



GROUP OF 100

SUBMISSION TO GOVERNMENT

CUTTING RED TAPE

MANUFACTURING

[APPENDIX E]

{MAY 2014}

EXECUTIVE SUMMARY

The following issues have been identified as representing an opportunity for the Government to address and ensure that cost savings are achieved and inefficiencies are reduced:

Item	Issue	Cost Impact	Urgency	Page No.
1.	Coastal Shipping Amend Coastal Shipping Act 2012 to allow international employment conditions to apply.	High	Short Term	2
2.	Environmental compliance reporting including renewable energy targets Repeal legislation and reduce reporting requirements	Medium	Short Term	3
3.	Self-insurance levies Remove levy on intercompany self-insurance	Low	Short Term	5
4.	Coordination of State issues including payroll tax, land tax, OH&S reporting Harmonisation of regulation and reporting	Low to High	Medium to Short Term	5
5.	Exporter tariff on imports Remove tariff on imported components that are re-exported	Low	Short Term	6
6.	Labelling of electrical equipment in manufacturing facilities Remove requirements of reduce to genuine OH&S matters	Low	Short Term	6
7.	Diesel fuel excise Change regulation to ensure competitiveness with imports and reduce administration costs	High	Immediate	7

Implementation of the G100's recommendations is estimated to result in cost savings of around \$30m over the time periods suggested.

1. COASTAL SHIPPING

REFORMS TO THE REGULATORY ENVIRONMENT OF AUSTRALIAN COASTAL SHIPPING

Background

Coastal shipping/trading is the transportation of goods and personnel between two domestic ports. Impost of Australian costs on domestic shipping makes it uncompetitive to transport goods by sea between Australian ports. For example, it can be more expensive to ship product from Queensland to Geelong than from the Middle East to Geelong. Patrick Autocare utilises coastal shipping through the use of foreign vessels with shipping lines to transport vehicles and trucks from port-to-port around the Australian coast (as required). This ideally provides Patrick Autocare with flexibility during peak periods and allows them to move large volumes at one time.

The Rudd/Gillard Governments made significant changes to the regulatory environment of Australian coastal shipping in the form of the *Coastal Trading (Revitalising Australian Shipping) Act 2012*. This was in line with the *Fair Work Act 2009* which imposed Australian industrial relations law upon most foreign-registered and foreign-crewed vessels that operated in the Australian coastal trade. The imposition of these employment rates and conditions increased the cost of doing business in Australia.

The intention of these reforms was to reduce the number of foreign vessels currently carrying coastal freight and to make Australian ships more competitive. However, the combination of these reforms has increased the regulatory burden on foreign ships and has artificially inflated the lack of competitiveness of Australian crews.

Currently, shipping lines are required (under the changes by the Gillard Government) to apply for a temporary and special license to transport cargo around the Australian Coast. These are exceptionally strict guidelines that shipping companies are finding it increasingly difficult to comply with. For instance, the Government requires that shipping lines give 7 working days' notice to make a booking to call at specific ports around Australia. In such an unpredictable industry this adversely impacts upon the productivity of coastal shipping in Australia, and has a negative effect on the efficiency and productivity of operations through having higher domestic charges for freight and contributing to import substitution as imported goods can be cheaper than domestic goods after the effect of higher freight costs.

Proposed Solution

Any solution must offer flexibility for both the shipping lines and companies who participate in coastal shipping and address issues relating to employment rates and conditions. Previously, shipping lines were able to apply for a 'continuing permit' which meant that they could call into any port without a very long notice period. This system provided both the shipping lines and companies such as Patrick Autocare with great flexibility.

The Government has recently issued an Options Paper on Coastal Shipping Reform which seeks feedback on proposals to review the rules governing ship movements around our coast.

The Paper outlines a range of options for streamlining the process for applying for a temporary license and to remove unnecessary red tape which adds to the cost of coastal shipping in Australian.

Cost Impact	High	Urgency	Short Term
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2. DUPLICATION OF DATA REQUIRED FOR ENVIRONMENTAL COMPLIANCE REPORTING INCLUDING RENEWABLE ENERGY TARGETS

Issue

Environmental compliance reporting under the *Environmental Protection Acts* in Australia is an administrative and financial burden to companies given the inherent duplication of data provided to regulators across multiple reporting forums.

It is recognised that regulators (being local, state and federal government agencies) are required to monitor and ensure that companies comply with the *Environmental Protection Acts*. However, onus should be placed on these agencies to consolidate all reports/forms and forums of data submitted by companies, therefore reducing duplication.

Background

Environmental compliance in Australia is State and Territory based. Each jurisdiction has different reporting requirements across a number of forums.

In any given year, the regulators require companies to submit a number of data inputs/reports/forms to demonstrate compliance with the *Environmental Protection Acts*. Some of the data inputs/reports/forms required are in relation to the areas of:

- EPA License Annual Returns;
- Environmental Management Systems (proactive certification);
- Compliance reporting (auditing, procedural and environmental management plans); and
- Compliance sampling and testing regimes.

Two further federal schemes relating to environmental compliance also specify different reporting requirements:

- National Pollutant Inventory ('NPI') Measures; and
- National Greenhouse and Energy Reporting ('NGER').

The following table provides examples of instances where the data required by Regulators and resources allocated by companies are duplicated across different reporting forums:

Items of Duplication	EPA License Annual Returns	National Pollutant Inventory Measure	NGER	Environmental Management systems	Compliance reporting	Compliance sampling and testing
Emissions from Facility Data	X	X	X	X	X	X
Energy Usage Data			X	X	X	X
Use of Consultants and Internal Specialists	X	X	X	X	X	X
Similar data required in different document formats	X	X	X		X	X
Administrative support requirements	X	X	X	X	X	X
Industry Forums & Conference Costs		X	X	X	X	

From the table above, it is recognised that EPA site license requirements differ from NPI measures and the NGER scheme, however, a number of similar data inputs are still provided and submitted to different departments within State and Federal Governments, highlighting the need for a single data collection point.

The need for a single data collection point is further substantiated by differences in the compliance level required by State regulators. For example, in NSW the EPA requires emission and sampling data to be made readily available on company websites for public access. This data, updated on a monthly basis, is also provided to the NSW EPA and other Government departments. Compiling the data required is a substantial cost for companies, requiring environmental specialists and personnel to handle the administrative process to ensure the data is presented in a logical format for uploading, and that the data has been prepared and reviewed for website compatibility. In other States, EPA licensed facilities also have License variations, Notices and Current License data available online for the public to access at their discretion.

In the Federal NPI scheme, the objectives of the measures are to collect a broad base of information on emissions of substances, and disseminate the information collected to all sectors of the community in a useful, accessible and understandable form. However, although NPI data is submitted by companies annually, the publication of data is currently experiencing a 2 year lag.

The above examples demonstrate that the environmental performance of a facility, for the most part, is accessible to the general public, and repercussions from companies not meeting Annual Return or License criteria are well publicised by fines and prosecutions.

A further major concern is that because criminal liability attaches to incorrect declarations senior management and directors are incurring an additional layer of compliance costs by seeking further legal advice to determine that their declarations are compliant.

Proposed Solutions

The regulators would benefit from the consolidation of data inputs by producing a single national portal/database that has the ability to collate data obtained from companies. All stakeholders should have access to the portal/database to obtain the relevant data required to perform their assessments. This can be achieved by:

- ensuring all data submitted in reports/forms are for the same reporting period so that companies can collate the data at a single point in time;
- conducting an assessment of current categories of data to identify those that could be collected under one regime to satisfy multiple purposes and use the outcome of such an assessment to overhaul the number of reporting mechanisms.

In addition, the removal of criminal legal sanctions for senior executives and directors and the reliance on civil law remedies would ease the compliance burdens on business and related concerns.

Cost Impact	Medium	Urgency	Short Term
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3. SELF-INSURANCE LEVIES

Issue

Insurance levies are charged on self-insurance, for example, workers' compensation self-insurance, with the result that levies are being charged on intercompany transactions. The cost of monitoring and ensuring internal processes are in place to capture these self-insured policies is a cost and administrative burden. The Government administrative structure to monitor these levies is paid by the insured parties adding further cost.

Proposed Solution

The G100 recommends that the levy on intercompany self-insurance be removed.

Cost Impact	Low	Urgency	Short Term
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4. COORDINATION OF STATE ISSUES

Each of the Industry Working Groups identified issues associated with differences in requirements between the Federal and State Governments and from State to State.

Issues

There are numerous issues where there is inconsistency between State and Federal reporting and approvals regimes which results in inefficiencies in time and financial waste. Examples provided include:

- plant construction approvals. Two similar plans were requisitioned in Louisiana USA and NSW. The approval took two years in NSW and six months in the USA. There were far fewer inconsistencies in information requests in the USA;
- OH&S data is different in all States with the result that systems to capture the data cannot be synchronised;
- Land Tax on manufacturing sites is a disadvantage to doing business in Australia compared to overseas;

- Payroll Tax is retrograde to employment and uncompetitive in a globally competitive environment. Insurance premiums and reporting requirements which vary from State to State are inconsistent with the result that systems and reporting processes need to cover multiple permutations; and
- Energy efficiency schemes. Multiple reports and filings which are required for gas/electricity and VEEPS differ from State to State and are costly and time consuming to compile.

Proposed Solution

Federal Government to facilitate harmonisation of state regulation and reporting.

Costs

The costs associated with these items vary depending on the item. For example, the costs associated with plant construction approvals, land tax and payroll tax are often high, while the costs associated with reporting energy efficiencies, while an administrative inconvenience, are often low.

Cost Impact	Low to High	Urgency	Short to Medium Term
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5. EXPORTER TARIFF ON IMPORTS

Issue

Issues arise in respect of calculating and reporting tariffs on components which are imported for use in manufacture in Australia. An exporter is able to offset the import tariff incurred if the imported component is included in an exported product. Record keeping and recording is an administrative and regulatory burden. Although the net amount of tariff incurred is zero, two sets of reporting is required to be prepared and lodged.

Proposed Solution

The G100 recommends that the tariff on imported components be removed where they are to be used in product for export and that the reporting on tariffs on imported componentry to be used in export goods be simplified, for example, by adopting a simple net formula.

Cost Impact	Low	Urgency	Short Term
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6. LABELLING OF ELECTRICAL EQUIPMENT IN MANUFACTURING FACILITIES

Issue

Under current legislation, all electrical equipment, including computer cables, must be labelled and inspected regularly. Compliance with the requirements must be audited. This involves a significant administrative burden and constitutes a hidden cost of safety.

Proposed Solution

The G100 recommends that the requirement to label electrical equipment be removed or be amended to deal genuine OH&S matters.

Cost Impact	Low	Urgency	Short Term
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7. DIESEL FUEL EXCISE**Issue**

The diesel fuel excise imposes an excessive administrative burden on industry

Proposed Solution

The G100 recommends that changes be made to the diesel fuel excise regulation to simplify the administration of the scheme and the reporting requirements imposed on businesses.

Cost Impact	High Cost	Urgency	Immediate
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