's perspective on reform priorities and problem areas with bureaucratic expertise and knowledge of the workings of government, provided through secretariat support. They can also serve as a useful tool for consulting widely with stakeholders, with their independence ensuring that such stakeholders see them as credible. A key problem for both types of taskforce is trying to distinguish real problem areas from less substantive issues raised by stakeholders that, nonetheless, have significant superficial attraction.

As can be seen from the discussion of these examples below, their usefulness in achieving administrative simplification is varied. In general, these bodies can provide governments with a useful insight into those areas where administrative simplification and burden reduction is required. However, their effectiveness varies depending on the appreciation of taskforce members of the complexities of the workings of governments, their ability to provide frank advice, the extent to which their stakeholder Minister is prepared to "champion" their work in Cabinet, and the willingness of Government to accept and implement their recommendations.

The advantage of the use of a short-term task force is that it can provide a high profile, focused response to a political priority, that is, they can "strike when the iron is hot". If this response is properly targeted and formulated and includes practical and effective implementation plans, then it can be very useful in implementing worthwhile administrative simplification measures. It is understood that this was largely the reason behind the Federal Government's use of this task-force model. On the other hand, *ad hoc* taskforces, such as the Federal Government's, do not participate in the implementation of reform measures and can therefore overlook major issues that can affect the ultimate success or otherwise of such measures.

The Queensland Government opted for a standing task-force model. Key reasons for this decision included:

- It highlights the Government's commitment to red tape reduction;
- It provides an ongoing focus for attracting reform ideas (from both within and without the bureaucracy);
- It acts to educate the bureaucracy on private sector concerns and alternative approaches to regulation and devising methods of implementing reform initiatives in complex or politically difficult areas; and
- It assists in educating private sector bodies on the difficulties and issues involved in implementing administrative simplification and burden reduction measures, thereby creating a broader understanding of the nature and dynamics of Government reform processes.

In both instances, the use and success (or otherwise) of this type of approach will depend upon the degree to which the advice of the external group or taskforce receives political backing and leadership within the governments. Even the best and most practical

reform concepts from such bodies will wither and die without the political will to carry them through.

The relatively limited use of taskforces as a regulatory reform tool – including as a tool of administrative simplification and burden reduction programmes – may be seen as an outcome of aspects of Australia's political culture. A "culture" of widespread consultation has rapidly become established over the past 15-20 years, although there was little longer-term experience with this model of policymaking. However, the approach to consultation that has developed maintains a clear division between the active role of government – which manages the consultation – and that of the governed, who are "consulted". It is arguable that the taskforce model has generally been seen as inimical to this notion of a clear "inside/outside" distinction between government and the governed. It is too early to speculate, on the basis of two recent high profile uses of the taskforce model, whether they may be harbingers of a wider change in approach.

Small business deregulation taskforce. In 1996, the incoming Commonwealth Government established the Small Business Deregulation Taskforce as a consequence of its election commitment to reduce the paper and compliance burden on small business by 50%.

Significantly, the establishment of the Taskforce and the Commonwealth's response to its recommendations was, perhaps, the first major programme undertaken at a national level that focused specifically on administrative simplification and burden reduction.

The Taskforce was required to "advise on revenue-neutral ways to halve the paperwork and compliance burden on small business".[2] The Taskforce comprised six independent members from the private sector, predominately from small business backgrounds, together with a senior government officer. The Taskforce was given six months to report back to the Commonwealth Government and was provided with a secretariat by the Department of Industry, Science and Tourism.

Its terms of reference specified that its investigations should include, but not be limited to:

- Statistical collections.
- Taxation compliance.
- Commonwealth regulatory requirements.
- Commonwealth interactions with State and local government business regulation and compliance requirements and the overall Commonwealth/State/local government regulatory environment.
- The potential contribution of existing Commonwealth and cross-government regulation reform mechanisms to the Government's regulation reform objectives.

The Taskforce presented its findings, incorporated in 62 recommendations in November 1996. The Commonwealth Government, following consultation with State and Territory Governments and the Australian Local Government Association (ALGA), provided a comprehensive response to the Taskforce in March 1997, titled *More Time for Business*.

In this response, the Commonwealth Government agreed in full, in part, or in-principle with almost 90% of the Taskforce's recommendations. The response outlined a detailed action plan and tentative timeline for the implementation of the majority of the agreed-to recommendations. Included in its response was the establishment of a formal reporting framework to monitor progress in implementation, which involved the

Commonwealth Minister for Small Business and Consumer Affairs, in consultation with the Assistant Treasurer, taking responsibility for monitoring and reporting to the Commonwealth Cabinet on progress. The Minister was also responsible for co-ordinating a number of processes in consultation with jurisdictions and the ALGA.

While the implementation of many of the Taskforce's recommendations concerned matters wholly within the Commonwealth's domain, some 27 of the Taskforce's recommendations involved the co-operation of the States. Most of the co-operative reforms were to be advanced under the auspices of COAG or various Ministerial Councils[3] reporting to COAG.

Upon the presentation of its report, the Taskforce was disbanded, with responsibility for implementation and the on-going monitoring of progress being devolved to relevant agencies.

The Taskforce was the Commonwealth's first major foray into administrative simplification and burden reduction policies and programmes. Importantly, the work of the Taskforce enabled the Commonwealth to develop an understanding of the extent of the administrative burden it imposes on small business and a focus on initiatives that can assist in reducing that burden.

A key feature of the Taskforce's work appears to be its intent to change the regulatory culture by encouraging agencies to systematically consider a variety of regulatory reform and burden reduction measures. These range from the review and integration of forms, the adoption of minimum impact and performance-based regulation, the consideration and adoption of alternatives to administrative regulation, the improvement of regulatory services through the employment of new technology, increased electronic publication of regulatory related information, licence reform and reduction, licence term extension, and so on.

However, as the responsibility for the implementation and monitoring of progress has been devolved to relevant agencies, there are few whole of government mechanisms for identifying further areas of reform. The Government has maintained a focus on administrative simplification and burden reduction by changing the regulatory culture, particularly through regulation impact statements which require Government Agencies to analyse the cost and impact of regulatory options they put forward.

Queensland Red Tape Reduction Taskforce. The Queensland Government initially established the Red Tape Reduction Taskforce in 1997, and then re-established it in 1999 following a change of Government. The purpose of the Taskforce is to provide a forum for the private sector to communicate with the Government on how to improve regulatory relationships with the State's business sector. The Taskforce comprises ten private sector members, together with an ex-officio Government member and reports to the Minister for State Development. The Department of State Development's Business Regulation Reform Unit provides the Taskforce with administrative support.

The Taskforce's role is to identify key strategic issues impacting on the progress of regulatory reform in Queensland and to undertake projects to develop strategies to address these issues from a whole-of-government perspective. Its key areas of strategic concern include:

- The initial assessment of the need for regulation.
- The need for increased regulatory efficiency within government and between government and clients, especially in those business sectors/clusters identified as actual or potential high growth areas.

- The reduction of the compliance burden for business associated with government regulation.
- The promotion of cultural change in government away from regulatory command cultures and reliance on prescriptive regulation towards an increased use of alternative regulatory and non-regulatory approaches within government-agreed frameworks.

The Taskforce's work programme is developed from a variety of sources, including:

- Existing regulatory reform projects and associated research.
- Projects referred to it by the stakeholder Minister.
- New projects developed by the Taskforce and approved by the stakeholder Minister.
- Projects arising from the Taskforce's work with industry forums, business sector, and cluster work of the Department of State Development.

In essence, the concept behind the establishment of the Taskforce is similar to that of the Commonwealth's Small Business Deregulation Taskforce, the exception being that it has an on-going role of advising government on a range of regulatory reform issues, of which administrative simplification and burden reduction comprise only a part.

From an administrative simplification and burden reduction perspective, the existence and work of the Taskforce is important as it provides a focal point for ensuring that Government addresses those areas that are seen to be particularly onerous or burdensome by business. In particular, the independent advice provided by the Taskforce assists the Government to appropriately identify and prioritise administrative simplification and burden reduction issues and initiatives by providing a user's perspective on what is likely to be most beneficial to business. Perhaps most importantly, the continued existence of, and work done by, the Taskforce provides a key public measure of the Government's political commitment to regulatory reform and red tape reduction.

While some of the projects undertaken by the Taskforce have direct burden reduction implications, many of them are concerned with improving regulatory frameworks or working with agencies or local government to identify and implement specific burden reduction initiatives. This type of work is typical of that undertaken by many State regulatory reform bodies around Australia, which have generally developed two distinct roles:

- Establishing, improving and maintaining regulatory assessment and reform frameworks aimed at ensuring that new primary or subordinate legislation meets minimum quality requirements.
- Working with or "coaching" agencies to determine minimum impact approaches to the development of new legislation and regulation and, through the review of current regulatory arrangements, identify regulatory and burden reduction reforms to existing regulatory arrangements.

Selected policies and programmes

Information-based programmes

Business licence information services

Description. Licensing is a widespread form of government intervention in business activities and one that is widely believed to have the potential for serious economic harm, particularly because of its anti-competitive potential. A licence can be defined as "A notification which also requires prior approval as a condition for conducting prescribed

business activities and compliance with specified minimum standards – breaches of which may result in the suspension or revocation of permission by a specified agency".[4]

Because of the proliferation of business licences, the issue of access to licensing requirements has become prominent. For business, the search costs involved can be considerable, while the problem of ensuring compliance with all relevant requirements is clearly of concern to both business and government. The concept of the Business Licence Information Service (BLIS) arose in Australia in the late 1980s in order to deal with these issues. Pioneered by the Victorian Regulation Review Unit (now the Office of Regulation Reform), every State and Territory in Australia has now implemented an equivalent service. Some jurisdictions have also taken steps to incorporate other business processes in their services (*e.g.*, codes of practice data have been incorporated into the Victorian service[5]).

The Victorian BLIS arose from an identified opportunity to add to the services provided by the Victorian Government's small business advisory service.[6] Initially, only State licences were incorporated. However, over time further content has been added in the form of Commonwealth and local government licences and information on codes of practice. The subsequent development of BLIS systems in the other States and territories has also generally mirrored these developments.

One reason for this was the identification, in 1996, by the Federal Government's Small Business Deregulation Taskforce of BLIS centres as a key mechanism for delivering pertinent government information to small business. The Taskforce recommended the enhancement of the BLIS and, in response, the Prime Minister committed the Government to "developing a comprehensive national business information service by 30 June 1998 that builds on the existing Business Licence Information Service and Bizlink services".[7] As a result, a major initiative by the Federal Government was a project to incorporate local government licence data in the various State Business Licence Information Services.

The various business licence information services reduce administrative burdens for business by reducing the information search costs incurred in trying to establish their regulatory compliance obligations. The services act as one-stop regulatory information shops, identifying relevant licences and providing application forms, information and contact details. This removes the need for businesses to have an understanding of the fabric of government in order to determine their compliance obligations.

Application. BLIS services were initially provided via telephone call-up and over-the-counter services, and have subsequently been made available via CD-ROM and the Internet. Underlying each service is a comprehensive database of licensing information that is collected from regulatory agencies and supported by regular updating and maintenance systems.

Generally each service provides clients with tailored business licensing information packages that contain:

- A summary of the State and Commonwealth Government licences required for the particular business.
- The contact details of the agency which administers each licence.
- Licence application forms, combined where possible.
- Details of licence fees, periods of cover and renewals.
- A listing of all government support programmes available to business.

The Victorian Business Licence Information Service (BLIS) provides a good example of the development and evolution of business licence information services across Australia. The Victorian BLIS, like other similar services, provides a single point of access for State, Commonwealth and local government licences, including application forms. While the service is primarily aimed at providing information for prospective new businesses, it also provides information on licence renewals, transfers and general regulatory issues concerning business expansion.

The Victorian BLIS, originally began service in 1988 in a telephone call centre format. Initially covering only Victorian licences, Federal licences were subsequently added. In 1999, the BLIS was expanded by adding local government licences and implementing an improved data classification *methodology that involved three categories of licences for each business activity*:

Principal licences: Licences or permits particular to a specific business activity (*e.g.*, travel agent's licence).

Related licences: Licence or permits that might be relevant to a particular business, depending on the exact nature of its operation (*e.g.*, selling of alcohol in a café).

General licences: Licences that relate to nearly all business (*e.g.*, business name, employing staff, playing music in a store, etc.).

The BLIS was then redeveloped to offer three "Levels of Service" to clients. The first level provides general information to businesses via a *Factsheet: Business Licensing and Registration Overview* about what compliance obligations they may have when establishing or expanding a business. This information is generic and suited to clients who need only a broad idea of regulatory requirements.

The second level is where the client has indicated it wants to start a particular business, but is still in the early stages of planning. This level provides a summary report of the possible licences that may be required by the business. Currently these two service levels are available via all three client interfaces (counter services, Internet, and call centre).

The third level BLIS service is currently only available via counter services or the call centre, although there are plans to make it available via the Internet in the near future. This level involves a client service operator taking the client through a detailed questionnaire that determines which licences are likely to be required by the client. The resulting comprehensive report is detailed and tailored to the client's business, covers the licensing requirements of all three spheres of government (Commonwealth, State and local government) and contains the application forms needed. This tailored report is provided to the client via e-mail or through the post.

Some pertinent statistics regarding BLIS include:

- When available in call centre mode only (pre-1999), approximately 15 000 clients on average were served annually through BLIS.[8]
- Since its conversion to a combined call centre and Internet service, the use of BLIS has grown, with the number of clients served by the call centre (BLIS level 3) alone reaching at least the level experienced before 1999.
- In the nine months between September 1999 and May 2000, BLIS generated more than 13 500 fact sheets and reports for new and existing businesses via the Internet service alone (BLIS levels 1 and 2).

The Victorian Government has recently enhanced the BLIS by incorporating codes of practice referenced in legislation. The term "code of practice" is used as a generic term to describe all those external instruments referenced in legislation that business needs to comply with and includes, but is not limited to guidelines, standards, rules, orders, and procedures. The incorporation of this legislative-based data represents another means of easing the administrative burden placed on business by reducing information search costs by providing business with ready access through a centralised source to information on all Commonwealth and State-based codes that may affect on any nominated business activity.

A major issue for business licence information services is the need to ensure that the licence information contained in their databases is kept current, as the provision of outdated information to clients diminishes the value of the service and can result in litigation concerns. In this respect, all services have in place systems that monitor changes to licensing arrangements and allow regular updating of the dataset.

While the Federal Government does not have a specific business licence information service, it has established a Business Entry Point, which is an Internet portal aimed at providing a one-stop-shop for the provision of all Federal Government information relevant to business. Some States have also established similar portals, for example, both Victoria and South Australia have established *Business Channels*.[9] Western Australia also set up a business and investment portal. Links are generally established between the business licence information services, the Commonwealth's Business Entry Point and State business information Internet portals, hence allowing businesses to readily access a wide range of government licence and general information.

Evaluation and results. The development of the BLIS services was precipitated by the recognition of an opportunity for government to significantly reduce quite onerous information search costs through undertaking a quite small investment. From the perspective of administrative simplification and burden reduction, the services offered by the States and Territories appear to have been extremely successful.

As with most areas of government policy, evaluation activity has been limited. However, the above conclusion is supported by the findings of a study in 1994, which assessed the effectiveness and efficiency of the Victorian BLIS.[10] The study concluded that:

- Clients were highly satisfied with all aspects of the services provided.
- The accuracy of the information provided was highly rated by clients.
- The benefit to clients of the service was estimated at AUD 21 million [USD 10.4 million], with a client benefit/cost ratio of 15:1.

While no more recent evaluations of the benefits of the business licence information services are available, it is considered that these results are still relevant, particularly as the content provided by the services has improved significantly since that time to cover the licensing requirements of all spheres of government. Additionally, the expansion of online Internet provision of these services has facilitated trade by providing enhanced access to the relevant information for businesses beyond the jurisdiction in question.

An ancillary benefit of business licence information services is that they provide an excellent resource for government agencies and regulatory reform bodies. Specifically, they make the extent of government control and administrative impositions transparent and, hence, can provide a valuable input into programmes to reform the nature and extent of business licensing. For example, the Victorian BLIS was used as a key resource in the

business licence rationalisation programme undertaken in that State in 1995 (see Section on Business licence rationalisation).

With the benefits that the Internet and associated technological advances can offer, there is considerable potential for the expansion and improvement of BLIS services through growth in the content (both in terms of information and transactions) they make available. In this respect, the major advantage of these services is that they organise information-based on client needs, without the client having to understand the fabric of government that lies behind the licence and approvals that the client requires. This allows clients to deal with government on an "enterprise" basis, rather than as a collection of individual agencies. Further utilisation of this characteristic in conjunction with Internet technologies is likely to occur in the future as more relevant content is identified for delivery through these services, including an increasing array of regulatory compliance information that enables businesses to readily assess their overall regulatory compliance obligations.

For example, most Australian governments are now moving rapidly towards ensuring that as many government related transactions (information, regulatory approvals, fees, charges, etc.) as possible are available via the Internet. A major development that is facilitating this is the current implementation of a national legislative scheme to allow the legal recognition of regulatory transactions (licence applications, renewals, etc.) conducted via the Internet. This involves each State and Territory implementing template legislation introduced by the Commonwealth through its "Electronic Transactions Act of 2000". An additional initiative that also assists is the development of secure electronic signature technology, particularly through the ABN-DSC (see Section on Australian Business Register).

As BLIS services are a well-recognised distribution channel, they are strategically well placed to deliver regulatory transactions (information, licences, permits, approval, fee-paying, etc.) to business via the Internet. Indeed, the Queensland and Victoria State BLIS services are currently moving towards this model.

The move towards the "enterprise" style of government service delivery is already evident in a programme being run by the National Office of the Information Economy. The programme seeks to develop and trial a number of "online government service packs", which are aimed at providing a one-stop-shop for information and transactions (regulatory and otherwise) relating to certain government services. The trials are targeted at government information and services relating to recreational fishing, housing, exporting, and starting school.[11]

Measuring administrative burdens: small business deregulation taskforce

An important issue in considering administrative burden reduction is that governments typically do not have a clear and detailed understanding of the extent of the burdens imposed on business. This means that policy is made in an information vacuum, and that the size of the issue may remain unappreciated. In this context, the measurement of the size of existing burdens can be seen as an important information-based approach to developing policy on burden reduction and the basis for the evaluation of policy initiatives taken.

Description. As noted in the section on Small business deregulation taskforce, the Taskforce was required in 1996 to advise the Federal Government on revenue-neutral ways to halve the paperwork and compliance burden on small business. A key issue identified by the

Box 2.3. **Queensland's interactive business licensing service, "SmartLicence On-Line"**

With the growth of home based businesses and those businesses operating from home, (there has been an annual growth rate of 28.8% in this sector), there has been a corresponding demand for on-line information. Recognising this demand, the Queensland Government commissioned market research into the information and transactional needs of small business in the on-line environment.

This research highlighted that:

- There is a strong need for a central, integrated one stop shop for all online government small business information support services.
- There is a need for practical on line tools for facilitating compliance, business planning, marketing and communications.
- Online information must be delivered in an easily accessible format specifically designed for small business, rather than organised by a complex, fragmented department based structure.
- There needs to be an easy and effective means of locating content appropriate to the local environment.
- The new SmartLicence On-Line service was developed in response to this research.

Like most OECD countries, Australia is highly regulated and starting a business can be complex. For example, a restaurant in Queensland can require up to 20 licences from different levels of governments and different agencies within those governments. The capabilities of this service are unique in Australia and world wide, in particular because it enables businesses to diagnose their own business licensing requirements across the three levels of government in Australia all from their own home or office.

However there is much more to the service. To the client, the interactive service is relatively simple, but behind the scenes a range of sophisticated technologies was employed to enhance the client's experience as well as save government time and money.

For example:

- After answering a series of simple questions, clients are provided with all the licence application forms for their particular business and on-line help to assist them complete them.
- A secure Web site is provided to each client to enable them to store their applications and complete them at their leisure.
- A client only needs to complete their core data (names addresses etc) once and it is pre-populated across all application forms.
- Clients can complete applications, download them, or where available, submit and pay for them on-line in a fully secure environment.
- Licensing agencies have a secure Web site to 'collect' completed applications.
- Application forms can be generated for agencies in a mark up language that allows direct import into agency databases.

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Box 2.3. **Queensland's interactive business licensing service, 'SmartLicence On-Line'** *(cont.)*

Evaluation

After three weeks of operation and when over 2 000 clients had searched the licensing database, around 500 clients were surveyed about the site. Feedback already received has identified that:

- 83% of clients found the information related to either starting or expanding their business to be very useful.
- 90% of clients found the navigation through the site easy.
- 87% of clients found the instructions on SmartLicence On-Line easy to follow.

Benefits of the service are:

- Improved customer satisfaction.
- Reduced Red Tape.
- Savings to government through reduced duplication of services.
- Increased compliance and revenue.

Taskforce was to measure the existing compliance and paperwork burden on small business. This was clearly a pre-requisite to any future attempts to measure its success in achieving its quantitative target reduction. The Taskforce commissioned a survey to estimate this burden.

Application. The Taskforce defined the compliance and paperwork burden faced by small business as:

> ... The additional paperwork and other activities that small business must complete to comply with government regulations. It is the time and expense outlaid that is over and above normal commercial practices. The burden includes lost opportunities and disincentives to expand the business.[12]

Small business was defined as:

- Independently owned and operated.
- Most, if not all, capital contributed by owners and managers.
- Closely controlled by owners/managers.
- Having turnover of less than AUD 10 million [USD 4.9 million].

The Taskforce commissioned a survey to explore tax and regulatory compliance costs. The survey comprised an extension to the Yellow Pages Small Business Index, which is an ongoing series of surveys designed to track confidence and behaviour in the small business sector.

The survey extension examined:

- The time spent by small business proprietors and their staff on tax issues and other areas of regulatory compliance.
- The extent to which this time is considered an excessive burden.
- Perceptions of which areas of regulation are most in need of change and the impact of any reduction in compliance time on the business.

The survey results found that:

- On average, small business spends 16 hours per week on administration and compliance activities.
- Approximately a quarter of this time is devoted to government paperwork and compliance.
- Taxation matters absorb approximately 75% of government paperwork and compliance activities.
- Total compliance costs are around AUD 7 000 [USD 3 500] per annum, of which AUD 3 000 [USD 1 500] is spent on external advice.

Compliance cost estimates did not include the costs of lost opportunities or disincentive effects.

Interestingly, research by the Taskforce "showed that personal attitudes to the concept of regulation will affect... [the] perception of the burden of complying with the regulations".[13] In this respect, "the perceived unfairness of the fringe benefits tax contributed to the feeling of burden",[14] despite the fact that only 6.5% of small businesses actually paid it.

Evaluation and results. The attempt by the Taskforce to quantify the extent of the administrative burden on small business represents the only currently available benchmark in Australia of administrative burden, with the exception of the OECD Business Survey (OECD, 2001). It has also provided an invaluable insight into those elements of administrative burden that are considered particularly onerous by small business.

Importantly, these results reveal the relatively modest size of the red tape burden on businesses – on average three hours per week on taxation and one hour per week on other areas of compliance. This indicates that the burden is perhaps not as acute as the private sector would have the government believe. This is reinforced by the finding that many firms spend less time on these tasks – while the average time spent on taxation compliance was 141 hours per annum, 50% of firms spent 60 hours per annum (a little over one hour per week) on this task. It is notable that this perspective was not prominent in either the Taskforce's reports or in subsequent policy debate on this issue.

A specific recommendation of the Taskforce was that "a further benchmarking survey be undertaken in 1998-99 to measure movements in the nature and size of the paperwork and compliance burden".[15] In order to meet this commitment, the Government participated in the OECD Multi Country Survey of Business Regulation. At present, no further research has been completed, hence it is difficult to judge the extent of the burden reduction that has occurred as a result of the Commonwealth Government's implementation of the task force's recommendations.

Process re-engineering

Business approvals packages

The Business Approval Package (BAPs)[16] concept in some ways represents an extension of the logic underlying the BLIS approach. Soon after the successful implementation of the first BLIS packages, attention turned to the possibility of extending the one-stop shop approach beyond information provision and to licence application, approvals, issue and renewals. Trials of such programmes began as long ago as the

early 1990s in New South Wales (NSW). The BAP represents the current state of development of this concept.

A BAP is a computer-based package that streamlines licence and application lodgement and approval processes relating to a targeted business activity or sector. A BAP goes further than providing current business licence information services by more accurately identifying licence and approval requirements and providing a single point of contact for the submission and approval of all licence requirements pertaining to a targeted business activity. In its widest form, the BAP concept could conceivably integrate all the regulatory requirements of the three levels of government as they apply to a specifically targeted business activity or sector, providing a one-stop-shop licence approval centre. However, to date, BAPs in Australia have been restricted to the integration of licence and approval processes within a single jurisdiction.

Two pilot projects have recently been developed, both relating to the aquaculture industry. One was developed by the Tasmanian Government specifically to assist in promoting the development of the State's growing aquaculture industry by providing a "whole of government" approach to the licensing process, thus expediting the approvals necessary for the establishment of an aquaculture operation.

The BAP comprises an Internet-based system that contains information and forms relating to key licences and approvals for Freshwater and Marine Fish Farms and the processing of fish from those farms. A client using the BAP is taken through a series of questions relating to the many different aspects of an aquaculture operation. The BAP then provides an individually tailored, pre-printed application form for signature and submission with an Aquaculture Liaison Officer. The client also receives a summary of their enquiry and contact details for the various government agencies involved in the approval process. The Aquaculture Liaison Officer co-ordinates the dissemination of information to the relevant State government agencies for processing. The application process remains paper-based at this time for two reasons:

- The client is required to lodge supporting documentation which is paper-based; and
- There is no legal basis for the electronic submission of documents for regulatory purposes under current State legislation.

Once an application is submitted, the lead agency for the BAP co-ordinates the granting of all approvals by the relevant State regulatory authorities, effectively acting as an agent for the applicant. The BAP combines the application processes for a number of State government licences, reducing the amount of agency contact for a business when applying for licences. However, applications for local government development approval must be submitted separately, as must applications for the only Federal licence associated with aquaculture activities. The package is linked to the State's BLIS, which provides information on boat licences, employment issues, and other matters associated with business start-up.

Benefits claimed for the Tasmanian BAP since its introduction in August 1999 are:[17]

- Time saving in the provision of information by agencies to applicants (1-2 hours per enquiry).
- Improvements in the quality of applications, serving to reduce approval times.
- Savings in application time by business through the provision of consistent information by agencies and single point of submission.

- Savings in project start-up time by business through the accurate early identification of all necessary regulatory requirements facilitated by the whole-of-government approach.
- Increased overseas/interstate exposure by the Internet component of the BAP.

However, no independent evaluation has been conducted on the programme. It can be noted that some of these claimed benefits essentially derive from the BLIS elements of the service, rather than the specific BAP elements. Moreover, any gains must be weighed against the costs of developing and, more importantly, maintaining the BAP. At a conceptual level, the BAP concept inevitably involves an agency of government taking on the role of agent for a business enterprise in its dealings with a range of licensing agencies. This can be described as process re-engineering in the minimal sense that the government takes over a number of functions previously performed by the business and performs them on its behalf. Two key conceptual problems inhere in the BAP approach, which have not been explicitly addressed by its supporters:

- The BAP is based on establishing a government body to undertake an "agency function" for business, without any sound argument having been made that such a body will have a significant comparative advantage in this regard, *vis-à-vis* the business applicant. (Moreover, as BAP services are provided free of charge, they represent a subsidy to business and arguably offend against the competitive neutrality requirements of the National Competition Policy. This situation is remedied in New South Wales, where the vast majority of business approvals have been subject to NCP review requirements, including consideration of benefits and costs, and competitive Neutrality obligations.)
- The BAP necessarily involves interposing additional steps in the licence application and approval process. This means that it contains the possibility of elongating the process. Equally, the question of responsibility arises in the event that problems arise with the application – for example in relation to statutory time limits for providing responses not being met.

As noted above, the first attempt at establishing a BAP was undertaken in New South Wales approximately a decade ago. The New South Wales Government is currently implementing the Government On-line Licensing Project, which includes the enhancement of BLIS (which currently applies to one licensing agency, the New South Wales Department of Fair Trading). Following this first phase, the New South Wales Government will extend on-line licensing systems to 28 licensing agencies. This will streamline the processing of licences and enhance access for customers.

Simplifying development approvals

Description. Prior to 1997, increasing difficulties were being experienced with the operation of the land use planning and development process in NSW. In the words of the then Minister for Urban Affairs and Planning:

> ... The system... is over-regulated; it is full of duplication; separate approval processes sometimes conflict with one another; there is a lack of certainty; there is a lack of transparency; no-one is accountable; there is little co-ordination; the process and scale of assessment is often out of proportion to the environmental impact; and it all takes too long. Everyone... shares frustrations about the lack of common sense in the system and the seemingly unnecessary layer upon layer of rules and regulations that seem to get more complex every day.[18]

For example, a mining company seeking approval for a new mine went through the full process of the existing Environmental Planning and Assessment Act, including a commission of inquiry, and received the necessary approvals. However, when subsequently seeking a water licence, the company was faced with effectively having to repeat the whole process again as part of its application. The Government had to overcome this situation by passing special legislation.

To rectify the situation, the NSW Government introduced new legislation that created a single process for development approvals that co-ordinated all relevant statutory approvals via the issue of a single development "consent." These changes reduce "red tape" and provide for more certain and consistent decisions on development proposals.

Application. In 1997, the NSW Parliament passed the "Environmental Planning and Assessment (Amendment) Act of 1997" which simplified the procedures for obtaining approvals for projects such as the construction of new buildings or the commencement of new businesses through the creation of a one-stop-shop process.

The reforms included:

- Establishing a single legislative framework for the control of all development, building, demolition and subdivision aspects of a project that are within the responsibility of local government. This allows applicants to make a single application covering all the components of a development project, with concurrent assessment followed by the issuance of a single development consent.
- Linking all State government development approval requirements with the single development consent (the approvals are still separate, however their consideration and granting are concurrent and integrated with the development consent).
- When an application under other legislation is made within three years of development consent, the initial approval required under the other legislation for that development to proceed must be consistent with the general terms of the integrated development consent.
- The level of assessment applying to the established classification of developments (exempt, without consent, with consent, and prohibited) has been aligned with the complexity and likely environmental impact of a development proposal.
- Allowing accredited certifiers to issue development compliance certificates showing that proposals comply entirely with pre-determined development standards or that components of State and local development are in accordance with standards and conditions, for example, building plans and subdivision engineering plans and specifications.

Evaluation and results. The practical effect of the new system is that, when a proposed development requires development consent plus one or more approvals under certain other legislation, the consent authority must refer a copy of the application and later any public submissions received after exhibition of the proposal, to the relevant Ministers and State agencies ("approval bodies"). These approval bodies must then provide the general terms of the approval they would grant in relation to the development under their separate legislation. This results in the main administrative simplification benefits – reductions in approval times through concurrent and integrated approval processes, together with reduced compliance costs through a single point of contact through which to obtain relevant approvals.

The impacts of this reform have not been evaluated. Anecdotal evidence on the impact of the new system supplied by the Planning NSW, the NSW Government's department of urban affairs and planning[19] for this project focused largely on the adoption of private certification arrangements for much development approval activity. This initiative has apparently been widely taken up, with 260 accredited certifiers currently operating in NSW. Certifiers seem to have captured the market for larger developments (commercial and larger residential), and to have substantially reduced the timeframes for demonstration of compliance with building standards, both directly and through encouraging improved performance by competing local government certifiers.[20]

Despite the lack of substantive data as to the success of the initiatives, most other States have introduced similar initiatives. Victoria, South Australia, Tasmania, and Queensland have all implemented integrated development approval processes of various forms, with similar claims for administrative simplification and burden reduction benefits. For example, the introduction in Queensland of the "Integrated Planning Act of 1997" (IPA) saw the establishment of a framework for condensing over 60 different development approval processes contained in over 30 Acts into a single approval process in one Act. Ultimately, it is anticipated the IPA will lead to the removal of over 5 000 pages of process law and result in a simplified and streamlined development approval system.

Conceptually, the reformed system has some parallels with BAPs as it provides a one-stop-shop approval process for a variety of licences and permits required by State and local governments.

Alternatives to administrative regulation – private building certification

Description. One important form of process re-engineering is the adoption of alternatives to traditional regulatory administration. Traditionally, local government in Australia has administered all building and planning approvals, including the inspection of building work. This meant that local government held a monopoly over the issuing of building permits, which are required to verify that the regulatory building requirements have been met. In addition, local government officers undertook all building inspections, which are necessary prior to the issue of a building permit.

Following a review by the Regulation Review Unit in the late 1980s, Victoria developed and promoted a model involving private, third party certification of building compliance by competent building professionals. This model was taken up at the national level and incorporated in the development of model national building legislation, developed as part of a long-term regulatory harmonisation process in this area. The resulting Model Building Act, was first adopted by Victoria in 1993 and included provision for private certification.

As a result, in 1993 Victoria pioneered the introduction of private development of third party building certification by private sector practitioners. Under the Act, builders are able to choose to engage a private building surveyor to carry out the building permit, inspection and occupancy permit functions and responsibilities or, where available, they may choose to use the system provided by local government.

The push towards private building certification was prompted by "competitive pressures in the economy and greater emphasis on improving the professionalism of the building sector... (which caused) a push in the early 1990s to reform regulatory processes that were hampering the efficiency of the industry".[21] Reform efforts were assisted by the resourcing constraints facing local government following a significant local government amalgamation and reform programme.

Evaluation and results. The use of private building surveyors quickly became widespread throughout the industry, and in particular in the commercial building sector. It has resulted in an improved service that better meets the requirements of the industry. Private building surveyors now provide a more flexible inspection service, and also advise the builders at the early stages on how to best proceed to ensure that regulatory requirements are fully met while building costs and delays are minimised.

The Victorian Office of Regulation Review reports:

> Building surveyors are now more time-conscious and flexible, inspecting the work at a time that is suitable to the builder. The savings to the community from more responsive regulatory arrangements are significant. In the building business, time is definitely money... a one-day delay on a major development project can cost tens of thousands of dollars, just in interest. Ultimately, this cost is borne by the community.[22]

The building permit reforms have seen the time taken to approve residential buildings fall from up to four weeks to within a day or two.[23] Substantial reductions have also occurred in the commercial sector. Importantly, the impact of this reform in developing a "contestable market" in building inspection services has placed pressure on, and improved the performance of, local government building surveyors.[24] This "benchmarking" effect is critical in delivering improved services for building "consumers" and is a principal driver behind lifting burdens by reducing approval timeframes and, hence, reducing cost burdens.

The majority of other States have now implemented similar reforms and there has been international interest in the Victorian building permit system. For example, the New South Wales Minister for Planning established a Joint Select Committee on the Quality of Buildings, including to inquire into the certification process in operation since 1998. The Committee's report made a number of recommendations, including the establishment of a home building compliance commission. The NSW Government is currently considering its response to the report's recommendations. In addition, in Australia, the application of the concept of third party regulatory inspections is now being considered in a number of other areas in the building sector – for example, in relation to planning and development approvals.[25] Abroad, Dubai has implemented the Victorian system, while Japan and Malaysia have expressed considerable interest.[26]

Business licence rationalisation

As in many OECD countries, "one-off" business licence rationalisation or reduction programmes have been popular in Australia as a "process re-engineering"-based instrument for achieving administrative simplification and reducing burdens. A number of jurisdictions have undertaken such initiatives since approximately the early 1990s. Generally, these exercises are driven by central agencies, usually the specialised regulatory reform bodies, which co-ordinate a review of licences by the relevant administering agencies. Several of these exercises are briefly described below.

Application. Queensland's Red Tape Reduction Taskforce has recently overseen a three-year programme for the rationalisation in the number of business licences required by the State government. This project involved examining licences in association with the administering agency and identifying licences that:

- could be abolished;
- could be combined with other licences; and/or
- could be subject to less frequent renewal requirements.

This project concluded that, through a combination of licence abolition and licence integration, the number of State licences could be reduced by 50%. This would represent a reduction from approximately 520 to around 270 licences, involving 91 abolitions and with the remaining reductions due to licence amalgamations. In addition, the term of some 116 licences was suitable for extension. Following approval of the identified reforms by the Government, agencies have been progressively implementing these reforms, with the programme currently about 80% complete.

A similar Licence Reduction Programme was undertaken by NSW between August 1995 and February 1997, which involved the review of 273 licences. Of the 85 licences identified for repeal, 72 have already been repealed, with the remainder being contingent on the outcomes of other review processes (mainly National Competition Policy legislative reviews).

A similar exercise was undertaken in Victoria in 1993-1995 with the establishment of a Licence Simplification Programme by the then-Minister for Small Business in September 1993. The stated goal of this programme was "… to ensure that every effort is made to eliminate unnecessary burdens on both business and the general community".[27] The Programme was administered by the Victorian Office of Regulation Reform, a business unit of the Department of State and Regional Development. The responsible Minister set a target for the programme of reducing the total number of licences of 485 by 25% by the end of 1995. The role of the ORR in implementing the programme was to advocate, co-ordinate, and facilitate a review of licences by the relevant administering agencies. The Programme achieved a reduction of 111 licences (23%) by December 31, 1995.

Evaluation and results. Of the above programmes, only the Victorian initiative was subjected to such scrutiny. The findings of the Victorian Auditor General's review of that State's Licence Simplification Programme[28] were that, "of the Programme's 34 licences listed as either revoked or to be revoked":

- 23 changes resulted from major micro-economic reforms in the health and safety sectors that were co-ordinated at a national level with State and Territory involvement. The culmination of these initiatives resulted in the repeal of highly prescriptive acts and regulations and their replacement with new performance-based regulations.
- Five changes were due to regulations which ceased to exist under the "Mines Act of 1958" as from 1992 relating to trenches, shafts and tunnels.
- Three changes were due to a review of the Weights and Measures Regulations 1984 as required by the "Subordinate Legislation Act of 1994".

Of the three remaining licences:

- One (Sunday entertainment permits) was repealed at the initiative of the former Minister for Industry Services.
- Only two could be attributed to the Programme, namely, the Street Trading Licence and the licence to keep explosives for sale and to sell explosives.

The Auditor General concluded that:

> … the reduction in the number of licences achieved under the… Programme substantially met the target of 25% by 31 December 1995, but the licences revoked… had only a minimal impact on reducing business regulation costs. In addition… only 7% of licence reductions could be directly attributed to the Programme.

It was further observed that:

> … priority should be given to programmes designed to achieve qualitative improvements in regulations, rather than focusing on quantitative reduction programmes such as the Licence Simplification Programme. This would necessitate employing a more strategic approach than is required in managing a *blanket* quantitative reduction programme and involve a new set of measures such as: confirming with stakeholders, and particularly the business sector, the extent to which any programme assumptions are valid (*e.g.*, the extent to which licences impose burdens on business) and seeking their views on the major areas requiring attention; in consultation with agencies, targeting industries and identifying deregulatory priorities where benefits to the community and the business sector would be maximised; establishing clear objectives, scope, outputs and outcomes at the outset of the programme including evaluative mechanisms; and assigning responsibility for achieving priorities on an agency basis with the Office adopting a co-ordination and monitoring role.

Of the three examples of business licence rationalisation schemes cited above, it is arguable that the Queensland exercise, with its focus on opportunities for licence amalgamation, rather than blanket removals, may have been the most successful. At the same time, it is also possible that the amalgamated licences involve greater compliance burdens due to larger information, evaluation and approval requirements. This may have negative effects to the extent that more businesses are caught in the net of more onerous procedures due to a diminished ability to distinguish between different kinds of business operations in the licensing process.

Technology-based mechanisms

Australian Business Register

Description. A unique business identification number – the Australian Business Number (ABN), has been developed in response to the Commonwealth's *Small Business Deregulation Taskforce* report, which recommended that a single identifier be introduced to simplify business dealings with government. The ABN is designed to provide a business registration system, where businesses only need to have a single business identifier for all dealings with government. While the ABN is currently principally utilised for business dealings with the Australian Taxation Office (ATO) and for business incorporation purposes, it is intended that it will extend to dealings with other government departments and agencies. The Australian Business Register Online (ABR Online) enables online registration and searching of ABNs. State, Territory and local government bodies are also able to utilise the ABN to streamline registration requirements.

The introduction of the ABN in conjunction with ABR Online was designed to reduce the cost of compliance for small business, to improve access to government information and to provide a platform for future business-to-government and business-to-business e-commerce transactions.

Application. Businesses need an ABN to register for the goods and services tax (*i.e.* Value Added Tax) and other elements of tax reform package introduced by the Commonwealth Government in mid-2000. Specifically, businesses require an ABN to undertake a range of taxation-related transactions with the ATO and other businesses. For example:

- Failure to provide an ABN may result in other businesses deducting tax (currently 48.5%) from payments to a business.

- Businesses require an ABN in order to register for Goods and Service Taxes (GST), which in turn is required in order to claim back the GST payments that the business makes to other businesses.
- Charities are required to obtain and quote an ABN before they can be endorsed as a deductible gift recipient and/or an income tax exempt charity.

ABR Online (*www.abr.gov.au*) is an online database that records ABN details, facilitates online registration for an ABN and enables online queries regarding ABN details.[29] ABR Online is available through the Commonwealth's Business Entry Point. ABR Online is a public register, however, only some of the information provided by businesses when they register for an ABN is publicly available. The Registrar of ABR is the Commonwealth Commissioner of Taxation.

The ABN is a unique 11-digit number issued by the Australian Business Registrar structured as XX XX XX XXX XX. The ABN is self-verifying, consisting of a nine-digit unique identifier and two prefix check digits. The two leading digits (the check digits) are determined from the subsequent nine digits using a modulus 89-check digit calculation. The check digits allow the identification of common data entry errors such as digit transposition.

Not all information held in the ABR is available online due to privacy considerations.

The public information held in ABR Online includes the business':

- Australian Business Number.
- ABN Status and date of effect.
- Trading name(s).
- Legal name.
- Entity type.
- Location (State or Territory).
- Date of effect of GST registration.
- Deductible gift recipient status.
- Superannuation compliance status.
- Associated Australian Company Number (ACN).
- Associated Australian Registered Business Number (ARBN).

Currently, development work is underway on Key Public Infrastructure (KPI), through the Government's *Gatekeeper* programme, to ensure that government agencies have secure access to the non-public information contained in the ABR. Once the infrastructure for this has been completed and implemented, agencies will be able to use the ABN and ABR as a basis for dealing with businesses, particularly in relation to online transactions.

In this respect, the Commonwealth has developed the Australian Business Number-Digital Signature Certificate (ABN-DSC), which is an initiative to simplify and reduce the identity requirements for Australian businesses when dealing online. The ABN-DSC is a digital certificate linked to an entity's ABN. It is designed to facilitate online service delivery and encourage the use of digital certificates and e-commerce among Australian businesses. The ABN-DSC is issued by accredited Certification Authorities, with Commonwealth agencies using the certificate to identify businesses for online transactions.

To support this initiative, the Commonwealth Government has developed a policy that:

- Commonwealth agencies will use only the ABN as the identifier of a business.
- Commonwealth agencies will use only the ABN-DSC as the online business identification certificate.[30]

Evaluation and results. The linking of the ABN to taxation arrangements has effectively made the holding of an ABN compulsory for all Australian businesses. Currently, over 3.4 million business entities have applied to register for an ABN. At the commencement of the Commonwealth's New Tax System in July 2000, approximately 60% of the total number having registered for an ABN at that time had done so electronically using the ATO's Electronic Lodgement Service and the Commonwealth's Business Entry Point.[31]

The ABR Online initiative is unique – no other government in the world has introduced online registration for such a major new initiative. ABR Online appears to have gained widespread acceptance by business, being extensively used to check ABN details, recording over half a million requests each month.[32]

By providing online registration for ABN, GST, and other aspects of the New Tax System and free online access to the publicly available details, the ABR has reduced the time and costs for businesses electing to fulfil their tax registration obligations. Further, businesses can record changes of business details at a single location, the details of which can then be obtained by the various agencies utilising the ABR as a business identifier. This "tell once, use many times" function is a key feature of the way the ABR is intended to help reduce the amount of time businesses spend dealing with Commonwealth government agencies. Nevertheless, the usage of the ABN and ABR as mechanisms to reduce transaction costs and compliance costs for both business and government is currently restricted at this stage mainly to dealings with the Australian Tax Office, pending the full implementation of the KPI security programme to support the use of the ABN and ABR by government agencies.

In addition to reducing business costs, ABR Online has resulted in savings for the ATO:

- Built-in edit checks within the application process combined with electronic registrations resulted in much lower error rates.
- The high level of online registration (60% of total ABN registrations) significantly reduced ATO resource requirements in relation to the processing of applications in time for the implementation of the Commonwealth's New Tax System on July 1, 2000.

In recognition of its ease of use and advantages to business, ABR Online received a Gold award at the Fourteenth Government Technology Productivity Awards in March 2001.

Looking to the future, the ABN in tandem with ABR Online provides the building blocks for the provision of better government services to business, creating a catalyst for government to business and business-to-business e-commerce. It has also served to illustrate the potential of Internet-based technologies to provide access to government information and online transactions and encourage the wider adoption by businesses and government agencies of electronic commerce technologies.

It is expected that the ABN/ABR Online will provide a basis for the expansion of online business interactions between governments at all levels, with the potential for making dealings with government easier, faster, and less costly. However, this expansion is still in

its infancy, as much of the Commonwealth's efforts to date with the ABN and ABR Online have been focused on:

- Ensuring the smooth introduction of ABNs alongside the introduction of the Commonwealth's New Tax System.
- Establishing KPI security programme to support the development of online transactions utilising the ABN.

Once the KPI has been fully implemented, it can be expected that a variety of online government applications will be developed that use the ABN, ABR Online and the ABN-DSC for dealing with business, including:[33]

- Regulatory returns (*e.g.*, tax, statistical, corporate regulation forms, etc.).
- Online applications (*e.g.*, for programme funding).
- Public registers (*e.g.*, update of the ABR).
- Tender applications.
- Order/purchase (*e.g.*, publications).
- Online payments.
- Secure data transactions.

A number of these applications are currently being developed by Commonwealth agencies, however, it is considered that it will take time for both governments and business to implement and realise the full potential for online transactions as a means of reducing transaction costs.

Business entry point

Description. The Federal Government's establishment of a Business Entry Point (BEP) represents an important step toward harnessing the potential of the Internet to simplify administrative requirements and reduce burdens for businesses in their regulatory and other dealings with government. The BEP is an online information and transaction facility aimed at assisting small business in particular in dealing with the Commonwealth Government. The BEP provides information on a wide range of topics, including taxation, employment, business planning and financing, workplace relations, superannuation, and importing and exporting in a linked and user friendly format. The establishment of the BEP followed a recommendation from the Commonwealth's Small Business Deregulation Task Force that a mechanism was needed to increase the ability of small business to obtain access to government information and services.

The aim of the BEP is to improve the ability of business to find government information, to complete compliance processes, and to identify suitable government support or assistance programmes. Notably, the services listed on the BEP are not confined to the Federal Government: information and online services provided by State, Territory, and local governments are included, as are details of a number of industry and business associations.

Application. With the introduction of the ABN and ABR Online, the Business Entry Point Web site has become the main electronic portal for businesses to register for the ABN, GST, and other elements of the New Tax System.

In parallel with development of the BEP, Commonwealth, State and Territory governments have been encouraging their agencies to make their programmes and services available online wherever possible. Many of these programmes and services are

Box 2.4. **Initiatives in Queensland to improve consultations and information dissemination on regulations**

Queensland Regulations: Have Your Say is a regulatory communications system that acts as early warning device for impending regulatory activity by the Government. It has been introduced to assist business and the community to become involved early in the consultation process by clear public disclosure of the Government's regulatory intentions. The system is an interactive Web-based system which enables Government agencies to place information about regulatory proposals on the Department of State Development's Web site (*www.sd.qld.gov.au/qldregulations*). It also enables interested parties to respond through the system direct to an agency's proposal.

In addition, a one-stop-shop referral service, the Business Referral Service, has been implemented to provide business with access to detailed information and advice on government regulations, particularly compliance matters. The Business Referral Service enables business owners and operators, with complex compliance queries, direct access to relevant experts within Government. The service is incorporated in the Department's SmartLicence suite of services.

accessible through the BEP. In addition, most State Governments have implemented, or are in the process of implementing, parallel initiatives. For example, the Victorian Government has its Business Channel.

In addition, the BEP has established a programme to help agencies identify and develop online programmes and services. This involved establishing a panel of experts to assist agencies in identifying, selecting, developing and implementing Internet payment solutions.[34]

It is arguable that the implementation of BEP and equivalent initiatives is a necessary response to the increasing complexity of government Web sites and represents an electronic equivalent of the one-stop-shop approach to business licensing discussed above. The effectiveness of these initiatives is, as yet, unknown, due to their very recent implementation. However, their potential for marshalling and presenting a very wide range of government – and non-government – material in a thematic fashion suggests that there may be significant benefits for business and other users.

Administrative simplification as part of broader policy initiatives

The preceding sections have discussed specific administrative simplification and burden reduction initiatives, organising them in accordance with the general thematic development of these initiatives over time. The following section considers a number of broader policy initiatives in which administrative simplification and burden reduction have constituted significant, but subsidiary elements. It must be recognised that a very significant proportion of the administrative simplification achieved in Australia in practice has derived from these larger programmes.

Mutual recognition of goods and occupations

Australia adopted mutual recognition legislation in 1992. Both the form and purpose of the legislation are closely related to the mutual recognition arrangements implemented within the European Union. That is, mutual recognition was seen as an administratively efficient means of achieving many of the advantages of a single market without requiring the achievement of regulatory uniformity. As with the European model, the legislation

removes regulatory hurdles to the trade in goods and services between the Australian States and Territories by:

- Removing the need for goods produced in one jurisdiction having to comply with different regulatory regimes within various States and Territories before they can be sold.
- Removing the need for persons in regulated occupations to have to comply with different occupational entry requirements for each jurisdiction in which they wish to operate.

In both cases mutual recognition acts to reduce administrative burdens by reducing the regulatory hurdles for the trade in goods or mobility of labour between jurisdictions.

From a general perspective, mutual recognition has been a successful administrative simplification and burden reduction initiative because of its simplicity and the clear and constrained process for seeking exemptions. Specifically, the operation of mutual recognition is mainly driven by participants in the goods or regulated occupations markets, who can use the rules established by mutual recognition to reduce the administrative burdens that they face.

Reviews have indicated that mutual recognition has been leading to the development of national standards and greater consistency in requirements between jurisdictions. Certainly, mutual recognition has served to highlight inconsistent registration requirements between jurisdictions[35] and there have been moves towards consistency in registration requirements between jurisdictions.[36]

Regulatory Impact Assessment programmes

Regulatory impact assessment (RIA) programmes have been progressively adopted by Australian governments since 1984. Their initial focus, particularly at the State Government level, was on subordinate legislation, while a more recent trend is toward applying RIA to both primary legislation and quasi-regulation. Many of these programmes are legislative, particularly those applying to subordinate legislation, while others are administrative in character. RIA takes a broad, benefit/cost approach to regulatory quality and it is clear that it will thereby tend to encourage administrative simplification and burden reduction – at least to the extent dictated by wider efficiency concerns.

The development of RIAs has had important positive implications in terms of administrative simplification and burden reduction (at least in the negative sense of having constrained regulatory inflation), particularly as subordinate legislation – including quasi-regulation – has taken an increasingly prominent role *vis-à-vis* principal in recent decades. Specifically, RIAs ensure that regulatory proposals, or existing regulatory arrangements, are subject to a transparent, publicly accountable and rigorous analysis to determine if they are the minimum means of meeting regulatory objectives. As such, RIAs perform a "gatekeeper" role by promoting rational policy choice by Governments in a relatively transparent environment. While the focus of RIAs is not specifically on reducing the administrative burden, they do assist in stemming the tide of new regulation and "red tape," particularly regarding subordinate legislation.

The focus of RIA processes employed by Australian governments tends to be general and usually draws on generic regulatory reform principles. However, for example, Western Australia provides an interesting example, where the RIA processes for Cabinet Submissions are specific to issues impacting on regions or small businesses. IRA processes are particularly useful instruments for reducing or minimising administrative burdens, as

they require governments to apply a consistent, systematic and transparent process of assessing alternative policy approaches to problems when reviewing existing legislation or assessing new regulatory proposals. This is especially the case when implemented in tandem with a staged repeal or mandatory review programme. For example, in NSW it was observed that "the periodic review and cull of existing regulations... has reduced the number of regulations in force by 48%".[37]

The RIA process, properly undertaken, should identify minimum regulatory approaches and thereby minimise the administrative burdens associated with regulatory arrangements. This characteristic, however, can make the assessment of the usefulness of RIA processes problematic, as the benefit of the process is that unnecessarily burdensome legislation or regulation is not made in the first place.

National Competition Policy (NCP) – legislation review

National Competition Policy (NCP) has dominated microeconomic reform effort in Australia in recent years. The NCP agreements were prompted by a shared belief on the part of the Commonwealth, State and Territory Governments that a co-ordinated approach to competition policy and market reform was required in order to stimulate economic growth and job creation. The policy is based on the recommendations of an independent committee of inquiry commissioned by COAG and completed in 1993 (Hilmer Report).

A number of elements of the NCP have significance for administrative simplification and burden reduction. Each jurisdiction developed a programme for legislation review from 1996 to 2000 (subsequently amended to 2002). There is also a requirement for systematic review of this stock of legislation at least once every ten years. Reforms were required to remove restrictions in legislation unless net public benefit case could be made, and there was no alternative means of achieving identified objectives.

Thus, NCP has led to the plan to review and reform approximately 1 800 acts, together with the relevant subordinate legislation, from 1996 to 2002. A second element of the NCP legislative review requirement is that all new legislation is required to be assessed against the same competition tests prior to its introduction.

In sum, the implementation of these tests has had a considerable impact in promoting administrative simplification and burden reduction initiatives. The substantial progress made in achieving regulatory harmonisation and uniformity outcomes has meant substantial gains have been achieved in terms of administrative simplification and burden reduction, particularly for interstate operators in the industry.

Lessons learned

This report has established that administrative simplification and burden reduction programmes have existed essentially for as long as the regulatory reform agenda in Australia, and that they continue to be a prominent part of that agenda to the present day.

In some respects, the use of administrative simplification and burden reduction programmes in Australia can be seen to have shifted in the direction of a more systematic approach. It is clear that the most important and effective burden reduction programmes in Australia have increasingly been adopted as part of broader reform initiatives, including the ABN element of the recent redesign of the tax system and the regulatory quality assurance requirements adopted as part of the implementation of the national competition policy. Arguably, the adoption of mutual recognition represented the first step in this direction.

Some clear policy risks can be identified in relation to the pursuit of simplification and burden reduction policies. Firstly, there is the possibility that these policies will divert the energies of reformers from more fundamental reforms. It is arguable, for example, that the simplification and burden reduction programme pursued by the Federal Government's Small Business Deregulation Taskforce (and the associated implementing agencies) after 1996 consumed a disproportionate amount of the resources specifically devoted to regulatory reform during this period. Major activity in respect of simplification and burden reduction might be seen as constituting an "adequate" regulatory reform effort and detract from the perceived urgency of pursuing more difficult and fundamental reforms.

A second possible concern is that simplification and burden reduction initiatives can, in some cases, have the effect of shifting burdens, rather than eliminating them. An example of this issue is that of BLIS systems and Business Approvals Packages. While the former have been found to entail real reductions in information search costs, the latter seem largely to have shifted burdens from business to government. Moreover, to the extent that regulatory costs are justified, shifting them to government offends against sound pricing principles. This problem may be a reflection of a wider issue, with regulatory reform having increasingly been promoted primarily as an arm of industry policy in recent years – in line with the initial rationale of the "deregulation" programmes of the 1970s and 1980s – rather than as serving broader social welfare imperatives.

The example of BLIS and BAP can also serve to indicate another potential lesson. It appears that some of the most effective simplification and burden reduction initiatives have been the result of identification and implementation of an opportunity to adopt an *ad hoc* initiative with a significant potential benefit. Attempts to build overarching structures and programmes on this base (*e.g.*, to turn BLIS into BAP) can be counter-productive. Thus, a possible lesson is that simplification and burden reduction activity should be "opportunistic" in nature. A related lesson is that a sound *ex ante* analysis of the likely benefits and costs of burden reduction initiatives is essential: the performance of the burden reduction initiatives considered has clearly varied widely.

A number of initiatives discussed in this report also highlight the importance of co-ordination across levels of government in implementing administrative simplification-based reforms. The NSW development approvals reforms highlighted the importance of integrating State and local approvals processes. Similarly, the BLIS programmes have progressively included licensing and permitting information from all three levels of government in order to arrive at an integrated and comprehensive service. While co-ordination is important in many areas of regulatory reform activity, it seems that process-based reforms – such as administrative simplification – constitute an area where this is crucial.

As indicated above, there is insufficient experience with extra-governmental reform advisory bodies in Australia to allow any clear conclusions to be drawn as to their overall policy effectiveness, much less their role in relation to administrative simplification. (Western Australia is an exception to this, as advisory bodies are routinely used for regulatory reform activity in this State.) It is arguable, however, that the use of such bodies must be grounded in a supportive political culture if they are to succeed and that Anglo-Saxon political cultures may not be the most fertile ground for this form of initiative.

By contrast, specialist regulatory reform bodies and central agency policy groups have a strong record in identifying opportunities for administrative simplification initiatives, reflecting the largely technical nature of the issue.

Notes

1. Australia has one National, 6 State, and 2 Territory Governments.
2. Time for Business—Report of the Small Business Deregulation Taskforce, November 1996, p. 12.
3. Ministerial Councils exist covering a range of individual portfolio areas and involve the relevant Commonwealth, State and Territory ministers and the relevant New Zealand minister.
4. Business Licences and Regulation Reform, Bureau of Industry Economics, June 1996, AGPS, Canberra, p. 6.
5. Codes of practice, for the purpose of this study are described as external instruments referenced in legislation that business may be required to comply with, the term is used to describe a wide range of instruments including, standards (Australian and International), rules, guidelines, and procedures.
6. The fact that the business licence information service was conceived from within government is significant. While the business sector, particularly small business, is a consistent advocate for reducing red tape, it is rarely a source of concrete suggestions on how to achieve this, apart from the wholesale "deregulation" approach.
7. More Time for Business, Report of the Small Business Deregulation Taskforce, November 1996, p. 57.
8. Savings due to BLIS, unpublished document, Victorian Business Information Service.
9. Victorian Business Channel, *http://business.channel.vic.gov.au*, South Australian Business Channel *www.sa.gov.au/start/licences/smartlicence*, and Western Australia's business and investment portal, *www.bigwa.wa.gov.au*
10. Review of the Business Licence Information Service, Price Waterhouse, December 1994.
11. OIE Web site, TIGERS programme, *www.govonline.gov.au/projects/services&innovation/tigers.htm*
12. *Id.*, p. 1.
13. *Id.*, p. 15.
14. *Id.*
15. Time for Business, Small Business Deregulation Taskforce, 1996, Recommendation 62, p. 135.
16. Also sometimes referred to as Integrated Approvals Packages.
17. Personal communication from Lyn Rochford, Human Solutions Pty Ltd. Note that this company developed and maintains the BAP.
18. NSW Legislative Assembly Hansard, 15 October 1997, p. 822.
19. Personal communication. From Brett Whitworth, Assistant Director, Policy and Reform Branch, NSW Department of Urban Affairs and Planning.
20. The Building Code of Australia sets building construction standards.
21. Web site, Office of Regulation Review, Victoria, *www.dsrd.gov.au/orr*
22. *Id.*
23. *Id.*
24. Indeed, the residential building sector is understood to be the only one that continues to use local government building surveyors to a greater extent than private surveyors.
25. See also the references to the introduction of the latter approach in the context of NSW reform of its development approval process.
26. *Id.*
27. Timeliness of Service Delivery: A Customer's Right, Victorian Auditor-General, *http://home.vicnet.net.au/~vicaud1/sr44/ags4400.htm*

28. *Id.* for all following quotes.
29. Telephone and counter registration applications and queries are also supported by the ABR.
30. The Use of the ABN-DSC, ABN-DSC and Gatekeeper Draft Discussion Paper No. 6, Office of the Information Economy, Department of Communications, Information Technology and the Arts, 2000.
31. Technology in Government Committee Web site, *www.nte.gov.au*
32. Commonwealth Department of Workplace Relations and Small Business Web site, *www. www.dewrsb.gov.au*
33. *Id.*
34. Article by Lindsay Doig, *www.cpaonline.com.au*
35. Mutual Recognition Agreement Legislation Review, Department of Prime Minister and Cabinet, 1997, para. 5.2.2.
36. *Id.*, para. 5.3.
37. Re-engineering Regulations in New South Wales for the 21st Century, Regulation Review Committee, Parliament of NSW, June 2000.

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Australian Taxation Office Web site, *www.taxreform.ato.gov.au*

Business Entry Point Web site: *www.bep.gov.au*

Commonwealth Department of Workplace Relations and Small Business Web site: *www.dewrsb.gov.au*

CPA Australia Web site, *www.cpaonline.com.au*

NOIE Web site, TIGERS programme, *www.govonline.gov.au/projects/services&innovation/tigers.htm*

OECD Web site – About Regulatory Reform, *www.oecd.org/regreform*

SmartLicence Web site, *www.sd.qld.gov.au/start/licences*

South Australian Business Channel, *www.businesschannel.sa.gov.au*

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Victorian Office of Regulation Review Web site, *www.dsrd.vic.gov.au/regreform*

Appendix

Federal information collection burden in 1987-2001

In burden hours

Agency	1987	1992	1995	1996	1997	1998	1999	2000	2001
Agriculture	67 700 000	71 600 000	131 091 022	107 248 206	89 290 439	71 950 000	67 680 000	75 190 000	86 720 000
Commerce	5 400 000	4 100 000	8 239 828	7 960 779	8 210 119	13 490 000	7 210 000	38 570 000	10 290 000
Defense	279 700 000	215 200 000	205 847 538	152 490 315	138 511 139	119 000 000	111 730 000	93 620 000	92 050 000
Education	34 500 000	23 100 000	57 554 905	49 111 300	43 725 057	40 900 000	42 070 000	41 980 000	40 490 000
Energy	14 200 000	8 700 000	9 187 531	4 656 053	4 478 981	4 460 000	4 480 000	2 920 000	3 850 000
Health and human services	163 200 000	156 700 000	152 615 502	137 540 947	137 008 078	139 310 000	164 350 000	173 710 000	186 610 000
Housing and urban development	13 300 000	30 300 000	33 769 554	37 245 148	32 210 600	18 480 000	19 750 000	12 460 000	12 050 000
Interior	3 700 000	4 900 000	4 165 429	4 357 370	5 194 780	4 570 000	4 360 000	5 640 000	7 560 000
Justice	40 400 000	32 600 000	36 670 323	36 162 128	39 130 642	26 820 000	36 590 000	36 820 000	40 530 000
Labor	72 600 000	51 800 000	266 447 906	241 077 975	216 810 705	198 990 000	195 960 000	181 590 000	186 110 000
State	1 000 000	2 000 000	8 678 480	596 789	30 557 876	28 900 000	28 850 000	29 190 000	16 560 000
Transportation	75 600 000	65 100 000	91 022 665	66 167 487	111 375 978	138 750 000	140 000 000	117 650 000	80 340 000
Treasury	**852 200 000**	**5 743 700 000**	**5 331 298 033**	**5 352 845 430**	**5 582 121 203**	**5 702 240 000**	**5 909 070 000**	**6 156 800 000**	**6 415 850 000**
Veterans	5 400 000	6 400 000	11 133 887	94 345 522	6 230 103	2 640 000	5 270 000	5 980 000	5 310 000
EPA	68 900 000	60 700 000	103 066 374	107 655 255	115 671 113	119 180 000	118 910 000	128 750 000	130 770 000
Fed. Acquisition Reg. System			22 146 676	23 445 460	24 523 313	24 420 000	23 420 000	n.a.	n.a.
Fed. Communications Comm.			22 644 046	23 879 914	27 805 236	30 340 000	32 490 000	n.a.	n.a.
Fed. Deposit Insurance Corp.			8 502 121	8 633 670	8 536 375	7 560 000	7 970 000	n.a.	n.a.
Fed. Emergency Mgmt. Admin.			5 175 501	4 802 093	5 061 582	4 680 000	4 970 000	n.a.	n.a.
Fed. Energy Regulatory Comm.				5 157 268	5 233 893	5 540 000	3 980 000	n.a.	n.a.
Fed. Trade Comm.	7 100 000	200 000	146 149 460	146 148 091	146 161 341	126 980 000	126 560 000	n.a.	n.a.
NASA			9 561 494	9 228 714	9 087 758	7 710 000	7 340 000	n.a.	n.a.
Nat. Science Foundation			5 691 560	5 760 203	5 794 805	4 730 000	4 740 000	n.a.	n.a.
Nuclear Regulatory Comm.			8 726 244	9 942 882	10 271 588	9 670 000	9 510 000	n.a.	n.a.
Agency	1987	1992	1995	1996	1997	1998	1999	2 000	2001
Securities and Exchange Comm.			191 527 284	142 105 083	148 933 539	75 680 000	76 560 000	n.a.	n.a.
Small business admin.			2 355 150	2 288 365	1 492 925	3 070 000	1 670 000	n.a.	n.a.

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Federal information collection burden in 1987-2001 *(cont.)*

In burden hours

Agency	1987	1992	1995	1996	1997	1998	1999	2000	2001
Social security admin.			25 307 594	25 679 475	24 783 842	22 080 000	21 220 000	n.a.	n.a.
All others	123 600 000	119 900 000							
GRAND TOTAL	1 828 500 000	6 597 000 000	6 898 576 107	6 806 531 922	6 978 213 010	6 952 140 000	7 176 710 000	7 361 720 000	7 651.42
TOTAL excluding treasury	976 300 000	853 300 000	1 567 278 074	1 453 686 492	1 396 091 807	1 249 900 000	1 267 640 000	1 204 920 000	

1. These figures are derived from Office of Management and Budget, Office of Information and Regulatory Affairs, *Information Collection Budget of the United States Government Fiscal Year 2002* (and preceding volumes for FY 1998-2000), and General Accounting Office, *Paperwork Reduction – Reported Burden Hour Increases Reflect New Estimates, Not Actual Charges*, GAO/PMED-94-2 (Dec. 1993).

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