



Australian Government
Productivity Commission

Performance Benchmarking
of Australian Business
Regulation:
Cost of Business Registrations

Productivity Commission
Research Report

November 2008

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Terms of reference

Text of letter from the Treasurer dated 3 September 2007 requesting the Commission to commence stage two

3 September 2007

[received 5 September 2007]

Mr Gary Banks AO
Chairman
Productivity Commission
PO Box 80
BELCONNEN ACT 2616

Dear Mr Banks

On 11 August 2006 I requested that the Productivity Commission conduct a two stage study on performance benchmarking of Australian business regulation. The Commission's stage one report, released on 6 March 2007, concluded that benchmarking of regulatory burdens across jurisdictions is feasible and would complement other initiatives to monitor and reform regulation.

Accordingly, and consistent with the decision of 13 April 2007 by the Council of Australian Governments, I request that the Commission commence stage two of the study extending over the next three years. In keeping with the terms of reference [of 11 August 2006], stage two of the study is to examine the regulatory compliance costs associated with becoming and being a business, the delays and uncertainties of gaining approvals in doing business, and the regulatory duplication and inconsistencies in doing business interstate.

The Commission is requested to begin stage two of the study by providing a draft and final report on the quantity and quality of regulation, and results of benchmarking the administrative compliance costs for business registrations within 12 months.

In undertaking stage two of the study, the Commission is requested to convene an advisory panel, comprising representatives from all governments, to be consulted on the approach taken in the first year. The panel should be reconvened at strategic points, providing advice on the scope of the benchmarking exercise and facilitating and coordinating data provision. It must also be given the opportunity to scrutinise and comment on the preliminary results.

The Commission is requested to review the benchmarking exercise at the conclusion of year three and report on options for the forward programme of the benchmarking exercise.

Yours sincerely

TREASURER



The Hon Chris Bowen MP
Assistant Treasurer
Minister for Competition Policy and Consumer Affairs

COPY

08 OCT 2008

Mr Gary Banks AO
Chairman
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

Gary
Dear Mr Banks,

Thank you for your letter of 2 September 2008 seeking an extension of the reporting date for stage 2 of the Productivity Commission's Business Regulation Benchmarking study.

I agree to the extension requested. The Commission should now report to the Government by 28 November 2008.

I look forward to receiving a copy of the Commission's final report.

Yours sincerely

Chris Bowen

CHRIS BOWEN

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Abbreviations

AAP	Assisted Application Process
ABN	Australian Business Number
ABR	Australian Business Register
ABS	Australian Bureau of Statistics
ACN	Australian Company Number
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
BCC	Business Cost Calculator
BRB	Builders' Registration Board (Western Australia)
CCB	Child care benefit
COAG	Council of Australian Governments
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
FBT	Fringe Benefits Tax
GST	Goods and Services Tax
LDC	Long day care
OCBA	Office of Consumer and Business Affairs (South Australia)
PAYG	Pay As You Go (withholding tax)
SCM	Standard cost model
TFN	Tax File Number
WET	Wine Equalisation Tax

OVERVIEW

Key points

- This benchmarking study estimates the compliance cost to businesses of obtaining a range of generic and industry-specific registrations required by the Australian Government, and state, territory, and selected local governments:
 - generic registrations relate to incorporation, taxation and business name registrations; industry-specific registrations covered are those needed to operate a café, domestic builder, long day child care, real estate agent and winery.
- No patterns of consistently high or low costs of business registration were found across industries or jurisdictions. Nevertheless, the differences point to opportunities that jurisdictions can explore to reduce compliance burdens.
- The estimated time costs of business registration were low for generic business registrations and generally low for industry-specific registration
 - businesses almost universally reported that the activities related to registration processes were either ‘easy’ or ‘not difficult’.
- Most of the differences in costs were attributable to differences in fees, with jurisdictions taking different approaches to setting fees and charges. For example, some jurisdictions did not charge fees for registering a child care business.
- Processing times for applications showed considerable variation across industries and jurisdictions. But they were generally not excessive and often were very quick.
- The approach aimed to ‘triangulate’ data from regulators, synthetic analysis by consultants and business feedback to establish representative estimates. In practice, synthetic analysis was not sufficiently comprehensive and business response rates too low for the data to provide reliable comparisons across jurisdictions. Consequently, the aggregate time cost estimates needed to be based on data provided by the regulators.
- The study acted as a ‘pilot’ for the methodology and approaches to data collection. It highlighted several areas for improvement:
 - ways are needed to improve business participation. Benchmarking regulation that imposes more significant, ongoing compliance costs should motivate greater business engagement
 - understanding in detail differences in the processes of each jurisdiction is central to developing appropriate synthetic analysis and regulator questionnaires
 - sequencing is important in data collection, as early business feedback can help to inform the design of the regulator survey and synthetic exercise
 - regulators are well placed to collect data from businesses on compliance costs, so options to work with them to collect business feedback cost-effectively should be explored
 - support from a central coordinating agency in each jurisdiction is crucial to achieving comprehensive and timely responses.

Overview

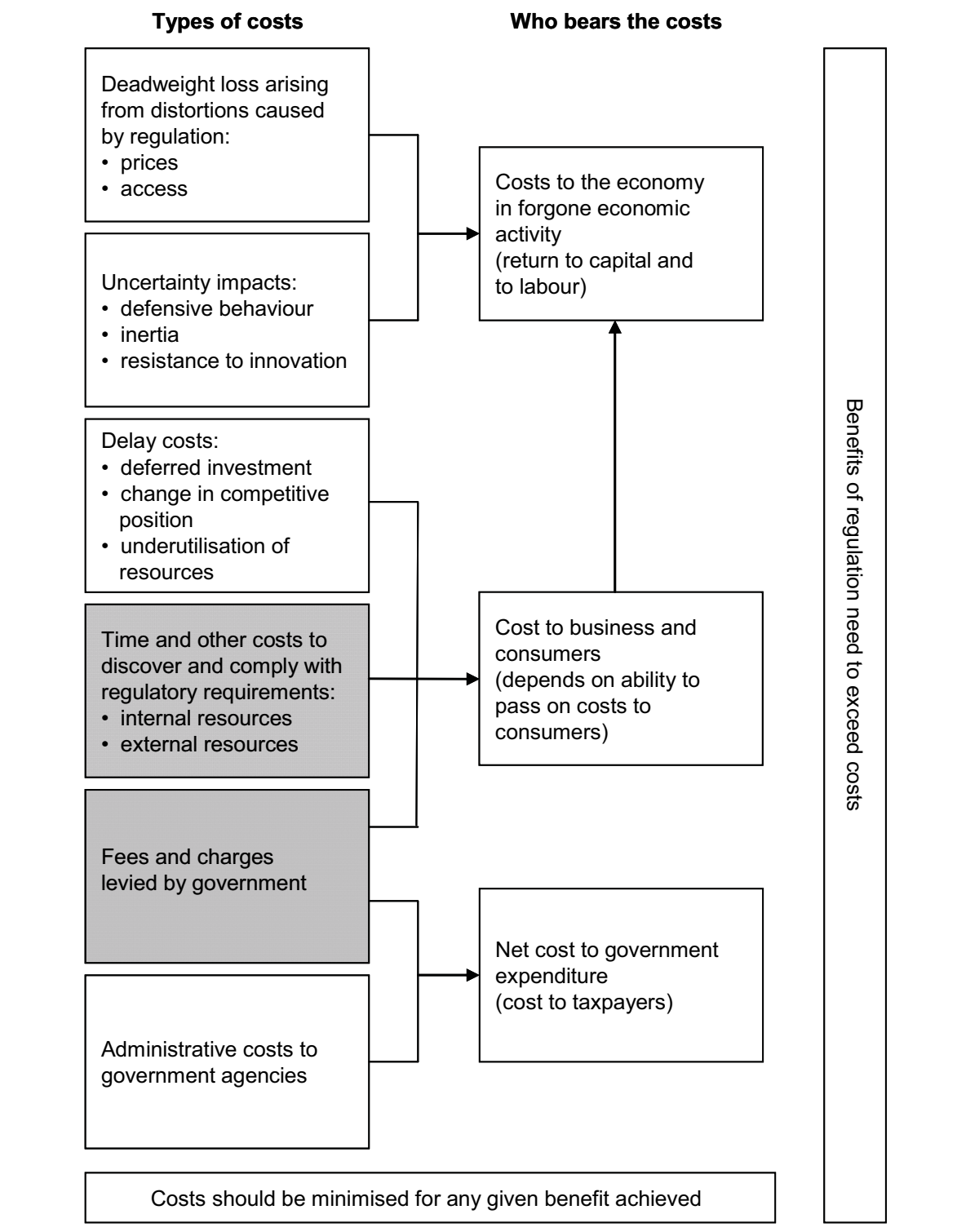
In February 2006, the Council of Australian Governments (COAG) agreed that all governments would, in-principle, aim to adopt a common framework for benchmarking, measuring and reporting the regulatory burden on business across jurisdictions. The Productivity Commission was asked to undertake a two stage study on performance benchmarking for COAG. The first stage considered the feasibility of benchmarking and methodology, with the second stage benchmarking selected business regulations.

This report is the first in this second stage. It develops and applies benchmark estimates for business registrations for five types of businesses across jurisdictions. (A companion report presents benchmark estimates of the quantity and quantity of business regulation (PC 2008)).

Business registration was chosen as a test case for benchmarking as it appeared to provide a relatively simple and comparable set of requirements to test various approaches to benchmarking. This report is as much about what the Commission has learned in the process of undertaking the study as it is about the findings on relative performance across jurisdictions on the compliance costs of business registrations.

This benchmarking exercise focuses on the costs to businesses of complying with particular regulation. The purpose is to identify approaches to regulation that are at either end of the cost spectrum to inform regulatory reform. The exercise does not make any assessment of the effectiveness of the regulation in achieving its stated objectives or the broader impact of regulation. The focus is on aspects of efficiency as they affect businesses. Figure 1 provides a framework for analysing the impact of a regulation. The shaded sections of the figure indicate the areas of regulatory impact that are relevant to this benchmarking report.

Figure 1 **Multiple costs of regulation**



Approach taken to benchmarking business registration

The aim of the study was to benchmark the time and financial costs of generic and industry-specific registrations required for starting a business. The study looked only at the activities required for gaining the required official approvals for selected business registration activities and did not measure other costs associated with starting a business. The industry-specific registrations related to case studies for cafés with outdoor dining, domestic builders, long day child care centres, real estate agents and wineries. The case study approach allowed for comparisons across jurisdictions for specific industries as well as across industries within jurisdictions.

The measurement approach identified the activities required for registration

The Commission identified, and confirmed with businesses, three broad activities required for business registration:

- finding information and obtaining the forms
- completing the forms
- submitting the forms and payments of fees.

The Commission also measured the processing times for applications for registration.

Data collection and application of triangulation approach

Data relating to the cost of business registration were collected from three sources: regulators, businesses and consultants' synthetic analysis based on a standardised business construct.

Regulators and businesses were asked to complete a questionnaire providing their estimates of the time taken to undertake each of these activities for a set of generic business registrations (related to tax and business name) and industry-specific registrations. Each source was also asked about fees and charges that had to be paid.

The consultants undertaking the synthetic exercise and businesses were also asked to rate how difficult they found completing each activity. In general there was a strong correlation between the time taken and the reported degree of difficulty.

In advance of collecting the data, there was a general expectation that:

- regulators would tend to understate the costs imposed on businesses, as they may not fully comprehend the time costs for businesses to comply with requirements

-
- business estimates would be higher than those of regulators, as there may be costs regulators are less aware of and businesses could potentially include other costs involved in starting a business (which are independent of the regulatory requirements)
 - the synthetic analysis, based on consultants acting as if they were an ‘average’ business undertaking the compliance tasks, would provide estimates in between those of the regulators and businesses.

Ideally, a triangulation approach would help to identify potential systematic errors in estimates and, if all three sources of data are within an allowable error margin, the mid-point data could be considered reasonably reliable. However, in practice, a lack of representative business data and some limitations in the synthetic estimates limited the value of this approach.

Lack of representative business data

The Commission’s intent had been to conduct focus groups comprised of up to 10 newly registered businesses drawn randomly from the population of new businesses for each industry and each jurisdiction. Participating businesses were provided with a questionnaire prior to the focus meeting and were asked to revisit their time estimates at the conclusion of the discussion. This methodology had the advantage of utilising the learning during the discussions about what respondents had included in their time estimates, and what was considered to be required by the regulations as distinct from other activities that were part of establishing a business. This methodology, where it was able to be applied, generally proved effective (providing estimates that generally aligned appropriately with regulator estimates).

In practice, the intended methodology could not be applied for most of the estimates, due to failure to recruit sufficient participants for the focus groups, notwithstanding considerable efforts directed at recruitment. Thus, most of the business data reported in this study are from small groups (often only two or three participants) or from interviews with single businesses.

The business estimates must be treated with some caution for two reasons. First, the small number of participants obviously means that responses are not representative. Businesses can have very different experiences in complying with a regulation. This diversity suggests the need for a relatively large sample size to obtain representative average estimates for benchmarking. Second, it is not clear that businesses were reporting time estimates for comparable activities. For example, in one case a respondent reported elapsed time rather than time taken to complete an activity. These types of inconsistencies are more likely to be addressed where there are reasonably sized focus groups.

The Commission has nevertheless included the business estimates in this report as they provide some additional insight into the compliance costs of registering a business. However, the benchmark estimates use the data from the regulators as it is the most consistent and comparable across jurisdictions.

Limitations of synthetic estimates

Synthetic estimates, although providing a relatively consistent and objective time measure across jurisdictions, could not capture all the substantive elements that businesses had to undertake within each activity. For example, the estimates do not incorporate time taken to compile information, attend interviews, lodge forms or pay fees. The synthetic estimates were also based on subset of business characteristics that was not necessarily representative of the total population of business types applying for registration within a jurisdiction.

Other measurement issues

Regulators were required to complete a survey that was provided by the Commission and distributed by central agencies within each government. The timetable for collecting the data from the regulators was ambitious, and there were some difficulties with assigning responsibilities for collecting data. Many regulators did not have established processes for collection of compliance time data from their clients. Several commented that the time estimates are those of their staff, and will be affected by the experience of the staff completing the survey.

Being the first exercise of this nature on a nation-wide scale such measurement issues were perhaps inevitable. While the Advisory Panel played a valuable role in assisting the collection of jurisdiction and regulator data, there is scope to improve arrangements to encourage more timely and complete responses.

The findings

The key finding from the benchmarking exercise is that the total cost of complying with registration requirements is generally low. This is the case for generic business registrations and for the industry-specific registrations.

No patterns emerged either across jurisdictions or across industries for particularly high or low costs of registering a business. Rather there were isolated cases of higher costs, largely due to fees and charges associated with registration. Overall, registration activities were generally assessed as ‘easy’ or ‘not difficult’.

The time taken to process registrations varied, but again with no particular pattern across jurisdictions or industries. A summary of the findings are provided below.

The time costs of generic business registrations were low

Generic business registrations are required by the Australian Government and by state and territory governments. At the Australian Government level:

- for a company registration, the estimated total business costs are around \$420, of which the application fee accounts for \$400. In addition, average processing times in 2006-07 for completed applications for incorporation were one day or less
- for ABN, FBT, GST, PAYG and TFN registration, the estimated total business costs are around \$50, made up entirely of time costs. Regulators' records indicate the average processing time is four days for ABN registration.

At the state and territory level:

- to register a business name
 - involves similar requirements and time costs across jurisdictions
 - total costs are generally small with a median cost of \$144 and a range of \$67 \$241 (for the Northern Territory and Queensland, respectively)
 - fees differ significantly, but constitute the major cost in all jurisdictions, ranging from 83 95 per cent of total costs (83 per cent in Tasmania and 95 per cent in the ACT and New South Wales)
 - application processing times vary from 1 5 days.
- to register for payroll tax
 - total cost in any jurisdiction is a maximum \$45, comprising solely time costs
 - application processing times vary considerably across jurisdictions, ranging from 1 20 days.

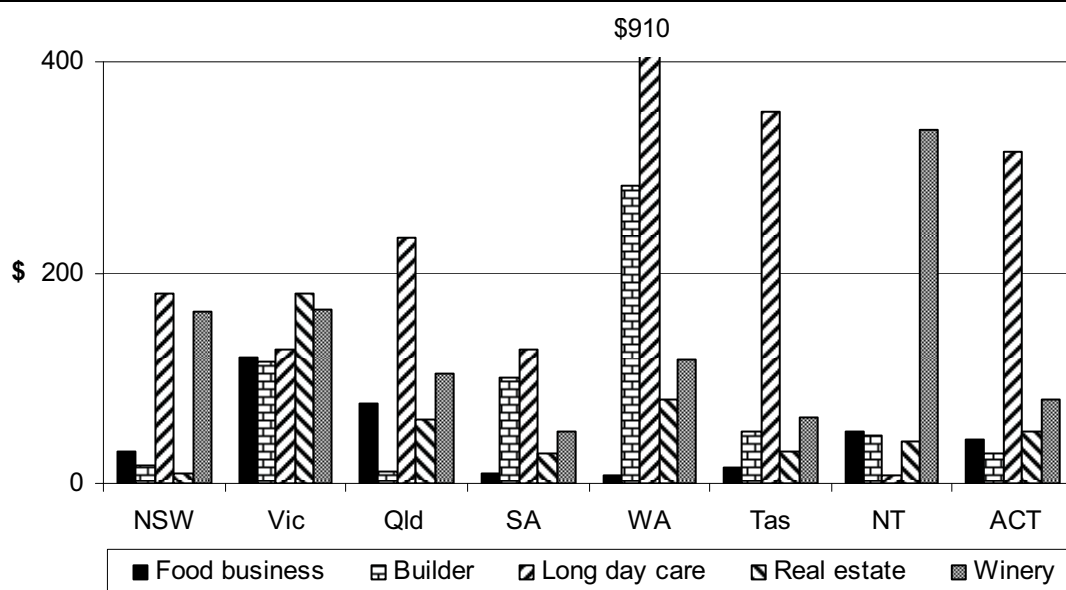
The costs of generic registrations do not depend on the industry in which a business operates. Accordingly, generic registrations were not included in benchmarking of the registration costs of the five industry-specific businesses.

Overall time costs for industry-specific business registration were low, but there was variation across jurisdictions and industries

For the industry-specific business registration activities, it was found that:

- registration requirements differed across jurisdictions, but generally time costs associated with these requirements were low. The exception was long day care centres, reflecting more extensive registration requirements relative to the other industries examined
- for each industry, time costs vary somewhat between jurisdictions
- there is no consistent pattern to the differences in time costs for registrations for example, the jurisdiction with the highest or lowest time cost for a long day care centre does not correspond to the jurisdiction with the highest or lowest cost for a winery (figure 2).

Figure 2 Time cost (per registration) of industry-specific registrations in each state and territory — regulator estimates^a



^a Where regulators provided a range of estimates, the figure represents the mid-point of those estimates. No estimates were provided for domestic builders in Queensland.

Fees and charges comprise the bulk of total costs, and these varied considerably across industries and jurisdictions

For each industry, except long day care, fees constitute the bulk of the total cost of registration. There was considerable difference in the approaches to fees and charges:

- the structure of fees and charges for registering the same industry-specific business differs markedly across jurisdictions (for example, long day care registration may attract fees based on a flat fee, the number of children cared for or have no fee at all)
- fees and charges also vary considerably within a jurisdiction and on the basis on which they are set (for example, for outdoor dining facilities, the Perth local council levies fees based on the area of outdoor facilities, while Fremantle sets fees on the gross realisation value of the café premises).

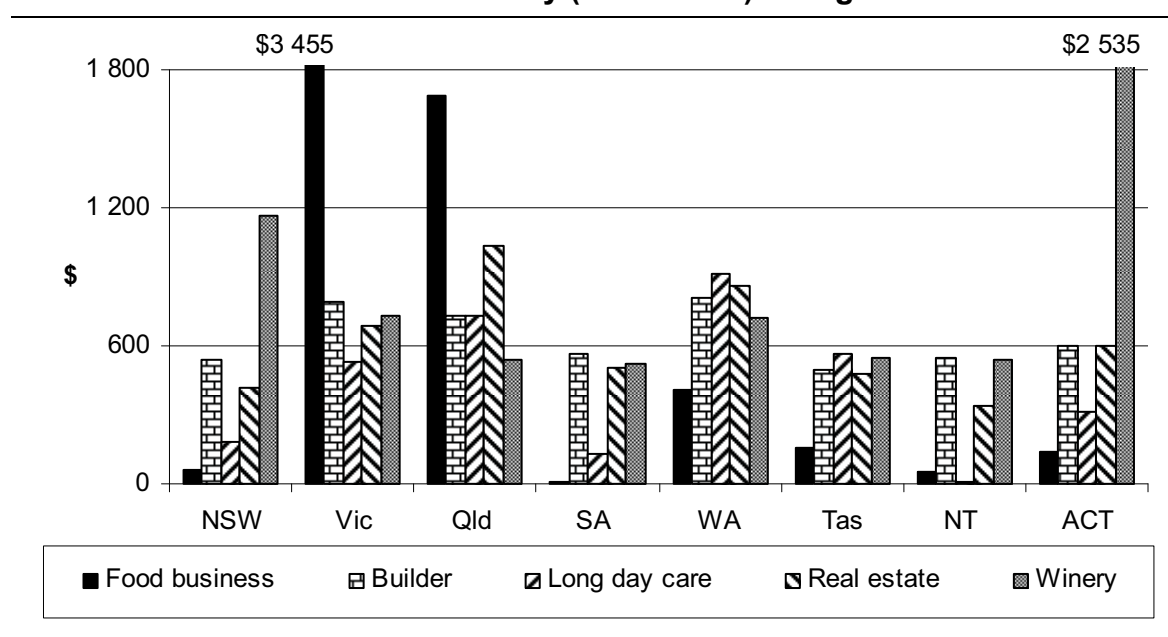
The costs of registering a business were found to be modest

While total registration costs for each industry vary significantly between jurisdictions, these costs were generally modest:

- for builders, real estate agents and long day care (sole traders and companies), total costs were less than around \$1700 in all jurisdictions
- for wineries total registration costs were less than \$750 in all jurisdictions except New South Wales and the ACT (under \$1200 and \$2600 respectively)
- for a café, the total cost for the registration as a food business only were generally \$600 or less. (Costs of registration of an outdoor dining facility for a café business are not included because they are usually imposed by local governments and are less comparable across jurisdictions).

Figure 3 provides an example of the variation in the total costs of business registrations for sole traders within and between jurisdictions. Where the registration fees and charges vary depending on individual business characteristics, the total cost includes the midpoint of the minimum and maximum fees and charges.

Figure 3 Total cost (per registration) of industry-specific registrations in each state and territory (sole trader) — regulator estimates



While there are potentially some lessons in terms of identifying jurisdictions with lower cost approaches that others may wish to explore, the study did not identify any consistent under or over achievers in terms of the compliance costs across jurisdictions or for specific industries.

There was little difference in costs between business structures

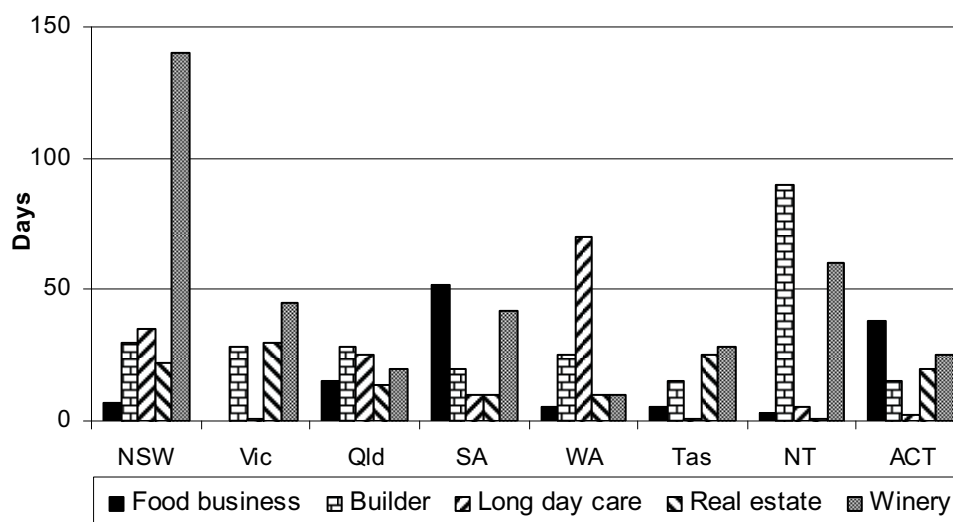
For a builder and real estate agent, where sole trader and company registrations apply, the total cost faced by either business type was the same in New South Wales (real estate agents only), the ACT and the Northern Territory (although the costs differed between these jurisdictions). In most other jurisdictions where sole trader and company registrations apply, the total cost of a company registration was greater than, or equal to, the equivalent cost for a sole trader (up to \$1000 more for a builder in Western Australia). The exception was Queensland, where the total cost for a real estate sole trader was reported to be greater than that for a company.

Processing times varied and, as with costs, no clear patterns emerged of high or low times for industries or for specific jurisdictions

Within each jurisdiction, processing times of industry-specific registrations show marked variation, for example, in the Northern Territory, one day for a real estate agency but over 90 days for a domestic builder. Moreover, processing times for the same industry show no consistent pattern across jurisdictions. For example, for a

long day care centre, processing times ranged from one day in Victoria to 70 days in Western Australia (figure 4).

Figure 4 Application processing times for industry-specific registrations in each state and territory — regulator estimates^a



^a The City of Melbourne Council provided a range of 14–180 days to process an application to register a food business.

Processes were generally found to be ‘easy’ or ‘not difficult’

As part of the benchmarking exercise, the Commission sought to identify the degree of difficulty businesses experienced completing registration activities, and the source and significance of any difficulties.

The synthetic analysis and business interviews found the activities related to industry-specific registrations were generally not difficult. The business data, for example, show that for the five industry-specific businesses, across all jurisdictions and all registration activities about 15 per cent of business participants found the registration process to be ‘somewhat difficult’, but 65 per cent found the process to be ‘somewhat easy’ and 20 per cent found it neither easy nor difficult.

Business estimates shows that a long day care centre is the most difficult business to register in all jurisdictions except the Northern Territory. This may be due to unavoidable requirements associated with operating this kind of business.

Of all the categories of registration activities, business participants considered attending an interview as a part of registration process to be the most difficult activity, followed by completing forms.

The experiences of business participants highlight the influence of the specific characteristics of a business or its proprietor on the time taken to complete a registration activity. As a general observation, the more experienced an applicant was in an industry, the less time (and cost) was incurred to complete the registration process. Business interviews and the synthetic analysis also confirmed that online provision of information, forms and lodging applications was a major factor in reducing the degree of difficulty reported by business.

Multi-jurisdiction businesses face multiple registration requirements

While the report benchmarks the registration costs for businesses operating in each jurisdiction, it is apparent that a business seeking to operate in more than one state or territory would typically need to complete the relevant state-based registrations in each jurisdiction in which it sought to operate. A business seeking industry-specific registration to operate in all states and territories would potentially need to:

- complete up to eight different application forms
- supply up to eight different packages of supporting material, some of which would be duplicated across jurisdictions and some of which would be unique to a given jurisdiction
- possibly complete of a number of police checks and advertise the applications in a number of major newspapers
- pay up to eight different application and license fees.

Mutual recognition of licenses and registrations helps to reduce this burden for real estate agents and builders. Where mutual recognition exists, it does not normally extend to businesses operating as companies and, in certain instances, is limited to occupational licenses rather than business registrations.

Lessons from this ‘pilot’ study

This initial benchmarking exercise highlighted the challenges involved in collecting even what was anticipated to be fairly simple, and uncontroversial, data. The time costs of business registrations were found to be low across jurisdictions and across a range of industries. For all industries, with the exception of child care, fees and charges are the main cost to businesses. The fact that business registrations were not a significant burden no doubt contributed to the challenges of engaging businesses to participate in the study.

The importance of getting a business perspective on compliance costs means that greater effort is required to ensure that high quality data from businesses are

available for future benchmarking exercises. More focused benchmarking studies will be better placed to use the focus group methodology effectively. Additionally, there will be more scope to work with regulators and industry groups to improve their collection of data from businesses to support future benchmarking and other evaluation activities.

Engaging business interest is essential

The study points to a number of areas where future benchmarking exercises can be improved. Engaging business interest in the study is essential to improving the response rate and participation of businesses. The point of benchmarking is to identify areas where compliance costs can be lowered and credible measurement can play an important role in exerting pressure for reform. Benchmarking should be applied to areas where there is concern about excessive compliance costs – not areas where the costs are well recognised as appropriate (as with police checks for child care staff). The scale of the costs should be significant for businesses, as in the hot spot areas identified by COAG. Industry organisations could play a role in encouraging their members to respond to requests for involvement, with due caution about any biases this may introduce into sample selection.

The quality of regulators' data can be improved and regulators can possibly adopt a greater role in data collection

There is also scope to improve the quality of responses from regulators. While better coordination can improve the timeliness of responses, questionnaires can include more guidelines to help with interpretation problems arising from differences in jurisdiction's approaches. This requires sequencing research activities to first understand the processes in place, then to work with regulators and businesses to ensure all required activities are listed. Regulators should also be encouraged to seek feedback from their clients on time taken and other costs associated with compliance. The potential to work with regulators to collect data of common interest for benchmarking and regulators' own evaluation activities should be explored. The value of optional or compulsory business surveys conducted by regulators would need to be weighed against any additional burden on regulators (and businesses) for data collection and collation. Some independent auditing of estimates will also be needed to ensure confidence in the benchmarking undertaken using data generated in this way.

Synthetic analysis must be based on full understanding of individual jurisdiction processes

Synthetic analysis also has its place in the benchmarking toolbox. However, this exercise has demonstrated the pitfalls of input based synthetic approaches where there are activities that researchers are unable to replicate (or that incur significant costs). It also demonstrated the strengths, with synthetic estimates proving reliable where the actions are replicable. Problems are more likely to arise where data is being collected across different jurisdictions for inherently different processes. The step based approach is commonly used for international benchmarking (for example the World Bank's 'Doing Business' approach), but underpinning the estimates of the number of steps are detailed local studies to improve the like-with-like comparison. As with the regulator questionnaires, future synthetic exercises will benefit from greater understanding of the processes followed in the individual jurisdictions.

A more 'focused' benchmarking exercise would yield more reliable measures

The emerging theme is that benchmarking works best when it is focused on regulatory burdens that matter to industry. A tight focus is required to ensure that the tools are purpose designed. The large number of processes covered in this study resulted in too little attention, in parts, to the finer details of regulatory requirements where compliance costs often lie. And any regulation being studied needs to be of interest to businesses to ensure they are motivated to engage with the benchmarking exercise. As business interests tend to lie where they think compliance costs are excessive, this is also where the greatest good can come from such an exercise, as it will either confirm or refute the view of excessive cost and can point to potentially lower cost approaches. As noted in the Commission's Stage 1 report, COAG's hot spots provide a number of potential candidates for the next benchmarking exercise.

1 Background

1.1 Origins of this study

In February 2006, the Council of Australian Governments (COAG) agreed that all governments would, in-principle, aim to adopt a common framework for benchmarking, measuring and reporting the regulatory burden on business (COAG 2006). To help implement that decision, the Treasurer requested the Productivity Commission to examine the feasibility of developing quantitative and qualitative performance indicators and reporting framework options, as the first of a possible two stage study of performance benchmarking – the terms of reference for the first stage study are contained in appendix A. The Commission’s ensuing report concluded that benchmarking was technically feasible and could yield significant benefits and proposed an initial three-year program to start the process (box 1.1) (PC 2007a).

At its April 2007 meeting, COAG agreed that the benchmarking study into the compliance costs of business regulation should proceed (COAG 2007) (box 1.2). A subsequent letter from the Treasurer, requesting the Commission to begin the second stage of the benchmarking study, reflects this decision, as well as subsequent consultation between governments about the content of the initial three-year program and the process to be followed (PC 2007b).

This report focuses on business registration requirements and on benchmarking business registration costs.

Box 1.1 Benefits of performance benchmarking regulation

The Commission's Stage 1 report *Performance Benchmarking of Australian Business Regulation* found that a benchmarking program would be confined to indirect indicators but could nonetheless yield benefits, such as:

- identifying differences in compliance costs and regulatory processes across jurisdictions
- increasing the transparency with which jurisdictions implement and manage regulation
- promoting 'yard stick' competition amongst jurisdictions
- facilitating a process of continual improvement.

The report proposed the following areas to be benchmarked over an initial three-year period:

Year 1	Year 2	Year 3
Business registrations	Occupational health and safety	Environmental approvals
Quality of regulations	Stamp duty and payroll tax administration	Financial services regulation
Quantity and form of regulation		Food safety regulation
		Land development assessment

Source: PC (2007a).

Box 1.2 COAG's response to the Stage 1 report

In its communiqué of 13 April 2007, COAG responded to the Commission's Stage 1 report as follows:

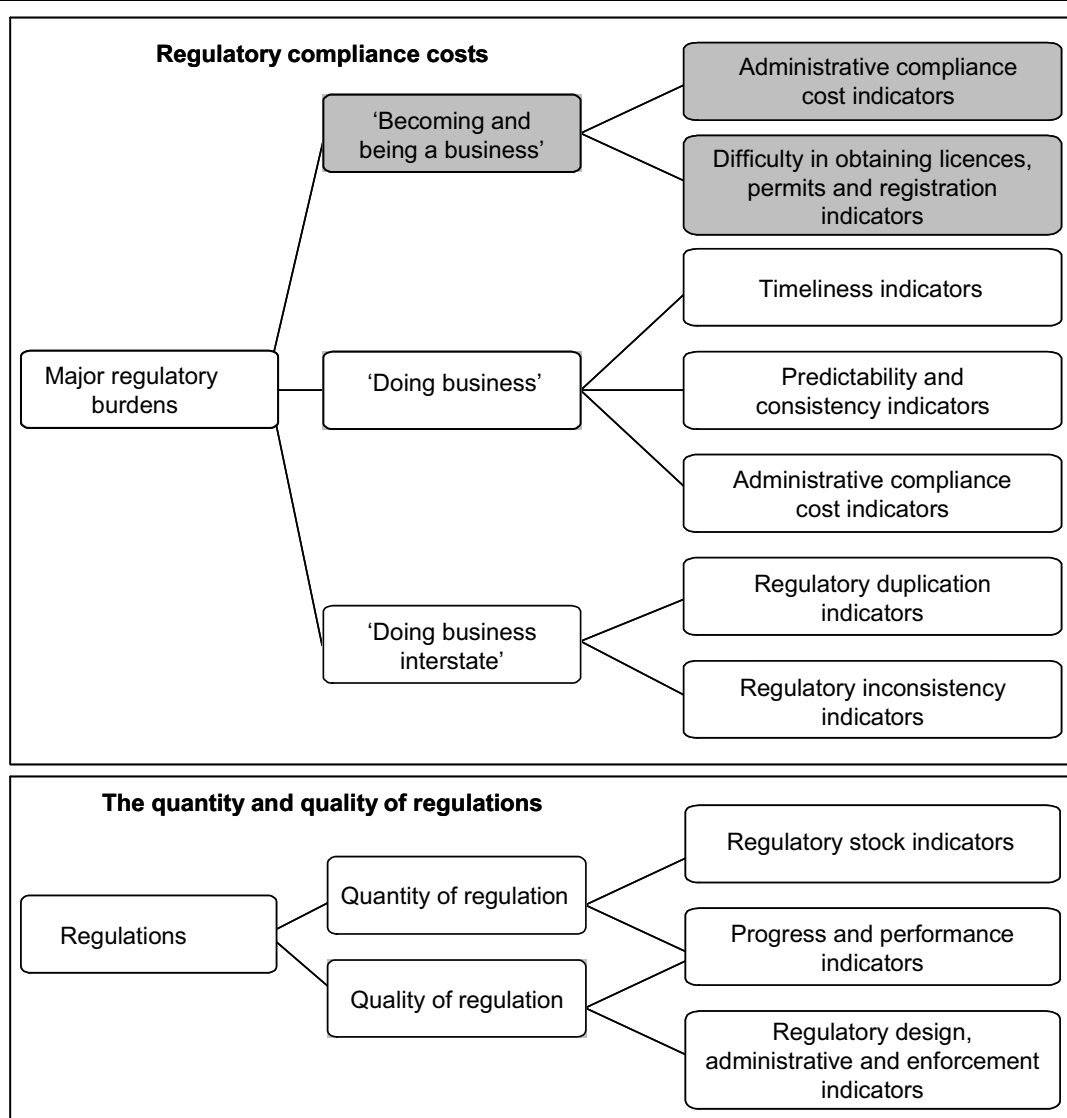
COAG has agreed to proceed to the second stage of a study to benchmark the compliance costs of regulation, to be undertaken by the Productivity Commission. Benchmarking the compliance costs of regulation will assist all governments to identify further areas for possible regulation reform. The benchmarking study will examine the regulatory compliance costs associated with becoming and being a business, the delays and uncertainties of gaining approvals in doing business, and the regulatory duplication and inconsistencies in doing business interstate. COAG has asked Senior Officials to finalise by the end of May 2007 any variations to the areas of regulation to be benchmarked in the three-year program outlined in the Commission's feasibility study *'Performance Benchmarking of Australian Business Regulation'*. COAG noted the Commonwealth will fully fund the benchmarking exercise.

Source: COAG (2007, p. 10).

1.2 Purpose and scope of the study

The Commission has been asked to benchmark the administrative compliance costs for business registrations. This area of regulation is one of a number of specific areas identified by *Rethinking Regulation* that ‘stands out in terms of the likely significance of the burdens for individual business and the number of businesses potentially affected’ (Regulation Taskforce 2006). The shaded area in figure 1.1 shows the area of business regulations covered in this report.

Figure 1.1 A regulatory benchmarking framework



Data source: PC (2007a).

Most businesses have to comply with various registration requirements, such as tax or licences. As each business generally has to comply with multiple of registration

requirements, the total number of registrations is likely to be high, much higher than the number of registering businesses. Inconsistencies and duplication in registration processes can create a significant burden for an individual business, especially during the vulnerable stage of starting a business, and can affect a large number of mostly small businesses. Despite this, business registration is a relatively straightforward area of regulation upon which to develop and test benchmarking methodologies. Accordingly, the purpose of this study has been twofold:

- to develop consistent indicators of compliance cost associated with business registrations and compare them across all jurisdictions
- to test approaches to data collection for calculating the compliance costs of business registrations (including time cost and the relevant fees and charges) and identify lessons to improve future benchmarking of the cost of business regulations.

The report includes a comparison of the costs of generic and industry-specific business registrations that may assist in identifying inconsistencies and overlaps in registration requirements within and across jurisdictions, and inform future reform initiatives. The data mostly relate to the 2006-07 financial year. Where significant changes occurred after this period, these changes are noted in footnotes or boxes.

To create a consistent basis for benchmarking, the costs examined relate to a common set of activities. The report does not include costs associated with preparing or running the business, or firm specific costs such as hiring agents or consultants, or purchasing equipment. Moreover, the objective measurement of costs is not intended to suggest any ranking among jurisdictions.

1.3 Conduct of the study

In October 2007, the Commission released an information paper outlining its proposed study on performance benchmarking of Australian business regulation. The Commission advertised the study in *The Australian Financial Review* and *The Australian*, and sent copies of the information paper to those who might be interested. In doing so, it invited interested parties to make a submission to the study. The terms of reference and study particulars were also listed on the Commission's website at www.pc.gov.au/study/regulationbenchmarking/stage2.

In December 2007, the Commission requested information from each jurisdiction through three separate questionnaires on:

- the regulatory system for completion by a central agency responsible for policy and legislation

-
- business regulators for completion by all business regulators in each jurisdiction
 - business registration requirements for completion by the relevant regulator(s), in respect of general business registration processes as well as registration in five specific industries.¹

The survey questionnaires are available on the Productivity Commission website at www.pc.gov.au/study/regulationbenchmarking/stage2.

At the same time, the Commission sought information from selected local governments in each State and the Northern Territory through a questionnaire on business regulation that they administer.

In January 2008, the Commission engaged consultants to estimate the cost of business registrations covered in this study. The consultants undertook desk-based analysis of the time required and charges incurred to register synthetic businesses.

In order to collect information from businesses on their experience of business registration, the Commission engaged another consultant to conduct a series of focus groups in each jurisdiction with owners or managers of recently registered businesses. Where focus groups were not feasible, the consultant was to undertake face-to-face interviews. The focus groups were conducted in February 2008 and further interviews were conducted in March 2008.

In conducting its study, the Commission was assisted by an Advisory Panel comprised of representatives from each government and the Australian Local Governments Association. That panel provided advice regarding the scope, coverage and methodology of the benchmarking exercise, and facilitated and coordinated the provision of data from jurisdictions. In August 2008, the Panel met in Melbourne and discussed the draft report. All jurisdictions provided comments on the report and some provided revised or new data. The Panel members also provided general comments from their jurisdictions to be included in the report (chapter 15).

In addition, the Commission had informal discussions with interested parties to help identify and assess issues relevant to the study, and received several formal submissions (appendix A).

¹ Cafés with outdoor dining, domestic builders, long day care centres, real estate agents and wineries with cellar door sales.

1.4 The Commission's approach

In this report, the Commission sought to measure the total compliance cost of various business registrations by calculating the time costs to business of undertaking those registrations as well as the related fees and charges imposed by regulators. To calculate time cost, the Commission identified three broad activities involved in generic and industry-specific business registrations: finding information and obtaining the forms, completing forms, and lodging the forms and paying fees and charges.

To test the methods for collecting time data and other data, such as the level of difficulty, the Commission explored three approaches, sourcing data from regulators through surveys, from businesses through focus groups and interviews, and from independent researchers through synthetic estimates (for details, see appendix B). These approaches cover a range of potentially disparate perspectives. The regulator data provide time estimates of the administering body whereas business data provide time estimates of a user or customer. The synthetic estimates provide an independent and objective comparison of time taken to comply with registration requirements for a business with a specified set of characteristics. The Commission expected that comparing data from these three sources would identify any potential bias in time estimates and yield more robust midpoint estimates.

In practice, the estimates from the synthetic analysis and from businesses exhibited a number of limitations that restricted their usefulness in providing time estimates. As a consequence, the Commission was obliged to rely primarily on the results of the regulator survey in the benchmarking process.

In interpreting the data, the Commission has been mindful of the potential error bands for recollected times. For some activities, the recalled perception of time to complete some regulatory activities is likely to be to the nearest 5–10 minutes, or even to the nearest half hour or hour for longer periods. As the recalled time values for many activities are relatively small, differences apparent in the data may be immaterial for comparative purposes.

As noted, the indicators used in the report are designed to reflect common activities and costs associated with registering a business, and to minimise any differences in data collection. Nevertheless, given the differing characteristics of each jurisdiction (for example, in size, industry composition or regulatory framework) and the experimental nature of the data collection for this report, caution is required in the interpretation of any differences in compliance costs.

2 Business registration in Australia

2.1 Purpose of business registration

In Australia, there is no single regulation or procedure that can be called ‘business registration’. Business registration can encompass a number of procedures that depend, among other factors, on the legal structure and nature of a business. Most jurisdictions require a registration as a condition of starting a business operation in general or operating in a particular area of business activities. Examples of the former are registrations related to establishing a business identity and registering for taxes. Examples of the latter relate to obtaining a licence or permit to operate in a particular business or an industry.

Business registration serves a range of purposes. For example, for regulators, it can provide:

- knowledge about the ownership and location of businesses, and the nature of the business activity (for example, the sale of food or provision of building services). This knowledge facilitates the targeting and enforcement of regulatory activities applicable to those registered businesses (for example, food safety inspections)
- a mechanism for ensuring compliance with regulations that might apply to the business (via the threat of cancellation of registration or non-renewal of registration)
- registration fees to recover the cost of regulatory activities and oversight.

For a business, it can provide:

- a publicly recognisable name or title under which a person or other legal entity can conduct business
- for companies, a legal status to enter into and enforce contracts with customers and suppliers.

For the community, it can facilitate:

- consumer protection, by identifying the responsible legal entity for a business

-
- improved levels of consumer protection and more informed consumer choice where business registration is linked to conditions requiring minimum qualifications or standards for goods and services.

2.2 Australian system of business registration

Australian, state, territory and local governments all have regulations requiring the registration of businesses.

Australian Government regulation requires registration for the purpose of taxation and the identification of businesses – these registration requirements are described in chapter 3.

Registrations at the Australian Government level have effect, and are recognised, in each state and territory. They do not need to be repeated in each state or territory, regardless of which jurisdiction(s) a business chooses to operate in.

State and territory governments regulate registration for:

- business names
- payroll tax
- industry-specific licences, permits, notifications and registrations.

These registrations usually have effect only within each jurisdiction and are not necessarily transferrable to other jurisdictions. For example, a business name registration is valid only in the jurisdiction in which it was registered, while licences issued in one jurisdiction may not necessarily be recognised by other jurisdictions (see chapter 4 for recent developments in streamlining business name registration). In some cases, licences and other permits may be recognised across jurisdictions. However, businesses are normally required to go through registration processes to effect this recognition.

Local governments are also responsible for some business registrations, although these usually relate only to the operation of businesses within their geographic boundaries (for example, the registration of outdoor dining facilities). The transferability of such registrations is generally more limited than for state or territory government registrations.

Having three levels of government involved in business registration, and having registration requirements that vary depending on the legal structure, scale and area of activity of a business, can make the process of registration complex and repetitive. For example, a business intending to operate in more than one

jurisdiction may need to complete one or more registrations in each jurisdiction in which it intends to operate. Even companies, which are exempt from the requirement to register their company name in a state or territory if they are to operate under that company name, may need to register for payroll taxes and/or various licences and permits. The registration of businesses intending to operate across jurisdictions can be further complicated by different requirements across jurisdictions. Even businesses registering in a single jurisdiction may face differing registration requirements depending on the local government area in which they intend to operate. For example, state food safety regulations are often administered by local governments that impose differing registration conditions and fees.

2.3 New business registrations in Australia

Comprehensive data on the number and type of new business registrations in Australia are not available. However, reasonable estimates for these may be obtained from data for Australian Business Number (ABN) registrations.¹

This data indicate that 1.7 million businesses registered for an ABN during the three-year period 2005–2007 (Australian Government 2008). Moreover, Australia Bureau of Statistics data on business entries, derived from ABN registrations, show that the entry rate for new businesses in 2006–07 was 17 per cent higher than 2005–06 (ABS 2007a).

The ABN registration data also provide a guide to the type of business registrations. Of just over 2 million actively trading businesses in June 2007:

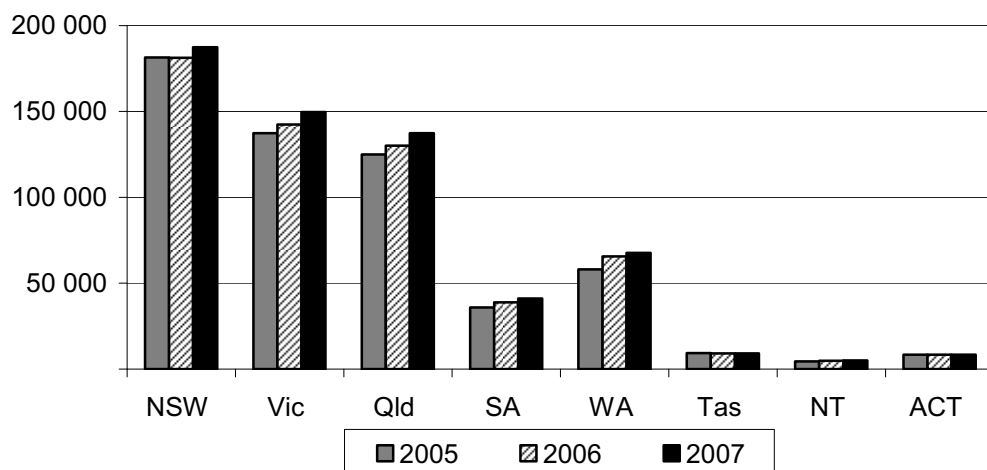
- 32 per cent were companies
- 31 per cent were sole traders
- 19 per cent were partnerships
- 18 per cent were trusts (ABS 2007a).

The ABS data also show that entry rates by type of business exhibited significant differences. For example, for *private* sector businesses registered during 2006–07, sole traders exhibited a 22 per cent increase in their entry rate, trusts 19 per cent and companies 14 per cent. In contrast, during the same period, registrations for partnerships declined.

¹ While ABN data is the most comprehensive indicator for business registrations, it has two shortcomings. First, it may include businesses which registered for an ABN after operating for a period. Second, it does not include those businesses which do not register for an ABN.

The ABN data illustrate the distribution of new business registrations among the states and territories (figure 2.1).

Figure 2.1 **ABN business registration 2005–2007**

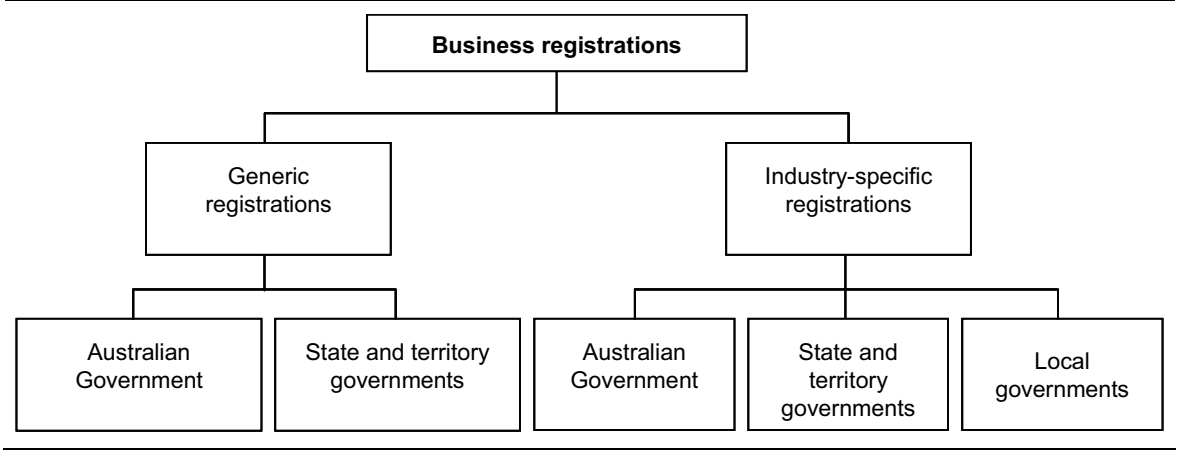


Data source: Australian Government (2008).

2.4 Business registration processes

Generic registrations regulated by the Australian Government are tax-related registrations and registration of companies. Generic registrations regulated by state and territory governments are registration of business names and for payroll taxes. Industry-specific registrations include licences and permits needed to operate a business in a particular industry. For the purpose of this report, the Commission has examined the compliance cost of industry-specific business registration for five selected businesses: café providing outdoor dining, domestic builder, long day care centre (child care), real estate agency and winery. Figure 2.2 shows the range of business registrations examined in this report and the level of government responsible for those registrations.

Figure 2.2 **Range of business registrations and level of responsible government**



3 Generic business registrations: Australian Government

3.1 Registering a company (incorporation)

Under the *Corporations Act 2001* (Cwlth), the Australian Securities and Investment Commission (ASIC) is responsible for the registration and ongoing regulation of companies. The act describes a company as:

... a separate legal existence that is distinct from that of its owners, managers, operators, employees and agents. A company has its own property, its own rights and its own obligations. A company's money and other assets belong to the company and must be used for the company's purposes. A company has the powers of an individual, including the powers to:

- own and dispose of property and other assets
- enter into contracts
- sue and be sued.

Registration of a company applies nationally, allowing the company to conduct business throughout Australia, without the need to register in each state or territory (ASIC 2007).

Upon registration, a company is issued with a unique 9-digit Australian Company Number (ACN). The ACN provides a means of identifying a company and, with the company's name, ensures that people dealing with companies know that they are dealing with a limited company and know the identity of the particular limited company with which they are dealing (ASIC 1995).

In 2006-07, ASIC received 161 135 applications to register a company, of which it approved 156 424. As at February 2008, there were 1.6 million companies registered with ASIC (ASIC 2008).

This study focuses on the registration of proprietary companies as they are the company form most commonly registered in Australia (ASIC 2007). A proprietary company is one that must:

- be limited by shares or be an unlimited company with a share capital

-
- have no more than 50 non-employee shareholders
 - must not engage in any activity that would require disclosure to investors under chapter 6D of the Corporations Law (except in limited circumstances).

Registering a company — the application process

Once a business has chosen to operate under a company structure, it needs to take a number of decisions prior to registering the company. These decisions include:

- the choice of company name proprietary company names must include ‘Proprietary’ or ‘Pty’, and the name must also end with ‘Limited’ or ‘Ltd’ if it is a limited liability company. A business can register its company name as its ACN
- whether the company will operate under replaceable rules, a constitution or some combination of both
- the selection and appointment of members, directors and secretaries to the company (as applicable).

Having made these decisions, a business can proceed to completing the application form (Form 201) to register a company. Businesses can obtain these forms through the internet, directly from ASIC shopfronts, by mail or fax from ASIC, or its registered agents. Approximately 85 per cent of all applications lodged with ASIC are via registered agents with the remainder lodged at ASIC shopfronts or by mail. Lodgement by the internet and fax are not available.

3.2 Tax-related business registrations

Businesses and individuals in Australia are subject to a range of taxes levied by the Australian Government. As part of the tax system, it is necessary for businesses (including sole traders who are treated as individuals for taxation purposes) to register for these taxes.

This study includes the following tax-related business registrations required by the Australian Government:

- an Australian Business Number (ABN)
- Fringe Benefit Tax (FBT)
- the Goods and Services Tax (GST)
- Pay-as-you-go (PAYG) withholding tax
- a Tax File Number (TFN).

All or some of these registrations may be undertaken by a business when starting-up. A description of these Australian government tax-related registrations is provided in box 3.1.

Box 3.1 Australia Government tax-related business registrations

Australian Business Number

The ABN is a unique 11-digit identifier for all business dealings with the ATO and for dealings with other government departments and agencies.

Not all entities are entitled to apply for and be granted an ABN. In general terms, companies incorporated under the *Corporations Act 2001* (Cwlth) are entitled to register for an ABN. Sole traders and partnerships can usually apply for an ABN if their activity is carried out in the form of a business (that is, not a hobby). For sole traders and partnerships, where all or most of the partners are individuals, there must also be a reasonable expectation of a profit being made before the business is entitled to register for an ABN.

Fringe benefit tax

FBT is paid on those indirect, non cash benefits which are provided in place of, or in addition to, the salary or wages of employees. The intent of the fringe benefits tax is to improve the fairness of the tax system, by ensuring that tax cannot be avoided by paying employees in benefits rather than cash.

The employer is liable to pay fringe benefits tax at the rate of 46.5 per cent of the grossed up value of fringe benefits provided to employees or their associates. FBT is paid by employers, irrespective of whether they are sole traders, partnerships, trusts, corporations or government bodies. Registration for FBT is an administrative arrangement. There are no legislative requirements to register for FBT in the *Fringe Benefits Tax Assessment Act 1986* (Cwlth).

Goods and Services Tax

GST is a broad-based tax of 10 per cent on most goods, services and other items sold or consumed in Australia. Generally, a business or enterprise must register for GST if their current or projected GST turnover is \$75 000 or over. If a business' GST turnover is below \$75 000, they may still choose to register for GST.

Businesses need an ABN in order to claim GST credits for any GST paid for goods and/or services that have been used in the business. In addition, if a business supplies goods and services, it is required to quote an ABN on the tax invoice so that the receiving business does not withhold tax at the top marginal rate when paying their account.

(continued next page)

Box 3.1 (continued)**Pay-as-you-go withholding tax**

PAYG withholding tax is the system whereby businesses withhold an amount from a payment and send the withheld amounts to the ATO. The most common payments that businesses need to withhold amounts from are:

- payments to employees (such as wages)
- payments to directors
- payments to a business that does not quote an ABN.

If a business is required to withhold an amount from a payment, it must be registered for PAYG withholding tax. To register for PAYG withholding tax, a business must have an ABN.

Tax file number

A TFN is issued by the ATO and is used to identify a business and/or individual's tax records. Sole traders use their individual tax file number for both business and personal tax dealings. Partnerships and companies need their own TFN.

Sources: ATO (2004a); ATO (2008a); ATO (2008b); ATO (2008c); ATO (2008d).

Regulatory responsibility

Regulatory responsibility for the tax-related registrations outlined in box 3.1 rests with the Australian Government. The primary legislation governing these registrations are listed in table 3.1.

Table 3.1 Australian Government business taxation: primary legislation

<i>Registration</i>	<i>Primary legislation</i>
ABN	A New Tax system (Australia Business Number) Act 1999
FBT	Fringe Benefits Tax Assessment Act 1986
GST	A New Tax system (Goods and Services Tax) Act 1999
PAYG withholding tax	Taxation Administration Act 1953
TFN	Income Tax Assessment Act 1936

Source: Survey responses from Australian Government (unpublished).

In 2006-07, the ATO approved 634 553 ABN registrations. Around 400 000 businesses registered for GST and approximately 320 000 registered for a business TFN (table 3.2).

Table 3.2 Australian Government tax related registrations 2006-07

<i>Registration</i>	<i>Approved applications (registrations)</i>
ABN	634 553
FBT	n.s
GST	381 300
PAYG withholding tax	165 682
TFN (business)	327 033
TFN (individual)	634 832

n.s not supplied.

Sources: ATO (2007); Survey responses from Australian Government (unpublished).

Registering a business — the application process

To register for an ABN or other registrations, a business may need to provide:

- type of business, for example, sole trader or partnership
- TFN although a business does not need a TFN to apply for an ABN, not supplying it may slow the application process. Businesses can apply for a TFN at the time of applying for an ABN (non-individuals only)
- ACN or Australian Registered Body Number
- contact details this includes the contact person for the business, telephone numbers and email address (if available)
- associate details (including directors, partners, members or trustees)
- tax agent reference number and bank account details.

To register for GST, a business must provide:

- an estimate of the business' GST turnover
- whether the business intends to use the cash accounting for reporting GST
- an email address if the business' GST turnover is greater than \$20 million.

To register for PAYG withholding tax a business must provide:

- an estimate of the annual amount the business will withhold from payments to payees
- an estimate of number of payees
- whether the business will report its withholding payment by ATO form or electronically.

No additional information is required when applying/registering for a TFN or FBT.

Online applications

As part of the online facilities offered by the ATO, businesses are able to register/apply for an ABN, GST, PAYG withholding tax and TFN (non individuals only) under the conditions outlined in table 3.3. FBT registration can also be completed online when applying for an ABN, GST or PAYG withholding tax. Applicants who complete their ABN application online receive immediate notification of their ABN if all the necessary information is provided and is correct. Written notification is also mailed to them.

Table 3.3 Availability of online applications — ABN, GST, PAYG and TFN

<i>Registration</i>	<i>Condition of availability of online applications</i>
ABN	All entities except Government organisations
GST	Only if the business has a current ABN or is applying for an ABN at the same time
PAYG withholding tax	Only if the business has a current ABN or is applying for an ABN at the same time
TFN	Non-individuals only

Source: ATO (2008d).

Paper applications

Although the ATO encourages online registration, paper based applications are still possible and in some situations are the only option available.

Applicants can apply for an ABN, FBT, GST, PAYG withholding tax and TFN on a single, paper based, application form. The form makes use of the details required for the ABN registration such that applicants need only tick a box to register for FBT and provide additional summary information to register for GST and PAYG withholding tax.

Paper based application forms can be:

- downloaded from the internet
- collected from any ATO access centre (shopfront)
- obtained by phoning the ATO and requesting that forms be sent by mail or fax.

Businesses that already have an ABN but subsequently need to register for GST or PAYG withholding tax can also register via a traditional application form. Individuals and sole traders must submit a paper application form to apply for a TFN.

4 Generic business registrations: state and territory governments

4.1 Registering a business name

A business name is a name under which a person or other legal entity conducts business. Each state and territory has regulations requiring businesses to register a business name when a person(s) or company is not trading under its own name. For example, Jane Smith can trade under her own name (or initial and surname) without registration, but if she wishes to trade as ‘Jane Smith Accounting Services’ the business name must be registered. Similarly, a company registered with the Australian Securities and Investments Commission as ABC Investments Pty Ltd can trade under the company name without registration, but must register if it wishes to trade as ‘ABC Investments’. Each jurisdiction maintains a public registry of the legal entity behind a trading name (box 4.1).

Box 4.1 Public registers of business identity

The Australian Securities and Investments Commission records all corporate (companies, trusts, managed investment schemes, foreign companies and registrable Australian bodies) and business names registered in Australia, as well as some association names on its National Names Index. Businesses are strongly encouraged to search this database before applying for a business name. Searching the index is free.

The agencies administering the relevant Acts in each jurisdiction keep a register of business names for their respective jurisdiction. In some cases, these registers are available online. Where this is not the case, the administering agencies will undertake specific searches on a fee for service basis.

In addition, access to business name listings is available through the ‘Australian Business Number (ABN) look up service’ on the Australia Government website www.business.gov.au.

Sources: ASIC (2007); www.business.gov.au.

In 2006-07, the states and territories registered over 230 000 business names, with New South Wales and Victoria together accounting for about 60 per cent of all registrations (table 4.1). In most jurisdictions, over 90 per cent of applications were approved.

Table 4.1 Business name applications 2006-07

	<i>No. of applications</i>	<i>No. of applications approved (registrations)</i>	<i>Applications approved (%)</i>
NSW	76 427	72 231	95
Vic	n.s	64 044	
Qld	47 810	44 832	94
SA	n.s	13 600	
WA	29 990	26 930	90
Tas	4 160	3 844	92
NT	2 650	2 610	98
ACT	4 370	3 093	71
Total		231 184	

n.s not supplied.

Source: Survey responses from state and territory governments (unpublished).

Regulation requiring the registration of a business name is motivated by consumer protection and fair trading principles. Business name registration:

- provides a method via a public registry to identify the legal entity (persons and/or corporation) behind a trading name within a particular jurisdiction (box 4.1)
- avoids confusion in the marketplace by preventing businesses from operating under names that are the same as, or closely resemble, the names of existing businesses (either businesses registered in that jurisdiction or registered as a corporation with the Australian Securities and Investments Commission)
- ensures businesses do not use names that are offensive and/or misleading
- prescribes words that require Ministerial approval to ensure they are used in the appropriate circumstances.

Regulatory responsibility

Each state and territory government has legislation regulating business names. That legislation is based on a model business names Act prepared in 1962 by the Standing Committee of Attorneys-General of the Commonwealth and States (ACIP 2006). Under the respective Acts, it is an offence for a business to operate under an unregistered name and non-complying businesses may be

prosecuted. The business registration process is usually administered by the offices of Fair Trading or Consumer Affairs in each jurisdiction (table 4.2).

Table 4.2 Business name — primary legislation and regulator

	<i>Primary legislation</i>	<i>Regulator</i>
NSW	Business Names Act 2002	Office of Fair Trading
Vic	Business Names Act 1962	Consumer Affairs
Qld	Business Names Act 1962	Office of Fair Trading
SA	Business Names Act 1996	Office of Consumer and Business Affairs
WA	Business Names Act 1962	Department of Consumer and Employment Protection
Tas	Business Names Act 1962	Consumer Affairs and Fair Trading
NT	Business Names Amendment Act 1990	Department of Justice
ACT	Business Names Act 1963	Registrar-General's Office

Source: Survey responses from state and territory governments (unpublished).

Box 4.2 outlines a Council of Australian Governments (COAG) initiative regarding ABN and business name registrations.

Box 4.2 COAG initiative on ABN and business name registrations

The ABN/Business Names Registration Project is part of the COAG's regulatory reform agenda. This initiative aims to develop a single online registration process for both ABNs and business names. The project aims to deliver on a number of objectives including:

- making business registration available online '24/7'
- reducing the compliance burden on business by capturing common data
- improving awareness about the different rights conferred by business names in comparison to trademarks
- helping business starters at the early stages by improving information delivery.

In July 2008, COAG approved the establishment of a national registration system which will deliver online business information services, including automatic form filing, and improve ongoing interactions between government and business.

Sources: DIISR (2008); COAG (2008b).

Registering a business — the application process

Information about the registration of a business name and application forms are provided by the offices of Fair Trading or Consumer Affairs in each jurisdiction.

Responses to the Commission's survey of the regulators in each jurisdiction indicated that information is generally made available via:

- the regulator's own website
- business information websites such as that for the Business Licence Information Service or the Australian Government's gateway to business services¹
- regulator's shopfronts
- mail
- fax
- telephone.

Responses also indicated that in some jurisdictions information could be obtained through 'customer service outlets'. For example, in Western Australia information is available from the Small Business Development Centres and Regional Business Enterprise Centres. Similarly, information is available from Service SA in South Australia. Moreover, New South Wales, Victoria and Queensland provide information on the registration process in languages other than English.

In applying for a business name, business owners generally provide up to three or four proposed names, details of the nature of the business, commencement date of trading, physical and postal address, particulars of the proprietors or company, and details of the person lodging the application or a contact name.

Applicants are encouraged to check the National Names Index and search the Australian trade marks database prior to lodging their application to ensure their proposed name(s) are not in use as a business name and/or company name or a trade mark.

Differences in regulations and application process

The states and territories differ in the rules used to determine if a business name is accepted for registration.² Each jurisdiction also has its own rules on what words need Ministerial approval to be used as a business name or are prohibited as a business name.

¹ The Business Licensing Information Service (www.bli.net.au) website provides links to the business licensing information websites of all jurisdictions.

² Different business name rules apply to business conducted over the Internet. A business that trades only via the internet does not have to register and display a business name in New South Wales. All other jurisdictions require registration.

Additionally, many jurisdictions have rules to assist fair trading. For example, they may limit the frequency at which the letter ‘A’ appears at the beginning of business names to avoid an unfair advantage where businesses are listed alphabetically (as in telephone directories or advertising listings).

A number of other differences exist in the application process. For example, Queensland is the only jurisdiction that requires proof of identity at the time of application. Western Australia, the ACT, Tasmania and Northern Territory do not require any proof of identity or declarations. New South Wales, South Australia and Victoria require applicants to sign that all information provided is correct.

Most state and territory governments require business name application forms to be completed on a paper form and returned either by post or at an appropriate shopfront. Online applications are only available in Victoria, and in 2006-07 accounted for 65 per cent of Victorian applications (Survey responses from state and territory governments (unpublished)).

The method of lodgement varies substantially across jurisdictions. For example, in New South Wales, 73 per cent of applications were lodged in a shopfront compared to 18 per cent in Victoria (table 4.3). Responses to the Commission’s survey indicated a number of jurisdictions may introduce an online registration system in the next three years (also see box 4.2 for details of the development of a national online system).

Table 4.3 Business name — available means of lodging application forms and the proportionate use of those means^a

	<i>Internet</i>		<i>Shopfront</i>		<i>Mail</i>		<i>Fax</i>	
	available	%	available	%	available	%	available	%
NSW	x		✓	73	✓	27	x	
Vic	✓	65	✓	18	✓	17	x	
Qld	x		✓	60	✓	40	x	
SA	x		✓	n.av	✓	n.av	✓	n.av
WA	x		✓	47	✓	53	x	
Tas	x		✓	58	✓	42	x	
NT	x		✓	78	✓	22	x	
ACT	x		✓	30	✓	40	✓	30

n.av not available. ^a Proportions reported are from administrative records with the exception of the ACT which is based on estimate. South Australia does not collect data regarding mode of lodgement.

Source: Survey responses from state and territory governments (unpublished).

Lodging an application for business name registration attracts a fee. Fees are usually required in advance for a three year registration period. Queensland is the only jurisdiction which allows the option for a one year registration. Fees differ across

jurisdictions. In some jurisdictions, the fees comprise an application or processing fee and a registration fee. Western Australia was the only jurisdiction to indicate that their fees are set on a cost-recovery basis.

Registration of a business requires that the business name be on public display, printed or written exactly as registered, on every business letter, invoice, receipt, or other document used by the business. In addition, the business registration certificate must be displayed in the principal place of business and in a place that is prominent to the public.

Most jurisdictions require a business to commence trading within two months of registration. However, in New South Wales, recent changes to the legislation no longer make it a requirement to trade within a certain period. In New South Wales, traders who carry on business (or intend to carry on business within the immediate future) may register multiple business names, although they may choose not to use all or some of the names (NSW OFT 2008a).

4.2 Registering for payroll tax

Payroll tax is a state tax, levied on employers, based on the value of wages and certain benefits paid to their employees. Employers become liable for payroll tax when their wage bill exceeds the payroll tax threshold for the jurisdiction(s) in which the wages are payable.

The payroll tax threshold also serves as the level of exempt wages for employers. For example, if the payroll tax threshold for a jurisdiction is \$500 000 and the total wages bill of an employer is \$600 000, payroll tax is only payable on \$100 000 of wages.³ Payroll tax thresholds, along with the rate of tax, vary from state to state.

All states and territories include so-called ‘grouping provisions’ in their payroll tax regimes. Grouping provisions are anti-avoidance measures to prevent businesses limiting their payroll tax liability by employing personnel through multiple entities to take advantage of the thresholds applying to individual employers.

In 2006-07, there were 14 769 payroll tax registrations across Australia (table 4.4). Some of these registrations will not be new businesses but, rather, existing businesses whose total wage bill has grown beyond the payroll tax threshold, thereby necessitating their registration. Further, as a business must register for

³ This is a simplified example and does not take account of factors such as the influence on thresholds of wages payable in multiple jurisdictions and individual payroll system characteristics.

payroll tax separately in each jurisdiction in which it is liable for payroll tax, the total number of businesses that registered for payroll tax will be lower than the number of registrations.

Table 4.4 Payroll tax registrations 2006-07

	<i>Number of registrations</i>
NSW	3 486
Vic	5 131
Qld	2 675
SA	1 240
WA	1 464
Tas	258
NT	239
ACT	266
Total	14 769

Source: Survey responses from state and territory governments (unpublished).

Regulatory responsibility

Payroll tax was introduced as a Commonwealth tax in 1941, but responsibility for the tax was passed to the states and territories in 1971. Consequently, payroll tax is controlled by separate legislation in each jurisdiction (table 4.5). State and territory tax administration acts, subordinate regulation (such as *Pay-roll Tax Regulations 2001* (SA)), and the Revenue Rulings of each state and territory government support the operation of payroll tax legislation.

Table 4.5 Payroll tax — primary legislation and regulator

	<i>Primary legislation</i>	<i>Regulator</i>
NSW ^a	Pay-roll Tax Act 1971	Office of State Revenue
Vic ^b	Pay-roll Tax Act 1971	State Revenue Office
Qld	Payroll Tax Act 1971	Office of State Revenue
SA	Payroll Tax Act 1971	Revenue SA
WA	Payroll Tax Assessment Act 2002	Office of State Revenue
Tas ^c	Payroll Tax Act 1971	State Revenue Office
NT	Payroll Tax Act 1979	Territory Revenue Office
ACT	Payroll Tax Act 1987	ACT Revenue Office

^a The Payroll Tax Act 2007 commenced on 1 July 2007. ^b The Payroll Tax Act 2007 commenced on 1 July 2007. ^c The Payroll Tax Act 2008 commenced on 1 July 2008.

Source: Survey responses from state and territory governments (unpublished).

Payroll tax is an important source of revenue for the states and territories and in 2005-06 accounted for 29.6 per cent of the total taxes levied by the states and territories. Only property taxes, which contributed 38.2 per cent of total tax revenue in the same period, made a greater contribution to the tax revenue of the states and territories (ABS 2007b).

Differences in payroll tax across jurisdictions and recent reforms

State and territory governments originally took a relatively coordinated approach to payroll tax – for example, they progressively increased the tax rate in unison from 2.5 per cent in 1971 to 5 per cent in 1974. From 1974, the consistency in payroll tax arrangements diminished as a result of unilateral changes to tax rates and thresholds, as well as to the types of payments to employee that were taxable and the classes of tax exempt employers.

The wage threshold for registration for payroll tax and the rate of payroll tax are prominent examples of the differences in the payroll tax regimes. Exemption thresholds for 2006-07 ranged from \$504 000 in South Australia to \$1.25 million in the ACT and Northern Territory. While the ACT and Northern Territory had the highest tax thresholds, they had the highest tax rates with 6.85 per cent and 6.20 per cent respectively. The lowest prevailing tax rate was 4.75 per cent in Queensland (table 4.6). The rates and thresholds for payroll tax are subject to change over time, as evidenced in the May 2008 budget announcements of New South Wales, Victoria, Queensland and the ACT.

Despite initiatives to harmonise the payroll tax regimes (box 4.3), inconsistencies remain between jurisdictions and between employers within a jurisdiction. For example:

- businesses employing contractors in Queensland must refer to a four page Revenue Ruling to determine if payments to contractors are liable for payroll tax – the ruling being premised on the element of control present in the contractual relationship (Qld OSR 2005). Businesses in the Northern Territory must refer to a 16 page Commissioner's Guide on the same issue, with that guide being broadly based on common law and statutory law principles (Territory Revenue Office 2008). In Tasmania, businesses must refer to a seven page Revenue Ruling which establishes the criteria for whether payments to a contractor should be treated as wages (Tas DTF 2002)
- Victoria and New South Wales provide payroll tax exemptions for the wages paid to staff on volunteer emergency services duties. However, not all jurisdictions provide comparable exemptions

- from 1 July 2008, businesses (aside from not-for-profit organisations) employing apprentices and trainees in New South Wales will receive rebates in respect to the payroll tax paid on the wages of those trainees and apprentices. Not-for-profit organisations receive a payroll tax exemption on the wages they pay to ‘group apprenticeship/traineeship scheme’ employees (NSW OSR 2008b)
- South Australia provides payroll tax exemptions for the Family Planning Association of South Australia, universities affiliated with the University of Adelaide or the Flinders University of South Australia, and for individuals involved in the production of a film (Revenue SA 2006).

Table 4.6 Payroll tax arrangements 2006-07

	<i>Basic flat rate</i>	<i>Method of calculation</i>	<i>Annual wages threshold for registration^a</i>
	%		\$'000
NSW	6.00	Single marginal rate	600
Vic	5.15 ^b	Single marginal rate	550
Qld	4.75	Deduction system ^c	1 000
SA	5.50 ^b	Single marginal rate	504 ^d
WA	5.50	Single marginal rate	750
Tas	6.10	Single marginal rate	1 010
NT	6.20	Single marginal rate	1 250
ACT	6.85	Single marginal rate	1 250

^a The threshold applies to the total Australian wages payable for an individual business or for a group of related businesses (with the grouping provisions defined in the respective legislation, regulation and revenue rulings). ^b Both Victoria and South Australia reduced the tax rate to 5.0 per cent from 1 July 2008. ^c For the total Australian payroll from \$1 million to \$4 million there is a deduction of \$1 million, reducing by \$1 for every \$3 the payroll exceeds \$1 million. There is no deduction for payrolls of \$4 million or more. ^d For ease of administration, Revenue SA recommends registration when an employer's wages bill consistently exceeds \$9500 per week.

Sources: NSW Treasury (2007); NSW OSR (2008a); SRO Victoria (2007); Qld OSR (2007); Revenue SA (2007); Revenue SA (2006); WA OSR (2007); Tas SRO (2007); Territory Revenue Office (2007); ACT Revenue Office (2007).

Box 4.3 Payroll tax harmonisation

On 26 February 2007, the New South Wales and Victoria governments announced measures, to take effect from 1 July 2007, to harmonise aspects of their payroll tax systems. The first stage of the harmonisation included a move to a common form and systems design, and a 'one-stop shop' for businesses paying payroll tax in New South Wales and Victoria.

The harmonisation measures also included legislative reform to address differences in the treatment of areas such as wages to employees engaged in voluntary emergency work, motor vehicle and accommodation allowances, parental leave, wages to trainees and apprentices, fringe benefits and long service leave. Queensland and Tasmania subsequently announced their intention to align their payroll regimes to that agreed by New South Wales and Victoria.

On 29 March 2007, the treasurers of each state and territory agreed to reform aspects of their respective payroll tax regimes. As part of the agreement, the states and territories agreed to adopt common provisions regarding payroll tax, including:

- the timing of lodgement of payroll tax returns
- motor vehicle and accommodation allowances
- fringe benefits
- work performed outside a jurisdiction
- grouping provisions.

The treasurers agreed that the proposed common payroll tax provisions should take effect in each state and territory no later than 1 July 2008. The treasurers also agreed that each state and territory would retain control over any thresholds applying to the levying of payroll tax and the rates of payroll tax levied in their respective jurisdictions.

The COAG meeting of 3 July 2008 noted that the jurisdictions had initiated a number of measures to harmonise their payroll tax administration from 1 July 2008, including the common treatment of various employee allowances and return lodgement dates. At the same meeting it was determined that further harmonisation of the payroll tax regimes would proceed with South Australia, Western Australia, the Northern Territory and the ACT considering the broader range of harmonisation initiatives already agreed to by New South Wales, Victoria, Queensland and Tasmania.

Sources: NSW OSR (2007); Stirling (Treasurer, Northern Territory) (2007); Fraser (Treasurer, Queensland) (2007); COAG (2008a); COAG (2008b).

Registration requirements for payroll tax

Businesses must register for payroll tax in a jurisdiction once their Australian wage bill exceeds the mandated threshold for that jurisdiction (table 4.6). However, there

are no impediments to a business registering for payroll tax prior to exceeding the threshold.

The registration process for payroll tax comprises the completion and lodgement of a registration form with the relevant authority in each jurisdiction (table 4.5). To complete the registration form, a business typically needs to supply details on the legal structure of the business, the business address, personal details of the owners of the business, nature of the business and its employees, and current and historic wages bills.

For most jurisdictions in 2006-07, a business had seven days from the end of the month in which it first exceeds the wages threshold to complete the payroll tax registration process. In the Northern Territory, the period was 21 days from the end of the month in which the wages threshold is exceeded. Once a business has completed the registration process, it can lodge the payroll tax returns required by the jurisdiction.

Failure to register for payroll tax when required incurs a penalty in a number of jurisdictions. Some examples of the penalties include:

- \$7500 in Queensland⁴
- \$25 000 for an individual or \$125 000 for corporations in the ACT⁵
- A maximum of \$10 000 in South Australia
- \$20 000 in Western Australia.

Given the potential cost from failing to register for payroll tax when required, it is important that businesses understand their obligations in this regard. The availability and transparency of publicly available information is an important determinant in a business being able to establish its obligations. Information on payroll tax is available through a variety of means in the different jurisdictions (table 4.7). For all jurisdictions, except South Australia, information on payroll tax registration is available via the telephone. This provides business with the opportunity to clarify uncertainties regarding their obligations directly with the regulator. Although it is not possible to obtain information on payroll tax registration via the telephone in South Australia, it is possible to obtain information on the progress of a payroll tax application via the telephone. Businesses providing

⁴ The penalty is 100 penalty units which converts to \$7500 based on the prevailing meaning of a penalty unit (1 penalty unit = \$75) at 28 February 2008 (*Penalties and Sentences Act 1992* (Qld)).

⁵ The penalty is 250 penalty units. The monetary values are based on the prevailing meaning of a penalty unit (1 penalty unit = \$100 for individuals and \$500 for corporations) at 28 February 2008 (*Legislation Act 2001* (ACT)).

data to the Commission on registration processes identified person-to-person contact as their preferred method for resolving uncertainty around their regulatory obligations, particularly with respect to technical matters such as taxation. Victoria is the only jurisdiction to provide information on the registration process in languages other than English.

Table 4.7 Payroll tax — means of sourcing information on payroll tax

	Regulator website	Business information website ^a	Shopfront	Telephone	Mail	Fax	Other
NSW	✓	✓	✓	✓	✓	✓	✓ ^b
Vic	✓	✓	✓	✓	✓	✓	x
Qld	✓	✓	✓	✓	✓	✓	x
SA	✓	✓	x	x	x	x	✓
WA	✓	✓	✓	✓	✓	✓	x
Tas	✓	✓	✓	✓	✓	✓	x
NT	✓	✓	✓	✓	✓	✓	x
ACT	✓	x	x	✓	✓	✓	x

^a Business information websites such as the Business Licence Information Service or Smart licence in Queensland, or the Australian Government's gateway to business services (business.gov.au). ^b New South Wales holds education seminars for existing and recently registered businesses.

Source: Survey responses from state and territory governments (unpublished).

Payroll tax registration forms may be sourced and lodged through a number of channels, depending upon the jurisdiction (table 4.8). Payroll tax registration forms are available to download from the internet in all jurisdictions. In New South Wales, Victoria, South Australia and Western Australia the forms can also be completed and lodged via the internet. South Australia provides the added on-line functionality of being able to save a partially completed registration application and return to it later for completion. Queensland, Tasmania, the Northern Territory and the ACT are at different stages of planning and implementing an internet-based payroll tax registration system.

Businesses appear to prefer registering for payroll tax via the internet when this option is available (table 4.8). For example, in South Australia, 99 per cent of registrations were completed via the internet. This general observation supports anecdotal evidence from the businesses that, while business prefers person-to-person involvement for resolving their uncertainties, once they understand their obligations they prefer electronic alternatives for completing registration activities.

For businesses completing a registration form in hardcopy, the form ranges from three pages in the ACT and Northern Territory to seven pages in Tasmania. When registration forms are only available in hardcopy, the preferred method of

lodgement varies between jurisdictions. For example, businesses prefer registering by mail in Queensland and by fax in the ACT.

Table 4.8 Payroll tax — means of sourcing and lodging application forms

	<i>Internet</i>		<i>Shopfront</i>		<i>Mail</i>		<i>Fax</i>		<i>Lodged by other means^a</i>
	<i>Form available</i>	<i>Lodged^a %</i>	<i>Form available</i>	<i>Lodged^a %</i>	<i>Form Available</i>	<i>Lodged^a %</i>	<i>Form Available</i>	<i>Lodged^a %</i>	
NSW	✓	78	✗	n.av	✓	11	✓	11	
Vic	✓	80	✗	1	✓	9	✓	10	
Qld	✓	n.av	✓	1	✓	90	✓	9	
SA	✓	99	✗	0	✓	1	✓	0	
WA ^b	✓	n.av	✗	0	✓	100	✓	0	
Tas	✓	n.av	✓	5	✓	50	✓	45	
NT	✓	n.av	✓	0.5	✓	60	✓	39	0.5 ^c
ACT ^d	✓	n.av	✗	n.av	✓	5	✓	80	10.0 ^c

n.av not available. ^a Proportion of registration forms lodged via the media for 2006–07. Figures in italics denote estimates by the regulator, otherwise the proportions are based on the regulator's records. ^b Internet lodgement option was introduced in July 2007. ^c Lodged via e-mail. ^d Survey response provided an estimate for the lodgement method for only 95 per cent of the registrations.

Source: Survey responses from state and territory governments (unpublished).

5 Industry-specific business registrations

5.1 Registering a café with outdoor dining

For the purpose of this study, a café is considered to be a business that derives its primary income from the sale of beverages, meals or both. The beverages and meals sold may be for consumption on the premises, away from the premises or in an outdoor dining area provided by the café. Cafés are unique in this study in that registration of a café business is often administered by local councils.

Before commencing operations as a café, businesses must comply with certain registration requirements in relation to:

- the registration of a food business
- the registration of outdoor dining facilities.

Some of the other regulatory requirements a café may need to satisfy before undertaking certain activities have been excluded. These include registration activities that are discretionary, unique to a certain business or a function of ‘doing business’ rather than ‘starting a business’. Some examples of the requirements excluded are:

- a liquor licence¹
- a planning or zoning approval from the local council.²

Registration of a food business

The registration of a food business is the first step a café needs to take in an ongoing program of compliance with the food safety standards (box 5.1). It is on this first

¹ A café that does not intend to sell liquor would not require a liquor licence and so this might be considered a discretionary activity.

² A business’ decision regarding premises may necessitate a local council planning approval. The burden of this registration activity will be at least partially driven by the nature of the premises and any work to be undertaken in relation to that premises.

step of registration that this study concentrates, rather than any ongoing or preparatory work to facilitate compliance with food standard regulations.

Box 5.1 Food safety regulation

All states and territories have some form of food safety regulation. This regulation originates from a 1991 agreement between the jurisdictions that the states and territories would unilaterally adopt the food standards prescribed by Food Standards Australia New Zealand. This agreement was subsequently updated and confirmed by the Council of Australian Governments (COAG) in 2000 and 2002.

In broad terms, the food safety standards set out requirements:

- for labelling food
- for the control of food safety hazards during the production, manufacture and handling of food
- for food handling controls, including the receipt, storage, processing, display, packaging, transportation, disposal and recall of food
- for the cleaning and maintenance of food premises and equipment
- relating to the skills and knowledge of food handlers and their supervisors
- regarding food additives, contaminants and residues.

On 3 July 2008, the COAG agreed to reforming the regulation of food safety to address matters relating to the consistency of legislation, governance and enforcement. The agreement also covers reforms to the setting and modification of food standards.

Sources: FSANZ (2007); FSANZ (2008a); FSANZ (2008b).

Regulatory responsibility

Regulatory responsibility for the food business registration process rests with different authorities depending on the state or territory in which the business will be operating (table 5.1).

The regulation of a food business is, however, undergoing reform in a number of jurisdictions, for example:

- On 1 January 2008, the *Food Act 2003* (NSW) was amended to mandate the role of local councils within the food safety regulation framework of New South Wales. The amendment clarified the responsibilities of local councils in relation to food regulation in New South Wales. The amendment also aims to improve the coordination between the regulator (the New South Wales Food Authority) and local councils in areas such as food inspections and emergency response capabilities.

- As at June 2008, the Food (and Related Matters) Bill 2005 was before the Parliament in Western Australia awaiting assent. This new legislation is to bring Western Australia's regulation of food safety into line with other states and territories (WA Health 2007).

Table 5.1 Food safety — primary legislation and regulator

	<i>Primary legislation</i>	<i>Regulator</i>
NSW	Food Act 2003	New South Wales Food Authority ^a
Vic	Food Act 1984	Local councils
Qld	Food Act 2006	Local councils
SA	Food Act 2001	Local councils or Department of Health
WA	Health Act 1911	Local councils
Tas	Food Act 2003	Local councils
NT	Food Act 2005	Department of Health and Community Services
ACT	Food Act 2001	ACT Health

^a In New South Wales, most local councils can supply the Notification Form to businesses.

Sources: Survey responses from state and territory governments (unpublished); NSWFA (2005).

Registering a business — the application process

Food business registration requirements vary with the state or territory. For example, a prospective food business must:

- provide notification of its operation in New South Wales and South Australia
- register as a food business in the Northern Territory and the ACT
- register its premises as a 'permanent food premises' in Victoria
- be licensed to carry on a food business in Queensland
- provide notification of its operation and register as a food business in Tasmania
- register the premises as an 'eating house' and be licensed to operate an 'eating house' in Western Australia.

The failure to complete the registration activity prior to commencing operations may result in penalties (table 5.2). A café cannot lawfully operate, or continue to operate, unless the registrations requirements have been met. Successful completion of the registration requirements includes the formal approval or acknowledgement from the regulator, as applicable.

Table 5.2 Penalties for operating an unregistered food business

<i>Penalties</i>	
NSW	Maximum penalty: \$55 000 ^a (500 penalty units) for an individual and \$275 000 ^a (2 500 penalty units) for a body corporate
Vic	\$5 506 ^b (50 penalty units) for a first offence and \$11 012 ^b (100 penalty units) for a second or subsequent offence
Qld	Maximum penalty: \$75 000 ^c (1000 penalty units) for carrying on a food business without a licence Maximum penalty: \$37 500 ^c (500 penalty units) for carrying on a food business other than from the premises stated on the licence
SA	Maximum penalty: \$25 000 for an individual and \$120 000 for a body corporate Expiation fee: \$300 for an individual and \$1 500 for a body corporate
WA	A maximum penalty of \$1 000 and not less than: a) \$100 in the case of a first such offence b) \$200 in the case of a second such offence c) \$500 in the case of a third or subsequent offence and if that offence is a continuing offence, a daily penalty of between \$50 and \$100
Tas	Maximum penalty: \$60 000 ^d (500 penalty units) for an individual and \$144 000 ^d (1200 penalty units) for a body corporate
NT	Maximum penalty: \$55 000 ^e (500 penalty units) for an individual and \$275 000 ^e (2 500 penalty units) for a body corporate
ACT	Maximum penalty: 50 penalty units (\$5 000 ^f for an individual and \$25 000 ^f for corporations), 6 months imprisonment or both

^a 1 penalty unit = \$110 (*Crimes (Sentencing Procedure) Act 1999* (NSW)). ^b 1 penalty unit = \$110.12 (*Monetary Units Act 2004* (Vic)). ^c 1 penalty unit = \$75 (*Penalties and Sentences Act 1992* (Qld)). ^d 1 penalty unit = \$120 (*Penalty Units and Other Penalties Act 1987* (Tas)). ^e 1 penalty unit = \$110 (*Penalty Units Act 1999* (NT)). ^f 1 penalty unit = \$100 for individuals and \$500 for corporations (*Legislation Act 2001*(ACT)).

Source: Various legislation as outlined in table 5.1.

As the process in New South Wales and South Australia is a notification process, there is no decision making by the regulator on whether to allow the registration to proceed – the regulator simply accepts the notification from the café. In other jurisdictions there are varying levels of regulator discretion in accepting, approving or declining, the registration application. In some instances, for example in Queensland, local councils must make a decision on a food business application within 60 days of the receipt of that application (*Food Act 2006* (Qld)). Notwithstanding this 60 day limit, Brisbane City Council requests that applications are lodged no more than 30 days prior to the date on which the café seeks to commence operation. As the food business registration requirements need to be completed before a café commences operation, there is an implicit requirement across the regulatory authorities that the registration application is lodged some time before operations commence (or are planned to commence).

Given the penalties imposed on a business for failing to complete the registration activities prior to commencing operations, it is important that businesses understand their registration obligations. To this end, there are a number of ways in which cafés

can discover their food business registration obligations. The availability of information through channels such as the internet, shop fronts, mail, fax, telephone and email varies between the states and territories, as well as between local councils. New South Wales, Melbourne and Perth provide information on the registration process in languages other than English.

There is also some variation in the methods by which a café can complete its registration requirements. It is notable that New South Wales, South Australia and the Northern Territory are the only jurisdictions to provide an online registration alternative and that they also retain some, or all, of the registration process as a responsibility of a state body.

Cafés completing the notification process in either New South Wales or South Australia need to supply details including the business name, café operators, café address, contact details, number of employees working with food and type of food business being operated. Many local councils in New South Wales and South Australia also provide hardcopy versions of the notification form in lieu of the online alternative. For most other jurisdictions, the base level information sought on the registration form is comparable to that required by New South Wales and South Australia. There are, however, additional information and supporting documents required by regulators, depending upon the jurisdiction. The provision of site and floor plans for the café is a common additional requirement across the jurisdictions, as is the need for an inspection of the food premises by the local council. Some other examples of the additional requirements of the jurisdictions include:

- local councils in Victoria typically require a plan demonstrating how the café will comply with food safety program requirements and evidence of adequate training for the café's food safety supervisor
- Queensland local councils normally seek a plan demonstrating how the café will comply with food safety program requirements, including the nomination of a food safety supervisor for the café.

In those states where the registration process is under the control of local councils there is usually a provision under the primary legislation to allow the local councils to determine the fees applicable to the registration activity. In the case of Queensland any such fees cannot exceed the cost to the local council of undertaking the task.

Registration of outdoor dining facilities

The process of registering for the provision of outdoor dining facilities entails completing the steps necessary to obtain the relevant approval or permit from the local council.

Regulatory responsibility

The regulation of outdoor dining by local councils is unique among the regulatory requirements considered in this study. It is unique as, with the exception of South Australia and the ACT, there is no imperative from Commonwealth, state or territory legislation to regulate this aspect of business. Local governments outside South Australia have the ability, should they choose to, of regulating outdoor dining, but they are not obligated to do so. The power for local councils outside South Australia to regulate the provision of outdoor dining facilities comes from a variety of legislative sources (table 5.3). The regulation of outdoor dining in the ACT rests with the Territory government.

Table 5.3 Outdoor dining — primary legislation and regulators

	<i>Primary legislation</i>	<i>Regulator</i>
NSW	Local Government Act 1994	Local councils
Vic	Local Government Act 1989	Local councils
Qld ^a	Local Government Act 1993	Local councils
	Transport Operations (Road Use Management) Act 1995	
SA	Local Government Act 1999	Local councils
WA	Health Act 1911	Local councils
Tas	Local Government (Highways) Act 1982	Local councils
NT	Local Government Act 1993	Local councils
ACT	Roads and Public Places Act 1937	Office of Regulatory Services

^a The *Local Government Act 1993* provides that local governments may make local laws relating to development approvals for buildings utilising roadside dining. The *Transport Operations (Road Use Management) Act 1995* provides for local governments to make local laws in relation to the operation of roadside dining.

Source: Survey responses from state and territory governments (unpublished).

Most councils have authority under the relevant local government act to create local bylaws in respect to outdoor dining. Other councils, such as those in Tasmania, may infer the powers to regulate outdoor dining from other legislation.³

Registering a business — the application process

The registration requirements for outdoor dining vary across states and territories and between councils within states and territories. The potential for variation

³ The *Local Government (Highways) Act 1982* (Tas) allows council to carry out works as are necessary to render highways safe, more convenient or for improving their appearance. These works includes the removal of building, structures, works, or ‘other things’. Councils regulate outdoor dining based on their ability under these powers to remove furniture placed on footpaths.

between councils in the same jurisdiction is arguably at its greatest when those councils are regulating outdoor dining under local bylaws rather than any legislation at the jurisdiction level.

Across local councils (and the ACT), there are three common facets to completing the registration requirements for outdoor dining facilities:

1. completing an application form
2. providing evidence of adequate public liability insurance
3. providing site plans, seating plans, or both site and seating plans.

However, within these common requirements there are differences in how they are applied, for example:

- the extent of public liability insurance required varies across councils (table 5.4)
- some councils require a Certificate of Currency to confirm the adequacy of the public liability insurance, while others require a copy of the policy document
- the nature of the plans required varies. Some councils require plans for the site itself, while others require the plans to capture surrounding land uses. For some councils the plans are limited to seating arrangements, while other councils require details of all equipment, fittings, fixtures and materials for the café. The details in the plans themselves vary with certain councils content with floor plans and others requiring floor plans and sectional elevation drawings.

Table 5.4 Outdoor dining — public indemnity insurance requirements (a small sample of local councils)

<i>Councils</i>	<i>Public indemnity insurance requirement</i>
Swan ^a	\$5 million
Adelaide, Brisbane, Broome, Cairns, Ipswich ^a , Kalgoorlie-Boulder, Launceston, Melbourne, Mid-western ^a , Newcastle, Onkaparinga, Perth, Redland	\$10 million
Charles Sturt	\$20 million

^a These councils list a minimum insurance requirement but reserve the right to apply their discretion to the minimum insurance requirement.

Sources: Adelaide City Council (2008); Brisbane City Council (2008); Cairns Regional Council (2008); City of Charles Sturt Council (2008); City of Kalgoorlie-Boulder Council (2008); City of Melbourne Council (2008); City of Newcastle Council (2005); City of Newcastle Council (2008); City of Onkaparinga Council (2008); City of Perth Council (2008); City of Swan Council (2007); Ipswich City Council (2008a); Ipswich City Council (2008b); Launceston City Council (2008); Mid-western Regional Council (2008); Redland City Council (2008); Shire of Broome Council (2008).

5.2 Registering a domestic builder

For the purpose of this study, a domestic builder is considered to be a business deriving its primary source of income from the performance, management or arrangement of residential building services.

As this section focuses on registration of a building business, regulatory requirements that are discretionary, unique to a certain business or a function of ‘doing business’ rather than ‘starting a business’, have been excluded. Some examples of these exclusions are:

- obtaining development approvals from local councils before commencing a project
- registration for industry long service leave schemes.

Domestic building businesses must be accredited, licensed or registered depending on the jurisdiction in which they will operate. All jurisdictions place an accreditation, licensing or registration requirement on individual builders. Some jurisdictions also have similar requirements for building businesses operating under a partnership or company arrangement (table 5.5).

The registration requirements for builders form part of a wider regulatory framework for the building industry. This framework includes the Building Code of Australia, other state and territory legislative requirements and requirements under local government by-laws (typically in relation to planning provisions).⁴

Depending on the jurisdiction, the registration criteria for builders may include measures of:

- adequate training or demonstrated competence
- minimum practical experience
- minimum insurance
- good character
- personal and professional conduct (including criminal history)
- adequate financial resources.

⁴ Depending on the jurisdiction, there are legislative requirements for matters such as home warranty insurance, complaint resolution and building contracts.

Table 5.5 Domestic builder — registration requirement by operating structure

	<i>Individual</i>	<i>Partnership</i>	<i>Corporation</i>
NSW	Contractor licence	Contractor licence	Contractor licence
Vic	Registered building practitioner	No partner specific registration process — at least one partner must be a registered building practitioner	No specific registration process — at least one director must be a registered building practitioner
Qld	Contractor's licence	No partnership specific registration process — a licence will not be provided to an individual who intends to carry on business with another individual who is deemed unsuitable	Contractor's licence — the company's nominee must hold a nominee supervisor's licence suitable for the work to be undertaken by the company
SA ^a	Licensed building work contractor	No partnership specific registration process	Licensed building work contractor
WA	Registered builder	Registered builder — at least one partner or employee suitable to supervisor works must be a registered builder	Registered builder — at least one director or employee suitable to supervisor works must themselves be a registered builder
Tas	Accredited building practitioner	No partnership specific registration process — at least one partner or permanent employee must be a registered building practitioner	No company specific registration process — at least one director or permanent employee must be a registered building practitioner
NT	Registered building contractor	No partnership specific registration process	Registered building contractor — at least one director or nominee of the company must be a registered building contractor
ACT	Construction Practitioner Licence	Construction Practitioner Licence	Construction Practitioner Licence

^a Where a licence might otherwise be declined for an applicant seeking to carry on business in partnership with another licensed building work contractor, a licence may be granted subject to the condition that the applicant does not carry on business except in partnership with that licensed building work contractor (or some other approved person).

Sources: *Home Building Act 1989* (NSW); *Building Act 1993* (Vic); *Queensland Building Services Authority Act 1991* (Qld); *Building Work Contractors Act 1995* (SA); *Builders' Registration Act 1939* (WA); *Building Act 2000* (Tas); *Building Act 1993* (NT); *Construction Occupations Licensing Act 2004* (ACT).

Table 5.6 details the number of applications for a builder's licence that were made and approved across Australia in 2006-07. In the Northern Territory, the number of approvals exceeded the number of applications approved because a large number of applications lodged prior to 1 July 2006 were subsequently approved in 2006-07. This influx of applications was due to the implementation of a new registration requirement in the Northern Territory in 2005-06.

Table 5.6 Domestic builder — licence applications and approvals 2006-07

	<i>Number of applications lodged</i>	<i>Number of applications approved</i>
NSW	n.s	n.s
Vic	1 054	978
Qld ^a	8 190	7 039
SA ^a	1 707	1 595
WA	145	100
Tas	119	108
NT	143	298
ACT	70	70
Total (excluding NSW)	11 428	10 188

n.s not supplied. ^a Figures include a range of building licence classes rather than just the class applicable to a 'domestic builder'.

Source: Survey responses from state and territory governments (unpublished).

Regulatory responsibility

Each state and territory has legislation requiring the registration of domestic builders, and each has a regulator to administer the registration requirements (table 5.7).

Table 5.7 Domestic builders — primary legislation and regulators

	<i>Primary legislation</i>	<i>Regulator</i>
NSW	Home Building Act 1989	Office of Fair Trading (Home Building Service)
Vic	Building Act 1993	Building Practitioners Board
	Domestic Building Contracts Act 1995	
Qld	Queensland Building Services Authority Act 1991	Queensland Building Services Authority
SA	Building Work Contractors Act 1995	Office of Consumer and Business Affairs
WA	Builders' Registration Act 1939	Builders' Registration Board of Western Australia
Tas	Building Act 2000	Department of Justice (Director Building Control)
NT	Building Act 1993	Northern Territory Building Practitioners Board
ACT	Construction Occupations Licensing Act 2004	ACT Planning and Land Authority

Source: Survey responses from state and territory governments (unpublished).

Registering a business — the application process

Although a building business must typically be registered before undertaking any residential building work, there are exceptions in some jurisdictions. Many jurisdictions do not require registration if the value of the work to be completed is

below a certain threshold (table 5.8). Some jurisdictions allow an unregistered individual to complete building work provided they are under the supervision of a registered builder however this exception pertains more to a professional accreditation or licence than to business registration. Aside from these exceptions, a builder that undertakes work for which they are not registered may face a penalty (table 5.8).

Table 5.8 Penalties and thresholds for undertaking work as an unregistered builder

	<i>Penalties</i>	<i>Threshold value for building construction by an unregistered person^a</i>
NSW	\$22 000 ^b (200 penalty units) in the case of a natural person \$110 000 ^b (1 000 penalty units) in the case of a body corporate	\$1 000
Vic	\$11 012 ^c (100 penalty units)	\$5 000
Qld ^e	\$18 750 ^d (250 penalty units)	
SA ^f	\$20 000	
WA	\$10 000 and a daily penalty of \$250 for a continuing offence	\$20 000
Tas	\$12 000 ^g (100 penalty units) in the case of a natural person \$60 000 ^g (500 penalty units) in the case of a body corporate	\$5 000
NT	\$10 000 in the case of a natural person \$50 000 in the case of a body corporate	\$12 000
ACT	\$5 000 ^h (50 penalty units) in the case of a natural person \$25 000 ^h (50 penalty units) in the case of a body corporate	

^a Individual, partnership or company (as applicable to the state or territory legislation). ^b 1 penalty unit = \$110 (*Crimes (Sentencing Procedure) Act 1999* (NSW)). ^c 1 penalty unit = \$110.12 (*Monetary Units Act 2004* (Vic)). ^d 1 penalty unit = \$75 (*Penalties and Sentences Act 1992* (Qld)). ^e A person must not carry out building work unless that person holds a contractor's licence. However that person is not stopped from claiming payment for the amount paid by the person in supplying materials and labour (excluding their own) for carrying out the building work. ^f South Australia has a \$12 000 threshold which relates to building contract and builder's insurance requirements rather than builder registration requirements. ^g 1 penalty unit = \$120 (*Penalty Units and Other Penalties Act 1987* (Tas)). ^h 1 penalty unit = \$100 for individuals and \$500 for corporations (*Legislation Act 2001* (ACT)).

Sources: Survey responses from state and territory governments (unpublished); *Home Building Act 1989* (NSW); *Building Act 1993* (Vic); *Queensland Building Services Authority Act 1991* (Qld); *Building Work Contractors Act 1995* (SA); *Builders' Registration Act 1939* (WA); *Building Act 2000* (Tas); *Building Act 1993* (NT); *Construction Occupations Licensing Act 2004* (ACT); *Builders' Registration Act Regulations 1940* (WA); *Building Regulations 1993* (NT); *Home Building Regulation 2004* (NSW); *Building Work Contractors Regulations 1996* (SA).

Although all states and territories require a completed application form as part of the licensing process, there are differences in the supporting material and

documentation required for an application.⁵ Depending upon the jurisdiction and the business structure being registered, an applicant may be required to supply:

- documents to establish the applicant's identity such as a driver's licence or passport
- details of education and qualifications some jurisdictions require copies of certificates
- a photograph of the applicant (in the case of natural persons)
- verification of credit facilities with trade suppliers
- details of prior experience
- details of building projects completed
- a copy of the formal contract with the applicant's nominee (in the case of company or partnership applications)
- details of financial history
- details of criminal history
- a detailed business plan.

A number of states and territories require that an applicant establish the adequacy of their financial position, although how this is done varies across jurisdictions and include measures as diverse as:

- details of the types of bank accounts held
- a 12 month cash flow budget
- an accountant's audit report
- an accountant's statement confirming the net tangible assets of the applicant.

Given the penalties for completing work as an unregistered builder, it is important that businesses can readily identify and understand their obligations with respect to builder registration. To this end, builders have a number of ways in which to determine their registration responsibilities. Information on registration requirements is available via shop fronts, internet, fax, mail and through business information websites (such as that for the Business Licensing Information Service www.bli.net.au).⁶ Some jurisdictions also provide information through other means, such as via email, select building industry associations and industry

⁵ In South Australia, the application form is completed by the Office of Business and Consumer Affairs during an interview with the applicant. In other jurisdictions applicants obtain and complete the application form themselves (box 5.2).

⁶ The Business Licensing Information Service (www.bli.net.au) website provides links to the business licensing information websites of all jurisdictions.

workshops. Queensland is the only jurisdiction to provide information on the registration process in languages other than English.

A builder can obtain application forms via the internet, shop fronts, mail and fax in all states and territories, except South Australia (box 5.2). The ‘Assisted Application Process’ (AAP) employed in South Australia seeks to address an applicant’s enquiries in the first instance and reduce errors in the completion of the applications. Aside from South Australia, completed application forms can only be returned in person to shop fronts, by mail or, in some states and territories, by fax.

Box 5.2 South Australia — ‘Assisted Application Process’

The Office of Consumer and Business Affairs (OCBA) in South Australia does not have a pro-forma application form and, as a result, the registration process commences with the applicant contacting the OCBA either in person or by telephone. The OCBA asks the applicant a series of relevant questions from computer based prompts with those prompts being based on the licence type applied for. After the applicant has fulfilled the requirement of providing responses to a set number of questions, a completed application form is printed and provided to the applicant for review and signing. The applicant also receives a list of supporting documentation that they are required to return to the OCBA in order to complete the registration. The OCBA believe the AAP system allows them to deal with enquiries at the initial stage and greatly reduce the number of errors made by applicants in completion of their applications.

Source: Survey responses from state and territory governments (unpublished).

5.3 Registering a long day care centre (child care)

For the purpose of this study, a centre-based long day care (LDC) is defined as a business that offers services aimed primarily at 0–5 year olds, provided in a centre, usually by a mix of qualified and other staff in the absence of parents or guardians. Educational, care and recreational programs are provided to address the developmental needs, interests and experience of each child. Centres typically operate for at least eight hours per day on normal working days, for a minimum of 48 weeks per year (SCRGSP 2008).

The Australian Government and the state and territory governments have different, but complementary, roles in supporting LDC centres. Both levels of government help fund services, provide information and advice to parents and service providers, and help plan, set and maintain operating standards (SCRGSP 2008).

Providers of children’s services must meet legislative and regulatory requirements regarding safety standards, staff qualifications, child/staff ratios, health and safety

requirements, and child development, in order to obtain a licence to operate. State and territory governments set these requirements, monitor performance and administer licences. The Australian Government is responsible for paying child care benefits (CCB) and tax rebates, and the implementation of the quality assurance system for child care services.

The approval for CCB that includes registration with the National Childcare Accreditation Council, and participation in the Quality Improvement and Accreditation System, is not a requirement for a LDC business to start its operation. However, in practice, most LDC businesses seek approval for CCB and this activity may be viewed by many in the industry as part of ‘becoming a business’. This point was made by the businesses in interviews and mini-focus groups, as well as by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) in its response to the Commission’s survey:

There are State licensing and [National Childcare Accreditation Council] requirements that need to be fulfilled by the service applying for approval for CCB purposes. ... there is a cost associated with the quality accreditation process administered by the [National Childcare Accreditation Council]. Further, services must be insured, which incurs a cost. It must be mentioned that while these costs are not imposed by the Department, services are required to meet these conditions of approval for the purpose of CCB. (FaHCSIA survey response, unpublished)

The purpose of the study is to benchmark registration requirements that are necessary to start a business operation. Thus this report presents the cost related to registration for CCB as additional costs, but does not include them in the benchmarking of compliance costs across jurisdictions.

Licensing of a long day child care centre business

In 2006-07, there were over 1600 LDC businesses registrations in Australia (excluding Queensland). Almost all applications for registration were approved (table 5.9). These data reflect the number of businesses registered, not the number of child care places and only include centre-based LDC business registrations (and thus, except for Queensland, exclude family day care, occasional care, preschool and outside care).

Table 5.9 Long day care centre — applications and approvals 2006-07

	<i>No. of applications</i>	<i>No. of licences</i>	<i>% of applications approved^a</i>
NSW	1 338	1 335	100
Vic	129	124	96
Qld ^b	2 596	2 589	100
SA	35	30	86
WA	109	104	95
Tas	3	3	100
NT	6	6	100
ACT	6	6	100
Total	4 222	4 197	99

^a Percentages are rounded. ^b Data apply to all child care forms of child care. Queensland is unable to provide data by type of child care service.

Source: Survey responses from state and territory governments (unpublished).

Regulatory responsibility

As noted, licensing of the ‘structural’ components (for example, staff-child ratios, staff qualifications, facilities) are a state and territory responsibility with each having its own legislation and regulations and corresponding regulators (tables 5.10 and 5.11).

Table 5.10 Long day care centre — legislation governing licensing

	<i>Primary legislation</i>	<i>Subordinate legislation</i>
NSW	Children and Young Persons (Care and Protection) Act 1998	Children’s Services Regulation 2004
Vic	Children’s Services Act 1996	Children’s Services Regulations
Qld	Child Care Act 2002	Child Care Regulations 2003 Queensland Development Code (Part 22)
SA	Children’s Services Act 1985	Children’s Services (Child Care Centre) Regulations 1998
WA ^a	Children and Community Services Act 2004	Child Care Services Regulations 2007 Child Care Services (Child Care) Regulations 2006
Tas	Child Care Act 2001	Child Care (Fees) Regulations 2004
NT	Community Welfare Act 1983	Community Welfare (Child Care) Regulations 1987 Standards for Northern Territory Child Care Centres
ACT ^b	Children and Young People Act 1999	Not applicable

^a The Child Care Services Act 2007 commenced on 10 August 2007. ^b The *Children and Young People Act 2008* commenced on 1 July 2008.

Source: Survey responses from state and territory governments (unpublished).

Table 5.11 Long day care centre — state and territory regulators

<i>Regulator</i>	
NSW	Department of Community Services
Vic	Department of Education and Early Childhood
Qld	Department of Communities
SA	Department of Education and Children's Services
WA	Department of Communities
Tas	Department of Education
NT	Department of Health and Community Services
ACT	Department of Disability Housing and Community Services

Source: Survey responses from state and territory governments (unpublished).

The Australian, state and territory governments have jointly developed national standards for LDC businesses (as well as other forms of care). These standards express a national view about the level of care all Australians can expect from the different models of child care services available to them. Although the objectives of each jurisdiction are the same, the extent and method of implementation of these standards differ across jurisdictions (SCRGSP 2008).

A number of jurisdictions have changed their regulation affecting the licensing of LDC businesses in recent years, or are currently undertaking reviews indicating further changes are likely (box 5.3).

In 2006, COAG agreed on a national reform agenda including early childhood education and care services. Outcomes from this reform agenda may also effect future LDC business registration and licensing processes (COAG 2006).

Box 5.3 Long day care: reforms, reviews and recent changes to licensing arrangements**New South Wales**

During 2006-07, New South Wales centralised the licensing process (from a devolved regional model) in a bid to improve accuracy, consistency and timeliness of processing. Operators of multiple services are able to submit information once.

In addition, New South Wales claim that the application and assessment processes, and forms have been streamlined with:

- shorter application forms
- availability of forms online
- electronic on-screen completion (but not lodgement).

The NSW Children's Services Regulation 2004 is due for repeal and remake by September 2009.

Victoria

In 2007, the Office for Children undertook a review of current child care regulations and released a report in January 2008. The current regulations have been extended to May 2009 to allow for a longer consultation period in the drafting of new regulations. A regulatory impact statement will be developed to assess the regulatory impact of the proposed regulations. When the draft regulations and regulatory impact statement are finalised they will be published for public comment.

Western Australia

In early 2006, Western Australia made a number of changes to the application process. The most significant of these was the extension of the concept of 'fit and proper'. This included a wider coverage of the people that needed to be screened and the level of screening. The changes to the regulations also included the checking of the applicant's financial background, as well as undergoing an assessment of their knowledge and understanding of the Act, regulations and child development.

In late 2006, the Western Australian Government established the Child Care Regulations Consultative Committee to review the possibility of further development of child care regulations.

Source: Survey responses from state and territory governments (unpublished).

Registering a business — the application process

The name of the application form(s) differs across jurisdictions but the application process shares a number of similarities because of the adoption of national standards (table 5.12).

Table 5.12 Long day care centre — name of application forms to register a long day care business

	<i>Application form(s)</i>
NSW	Children's Service Licence Application, Authorised Supervisor Nomination by Licensee, Personal Information Form, Statement of Premises Compliance (or non-compliance), Screening Consent Form
Vic	Application for Approval in Principle, Application for Licence
Qld	Application for a new Licence (form 1), Licensing information for a centre based service (form 3)
SA	Application by a Body Corporate for a licence to conduct a child care centre, Application by a Natural person for a licence to conduct a child care centre
WA	Licence Application kit including: Licence application: body corporate or public authority/ or Licence application: individual applicant, Financial Certification Statement, Managerial officer statement, Nominated supervising officer application
Tas	Application for a Licence to operate a Centre Based Care Service under the Child Care Act 2001
NT	Application to Operate a Child Care Centre in the Northern Territory — Part 2
ACT	Application to apply for an Approval in Principal, Licence to operate a children's service

Source: Survey responses from state and territory governments (unpublished).

Generally, there are three types of information required for a LDC business application:

- *suitability of the applicant:* criminal record checks, working with children checks (including safety screening in Tasmania), sound financial reputation and viability check, and public notice in newspaper allowing members of the public to object
- *suitability of nominated supervising officer (day to day manager):* criminal record checks, working with children checks (including safety screening in Tasmania), reference checks, departmental checks, qualifications, work experience, health clearance, assessment of knowledge of the relevant Act and regulations
- *standards check of building and service environment:* site and building plans, hours and days of operation, maximum number of children, maximum number of children by various age brackets, staffing qualifications and ratios, hygiene practices, keeping of administrative records.

Despite the similarities there are some differences in the application process.

In Victoria, the ACT and the Northern Territory, the licensing process for child care services had two steps in 2006-07. In Victoria applicants must obtain approval in principle prior to applying for a licence. In the Northern Territory, applicants submit an expression of interest before applying for a licensee. In the ACT businesses are

first granted an approval in principle which is valid for two and half years. After two years of successful operation and demonstrating their suitability they may be granted a three-year licence (Tayler, Wills, Hayden and Wilson 2006).⁷

A number of jurisdictions require a 'working with children card'. This card is issued to people working with children following a number checks to ensure their suitability (such as a national police records check and professional disciplinary body check, assessment of any criminal offences). While there are no requirements for a working with children card in Tasmania, there is a 'safety screening assessment' process undertaken which is of similar nature to the process of obtaining a working with children card.

Several jurisdictions require a notice to be placed in a major newspaper for the jurisdiction. For example in South Australia, the Northern Territory and the ACT, this notice must be placed prior to applying for a licence or approval in principle respectively. In Western Australia, the notice is placed in the newspaper after the application is lodged.

Information about licensing of a LDC service and application forms are provided by the relevant government department in each jurisdiction from a variety of means (table 5.13). A Commission survey indicated that information about the registration process was generally made available via:

- the regulator's own website
- business information website such as the Business Licence Information Service or the Australian Government's gateway to business services
- shop fronts
- mail
- fax
- telephone
- email.

Application forms are also available from a variety of means except in the ACT, where aspiring providers are required to attend an interview to discuss the licensing process before they can receive an application form (table 5.14). The ACT Department of Disability Housing and Community Services claims this approach assists in developing a collaborative relationship with new providers. Application forms are not available from the internet in the Northern Territory, but forms may

⁷ With the commencement of the *Children and Young People Act 2008* in the ACT, there is no longer an 'approval in principle' stage.

be mailed, faxed or emailed to prospective applicants (table 5.14). In the ACT and Northern Territory, only six LDC businesses (in each territory) were licensed in 2006-07 (table 5.9).

Table 5.13 Long day care centre — means of obtaining information on registration

	<i>Regulator website</i>	<i>Business information website^a</i>	<i>Shop front</i>	<i>Telephone</i>	<i>Mail</i>	<i>Fax</i>	<i>Other</i>
NSW	✓	✓	✓	✓	✓	✓	email
Vic	✓	✓	✗	✓	✓	✓	email
Qld	✓	✓	✓	✓	✓	✓	
SA	✓	✓	✓	✓	n.s	n.s	b
WA	✓	✓	✓	✓	✓	✓	
Tas	✓	✓	✓	✓	✓	✓	
NT	✓	✓	✗	✓	✓	✓	email
ACT	✓	✓	✗	✓	✓	✗	

n.s not supplied ^a Business information websites such as the Business Licence Information Service or Smart licence in Queensland, or the Australian Government's gateway to business services (www.business.gov.au).

^b Occasionally information is provided to potential operators on site to assist them with assessing feasibility.

Sources: Survey responses from state and territory governments (unpublished); various Business Licence Information internet sites, such as <http://bli.net.au>.

Table 5.14 Long day care centre — means of obtaining application forms

	<i>Internet</i>	<i>Shop front</i>	<i>Mail</i>	<i>Fax</i>	<i>Other</i>
NSW	✓	✓	✓	✓	email
Vic	✓	✗	✓	✓	email
Qld	✓	✓	✓	✓	
SA	✓	✓	n.s	n.s	
WA	✓	✓	✓	✓	
Tas	✓	✓	✓	✓	
NT	✗	✗	✓	✓	email
ACT ^a	✗	✗	✗	✗	

n.s not supplied. ^a An interview is required before the application form is provided.

Source: Survey responses from state and territory governments (unpublished).

Application forms are mostly lodged via the mail. In some jurisdictions, a small proportion of applications are lodged via fax or a shop front. No jurisdiction offers the ability to complete and lodge applications online. This, presumably, reflects the nature of the application which requires parts to be completed by different parties, and the requirements for attachments, declarations and signatures.

A LDC business that operates without a licence may face a penalty (table 5.15). These penalties can include imprisonment as well as fines.

Table 5.15 Penalties for operating an unlicensed long day care centre

<i>Penalties</i>	
NSW	\$22 000 ^a (200 penalty units)
Vic	\$11 012 ^b (100 penalty units)
Qld	Maximum penalty: \$7500 ^c (100 penalty units) for a first offence and \$15 000 ^c (200 penalty units) for a second or later offence
SA	A penalty not exceeding \$1000
WA	For a first offence a fine of \$12 000 and imprisonment for one year. There is a further penalty of \$600 per day that the offence continues. For a subsequent offence a fine of \$24 000 and imprisonment for 2 years. There is a further penalty of \$1200 per day that the offence continues
Tas	\$12 000 ^d (100 penalty units)
NT	\$11 000 ^e (100 penalty units) or imprisonment for 6 months in the case of a natural person \$55 000 ^e (500 penalty units) in the case of a body corporate
ACT	Maximum penalty: \$5000 ^f (50 penalty units), 6 months imprisonment or both

^a 1 penalty unit = \$110 (*Crimes (Sentencing Procedure) Act 1999* (NSW)). ^b 1 penalty unit = \$110.12 (*Monetary Units Act 2004* (Vic)). ^c 1 penalty unit = \$75 (*Penalties and Sentences Act 1992* (Qld)). ^d 1 penalty unit = \$120 (*Penalty Units and Other Penalties Act 1987* (Tas)). ^e 1 penalty unit = \$110 (*Penalty Units Act 1999* (NT)). ^f 1 penalty unit = \$100 for individuals and \$500 for corporations (*Legislation Act 2001* (ACT)).

Sources: Various legislation as outlined in table 5.10.

Application for approval under the Family Assistance Law for the purposes of Child Care Benefit

If a LDC centre is approved by FaHCSIA for the purpose of the family assistance law, parents using the centre may be eligible for Child Care Benefit (CCB) in the form of ongoing fee reduction or as an annual lump sum fee reduction.⁸

To be eligible to be approved for the CCB, a service must be available to provide care for at least eight continuous hours on each normal working day in at least 48 weeks of the year. This condition is outlined in the application form. In addition, LDC services must:

- register with the National Childcare Accreditation Council

⁸ For the period of the study (2006-07) CCB applications were made to FaHCSIA. Shortly after the completion of the survey, the responsibility of these function transferred to the Department for Education, Employment and Workplace Relations.

-
- agree to participant in the Quality Improvement and Accreditation System and make satisfactory progress towards improving the quality of care provided for children.

In 2006-07, FaHCSIA received 1480 applications for CCB and approved 1449.

Regulatory responsibility

As noted, legislative responsibility for CCB rests with the Australian Government, with the registration process governed by the following legislation:

- *A New Tax System (Family Assistance) Act 1999* (Cwlth)
- *A New Tax System (Family Assistance) (Administration) Act 1999* (Cwlth)
- *Regulations under A New Tax System (Family Assistance) (Administration) Act 1999* (Cwlth)
- *A New Tax System (Family Assistance and Related Measures) Act 2000* (Cwlth) (Schedules 5 and 6).

Registering a business — the application process

FaHCSIA provides information and application forms on the internet, by mail, from their shop fronts and by fax. The explanatory material and forms are provided together. Almost 100 per cent of applications were submitted by mail and the majority of enquires regarding the progress of an application made by telephone.

LDC service providers are required to complete an eight-page application form (including instructions). The form requires the following information:

- *applicant details*: business form, name, address, Australian Business Number, suitability information including evidence of any criminal charges or convictions, licence details, bank account details, licence details
- *LDC service details*: name, address, service contacts (senior staff), suitability information including evidence of any criminal charges or convictions, proof of registration with the National Childcare Accreditation Council, operating times, fees, evidence of workers' compensation, public liability and other appropriate insurance.

Duplication

Apart from the obvious duplication of providing names and addresses to both levels of government, businesses are required to provide a number of pieces of

information when applying for a child care licence and for CCB fee reduction services.

In considering the issue of duplication, the Commission has assumed that LDC providers apply first for a licence with their respective state and territory government and then for CCB as LDC providers can operate without CCB approval but not visa versa.

In applying for CCB, applicants are required to answer questions regarding their suitability to operate a LDC business, such as ‘have they had an interest in or operated a child care service in the past five years?’. The same or similar information is required when applying for a licence with state or territory governments. Applicants must also provide evidence if they or key personnel have criminal charges pending or have convictions against them. In all states and territories, applicants and staff are required to provide national police checks or authority for these checks to be conducted. Moreover, some jurisdictions require these checks in addition to staff applying for a ‘working with children’ card which also has selected police checks as part of the process.

Many businesses raised the issue of duplication between registrations required by the state and territory governments, and the Australian Government, despite differences in the objectives of the two regulatory systems. This duplication has also been raised by a number of previous reports, including the Taskforce on Reducing Regulatory Burdens on Business (Regulation Taskforce 2006). Furthermore, the Taskforce recommended an independent public review of the regulation of the child care sector with a focus on reducing duplication between governments. This report focuses on benchmarking of the cost of business registration. The registration for CCB, as an activity relating to a child care cost subsidy, is beyond the scope of the report.

5.4 Registering a real estate agency

For the purpose of this study, a real estate agent is a business that provides advice and representation to others in respect to real estate transactions. These real estate transactions can be considered to include the purchase, sale, management or leasing of either residential or commercial property.

As the registration of real estate agents is the major focus of this section, some of the other regulatory requirements a real estate agent may need to satisfy before commencing operations or undertaking certain activities have been excluded. Activities that are discretionary, unique to a certain business, related to a

professional accreditation or are a function of ‘doing business’ rather than ‘starting a business’, have been excluded. Some examples of the activities excluded are:

- registration as a real estate salesperson⁹
- registration or notification of trust accounts.¹⁰

Licensing of a real estate agency business

All jurisdictions require individuals and bodies corporate to be licensed before commencing business as a real estate agent.¹¹ Although all jurisdictions place regulatory requirements on the partners of a real estate business operating as a partnership, only Western Australia has a distinct licence for partnerships (table 5.16).

Many jurisdictions impose limitations on the name a real estate agency may operate under. Some examples of these limitations are that the business name must not incorporate the name of an agent’s representative (as distinct from licensee), the name of an unlicensed person or a name which could be confused with another existing estate agency business.

Depending on the jurisdiction, the licensing criteria may include measures of:

- adequate training or demonstrated competence
- minimum practical experience
- minimum professional indemnity insurance
- good character
- personal and professional conduct (including criminal history)
- adequate financial resources.

⁹ This registration allows an individual to work in the real estate industry, typically as an employee. Unlike the relevant business registration, this registration does not allow the holder to start a business in their own right.

¹⁰ Some jurisdictions require the registration of trust accounts however, for the purpose of this study, this is considered this to be a function of ‘doing business’ given a trust account is only operational once the business has commenced.

¹¹ In the case of Tasmania, real estate agents are registered rather than licensed.

Table 5.16 Real estate agency — registration requirement by operating structure

	<i>Individual</i>	<i>Partnership</i>	<i>Corporation</i>
NSW	Licensed real estate agent	No partnership specific licensing process — 'active' partners are to be licensed as individuals	Licensed real estate agent — at least one director must be licensed as a real estate agent and the company's nominated 'office manager' must be a licensed agent. A company may only perform an activity under its licence if the activity may be performed by a licensed director and 'office manager'
Vic	Licensed estate agent	No partnership specific licensing process	Licensed estate agent — must have a licensed estate agent acting as the officer in effective control of its estate agency business
Qld	Licensed real estate agent	No partnership specific licensing process — at least one partner is to be licensed and an applicant may be denied a licence if they intend to carrying on business in partnership and any member of that partnership is not a suitable person	Licensed real estate agent — at least one director must be licensed as a real estate agent. A company may only perform an activity under its licence if the activity may be performed by a licensed director of the company under the director's licence
SA	Licensed land agent	No partnership specific licensing process	Licensed land agent — operations must be supervised by a registered agent
WA ^a	Licensed real estate agent	Licensed real estate agent — where the partnership is constituted by less than three persons, at least one of them is to be licensed and where the firm is constituted by more than three persons at least two of them are licensed. Also the person in <i>bona fide</i> control of the business is to be licensed	Licensed real estate agent — where the company has no more than three directors, at least one of them is to be licensed and where the company has more than three directors at least two of them are licensed. Also the person in <i>bona fide</i> control of the business is to be licensed
Tas	Registered real estate agent	No partnership specific process	Registered real estate agent
NT	Licensed real estate agent	No partnership specific licensing process — a person in a partnership will be denied a licence if another of the partners is a disqualified person	Licensed real estate agent — the person to be appointed as the business manager is to be a licensed agent
ACT	Licensed real estate agent	No partnership specific licensing process — a person in a partnership will be denied a licence if another of the partners is a disqualified person	Licensed real estate agent — at least one director of the company must hold a real estate agent's licence

^a A licence, of itself, does not confer on a licensee the right to carry on business as an agent. They must also hold a current triennial certificate in respect of the licence. A triennial certificate is granted to the agent by the Real Estate and Business Agents Supervisory Board upon the grant of a real estate licence. A licence is continuous, while a triennial certificate is subject to renewal every three years.

Sources: *Property, Stock and Business Agents Act 2002* (NSW); *Estate Agents Act 1980* (Vic); *Property Agents and Motor Dealers Act 2000* (Qld); *Land Agents Act 1994* (SA); *Real Estate & Business Agents Act 1978* (WA); *Property Agents and Land Transactions Act 2005* (Tas); *Agents Licensing Act* (NT); *Agents Act 2003* (ACT).

Licences to act as a real estate agent may be issued subject to conditions, including:

- restrictions about the size or kind of business that may be operated

- geographic limitations
- requiring the licence to obtain stated qualifications.

Responses to the Commission's survey indicated there were 2324 real estate agent licence applications approved across Australia in 2006-07 (table 5.17).

Table 5.17 Real estate agency — licence applications and approvals 2006-07

	<i>Number of applications lodged</i>	<i>Number of applications approved</i>
NSW ^a	638	661
Vic	439	414
Qld	581	545
SA	139	134
WA	n.s	283
Tas	220	190
NT	34	34
ACT	64	63
Total		2 324

n.s not supplied ^a In New South Wales, the number of approvals exceeded applications approved because of timing differences between when applications were lodged and approved.

Source: Survey responses from state and territory governments (unpublished).

Regulatory responsibility for real estate agent licences

Each state and territory has legislation requiring the licensing of real estate agents. Each state and territory also has a regulator to administer the registration requirements (table 5.18).

Table 5.18 Real estate agency — primary legislation and regulators

	<i>Primary legislation</i>	<i>Regulator</i>
NSW	Property, Stock and Business Agents Act 2002	Office of Fair Trading
Vic	Estate Agents Act 1980	Business Licensing Authority (Consumer Affairs)
Qld	Property Agents and Motor Dealers Act 2000	Office of Fair Trading
SA	Land Agents Act 1994	Office of Consumer and Business Affairs
WA	Real Estate & Business Agents Act 1978	Real Estate and Business Agents Supervisory Board
Tas	Property Agents and Land Transactions Act 2005	Property Agents Board
NT	Agents Licensing Act	Department of Justice
ACT	Agents Act 2003	Office of Regulatory Services

Source: Survey responses from state and territory governments (unpublished).

Registering a business — the application process

A real estate agent that undertakes work for which they have not been licensed may face a penalty (table 5.19).

Table 5.19 Penalties for undertaking work as an unregistered real estate agent

	<i>Penalties</i>
NSW	\$11 000 ^a (100 penalty units) in the case of a natural person \$22 000 ^a (200 penalty units) in the case of a body corporate
Vic	\$55 060 ^b (500 penalty units) or imprisonment for 12 months in the case of a natural person \$110 120 ^b (1000 penalty units) in the case of a body corporate
Qld	Maximum penalty: \$15 000 ^c (200 penalty units) or 2 years imprisonment
SA	Maximum penalty: \$20 000
WA	\$20 000
Tas	\$120 000 ^d (1000 penalty units)
NT	\$55 000 ^e (500 penalty units) in the case of a natural person \$275 000 ^e (2 500 penalty units) in the case of a body corporate
ACT	Maximum penalty: \$10 000 ^f (100 penalty units), or 12 months imprisonment or both — in the case of a natural person Maximum penalty: \$50 000 ^f (100 penalty units), or 12 months imprisonment or both — in the case of a body corporate

^a 1 penalty unit = \$110 (*Crimes (Sentencing Procedure) Act 1999* (NSW)). ^b 1 penalty unit = \$110.12 (*Monetary Units Act 2004* (Vic)). ^c 1 penalty unit = \$75 (*Penalties and Sentences Act 1992* (Qld)). ^d 1 penalty unit = \$120 (*Penalty Units and Other Penalties Act 1987* (Tas)). ^e 1 penalty unit = \$110 (*Penalty Units Act 1999* (NT)). ^f 1 penalty unit = \$100 for individuals and \$500 for corporations (*Legislation Act 2001* (ACT)).

Sources: Survey responses from state and territory governments (unpublished); *Property, Stock and Business Agents Act 2002* (NSW); *Estate Agents Act 1980* (Vic); *Property Agents and Motor Dealers Act 2000* (Qld); *Land Agents Act 1994* (SA); *Real Estate & Business Agents Act 1978* (WA); *Property Agents and Land Transactions Act 2005* (Tas); *Agents Licensing Act* (NT); *Agents Act 2003* (ACT).

Given the penalties for completing work as an unlicensed real estate agent, it is important that businesses are able to readily identify and understand their obligations with respect to real estate licensing requirements. To this end, there are a number of ways in which real estate agents can determine the licensing responsibilities incumbent on them. Information on the licensing requirements is available almost universally across the states and territories via shop fronts, internet, fax, mail and through business information websites (such as the Business Licensing Information Service www.bli.net.au). Queensland is the only jurisdiction to provide information on the registration process in languages other than English.

A real estate agent can obtain licence application forms via the internet, shop fronts and mail in all states and territories, except South Australia, where the applicant can

only progress an application via a visit or a telephone call to the regulator – this is the same Assisted Application Process that applies to domestic builder (box 5.2). Many jurisdictions also provide the forms via email and fax. Aside from South Australia, completed application forms can be returned in person to shop fronts, mail or, in some states and territories, fax.

Although all states and territories require a completed application form as part of the licensing process, there are differences in the supporting material and documentation required for an application.¹² Depending upon the jurisdiction and the business structure being registered, an applicant may be required to supply:

- documents, such as a driver's licence and passport, to establish the applicant's identity
- details of education and qualifications – some jurisdictions will require copies of certificates
- a photograph of applicant (in the case of natural persons)
- details of prior experience
- details of criminal history, National Police Certificate or both
- a copy of the applicant's professional indemnity insurance
- a copy of any previous real estate licences held – including those from other jurisdictions
- a copy of the certificate of registered business name
- a copy of the certificate of incorporation, reports from the Australian Securities and Investments Commission or both (for body corporate applicants)
- written references or testimonials
- a statement of assets and liabilities
- the applicant's current employer to co-sign the application form.

Many jurisdictions require an application to be advertised. Certain jurisdictions require a copy of the advertisement to be provided with the application. Western Australia is unique in that the Real Estate and Business Agents Supervisory Board (rather than the applicant) will advertise the application.

Real estate agents seeking to operate under a franchise confront differing licensing requirements across the jurisdictions. Victoria requires a copy of the franchise

¹² In South Australia, the application form is completed by the Office of Business and Consumer Affairs during an interview with the applicant. In other jurisdictions applicants can obtain and complete the application form themselves.

agreement to be supplied as part of the application process. Franchisees in Tasmania are required to supply a letter advising the name and address of the franchisor, as well as the date on which the franchise was entered into (or is to be entered into).

5.5 Registering a winery

For the purpose of this study, a winery is considered to be a business deriving its primary source of income from the sale of wine produced by the winery from the grapes it has grown on its property.

Before a business commences operation as a winery, certain registration requirements must be satisfied in relation to:

- the liquor licensing provisions of the states and territories
- the Wine Equalisation Tax (WET) levied by the Commonwealth.

As the registration of a winery is the major focus of this section, some of the other regulatory requirements a winery may need to satisfy before commencing operations or undertaking certain activities have been excluded. Registration activities that are discretionary, unique to a certain business, unique to a jurisdiction or a function of ‘doing business’ rather than ‘starting a business’, have been excluded. Some examples of the requirements excluded are:

- obtaining council planning or development approval¹³
- completing the relevant food safety registration¹⁴
- the Wine Grapes Levy, Grape Research Levy and Wine Export Charge¹⁵
- registration with the Phylloxera and Grape Industry Board (South Australia).¹⁶

¹³ The burden of this registration activity will be at least partially driven by the nature of the work to be completed and subject to the planning approval.

¹⁴ The processes of completing for food safety registration requirements are considered in the context of a café enterprise.

¹⁵ Although a winery made need to make payments for the Wine Grapes Levy, Grape Research Levy and Wine Export Charge, there is no formal registration process associated with these activities. Further, payment of the Wine Export Charge is limited to those businesses making wine exports.

¹⁶ Registration with the Phylloxera and Grape Industry Board is a requirement unique to South Australia and so cannot be benchmarked across jurisdictions.

Obtaining a liquor licence

All Australian states and territories regulate the supply of alcohol to the public through a system of liquor licences. Liquor licences provide the means by which governments exert control over the sale of alcohol. Governments achieve this control by allowing only those holding a liquor licence to sell alcohol. A government can implement additional layers of control by placing a condition, or conditions, on a licence. Such conditions may relate to matters such as the type of alcohol that may be sold, who may sell alcohol, the location at which alcohol may be sold and the time(s) at which alcohol may be sold.

Across Australia in 2006-07, there were 231 applications approved for the types of liquor licences required by wineries (table 5.20). In New South Wales, Victoria and Western Australia the number of approvals exceeded applications approved because of timing differences between when applications were lodged and approved.

Table 5.20 **Liquor licence applications and approvals (for wineries)^a**
2006-07

	<i>Number of applications lodged</i>	<i>Number of applications approved</i>
NSW	47	60
Vic	21	22
Qld	12	8
SA	72	72
WA	27	35
Tas	18	18
NT	15	15
ACT	1	1
Total	213	231

^a The types of licence are those detailed in table 5.22 for each jurisdiction.

Source: Survey responses from state and territory governments (unpublished).

Regulatory responsibility

Each state and territory has its own legislation regulating liquor sales and its own authority charged with the administration of that legislation including the issue of liquor licences (table 5.21).

Table 5.21 Wineries — primary legislation and regulators

	<i>Primary legislation</i>	<i>Regulators</i>
NSW	Liquor Act 1982 ^a	NSW Office of Liquor, Gaming and Racing ^b
Vic	Liquor Control Reform Act 1998	Consumer Affairs Victoria — Licensing Branch
Qld	Wine Industry Act 1994	Liquor Licensing Queensland (Queensland Treasury)
SA	Liquor Licensing Act 1997	Office of the Liquor & Gambling Commissioner
WA	Liquor Control Act 1988	Department of Racing, Gaming and Liquor
Tas ^c	Liquor Licensing Act 1990	Department of Treasury and Finance — Liquor and Gaming Branch
NT	Liquor Act 1980	Department of Justice — Licensing and Regulation Division
ACT	Liquor Act 1975	Office of Regulatory Services

^a The Liquor Act 2007 was granted assent on 13 December 2007 and commenced on 1 July 2008. The Liquor Act 1982 was the primary legislation for the period 2006-07. ^b Licensing decisions were made by the Licensing Court of New South Wales and the Liquor Administration Board. From 1 July 2008, licence applications are considered by the Casino, Liquor and Gaming Control Authority. ^c Licence applications are made to the Commissioner for Licensing.

Source: Survey responses from state and territory governments (unpublished).

Registering a business — the application process

Although the legislation of the states and territories share certain common objectives and utilise licensing as one means to those objectives, the liquor licensing requirements themselves lack the same harmony. The different types of liquor licence required to operate as a winery across the states and territories, and the rights attached to those licences, are an example of this lack of harmony (table 5.22).

Table 5.22 Wineries — applicable liquor licences and associated rights

	<i>Liquor licence</i>	<i>Rights associated with licence</i>
NSW ^a	Liquor Off-Licence (Vigneron)	Permits the sale of wine to liquor retailers and to the general public. Sales to the general public are for consumption off the premises and may be up to 45 litres of wine per customer at any one time. The licence also allows the provision of samples for tasting provided no charge is made for the samples. The wine sold is to be made at the winery or from fruit (or honey) grown at the winery.
Vic ^b	Vigneron's Licence	Authorises the supply of liquor for consumption on and off the licensed premises. Licensees must have a minimum of 1.6 hectares of fruit bearing vines or fruit trees, own or possess operating fermentation facilities sufficient for the annual production reasonably expected from the vineyard or orchard and produce the liquor from at least 70 per cent of fruit either grown or fermented by the licensee.
Qld	Wine Producer Licence	Permits dealings in wine made from fruit grown on the premises, wine made by the person at the premises or both. The dealings in these wines may be for tasting on the premises or sale for consumption off the premises. Licensees can seek 'additional privileges' such as allowing consumption on premises and the sale of other producer's wine(s).
SA	Producer's Licence	Authorises the licensee to sell wine that is 'uniquely its own product' for consumption off the premises, for consumption with a meal on the winery premises and to sell or supply a sample for consumption on the winery premises.
WA	Producer's Licence	Allows the licensee to sell liquor that has been produced by, or under the control of that person. The holder of a producer's licence can only supply liquor from its licensed premises and not otherwise.
Tas	Special Licence (Tasmanian Wine)	Authorises the sale of Tasmanian wine at the winery and cellar door premises subject to any conditions included in the licence.
NT ^c	Liquor Licence	Permits the sale of liquor from the licensed premises, subject to any conditions included in the licence.
ACT	Special Liquor Licence	Authorises the sale of liquor for consumption away from the licensed premises, wine tasting (at cost), provision of catering and transportability of the licence's coverage.

^a With the commencement of the Liquor Act 2007 on 1 July 2008, this class of licence was replaced by a Producer/Wholesaler License. ^b Small wineries may obtain a Renewable Limited Licence for which the scale and scope of supply is substantially limited. ^c A winery could alternately register a liquor wholesaler if its sales were to be of a wholesale nature only.

Sources: Survey responses from state and territory governments (unpublished); NSW OLGR (2005); CAV (2008a); QT (2005); OLGC (SA) (2003); DoRGL (WA) (2007); Tas DTF (2008); DoJ (NT) (2005); *Liquor Act 1975* (ACT).

Wineries need to obtain a liquor licence prior to selling any wine (or any form of liquor), regardless of whether it is wine they have produced or have otherwise sourced. Failure to complete the registration activity prior to commencing operations may result in penalties (table 5.23). A winery cannot lawfully supply liquor, or continue to supply liquor, unless the registration requirements have been met. Successful completion of the registration requirements includes the regulator's formal approval of the licence application.

Table 5.23 Penalties for the sale of liquor without a licence

<i>Penalties</i>	
NSW	Under existing Liquor Act 1982: \$5500 ^a (50 penalty units), or 6 months imprisonment or both Under pending Liquor Act 2007: \$11 000 ^a (100 penalty units), or 12 months imprisonment or both
Vic	\$13 214.40 ^b (120 penalty units) or 12 months imprisonment
Qld	\$26 250 ^c (350 penalty units)
SA	\$20 000
WA	\$20 000
Tas	\$4800 ^d (40 penalty units)
NT	A penalty of: a) \$1000 or 6 months imprisonment in the case of a first offence b) \$2000 or 12 months imprisonment in the case of a second and subsequent offence
ACT	\$5000 ^e (50 penalty units)

^a 1 penalty unit = \$110 (*Crimes (Sentencing Procedure) Act 1999* (NSW)). ^b 1 penalty unit = \$110.12 (*Monetary Units Act 2004* (Vic)). ^c 1 penalty unit = \$75 (*Penalties and Sentences Act 1992* (Qld)). ^d 1 penalty unit = \$120 (*Penalty Units and Other Penalties Act 1987* (Tas)). ^e 1 penalty unit = \$100 for individuals and \$500 for corporations (*Legislation Act 2001* (ACT)).

Sources: *Liquor Act 2007* (NSW); *Liquor Act 1982* (NSW); *Liquor Control Reform Act 1998* (Vic); *Wine Industry Act 1994* (Qld); *Liquor Licensing Act 1997* (SA); *Liquor Control Act 1988* (WA); *Liquor Licensing Act 1990* (Tas); *Liquor Act 1980* (NT); *Liquor Act 1975* (ACT).

Although all states and territories require a completed application form as part of the licensing process, there are differences in the supporting material and documentation they require for an application. Some examples of these include:

- liquor licence applications in Western Australia are to be accompanied by a s.39 Certificate (Local Health Approval) and s.40 Certificate (Local Planning Approval) from the relevant local council
- liquor licence applications in the Australia Capital Territory are to be accompanied by a Planning and Land Authority certificate. The certificate should verify the property's ACT lease purpose clause permits the proposed liquor licence
- while certain states and territories, such as New South Wales, Queensland, South Australia, Western Australia and the Northern Territory, require that the licence application be advertised in some way, it is not a universal requirement. The form of advertising, where required, varies across jurisdictions and includes newspaper notices, letter drops to neighbouring properties and notices posted on the proposed premises.
- many states and territories require some form of criminal history check, however the nature of the check ranges through fingerprint checks to criminal history

checks (or police certificates of clearance) to the completion of a ‘police questionnaire’.

Given the penalties for selling liquor without holding a liquor licence, it is important that businesses are able to readily identify and understand their obligations with respect to liquor licences. To this end, there are a number of ways in which wineries can determine the requirements for obtaining a liquor licence. Information on liquor licensing requirements is available almost universally across the states and territories via shop fronts, internet (except the ACT), fax, mail and through business information websites (such as the Business Licensing Information Service www.bli.net.au).¹⁷ Information may also be sourced via email (ACT), Small Business Development Corporations (Western Australia) and ‘education visits’ by field officers (South Australia). In undertaking the synthetic analysis, the consultant sourced their initial information on the licensing requirements from a toolkit supplied by the Winemaker’s Federation of Australia (ACIL 2008).

A winery can obtain the application forms for a liquor licence via the internet, shop fronts, mail and fax in all states and territories, except the ACT where the forms are not available through the internet.¹⁸ Applications can also be sourced via email (ACT), Small Business Development Corporations (Western Australia) and from field officers (South Australia).

Completed application forms can only be returned in person to shop fronts, mail or, in some states and territories, fax. Aside from New South Wales and the ACT where the majority of applications are lodged at a shop front, most applications are lodged via the mail.

Wine Equalisation Tax

WET is a Commonwealth tax administered by the Australian Taxation Office (ATO). WET is an ad-valorem (valued based) wholesale tax applying to wine¹⁹ for consumption within Australia. WET is levied at a rate of 29 per cent of the value of the wine at its last GST-exclusive wholesale price. WET applies only to wine and is a separate, distinct tax to the excise duties applied to beer and spirit-based beverages.

¹⁷ Information on obtaining a liquor licence in the ACT became available through the internet during 2008.

¹⁸ Application forms for a liquor licence in the ACT became available through the internet during 2008.

¹⁹ The *A New Tax System (Wine Equalisation Tax) Act 1999* (Cwlth) defines wine as grape wine, grape wine products, fruit or vegetable wine, cider or perry, mead or sake, where those beverages contain more than 1.15 per cent by volume of ethyl alcohol.

Being a wholesale tax, WET is primarily collected from wine manufacturers, wholesalers and importers. In this context, a winery becomes liable for WET if it bottles or packages wine for sale, or makes its own wholesale sales of wine to a reseller.

For the 12 months to 30 June 2007 the Australian Taxation Office received 1208 WET registration applications, of which it approved 535. The total numbers of applications and approvals are greater than the number of winery-specific liquor licences for the same period as WET potentially applies to any enterprise involved in the wholesale of wine and not just wineries.

Registering a business — the application process

Registration for WET is required under *A New Tax System (Goods and Services Tax) Act 1999* (Cwlth). There is no separate registration requirement for WET under the WET Act (*A New Tax System (Wine Equalisation Tax) Act 1999* (Cwlth)) (ATO 2004b). In order to register for WET a business must be registered, or be concurrently registering, for GST.

Information on WET can be sourced from Australian Taxation Office shop fronts, the internet, fax, mail and through business information websites (such as the Business Licensing Information Service www.bli.net.au).

In practice a new winery would most likely register for an Australian Business Number, WET and the generic Australian Government tax-related registrations (referred to in chapter 3) at the same time by using the composite application forms supplied by the Australian Taxation Office.²⁰ This form may be completed in hard copy and returned by mail (approximately 5 per cent of registrations) or be completed and submitted online at the Australian Taxation Office website (approximately 90 per cent of registrations). Registration can also be effected over the telephone (approximately 5 per cent of registrations) (Survey response from Australian Taxation Office (unpublished)).

²⁰ *Application for ABN registration for companies, partnerships, trusts and other organisations — NAT2939E.*

6 Choice of indicators of business registration compliance cost

Business registration embraces the system of licences, permits, registrations and notifications a business needs to complete in order to ‘become a business’ in their industry. The nature of the registration activities will vary depending upon the legal structure of the enterprise (for example, sole trader or company), and the industry and jurisdiction in which it intends to operate. This study considers the business registration requirements imposed by all three levels of government in Australia.

As outlined in the preceding chapters, business registration activities fall into two broad categories:

- *generic registrations*: are registrations that are not related to the particular industry in which a business intends to operate and that most businesses would undertake similar, if not identical actions, to complete
- *industry-specific registrations*: are registrations required to operate in a particular type of business, such as the registration of a child care centre or food business.

This chapter outlines the Commission’s approach to the choice of indicators and method for estimating the compliance costs of generic and industry-specific business registrations.

6.1 The costs of registering a business

The Commission’s Stage 1 report on benchmarking business regulation identified two types of compliance cost: paperwork costs and non-paperwork costs (box 6.1).

Both types of compliance costs can apply during the process of business registration. Non-paperwork costs are more likely to be firm specific than those costs associated with the paperwork requirements for registering a business. Non-paperwork costs may also be more significant for firms that operate across jurisdictions or have major capital works linked to starting a business. Although these costs are important for firms, for this benchmarking exercise the Commission

focuses on the paperwork activities that are more likely to be common to all firms registering a business.

Box 6.1 Types of business regulation compliance costs

Paperwork compliance costs

These costs include the costs imposed on the administrative structures of a business due to filling out forms and providing information. It also include costs such as record keeping costs and the cost of obtaining advice from external sources in the course of providing information.

Non-paperwork compliance costs

These costs include human capital and physical investment costs, costs of modifying output to conform with regulations, capital holding costs associated with regulation induced delays in business projects, costs associated with dealing with inconsistent and duplicative regulation across jurisdictions, and the cost of time spent in meeting regulatory requirements such as audits and inspections.

Source: PC (2007a).

Paperwork costs mostly refer to the cost of time spent on registration activities such as obtaining information and completing forms. In addition, business registration often involves fees and charges imposed by regulators. Depending on the form of these fees and charges, business may need to spend an amount of time to calculate or organise the required payment. The time spent on these activities is included in the paperwork cost. The amount of fees and charges constitute a separate cost to the paperwork time costs. The paperwork cost and the cost of fees and charges form the total cost of business registration.

Time cost of paperwork activities

The Commission identified eight activities associated with the business registration (box 6.2). Businesses that provided time estimates considered these eight steps to be a reasonable representation of the registration process.

The Commission distilled these eight activities into three broad activities for which the compliance time cost were estimated:

1. obtaining information and forms (that include activities one to three)
2. completing forms (that include activities four and five)
3. lodging forms and paying fees and charges (that include activities six and seven).

Box 6.2 **Business registration activities**

Business registration can potentially involve eight distinct activities:

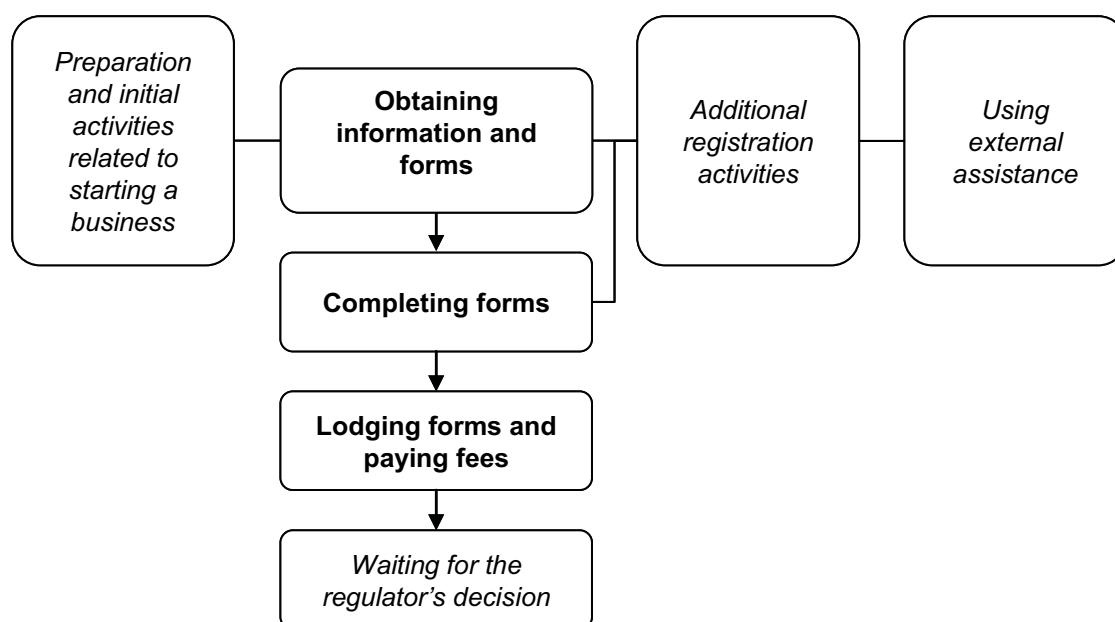
1. Researching to find out what is required
2. Searching for and gathering information
3. Obtaining copies of required registration forms
4. Completing required registration forms
5. Completing any other registration requirement (if relevant)
6. Lodging the required registration forms
7. Completing any other required lodgement activities (if relevant)
8. Receiving a successful response from the regulator.

In addition, the Commission collected data on the waiting time between lodging forms and a decision to approve a registration application (activity eight). This activity was assessed separately due to difficulties in valuing the lapsed time. For example, the cost of waiting might be zero if other registration or establishment activities are pursued in this time. Alternatively, where waiting means a business is deferring the commencement of its operations, this can have real costs for the firm. Moreover, measuring such costs is problematic. Although forgone profit is a possible measure of waiting cost, this is likely to be different for each business. Nevertheless, as waiting time can impose additional costs on a new business, information on waiting times is useful.

Time spent on preparation and initial activities related to starting a business that are identified in the Office of Best Practice Regulation's Business Cost Calculator, such as education, preparation of business notification, permission and procedural compliance tasks, is not included in the calculation of compliance cost. Also, time spent on additional activities associated with registering a business, such as planning permissions, developing an occupational health and safety policy for child care, criminal history checks, hiring accountants or consultants, or purchasing special equipment, is not included. Generally, the Commission included only time spent on activities that are directly needed to comply with registration requirements or are required by the regulator, such as attending an interview and are conducted by business itself.

Figure 6.1 shows the business registration activities. The horizontal lines show concurrent activities. The time indicators for which compliance costs are calculated for benchmarking purpose are shown in bold font.

Figure 6.1 **Business registration activities**



Fees and charges associated with registration

Fees and charges imposed by regulators or required as a part of the registration processes constitute a separate indicator to the time indicators discussed above.

The structure of fees and charges applied to the registration requirements can be complex. Businesses pay different fees and charges depending on the state or territory in which they register. Moreover, fees and charges can differ within each state and territory, and between local governments within a state or territory, depending on factors such as the size of the business and the manner in which the business is operated (for example, as a sole trader, partnership or company).

There are usually two components of fees and charges: an application payment and a registration payment. An application payment is required when the application is lodged. A registration payment usually covers a period and can vary depending on factors such as:

- the legal structure of an enterprise
- the scale of the business (for example, business turnover, floor space or number of customers).

The Commission has treated the required up front payment of fees and charges as an indicator of compliance cost for business registration, regardless of whether the

fee relates to a period of operation or is an application or processing fee, as these fees must be met before the business can commence operations.

Where the fees and charges for the same industry vary within a jurisdiction, the Commission usually presents data on the minimum and maximum fees and charges payable. Some figures present the midpoint of the minimum and maximum fees and charges. The midpoint figure do not represent the actual average cost to business but only the average fees and charges imposed by regulators.

Where the fees and charges cover different periods of registration across different jurisdictions, these fees are standardised across jurisdictions so that they apply to a common period. For example, if the fee imposed by one jurisdiction covers two years and in other jurisdictions the comparable fee covers one year, the fee for the first jurisdiction is divided by two to bring it into line with the annual basis quoted in other jurisdictions.

For successful applicants in some state and territories the application fees paid are deducted from the registration fee payable. In such cases, the Commission has reduced the registration fee by the amount of the application fee deducted to avoid any double counting.

Where the fee depends on the size of a business operation (for example, outdoor dining fees may depend on the area of the facilities or the number of tables) the Commission applied a hypothetical value to determine the fees – an area of 10 square metres containing one table was assumed for the calculation of outdoor dining fees.

In some jurisdictions, business operators need to hold an individual licence prior to registering a company. However, the Commission has only measured the direct cost of registering a company in its benchmarking across jurisdictions.

Certain fees could be fully or partly refundable if the registration fails. The focus of the report is on registration of business and therefore refunds due to unsuccessful registration are not included. Also, costs related to penalties for non-compliance, are not included.

The total compliance cost of registration

The total compliance cost of registering a business is the sum of the paperwork time cost, and the fees and charges. The time cost is estimated in monetary terms by multiplying the total time value (the sum of all three time indicators), by the full-time person average weekly wage (ABS 2007c). This proxy for the cost to the

business of the time required to comply with registration requirements is estimated to be \$0.50 per minute for all jurisdictions.

6.2 Data sources and reliability

Data sources

The Commission sought data on the time spent by businesses in pursuing their business registrations from three sources (appendix B):

1. regulators responsible for the registration activity
2. synthetic analysis undertaken by consultants and Commission staff
3. business focus groups and interviews.

Regulators responsible for the generic registration activities and industry specific registrations were requested to complete a survey questionnaire. The results were provided to each jurisdiction for verification and to encourage completion where information had not been supplied. A working draft report was also provided to jurisdictions for discussion at a meeting in Melbourne in August 2008, following which some jurisdictions provided revised or additional data.

For the synthetic estimates, the times to complete the registration requirements were estimated in ‘laboratory’ like conditions and based on fixed business characteristics established by the consultants. The synthetic analysis constructed representative businesses for each industry. For each jurisdiction, researchers measured the time to undertake and complete each registration activity. For some estimates this was the average of the experiences of two researchers. The Commission replicated selected synthetic estimates and achieved similar results to those found by the consultants.

Data from businesses were obtained from focus groups and interviews with individuals who had recently undergone the registration process. The participants were asked to complete a survey asking about time taken to undertake specific registration activities and to rate the degree of difficulty of each activity.

Unfortunately, due to privacy considerations, not all regulators were able to provide lists of recently registered businesses – these lists would have facilitated larger and more representative focus groups. As a consequence, the businesses were identified through a search of the Australian Business Number (ABN) register for recently registered businesses.

Where there were insufficient respondents for a focus group, individual interviews were conducted. Where there were more than one respondent, the business time estimates are the average of all relevant estimates provided. Data from individual interviews are, for obvious reasons, interpreted with caution, and mostly used merely used to illustrate an individual business experience.

Indicators used

Table 6.1 shows the indicators and the sources of data used to calculate their value.

Table 6.1 Indicators and sources of data

<i>Indicators</i>	<i>Source of data</i>		
	<i>Regulator estimates</i>	<i>Synthetic estimates</i>	<i>Business estimates</i>
Obtaining information and forms	Familiarisation with registration requirements	Find forms	Obtain a copy of the form Familiarisation with requirements
Completing forms	Complete the required forms and other documents	Complete the form	Complete the form
Lodging forms and paying fees	Lodge registration forms		Lodge registration forms
	Pay any fees or charges		Pay any fees
	Attend interviews or hearings		Attend interviews or hearings

Business and synthetic estimates provided data on the level of difficulty associated with various activities. Table 6.2 shows the activities for which the level of difficulty was assessed in synthetic analysis and business estimates. The difficulty rating scale is explained in table 6.3.

Table 6.2 Indicators for which the level of difficulty was measured

<i>Synthetic estimates</i>	<i>Business estimates</i>
Find forms	Obtain a copy of the form Familiarisation with requirements
Complete the form	Complete the form
	Lodge registration forms Attend interviews or hearings

Table 6.3 Level of difficulty: rating scale

<i>Rating</i>	<i>Meaning</i>	<i>Examples</i>
1	No difficulty in finding or completing the form (very easy)	<ul style="list-style-type: none"> • In the case of finding the form, the website was very intuitive, links were off the home page or there was a self explanatory link to the forms. There were no problems in downloading the form. • In the case of completing the form, the form was easy to complete, there was no reason to read a lot of information, it was short and only required generally available information.
2	Easy to find and complete	<ul style="list-style-type: none"> • In the case of finding the form, the website provided self explanatory links, however, you had to go beyond the home page to find them. There were no problems in downloading the form. • In the case of completing the form, the form need information which was slightly more detailed and some guidance from accompanying documentation was needed.
3	Neither easy nor difficult (medium difficulty)	<ul style="list-style-type: none"> • In the case of finding the form, there were no self explanatory links, the search engine had to be used and/or the authority had to be contacted (with a quick response) to find the form. There were no problems in downloading the form. • In the case of completing the form, the form required less standard information, however, the information could be obtained reasonably quickly.
4	Difficult to find or complete the form	<ul style="list-style-type: none"> • In the case of finding the form, there was no intuitive means of finding it. The search engine did not assist greatly and/or the authority was contacted and after considerable discussions the form was located and readily downloaded. • In the case of completing the form, the form required input from a third party (eg accountant or lawyer) and/or a detailed reading of guidelines was required to fill in the form.
5	Very difficult to find or complete the form	<ul style="list-style-type: none"> • In the case of finding the form, there was no intuitive means of finding it. The authority was contacted and once the form was located it took considerable time to download. • In the case of completing the form, the form was complex, required a lot of assistance from the guidelines and needed the input of third parties.

Reliability of the estimates

The analysis compares the time cost estimates drawn from the perspectives of the regulator, an independent agent (synthetic analysis) and businesses. Overall, allowing for measurement error associated with subjective recollections of time, concordance is generally good; however, there are some notable exceptions, which suggest particular estimates are not robust. Usually the range of time data for any registration activity is relatively small; a matter of 5 20 minutes. In those circumstances, difference apparent in the data may be immaterial as they may fall within an error band associated with the subjective recollection of time.

Regulators

The regulator estimates generally had regard to the entire population of business registrations the regulator considered in the survey year. In most responses, the

regulator estimates were based on the experiences of their staff. Some regulators indicated that estimates were ‘best guesses’ based on experienced personnel’s interaction with applicants, while a number of regulators noted their estimates would vary depending on the experience and ability of the applicant. However, in Victoria, some estimates were based on specific research.

Synthetic analysis

Synthetic estimates perform well when the steps identified for a process are common across all jurisdictions and reflect a complete set of actions. The data resulting from the synthetic estimates provide a consistent basis for comparison of similar registration processes in different jurisdictions, but may not necessarily reflect the actual experiences of businesses. To develop the estimates, some effort went into establishing business scenarios that describe the details of the business operation, so this information was readily available to researchers for the synthetic exercise. These business scenarios were constructed in advance of completing the registration activities and were designed to provide all the information that might be required in the registration process. As a consequence the synthetic data understated the time required where the compilation of such information was required as part of the registration process.

Businesses

The business estimates (from focus groups and interviews) are the only data source that directly measures the cost to businesses. The business estimates reflect the experiences of between one and nine business participants for each registration activity studied, but many of the estimates are from single respondents. However, the estimates do not represent the average experience. Where the experiences of businesses vary considerably for the same registration process, a large sample of businesses is required to get meaningful average time estimates. Idiosyncratic events, such as getting a helpful, experienced official, or a new starter, also affect the experience for business. These variations tend to average out in large samples, but are problematic in small samples, especially where there may be selection bias in those who participate in focus groups.

The usefulness of the business data was limited by a low participation rate in focus groups and possible bias in sample selection. The low participation rate was the result of a number of factors:

- the inability (for confidentiality reasons) of jurisdictions to provide contact details of recently registered businesses

-
- the reliance on recent ABN registrations for the business names, with the consultant having to find telephone contact information separately
 - in some jurisdictions and industries, relatively small numbers of businesses meeting the definition that had been applied to ensure consistency in what was being benchmarked (such as a domestic builder which is a subcategory of builders)
 - a reluctance of contacted businesses to participate, due to pressures of running their business, and perhaps from little concern about the relatively low costs associated with one-off business registrations
 - a relatively tight time frame for collection of data, with much of it coinciding with the holiday period, which also reduced the number of businesses that were able to participate as they could not attend at the indicated times.

As the main aim of this report has been to produce coherent and consistent indicators, the Commission used the regulator data as the basis for calculating the benchmark business registration compliance cost. The analysis notes where regulator data are significantly different from the other sources, and thus may be less reliable. Moreover, although data limitations reduce the usefulness of business and synthetic estimates, those estimates nonetheless provide a useful ‘reality check’ for the regulator estimates.

For the jurisdictions, a finding of a much lower or higher time cost is useful mainly where it can be related to the experiences of business. The discussion of the findings includes examples from the business data that identified the features of a jurisdiction’s process that contributed to particularly low or high estimates of time and difficulty.

7 Cost of generic Australian Government registrations

Australian Government generic business registrations considered in this chapter encompass those for registration as a company and tax-related registrations (ABN, FBT, GST, PAYG and TFN) as discussed in chapter 3. The analysis presents estimates of time costs for sole traders (tax-related registrations only) and companies. The data cover the:

- time estimates for the registration
- degree of difficulty experienced in the registration process
- cost of completing the registration process (time cost and fees and charges)
- application processing time.

The Commission sought information for each registration from regulators, synthetic analysis and businesses. The business estimates were obtained from businesses participating in focus groups and face-to-face interviews. Two businesses provided estimates on incorporation and nine businesses provided estimates for the tax-related registrations.

The analysis, where feasible, draws on all three sources of data. But, given the small number of businesses providing detailed information, not all business estimates are suitable for comparison. Rather, the business estimates serve as a reality check for the other data sources. The final calculation of costs for benchmarking are based on time and fee data provided by regulators.

7.1 Registering a company (incorporation)

Time estimates for registration as a company

The estimate from the regulator shows that the total time of registration is less than 40 minutes. Business estimates show a slightly longer total time but are comparable with the regulator estimate. Synthetic estimates showed the lowest time of less than 25 minutes. However, the synthetic estimate is based on completing the registration

only up to the lodgement of the application form with the regulator. All three estimates are broadly consistent in terms of the time taken to register a company being less than one hour (table 7.1).

Table 7.1 Time estimates (minutes) — registration as a company

<i>Registration activity</i>	<i>Regulator estimates</i>	<i>Synthetic estimates</i>	<i>Business estimates</i>
Obtaining information	15		30
Obtaining the form		5	2
Completing the form	15	19	15
Lodging forms	5		1
Paying fees	2		n.s
Total	37	24	48

n.s not supplied.

Sources: ACIL (2008); Australian Government survey response (unpublished); TNS (2008).

Degree of difficulty experienced in the registering a company

The difficulty ratings provided by synthetic estimates indicate that obtaining information and completing forms were ‘very easy’. In contrast, business participants found obtaining information to be ‘somewhat difficult’ (table 7.2). The difficulty experienced by business was related to the volume of information needed to understand the legal aspects of incorporation (box 7.1).

Table 7.2 Difficulty ratings — registration as a company

<i>Registration activity</i>	<i>Synthetic estimates</i>	<i>Business estimates</i>
Obtaining information		4
Obtaining the form	1	1
Completing the form	1	3
Lodging forms		1
Paying fees		n.s
(Number of businesses)	(n.ap)	(2)

n.ap not applicable. **n.s** not supplied.

Sources: ACIL (2008); TNS (2008).

Box 7.1 Comments by businesses on registering a company

One focus group participant found the process of incorporation to be very complicated:

It's very complicated. If you have no idea and just come off the street and want to start a company, it's very complicated to do it and it would take a lot more than 15 minutes. There's a lot of legislation there that governs companies.

Another business relied on external assistance to complete the process:

I got some assistance from my accountant who used another company that starts companies. That took about a week and a half before it all came back. That process took a week, and then it took another week for [the Australian Securities and Investment Commission] to process it, so about a two week [timeframe to complete the activity].

Source: TNS (2008).

Cost of registering a company

The application fee for the registration of a 'proprietary limited' company is \$400. The time cost of registration, based on the regulator's estimate, is \$19. Therefore, in 2006-07, the estimated total cost of registration of a company was \$419.

The Commission has not included this cost in total business registration costs for any state and territory as it is identical in each jurisdiction and provides no differentiating feature between jurisdictions.

Processing time — registration as a company

The regulator states that in 2006-07, based on records, the average processing time for completed applications for incorporation was one day. Complete and compliant applications can be processed almost instantaneously if submitted electronically.

7.2 Tax-related business registrations

Time estimates for tax-related business registrations

The time estimate provided by the regulator for ABN, FBT, GST, PAYG withholding tax and TFN registrations is around 100 minutes (table 7.3). Business estimates are similar, at around 80 minutes. For most businesses, registering for these taxes can be achieved by completing of a common form (see chapter 3).

The synthetic estimate is based on completing the registration up to the lodgement of the application form with the regulator. The synthetic analysis reveals that tax-related registrations take slightly longer for a company than for a sole trader.

Table 7.3 Time estimates (minutes) — tax-related business registrations

<i>Registration activity</i>	<i>Regulator estimates</i>	<i>Synthetic estimates</i>		<i>Business estimates</i>
		<i>Sole trader</i>	<i>Company</i>	
Obtaining information	60			50
Obtaining the form		15	15	4
Completing the form	40	29	38	24
Lodging forms	1			3
Total	101	44	53	81

Sources: ACIL (2008); Australian Government survey response (unpublished); TNS (2008).

Degree of difficulty experienced in the registration process

The difficulty ratings provided by businesses and synthetic analysis indicate that obtaining the application form, completing and lodging it were very easy. Business participants found obtaining information regarding the requirements was ‘easy’ (table 7.4).

Table 7.4 Difficulty ratings — tax-related business registrations

<i>Registration activity</i>	<i>Synthetic estimates</i>	<i>Business estimates</i>
Obtaining information		2
Obtaining the form	1	1
Completing the form	1	1
Lodging forms		1
(Number of businesses)	(n.ap)	(9)

n.ap not applicable.

Sources: ACIL (2008); TNS (2008).

Cost of registering for tax-related registrations

As there are no fees or charges payable in relation to ABN, FBT, GST, PAYG withholding tax and TFN and registrations, the cost of registering only comprises the time costs. Based on time data provided by the regulator, the estimated time cost of registering for these taxes is approximately \$50.

Processing time — tax-related business registrations

The regulator states that in 2006-07, based on their records, the average processing times for completed applications for an ABN registration was four days.

7.3 Benchmarking Australian Government registrations

The World Bank's *Doing Business 2008* report ranked Australia as the easiest country in which to start a business. In deriving its rankings, the World Bank considers those 'procedures that are officially required for an entrepreneur to start up and formally operate an industrial or commercial business' (World Bank 2007a). In the case of Australia, these procedures were found to be incorporation and the registration for an ABN (World Bank 2007b). The methodology employed in the *Doing Business 2008* report assumes the minimum time required for each registration is one day. Further, even where registrations can be completed simultaneously, they are considered to be completed on separate days. As a consequence, the World Bank ascribes a time of two days to completing these activities, which greatly exceeds this study's upper bound estimate of three hours for an average business completing both activities.

The New Zealand Ministry of Economic Development supplied a completed *business registration requirement questionnaire 2006-07* (for the process of incorporation) as part of its submission (sub. 6). The New Zealand survey provides data comparable to the equivalent Australian questionnaire response and reveals:

- compared to the compliance cost of incorporation in Australia (A\$418), the cost in New Zealand is NZ\$183 (or A\$147)¹
- the New Zealand system allows a business to apply for a tax number and for the GST concurrent with the process of incorporation
 accordingly, the A\$147 cost for incorporation in New Zealand includes the cost associated with registering for a tax number and for the GST. This compares with the combined cost of incorporation and the (broadly equivalent) taxation registrations in Australia of A\$469
- from 1 July 2008 company incorporations in New Zealand are only be able to be completed via the internet. In Australian incorporation can progress via internet, facsimile, telephone, shop fronts, mail or third party agents.

¹ The currency conversion is based on an exchange rate of A\$/NZ\$1.2448 — the average exchange rate for the month of August 2008 as calculated using data published by the Reserve Bank of Australia (<http://www.rba.gov.au/Statistics/HistoricalExchangeRates/index.html>).

8 Cost of generic state and territory government registrations

In 2006-07, over 230 000 businesses registered a business name and over 14 000 registered for payroll tax. This chapter describes the costs of completing these generic state government business registrations. In doing so it covers the:

- time estimates for obtaining information and forms
- time estimates for completing the application forms
- time required to lodge forms and pay fees
- degree of difficulty experienced in the registration process
- fees paid to register a business.

In addition, the chapter includes a comparison of the processing or waiting times associated with state or territory level processes of registering a business name and for payroll tax.

Information for each jurisdiction comes from the regulators in those jurisdictions, synthetic analysis and businesses. The business data were obtained from businesses participating in focus groups and face-to-face interviews. The number of businesses supplying time estimates is provided in each of the relevant tables.

The analysis, where feasible, draws on all three sources of data. But given the small number of businesses providing detailed information, not all business estimates are suitable for comparison. Rather, they serve mainly as a reality check for the other data sources. The calculation of compliance costs for benchmarking is based on time and fee data provided by regulators.

8.1 Registering a business name

Time estimates for registering a business name

Obtaining information and forms

The regulators' estimates of the time to obtain information and application forms ranged from 5–20 minutes (table 8.1).

Table 8.1 **Time estimates: obtaining information and forms (minutes) — business name**

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates	5	5	20	5	10	15	5	5
<i>Synthetic estimates</i>								
Obtaining the form	5	5	5	5	5	5	5	5
<i>Business estimates</i>								
(Number of businesses)	(1)	(4)	(6)	(7)	(3)	(1)	(4)	(3)
Obtaining information	n.s	28	18	11	14	20	5	8
Obtaining the form	n.s	8	5	2	5	5	7	5
Total	n.s	36	23	13	19	25	12	13

n.s not supplied.

Sources: ACIL (2008); Survey responses from state and territory governments (unpublished); TNS (2008).

The time estimates from the synthetic analysis were all within 15 minutes of the regulators' estimates. The business estimates also broadly agree with estimates of the regulators. The synthetic estimates are generally lower than the estimates of regulators and business as they only involved obtaining the form.

Time estimates for completing forms

The time to complete the application forms were estimated by regulators to take between 5–15 minutes (table 8.2).

The synthetic estimates are similar to those of the regulator and are within 15 minutes of the regulator's estimate across all jurisdictions. The synthetic analysis found only marginal differences in the time to complete an application form for a sole trader and that for a company.

Estimates from businesses are slightly higher than those from regulators, but only by about 5–15 minutes.

Table 8.2 Time estimates: completing forms (minutes) — business name

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates	5	8	10	5	10	15	5	5
<i>Synthetic estimates</i>								
Sole trader	4	6	9	7	4	4	3	4
Company	5	7	7	7	5	5	2	4
<i>Business estimates</i>	10	22	18	13	23	25	8	9
(Number of businesses)	(1)	(4)	(6)	(7)	(3)	(1)	(4)	(3)

Sources: ACIL (2008); Survey responses from state and territory governments (unpublished); TNS (2008).

Overall, the process of completing the application form to register a business name was relatively brief, taking no more than 15 minutes (based on regulator time data). The data from the synthetic analysis and businesses broadly support the regulators' estimates.

Lodging forms and paying fees

Regulator estimates of the time taken to lodge forms to register a business name are also generally low for all jurisdictions, ranging from 1–15 minutes (table 8.3). The estimates of businesses exhibit a similar range of 1–40 minutes and, in most cases, are within 10 minutes of the relevant regulator's estimate.

The large relative difference in Victoria between the regulator and business estimates may be explained by Consumer Affairs Victoria assuming the application form was lodged online, whereas the estimate from business is likely to include the time taken to lodge forms by a number of different methods.

The time taken to pay fees, as estimated by the regulator, is no more than five minutes across all jurisdictions.

Businesses from the ACT provided time estimates for attending an interview, even though a formal interview is not a registration requirement in this jurisdiction. The business estimates are likely to relate to the time spent in discussion with regulators on matters such as enquiries on the registration process, responding to regulator queries on the application and checking on the progress of their application with the regulator.

Table 8.3 Time estimates: lodging forms and paying fees (minutes) — business name

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates								
Lodging forms	2	1 ^a	10	5	10	15	2	2
Paying fees	2	1 ^a	5	2	5	5	2	2
Interviews	n.ap	n.ap	n.ap	n.ap	n.ap	n.ap	n.ap	n.ap
Total	4	2 ^a	15	7	15	20	4	4
Business estimates								
(Number of businesses)	(1)	(4)	(6)	(7)	(3)	(1)	(4)	(3)
Lodging forms	1	12	8	6	2	n.s	3	40
Interviews	n.ap	n.ap	n.ap	n.ap	n.ap	n.ap	n.ap	5
Paying fees	n.s	n.s	n.s	n.s	n.s	n.s	n.s	10

n.ap not applicable. **n.s.** not supplied. ^a Online lodgement.

Sources: Survey responses from state and territory governments (unpublished); TNS (2008).

Degree of difficulty experienced in registering a business name

The difficulty ratings provided by businesses indicate that obtaining information was generally an ‘easy process’, with the exception of South Australia, where participants found the process to be ‘very easy’. Businesses found locating the application form either ‘very easy’ or ‘easy’ (table 8.4).

Table 8.4 Difficulty ratings^a — registering a business name

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Synthetic estimates								
Obtaining the form	1	1	1	1	1	1	1	1
Completing the form								
Sole trader	1	1	2	2	1	2	1	1
Company	1	1	2	2	1	2	1	1
Business estimates								
(Number of businesses)	(1)	(4)	(6)	(7)	(3)	(1)	(4)	(3)
Obtaining information	n.s	2	2	1	2	2	2	2
Obtaining the form	n.s	1	1	1	1	2	2	2
Completing forms	1	2	2	2	2	2	2	2
Lodging forms	n.s	1	1	1	1	n.s	1	1

n.s not supplied. ^a Refer to table 6.3 for the difficulty rating scale.

Sources: ACIL (2008); TNS (2008).

Businesses rated the process of lodging the business name application form as very easy (also see box 8.1). The results from the synthetic analysis were very similar to the experience reported by business.

Box 8.1 Comments by businesses on registering a business name

The participating businesses generally found the process of registering a business name straightforward:

Very easy. It's very straightforward. Just postal number, owner's name and things like ABN, that's it. (NSW)

My (business) name was quite easily done online. It was simple as ... (Vic)

Probably took ten minutes, getting the form probably took another minute, filling out this form was really easy, all very straightforward as long as you know what business name you want ... (Qld)

The form seems straightforward enough, two pages, it's got everything you need ... (ACT)

Registering a business name is pretty simple. You just go down, fill in a form, pick three names and they just run it through their computer and let you know which one you can have. It takes about half an hour. (SA)

Yes, very straightforward. (NT)

Businesses across jurisdictions raised a number of issues, such as the different lodgement options available, choosing a name and having to register in each jurisdiction:

You can post it, fax it, go into the [Office of Fair Trading] or go to the licensing centre at Spring Hill. It's quicker than going to the [Office of Fair Trading] because they can do it there on the spot and give you your certificate. (Qld)

The problem you face is when you do buy a name, they come back and say, no it's too similar to another name. There's lots of different databases you can get onto, you can check it internationally or for each state. But at the end of the day, the examiner looks at it and says, well yeah it's probably a bit similar to that one. (ACT)

... but I'm going to have to duplicate it all for New South Wales ... Why can't the name just be registered in Australia, and recognised in Australia? Someone can take my name and use it in Western Australia.(ACT)

Source: TNS (2008).

Fees paid to register a business name

Lodging an application form for business name registration attracts a fee. Fees are required in advance for a three year registration period. Queensland is the only jurisdiction which allows the option of a one year registration.

In 2006-07, the total fee for registering a business name (for three years) varied from \$60 in the Northern Territory to \$219 in Queensland (table 8.5). In Western

Australia, the cost of delivering business names registration and compliance functions are reviewed each year. As fees are set on a cost recovery basis, this review process determines the level of registration fees.

Table 8.5 Disaggregated fees and charges^a (\$) — business name (2006-07)

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA^b</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Application fee	24		71		10			
Licensing/registration fee	118		148		80			
Total fees and charges	142	77	219	139	90	125	60	133

^a Fees and charges are for a three-year period rounded to the nearest dollar. ^b Fees are set on a cost recovery basis.

Sources: Queensland OFT (2007); Survey responses from state and territory governments (unpublished).

In some jurisdictions the fees comprise an application or processing fee and a registration fee (table 8.5). In New South Wales, Queensland, and Western Australia, an application, or non-refundable processing fee, is charged if the application is withdrawn.

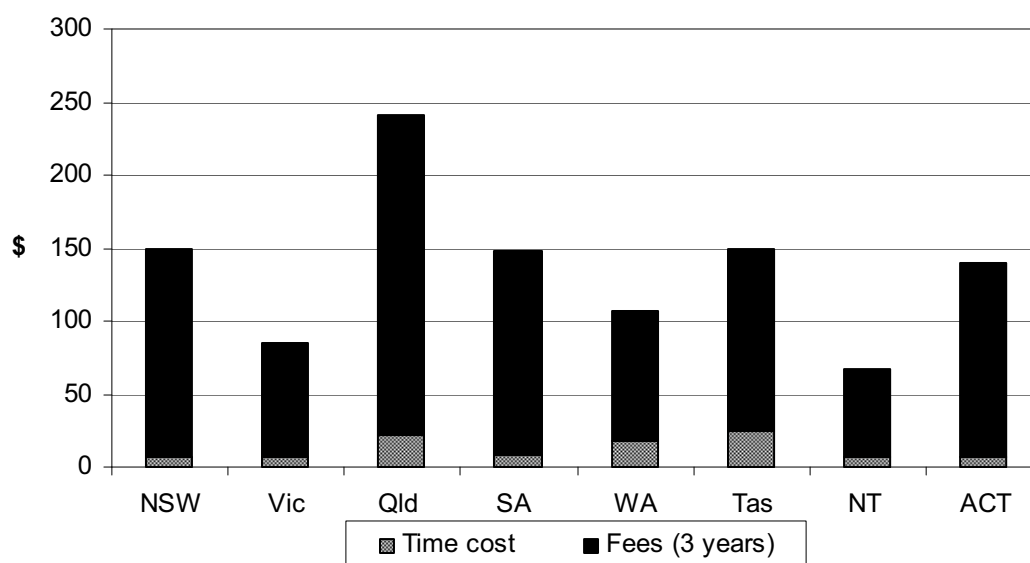
Cost comparisons based on benchmarking data — business name

In all jurisdictions, fees constitute the bulk of the total cost to business of registering a business name (figure 8.1). Time costs are highest as a proportion of total costs in Tasmania (17 per cent) and Western Australia (16 per cent), and smallest in New South Wales and the ACT (both 5 per cent). Figure 8.2 depicts the time costs that were used in the calculation of total costs.

The Northern Territory (\$67), Victoria (\$85) and Western Australia (\$108) are among the lowest cost jurisdictions to register a business name. New South Wales, South Australia, Tasmania and the ACT are in the mid-range, costing around \$140-\$150.

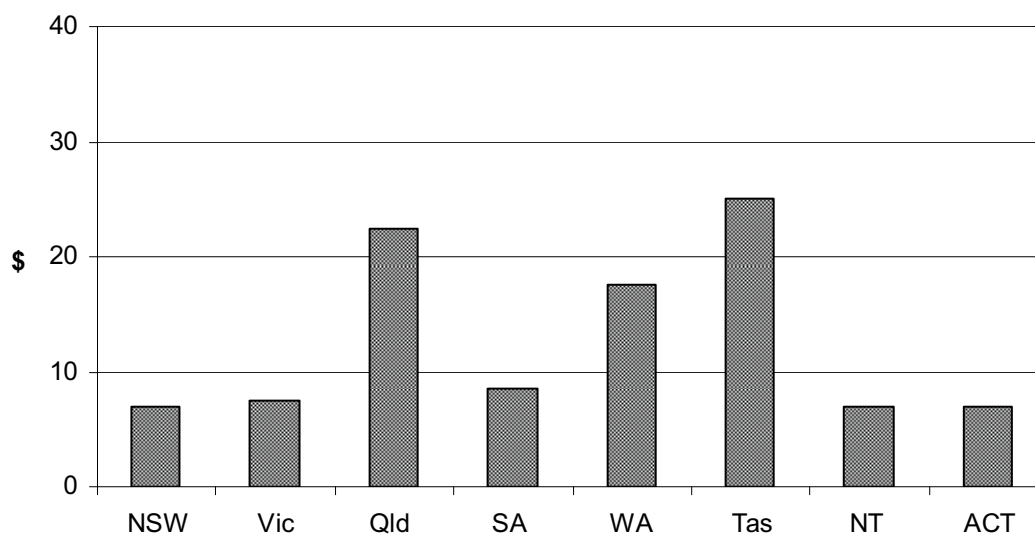
In 2006-07, Queensland had the highest estimated cost of registering a business name (\$241) a result of having the highest fees and second highest estimated time costs.

Figure 8.1 **Benchmarking total cost (per registration) — business name**



Data source: Survey responses from state and territory governments (unpublished).

Figure 8.2 **Time cost (per registration) used in calculating total costs — business name**



Data source: Survey responses from state and territory governments (unpublished).

The regulators' estimates of application processing times show some differences, with estimates ranging from 1–5 days (table 8.6).

Table 8.6 **Application processing time (days) — business name**

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates	2	1	2	5	1	5	1	2

Source: Survey responses from state and territory governments (unpublished).

8.2 **Registering for payroll tax**

Businesses must register for payroll tax in a jurisdiction once their Australian wage bill exceeds the mandated threshold for that jurisdiction. However, there are no impediments to a business registering for payroll tax prior to exceeding the threshold (see chapter 4).

Time estimates for payroll tax registration

Obtaining information and forms

The time taken to obtain information and application forms was estimated by regulators to take between 5–45 minutes (table 8.7).

The synthetic estimates of the time taken to find the form do not exceed 10 minutes in any jurisdiction (table 8.7). Business estimates of the time taken to find the form (from one or two businesses only) ranged from less than one minute to five minutes.

The Victorian business participant's response is at variance with all others. A large amount of time was spent obtaining information so as to place the payroll tax requirements in the context of their business. In addition to 48 hours of its own time, the business also spent about three hours in consultation with third parties to better understand its obligations in relation to payroll tax. Notwithstanding the time estimate of business in Victoria, the Victorian regulator's estimate is considered reliable as it was obtained from the Payroll Tax Reference Group.¹

¹ The reference group is a group of Victorian businesses that agreed to pilot Victoria's e-business initiatives for payroll tax.

Table 8.7 Time estimates: obtaining information and forms (minutes) — payroll tax

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
<i>Regulator estimates</i>	5	45	15	20	5	30	5	30
<i>Synthetic estimates</i>								
Obtaining the form	5	5	5	5	5	5	10	5
<i>Business estimates</i>								
(Number of businesses)	(1)	(1)	(1)	(2)	(1)	(1)	(1)	(1)
Obtaining information	120	2 880	5	5	60	90	10	10
Obtaining the form	0 ^a	5	0 ^b	4	5	5	1	5
Total	120	2 885	5	9	65	95	11	15

^a The zero time estimate indicates the average time was less than one minute. ^b The form was obtained following a phone call to the regulator who mailed the form out. The time requesting the form was nominal.

Sources: ACIL (2008); Survey responses from state and territory governments (unpublished); TNS (2008).

In addition to their own resources, businesses in New South Wales and Western Australia also relied on external assistance (180 minutes and 30 minutes, respectively) in order to obtain the information they required. There were, however, a number of business-specific factors influencing the estimates for New South Wales and Western Australia. In New South Wales, the business relied on an accountant to confirm its earlier research and assessments. In Western Australia, the business spent time researching matters of particular relevance to their business, such as payments to apprentices that were not raised by businesses in other jurisdictions (box 8.2). This additional time spent on consultation with third parties is not included in the time estimates in table 8.7.

The examples of New South Wales, Victoria and Western Australia demonstrate how business-specific factors can influence the time burden on businesses undertaking a registration activity. After allowing for these factors, there appears to be no significant differences between the jurisdictions in the difficulty of obtaining information and forms.

Box 8.2 **Comments by businesses on finding forms and information — payroll tax**

The business estimate from Victoria can be attributed to the unique situation described by the business:

It was (an) extremely difficult process ... the informal nature of the business as it was growing over time meant we didn't have systems in place to record the [required] historical information. We previously weren't subject to payroll tax, because we didn't meet the threshold ... but there was still an expectation that you needed to have the capability to get that information out of your system before you knew completely what the requirements were. That felt like an unrealistic expectation ... I had to make a few estimates, a few assumptions.

It was and is a huge learning process for us. Working out what are the inclusions, the exclusions ... making sure I wasn't subjecting the organisation to unnecessary payroll tax, or exposing us to another fine etc. I needed to make sure I was making the right assumptions.

The New South Wales participant relied on an accountant to confirm their earlier research and assessments:

He [the accountant] came up with the stuff from the city and brought it to us. He went through everything with us.

The Queensland participant experienced little difficulty in the process of obtaining forms and information:

... they send this pack and it's very easy to locate the bit that you need ... Again, it's plain English. I think State Revenue subscribe to the sort of plain English, where they go through their forms and try and make sure that they actually are easy to understand. I certainly never had a problem with any of their tax stuff.

Source: TNS (2008).

Completing forms

The range of regulators' estimates for the completion of the payroll tax registration form was 10–60 minutes, with most jurisdictions recording a time of 30 minutes or less (table 8.8).

The largest synthetic estimate was for Tasmania, which included 11 minutes spent reading the 'Employer's Guide to Payroll Tax' — the researchers deemed this necessary to ensure the registration form was completed correctly. The researchers noted that the Tasmanian State Revenue Office recommends that all applicants read the guide as well as the *Pay-roll Tax Act 1971* (Tas) and *Tax Administration Act 1997* (Tas) (ACIL 2008).

The business estimates were largely consistent with those of the regulator, with the estimates for Victoria, South Australia, Western Australia, Tasmania, the Northern Territory and the ACT all being within 20 minutes of the regulator's estimate. In

addition to the time estimates in table 8.8, some businesses indicated they relied on up to 60 minutes of assistance from a third party (typically an accountant) to complete the form.

Table 8.8 Time estimates: completing forms (minutes) — payroll tax

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
<i>Regulator estimates</i>	20	10	60	15	15	30	10	30
<i>Synthetic estimates</i>	34	32	23	21	31	77	40	25
<i>Business estimates</i>	60	10	25	5	30	30	30	30
(Number of businesses)	(1)	(1)	(1)	(2)	(1)	(1)	(1)	(1)

Sources: ACIL (2008); Survey responses from state and territory governments (unpublished); TNS (2008).

The South Australian business estimate of five minutes appears to relate only to the completion of the form, with the implication that little attention was given to the details of the registration requirements (box 8.3).

Box 8.3 Comments by businesses on completing forms — payroll tax

One South Australian participant discussed their approach to completing the registration form:

This form was pretty straightforward. I think the process took me about five minutes ... the thing is I never read the fine print. I just fill things out ...

Although the Western Australian participant found the form itself easy to complete, they did experience some challenges on determining the correct information to provide on the form:

The hardest thing is knowing what to include in the payroll tax. And that's where, along the way, I made the mistake that I didn't include super and I had to backtrack. That wasn't clear.

The Northern Territory participant also found the completion of the form to be a relatively simple process:

I mean it's fairly self explanatory [completing the form]. And all the information as you said was available internally, so I didn't have to source anything externally.

The ACT participant had to rely on external assistance to complete the form:

I didn't understand what the ramifications of completing the form was, so I called the accountant to work out what it was all about.

Source: TNS (2008).

Lodging forms and paying fees

The regulators' estimates for the time taken to lodge forms to register for payroll tax range from less than a minute to 30 minutes (table 8.9). In South Australia, nearly all registrations are completed online, providing some explanation as to why Revenue SA estimated that it would take less than a minute to lodge the registration form for payroll tax.

Table 8.9 Time estimates: lodging forms (minutes) — payroll tax

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates	2	1	10	0^a	5	5	2	30
<i>Business estimates</i>	90	5	2	3	30	10	5	15
(Number of businesses)	(1)	(1)	(1)	(2)	(1)	(1)	(1)	(1)

^a Online lodgement, less than one minute.

Sources: Survey responses from state and territory governments (unpublished); TNS (2008).

Business estimates exhibit a similar range (2–30 minutes) to the regulators' estimates (except for New South Wales (90 minutes)), although they show a greater scatter of values across jurisdictions. The extended time frame for lodging the form provided by the New South Wales business may be because it took a cautious approach and took some time to make sure everything was correct before lodging the form.

Degree of difficulty experienced in registering for payroll tax

Obtaining the relevant information and forms in Queensland and South Australia was rated as 'very easy' by business (table 8.10). Victoria recorded the highest difficulty rating of any jurisdiction due to the business-specific matters noted above.

The synthetic analysis typically assessed the completion of the forms as a significantly more difficult process than did businesses (table 8.10). For the synthetic analysis, the most common contributors to the higher difficulty rating were the number and type of calculations required as part of completing the form (New South Wales), the inability to save partially completed online registrations (New South Wales), and the volume and readability of reference material supplied by the regulator to assist with completing the form (Tasmania and the Northern Territory) (ACIL 2008). The comparatively lower difficulty ratings of business may be explained by the majority of the participants relying on some form of external assistance when registering for payroll tax.

Businesses across jurisdictions considered the process of lodging the form ranged from very easy to neither easy nor difficult.

Table 8.10 Difficulty ratings — registering for payroll tax

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
<i>Synthetic estimates</i>								
Obtaining the form	1	1	1	1	1	1	2	1
Completing the form	5	3	3	4	3	4	4	2
<i>Business estimates</i>								
(Number of businesses)	(1)	(1)	(1)	(2)	(1)	(1)	(1)	(1)
Obtaining information	3	5	1	1	3	2	2	2
Obtaining the form	1	2	n.s	1	1	1	2	2
Completing the form	3	3	1	1	1	2	2	4
Lodging forms	2	2	1	1	3	1	1	3

n.s not supplied.

Sources: ACIL (2008); TNS (2008).

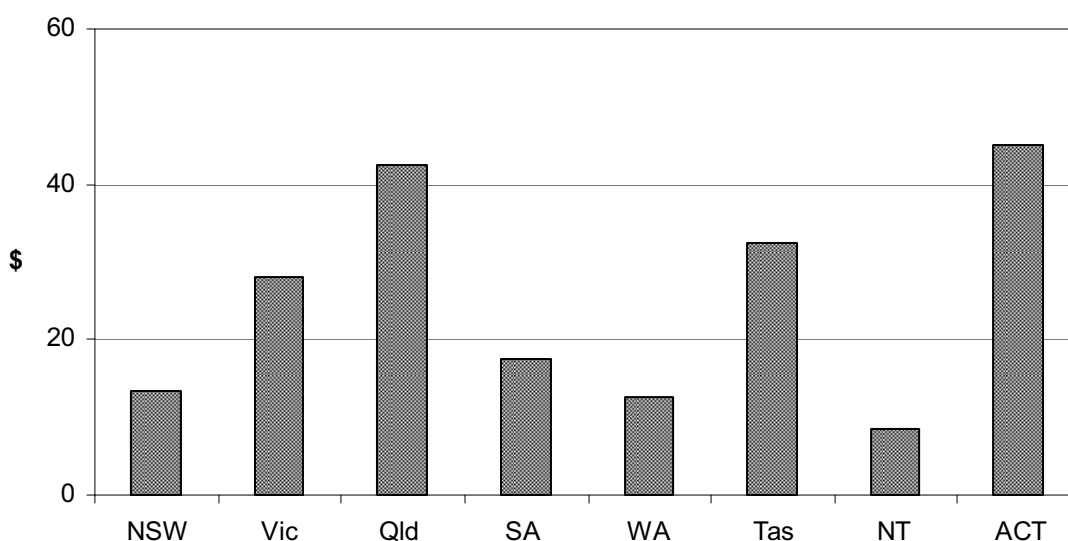
Fees paid for payroll tax registration

No fees are payable in any jurisdiction as part of registering for payroll tax.

Cost comparisons based on benchmarking data — payroll tax

As there are no fees associated with registering for payroll tax, the total costs for the registration activity are based solely on time estimates. Based on responses from regulators, the maximum estimated compliance cost for registering for payroll tax in any jurisdiction was \$45 (figure 8.3).

Figure 8.3 Time cost (per registration) — payroll tax



Data source: Survey responses from state and territory governments (unpublished).

The regulators' estimates of application processing times differ across all jurisdictions, indicating waiting times between 1 20 days (table 8.11). The relatively low estimates for New South Wales and South Australia possibly reflect the use of online lodgement of registration forms, though Victoria also provides for the online lodgement of registration forms.

Table 8.11 Application processing time (days) — payroll tax

	NSW	Vic	Qld	SA	WA	Tas	NT	ACT
Regulator estimates	1	14	10	<1	20	7	9	2

Source: Survey responses from state and territory governments (unpublished).

9 Cost of registering a café with outdoor dining

In 2006-07 there were 10 712 businesses listed in the accommodation, cafés and restaurant industry (ABS 2007a). Cafés make up a substantial proportion of these entries.

Before a business may begin operating as a café with outdoor dining facilities, certain registration requirements must be satisfied in relation to:

- the registration of a food business
- the registration of outdoor dining facilities

This chapter describes the costs of completing these two registration activities. These costs are additional to the cost of generic registrations to establish a business (set out in chapters 7 and 8). The data analysed includes the:

- time estimates for obtaining information and forms
- time estimates for completing the application forms
- time required to lodge forms and pay fees
- degree of difficulty experienced in the registration process
- fees paid to register a business.

In addition, the chapter includes a comparison of the processing or waiting times associated with each registration activity.

Cafés are unique in this study in that the business registration requirements rest with local councils in many jurisdictions. Where a jurisdiction devolves responsibility for registration to local councils, the analysis is based on the capital city council for that jurisdiction. There are no differences between the registration requirements for cafés that are sole traders and companies and so the analysis does not differentiate between business structures.

The information on which this analysis is based was sourced from regulators in each jurisdiction or local council (as applicable), synthetic analysis and businesses. The business data were obtained from businesses participating in small focus groups and

face-to-face interviews. The number of businesses supplying time estimates is provided in each of the relevant tables.

The analysis, where feasible, draws on all three sources of data. But given the small number of businesses providing detailed information, not all business estimates are suitable for comparison. Rather, the business estimates serve as a reality check for the other data sources. The final calculations of costs are based on the data provided by regulators.

9.1 Registering a food business

Time estimates for registering a food business

Obtaining information and forms

The time estimates to obtain information and application forms provided by regulators ranged from 5–30 minutes (table 9.1). Of the five local councils outside the capital cities that responded to the Commission's business registration survey, the time estimates range between 5–120 minutes.

Table 9.1 **Time estimates: obtaining information and forms (minutes) — food business**

	<i>NSW</i>	<i>Melb</i>	<i>Bris</i>	<i>SA</i>	<i>Perth</i>	<i>Hobart</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates	15	30	30	10	5	10	30	15
<i>Synthetic estimates</i>								
Obtaining the form	10	30	10	5	50	5	5	5
<i>Business estimates</i>								
(Number of businesses)	(1)	(3)	(3)	(1)	(1)	(3)	(2)	(4)
Obtaining information	n.s. ^a	37	90	n.s.	10	7	165	19
Obtaining the form	n.s.	10	5	15	5	6	n.s.	42
Total		47	95		15	13		61

n.s. not supplied. ^a The business obtained the relevant information whilst completing the online form (box 9.1).

Sources: ACIL (2008); Survey responses from state, territory and local governments (unpublished); TNS (2008).

Estimates from the synthetic analysis for 11 local councils outside the capital cities ranged between 5–30 minutes. There were no pervasive trends, either across jurisdictions or councils of comparable size, in these estimates.

The synthetic estimates for the time taken to obtain food business registration forms from the Melbourne and Perth councils reflected the difficulty faced by the researchers in finding the forms through an internet search. As the researchers were unable to locate forms via the internet, they contacted the regulator and requested an application via email, mail or fax. The synthetic estimate is, thus, a combination of the time taken in the unproductive internet search and in contacting the regulator to obtain the form. Business participants in the ACT had a similar experience in obtaining the registration form (box 9.1).

Box 9.1 Comments by businesses on finding forms and information — food business

The application process in New South Wales facilitates the obtaining of information in the process of completing the form:

If you don't understand certain things in the requirements, they have a little box next to it you can click in, and then they explain to you what it is for. So it's not difficult because the definitions are quite clear.

A Brisbane business appeared risk averse and this may have contributed to the longer time period for finding forms and information:

I could go to a website and get what I think gives — well in 30 minutes but am I confident that that's all I need to know? No way. There's no way — you would actually have to go and consult either with a professional or like I did, with the council because I wasn't confident I knew everything. So familiar, you know, the gist, yes, but that's all. You wouldn't act on it ... I wouldn't start a business with 30 minutes worth of familiarisation.

An ACT business explained their difficulty in obtaining the application form:

It's not available on the net. The only place you can get it is ACT Health. To get there I have to go through quite a few people. It took me a couple of hours.

In contrast, one business from the Perth found obtaining the form from the local council to be a simple process:

... go straight to the Council it's there, it's a bit over at 25 minutes, it takes about 10 minutes to go to the counter and they print it off.

A business from Hobart also found that obtaining the application form from the local council to be a simple process:

The council are the ones with information. You just make a phone call to them and find out what you need and they're always pretty helpful. Send out what you need, the forms or whatever.

Source: TNS (2008).

The business time estimate for New South Wales did not include a separate estimate for obtaining information because the business interviewed obtained the required information while completing the online registration form. Some business

participants in the Brisbane group appeared wary of the adequacy of information provided on the regulator's website (box 9.1), and this may have contributed to their higher estimates of time.

The time estimate from the Northern Territory businesses may be biased upward as a participant had sought information on food safety regulation that went beyond the registration activity (TNS 2008).

The jurisdictions retaining the registration activities at the state/territory level recorded some of the highest (Northern Territory) and lowest (New South Wales, South Australia) time estimates for obtaining the relevant forms and information. New South Wales and South Australia allow for registration via the completion of an online form, which may partly explain the comparatively lower times recorded for obtaining information and forms for these jurisdictions.

Completing forms

The regulators' estimates of the time taken to complete the application forms in most jurisdictions are 30 minutes or less (table 9.2).

Table 9.2 Time estimates: completing forms (minutes) — food business

	<i>NSW</i>	<i>Melb</i>	<i>Brisb</i>	<i>SA</i>	<i>Perth</i>	<i>Hobart</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates	15	30	60	10	5	5	10	15
<i>Synthetic estimates</i>								
Sole trader	6	6	5	n.s	3	5	3	7
Company	6	6	5	n.s	3	5	3	7
<i>Business estimates</i>	20	24	50	10	5	17	7	9
(Number of businesses)	(1)	(3)	(3)	(1)	(1)	(3)	(2)	(4)

n.s not supplied.

Sources: ACIL (2008); Survey responses from state, territory and local governments (unpublished); TNS (2008).

The synthetic and business estimates confirm a time to complete the forms of 30 minutes or less for all jurisdictions aside from Brisbane. The business estimate of 50 minutes for completing the form in Brisbane aligns with the regulator's estimate of 60 minutes. Some of the comments from Brisbane businesses providing estimates are contained in box 9.2. In contrast to the estimates of the regulator and business, the synthetic analysis produced a time estimate of five minutes for completing the form in Brisbane. Generally, the synthetic estimates are reasonably consistent across jurisdictions.

Box 9.2 Comments by businesses on completing forms — food business

Brisbane businesses expressed some concerns around the nature and clarity of the application form:

... it's an easy (one) to make mistakes with, particularly if you're a company because it doesn't sort of shift into company mode.

I would've liked to have seen the directional stuff in a much bigger font.

There's a trick in this which is the size of your business and you pay your licence based on the size of the business. But if you read it closely it's the size of your food preparation area of your kitchen, not of your whole shop.

The Brisbane City Council does however provided assistance to businesses completing the application forms, with one business participant noting:

Smart State — well, I spent about 45 minutes with them and they just went through a whole questionnaire, what are you going to do, are you going to do this, are you going to do that.

In Melbourne a business also received assistance from the city council in completing the application form:

We were quite fortunate in that a health inspector came out and helped us with filling out the forms. So for us it was quite easy.

Source: TNS (2008).

Lodging forms, paying fees and attending interviews

Estimates provided by the regulators show the time taken to lodge forms and pay fees ranges from five minutes to one hour (table 9.3). The South Australia regulator indicated that lodging forms and paying fees took a negligible amount of time. Part of the nominal time estimates provided by South Australia may be explained in that applicants:

- are only required to notify the regulator of their intention to operate,
- are able to carry out the notification via the completion of an online form, and
- do not have to pay any fees in relation to the notification..

Table 9.3 Time estimates: lodging forms, paying fees and attending interviews (minutes) — food business

	<i>NSW</i>	<i>Melb</i>	<i>Bris</i>	<i>SA</i>	<i>Perth</i>	<i>Hobart</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates								
Lodging forms	15	30	15	0 ^a	3	10	30	5
Paying fees	15	30	15	n.ap	2	5	n.ap	5
Interview	n.ap	120	30	n.ap	n.ap	n.ap	30	45
Total	30	180	60	0 ^a	5	15	60	55
Business estimates								
(Number of businesses)	(1)	(3)	(3)	(1)	(1)	(3)	(2)	(4)
Lodging forms	n.s	12	15	n.s	5	2	4	5
Paying fees	n.s	10	n.s	n.ap	n.s	5	n.ap	3
Interview	n.ap	40	60	n.ap	10	5	n.s	n.s

n.ap not applicable. **n.s** not supplied. ^a Less than one minute.

Sources: Survey responses from state, territory and local governments (unpublished); TNS (2008).

New South Wales and the Northern Territory have similar requirements and lodgement options to South Australia. However, the regulators in New South Wales and the Northern Territory may be allowing for other methods of lodgement, such as by post or in person, in making their estimates.

Businesses in some jurisdictions may also attend an interview with the regulator as part of the registration process. Interviews related to a food business registration are required in Melbourne, Brisbane, the Northern Territory and the ACT. The regulators' time estimates for the interviews ranged between 30 minutes and two hours.

Businesses estimated the time to lodge forms ranged from 2–15 minutes—slightly less time than that estimated by the regulator.

Businesses from Perth and Hobart provided time estimates for attending an interview, even though a formal interview is not a registration requirement for these councils. The business estimates are likely to relate to the time spent on discussing with regulators matters such as enquiries on the registration process, responding to regulator's queries, and checking on the progress of their application.

Degree of difficulty experienced in registering a food business

Aside from the experience of Brisbane businesses (box 9.1), the process of obtaining information and forms was rated no worse than 'neither easy nor difficult' by the synthetic analysis and businesses (table 9.4).

Table 9.4 Difficulty ratings^a — registering a food business

	NSW	Melb	Bris	SA	Perth	Hobart	NT	ACT
<i>Synthetic estimates</i>								
Obtaining the form	2	3	1	1	3	1	2	1
Completing the form								
Sole trader	1	1	1	n.s	1	1	1	1
Company	1	1	1	n.s	1	1	1	1
<i>Business estimates</i>								
(Number of businesses)	(1)	(3)	(3)	(1)	(1)	(3)	(2)	(4)
Obtaining information	n.s	3	4	n.s	1	1	3	2
Obtaining the form	n.s	2	1	2	1	1	1	2
Completing forms	2	1	2	2	1	1	2	1
Lodging forms	2	2	2	2	2	1	1	1
Interview	n.ap	1	3	n.ap	2	2	n.s	n.s

n.ap not applicable. **n.s** not supplied. ^a Refer to table 6.3 for the difficulty rating scale.

Sources: ACIL (2008); TNS (2008).

Estimates from all sources indicated a low degree of difficulty in completing forms or in lodging the forms in each area surveyed.

Fees paid to register a food business

Fees vary significantly between regulators for registering a food business (table 9.5). The jurisdictions retaining the registration activity at the state or territory level (New South Wales, South Australia, the Northern Territory and the ACT) have the lowest application and licence fees.

Table 9.5 Fees and charges (\$) ^a — food business (2006-07)

	NSW ^b	Melb ^c	Bris ^d	SA ^e	Perth ^f	Hobart	NT ^e	ACT
Application fee	55	175–850	0	0	0	75–200	0	0
Licence fee	0	145–5500	257–2271	0	400	0	0	50–150
<i>Other fees</i>								
Certificate fee			80					
Design assessment fee			264					

^a Fees are rounded to the nearest dollar. ^b The application fee applies only to applications lodged in hard copy. ^c The application fee relates to an assessment of plans and/or premises. The maximum licence fee applies to large businesses, such as the Telstra Dome. ^d The fee relates to an assessment of plans and/or premises. The maximum licence fee applies to 'major businesses' covering over 1000m² of floor space. ^e No fees payable. ^f Licence fee is comprised of \$335 registration fee and \$65 licence fee.

Source: Survey responses from state, territory and local governments (unpublished).

For those regulators expressing fees in ranges, the upper end of the range is normally reserved for large food premises. For example, in Melbourne the \$5500 licence fee would apply to a food premises at a large location such as the Telstra Dome.

The synthetic analysis estimated the following fees for a ‘typical’ café in those jurisdictions where the regulator disclosed their fees as a range:

- Melbourne: application fee \$290 and licence fee \$470 (total fees \$760)
- Brisbane: licence fee \$454
- Hobart: application fee \$150
- ACT: licence fee \$100.

In addition to the fees detailed above, businesses identified a number of incidental expenses they incurred as part of the application process. These incidental items included expenses related to:

- photocopying (to provide some of the supporting materials required)
- architect/draftsperson to preparing plans in compliance with council requirements.

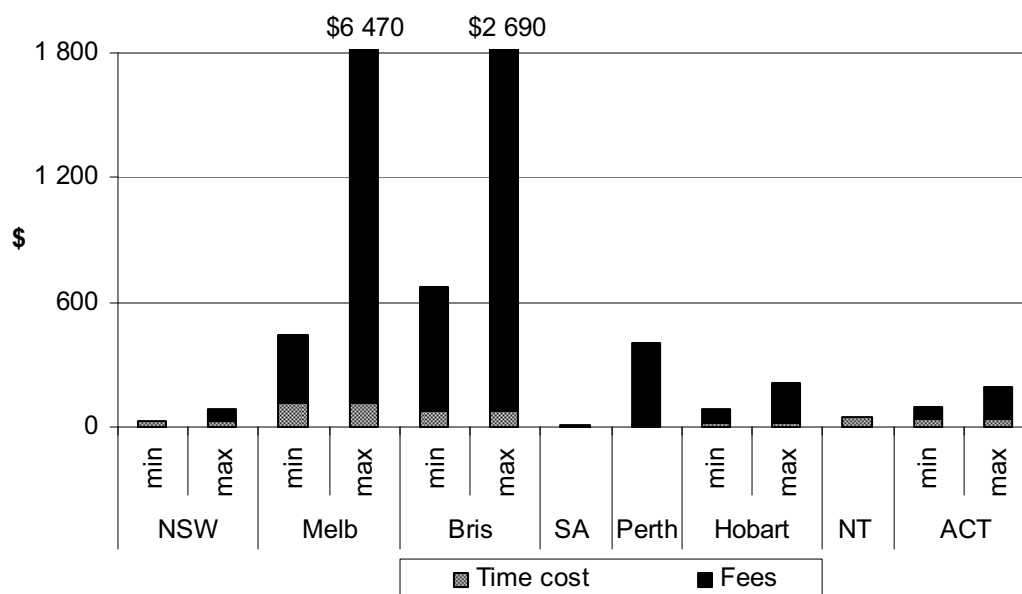
Cost comparisons based on benchmarking data — food business

The total costs for the registration of a food business were lowest in New South Wales, South Australia and the Northern Territory. In these jurisdictions, a notification-type process is in effect and the registration process can be completed online. The total compliance cost for New South Wales, South Australia and the Northern Territory ranged from \$10 \$85.

Figure 9.1 shows that the majority of the cost faced by businesses comes from fees levied by regulators. Figure 9.2 depicts the time costs used in calculating the total costs represented in figure 9.1. The upper ranges of costs for Melbourne and Brisbane are significantly above those of other jurisdictions, but these costs would only apply to the largest of food businesses.

The synthetic estimate for the costs applying to an ‘typical’ café in Melbourne and Brisbane were \$880 and \$873, respectively. Although significantly below the upper bounds, these costs are still appreciably higher than those of the regulator with the next highest total costs.

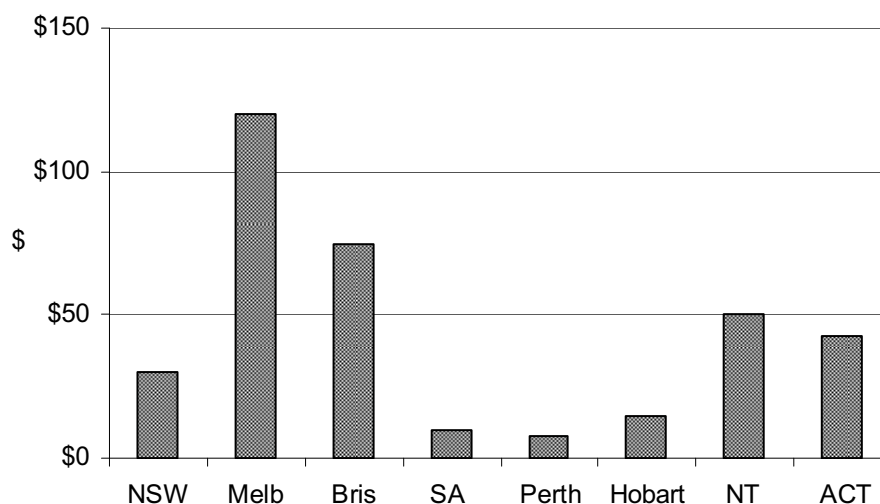
Figure 9.1 **Benchmarking total cost (per registration) — food business^a**



^a The upper bound estimates for Melbourne apply to large businesses, such as the Telstra Dome. The upper bound estimates for Brisbane apply to 'major businesses' covering over 1000m² of floor space.

Data source: Survey responses from state, territory and local governments (unpublished).

Figure 9.2 **Time cost (per registration) used in calculating total costs — food business**



Data source: Survey responses from state, territory and local governments (unpublished).

There is significant variation in the processing times of the regulators overseeing the registration of food businesses (table 9.6).

Table 9.6 **Application processing time (days) — food business**

	<i>NSW</i>	<i>Melb^a</i>	<i>Bris</i>	<i>SA^b</i>	<i>Perth</i>	<i>Hobart</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates	7	14–180	15	52	5	5	3	38

^a The upper range estimate applies to applications made at the commencement of construction of a food premises. ^b Estimate is based on an application submitted via the Adelaide City Council, rather than an application lodged online.

Source: Survey responses from state, territory and local governments (unpublished).

The upper bound of Melbourne City Council’s processing time estimate includes the elapsed time it takes a business to construct its premises and complete the fit-out of the premises. The overall registration processing time in Victoria includes the time for the approval of the café’s premises. As such, the upper bound time frame for Melbourne is indicative of the total elapsed time related to a decision for a business initiating an application upon the commencement of construction, as opposed to the time it takes the council to make a decision once it is in receipt of all the required information. The processing times for existing premises in Melbourne would therefore likely fall in the lower end of the regulator’s estimated range. The businesses from Melbourne estimated the average processing time for their applications to be seven days, which supports the notion that processing times are comparatively shorter for existing premises.

The business estimates of processing times for South Australia and the ACT (both 10 days) were well below the estimates of the respective regulators. The business estimate for waiting time in the Northern Territory was also 10 days.

Registration as a food business is required for all cafés. If the café has outdoor dining, businesses are also required to register the outdoor dining facilities.

9.2 Registering outdoor dining facilities

Time estimates for registering outdoor dining facilities

Obtaining information and forms

Across jurisdictions and, where responsibility for registration is devolved to local councils, across capital cities, the regulators’ estimates of the time taken to obtain the relevant information and forms for registration of a café with outdoor dining facilities was 30 minutes or less (table 9.7). The regulators’ estimates ranged between 5–30 minutes.

Table 9.7 Time estimates: obtaining information and forms (minutes) — outdoor dining

	<i>Syd</i>	<i>Melb</i>	<i>Bris</i>	<i>Adel</i>	<i>Perth</i>	<i>Hob</i>	<i>Dar</i>	<i>ACT</i>
Regulator estimates	30	30	30	10	10	5	30	15
<i>Synthetic estimates</i>								
Obtaining the form	10	30	5	5	10	30 ^a	5	35 ^a
<i>Business estimates</i>								
(Number of businesses)	(1)	(2)	(3)	(4)	(1)	(3)	(2)	(2)
Obtaining information	10	23	27	19	10	2	30	15
Obtaining the form	10	11	5	14	5	8	4	43
Total	20	34	32	33	15	10	34	58

^a The registration process is not form reliant and relies on direct interaction with the regulator. This estimate relates to obtaining information on this process of direct interaction with the regulator.

Sources: ACIL (2008); Survey responses from territory and local governments (unpublished); TNS (2008).

The five local councils outside the capital cities that responded to the Commission's business registration survey provided time estimates between 15–120 minutes.

The synthetic estimates for the capital cities were similar to those of regulators and ranged between 5–35 minutes. The estimates from the synthetic analysis for 15 local councils outside the capital cities were within a similar range, of 10–30 minutes. There were no apparent trends in estimates provided by these councils, either across jurisdictions or across councils of comparable size.

The narrow range of estimates from the regulators, synthetic analysis and businesses imply there is no material difference between jurisdictions, or councils within jurisdictions, for businesses in obtaining the forms and information relevant to the registration of outdoor dining facilities.

Completing forms

The regulators' time estimates for completing forms for registering of outdoor dining facilities are around 20–60 minutes in most jurisdictions (table 9.8). Hobart is the exception with an estimate of five minutes. The registration process in Hobart is centred on an inspection of the site by the council and dialogue between the council and applicant—the application form plays a minor role in the process.

The synthetic estimates show the time required for completing the forms is relatively even across the jurisdictions.

Table 9.8 Time estimates: completing forms (minutes) — outdoor dining

	<i>Syd</i>	<i>Melb</i>	<i>Bris</i>	<i>Adel</i>	<i>Perth</i>	<i>Hob</i>	<i>Dar</i>	<i>ACT</i>
Regulator estimates	60	30	60	20	20	5	60	30
<i>Synthetic estimates</i>								
Sole trader	3	4	5	2	5	n.s	3	n.s
Company	3	4	5	2	5	n.s	3	n.s
<i>Business estimates</i>	5	68	33	18	5	2	60	20
(Number of businesses)	(1)	(2)	(3)	(4)	(1)	(3)	(2)	(2)

n.s not supplied.

Sources: ACIL (2008); Survey responses from territory and local governments (unpublished); TNS (2008).

The business estimates show a similar range to the regulators, namely 2–68 minutes. For most jurisdictions there was no more than 30 minutes difference between the estimates of the regulator and those of business. Although the Melbourne and Darwin businesses interviewed indicated that they experienced difficulty in producing the site plans required as part of the application (box 9.3), their estimates did not significantly exceed those of the relevant regulator. The experience of these businesses may also have contributed to the difficulty ratings assigned by the Darwin businesses (table 9.10).

Box 9.3 Comments by businesses on completing forms — outdoor dining

Businesses from a number of jurisdictions experienced difficulty in producing the site plans required as part of the application.

In Melbourne a business observed:

... the difficulty comes when you have to draw a plan. We had to get a couple of people to help us go out there and measure, re-measure ... and then I had to draw it up to scale and things like that. So that was the most time consuming thing.

In Darwin, businesses detailed their experience as follows:

A bit more difficult [than registering a food business] because they require photographs, the drawing, signatures from adjoining businesses. They want everything measured precisely. So yes, it's much more difficult.

Yes, there was a bit more work involved [than registering a food business]. Drawing and measuring and — we came about this by quite a heap of discussion in the street by the council guy that came down and told us we had to move it.

Source: TNS (2008).

Lodging forms, paying fees and attending interviews

Regulators estimate that businesses will take 5–30 minutes to lodge forms, and 5–20 minutes to pay the appropriate fees. Interviews, where required, are expected to take from 15 minutes to one hour, based on the regulators' estimates. In total, regulators' estimates of the compliance time for this process were between 30–110 minutes (table 9.9).

Table 9.9 Time estimates: lodging forms, paying fees and attending interviews (minutes) — outdoor dining

	<i>Syd</i>	<i>Melb</i>	<i>Bris</i>	<i>Adel</i>	<i>Perth</i>	<i>Hob</i>	<i>Dar</i>	<i>ACT</i>
Regulator estimates								
Lodging forms	20	30	15	5	10	20	10	15
Paying fees	20	20	15	5	5	20	n.s	10
Interview	60	60	30	20	15	45	20	60
Total	100	110	60	30	30	85		85
Business estimates								
(Number of businesses)	(1)	(2)	(3)	(4)	(1)	(3)	(2)	(2)
Lodging forms	30	15	13	10	5	n.s	20	8
Paying fees	n.s	20	n.s	n.s	n.s	2	30	18
Interview	15	n.s	10	90	5	n.s	75	n.s

n.s not supplied.

Sources: Survey responses from territory and local governments (unpublished); TNS (2008).

The comparatively higher business estimates for interview times in Darwin and Adelaide would appear to be due to certain issues specific to the participants (box 9.4).

Box 9.4 Comments by businesses on the interview process — outdoor dining

In Darwin, changes to the planned outdoor arrangements meant that one business had a number of meetings with the council:

I think I spent about an hour with the inspector and then ... that was another half an hour.

One business from Adelaide commented on the regulator estimate of 20 minutes for interviews as follows:

... you want my personal experience — it took a lot longer than 20 minutes to talk to [council staff] about it.

Source: TNS (2008).

Degree of difficulty experienced in registering outdoor dining facilities

Only the interview process in Adelaide and the completion of the application form in Darwin received a rating of ‘difficult’ from businesses. No activity received a rating of ‘very difficult’ (table 9.10).

Table 9.10 **Difficulty ratings^a — registering outdoor dining facilities**

	<i>Syd</i>	<i>Melb</i>	<i>Bris</i>	<i>Adel</i>	<i>Perth</i>	<i>Hob^b</i>	<i>Dar</i>	<i>ACT^b</i>
<i>Synthetic estimates</i>								
Obtaining the form	2	3	1	1	2	3	1	3
Completing the form								
Sole trader	1	2	1	1	2	n.s	1	n.s
Company	1	2	1	1	2	n.s	1	n.s
<i>Business estimates</i>								
(Number of businesses)	(1)	(2)	(3)	(4)	(1)	(3)	(2)	(2)
Obtaining information	2	2	3	3	2	2	3	3
Obtaining the form	1	1	1	2	1	1	2	2
Completing forms	2	2	3	2	1	n.s	4	3
Lodging forms	2	1	2	2	1	n.s	2	1
Interview	3	n.s	2	4	1	3	3	n.s

n.s not supplied. **a** Refer to table 6.3 for the difficulty rating scale. **b** The synthetic estimate for finding the form relates to obtaining information on this process of direction interaction with the regulator.

Sources: ACIL (2008); TNS (2008).

The difficulty rating for Darwin may be partly explained by the problems experienced by businesses in producing the site plans required by the application (box 9.3). The difficult rating assigned by the Adelaide businesses may be coloured by the attitude of the participant(s) toward the local council (box 9.4 and box 9.5).

Box 9.5 Comments by businesses on the degree of difficulty of the registration process — outdoor dining

The attitude of the Adelaide participants toward the local council may have coloured the difficulty rating attributed to the interview process:

But the whole outdoor dining process was a shocker for us really.

I've got a bike rack right in front of us and I just said, this is ridiculous to have a bike rack right in my outdoor dining area, can I have it moved? She [council staff] just said you've got to go through this process ... So I went through all that process and the end result was that they weren't prepared to move it.

I've got a copy of the council's outdoor dining permit ... it's completely overzealous with the amount of information that's in the form that doesn't need to be in that particular form.

The Sydney participant commented:

I actually went to the council and sat down with the people in the council to fill it out. They were very, very helpful.

A Melbourne participant commented:

I'm not sure that all the information was there on the website. If it had not been for this nice, cooperative woman advising me and her attitude ... it might have been a different story.

Source: TNS (2008).

Fees paid to register outdoor dining facilities

As outdoor dining facilities are regulated by local governments in all jurisdictions aside from the ACT, it was beyond the scope of this report to assemble a comprehensive account of the fees levied across Australia. The Commission, however, obtained information on the fees prevailing in the capital cities (table 9.11). Box 9.6 outlines a selection of the different methods employed by other local councils for calculating outdoor dining fees. Though the rental charge is an ongoing cost of providing outdoor dining facilities, it has been included in the benchmarking cost calculations as the charge must normally be paid in advance and before any outdoor dining facilities can be provided.

The synthetic estimates also identified that a bond of \$500 is payable in both Sydney and Darwin. Sydney and Darwin appear to be the only capital city councils to require a security bond for outdoor dining facilities.

Table 9.11 Fees and charges (\$) ^a — outdoor dining (2006-07)

	<i>Syd^b</i>	<i>Melb</i>	<i>Bris</i>	<i>Adel</i>	<i>Perth^c</i>	<i>Hob</i>	<i>Dar^b</i>	<i>ACT</i>
Application fee	240–681	50	145	290	106			
Rental charge	4–11 per m ²	17–70 per m ²	90–314 per m ²	88–137 per table	60–124 per m ²	24–78 per m ²	5–10 per table	45–67 per m ²
<i>Other fees</i>								
Certificate fee			80					
Design assessment fee			494					

^a Rental charges are for a one-year period unless otherwise stated. Fees are rounded to the nearest dollar.

^b Rental charge is per week. ^c A 30 per cent discount on the rental charge applies to restaurants with over 50 patrons. The range for restaurants with over 50 patrons is \$41.65–\$86.50 per m².

Source: Survey responses from territory and local governments (unpublished).

Box 9.6 Selected examples of fee variations — outdoor dining

The variation in fees charged by the capital cities (table 9.11) is also observed for other local councils, which have a number of different fees and methods of calculating those fees. Some examples of these variations in fees include:

- In Fremantle (Western Australia), fees are levied on the basis of an initial licence fee of \$200 (to be paid with application) and an annual outdoor dining fee,¹ using the following formula:

$$0.25 \left[\left(\frac{A}{B} \right) C \right];$$

where A=gross realisation value of the premises; B=total area of premises (m²), C=outdoor dining area (m²). The factor of 0.25 applied to the formula recognises the 75 per cent discount applied by the council in recognition of 'seasonal factors and contribution to Fremantle's atmosphere'.

- In Kingston (Victoria) a \$53 non-refundable application fee applies to outdoor dining applications. A permit fee, payable in advance, also applies to outdoor dining facilities. The permit fee is calculated on the basis of \$265 for up to eight chairs (in the outdoor dining area), with a further \$53 payable for each chair in excess of eight.
- In Quilpie (Queensland) there is a flat annual fee of \$50 for outdoor dining facilities.

Sources: City of Fremantle Council (2007); City of Kingston Council (2008); Quilpie Shire Council (2008).

The businesses providing estimates identified a number of incidental expenses incurred as part of the application process. As with the registration of a food

¹ A \$100 per annum renewal fee also applies, however this fee is beyond the scope of that measures for this benchmarking exercise.

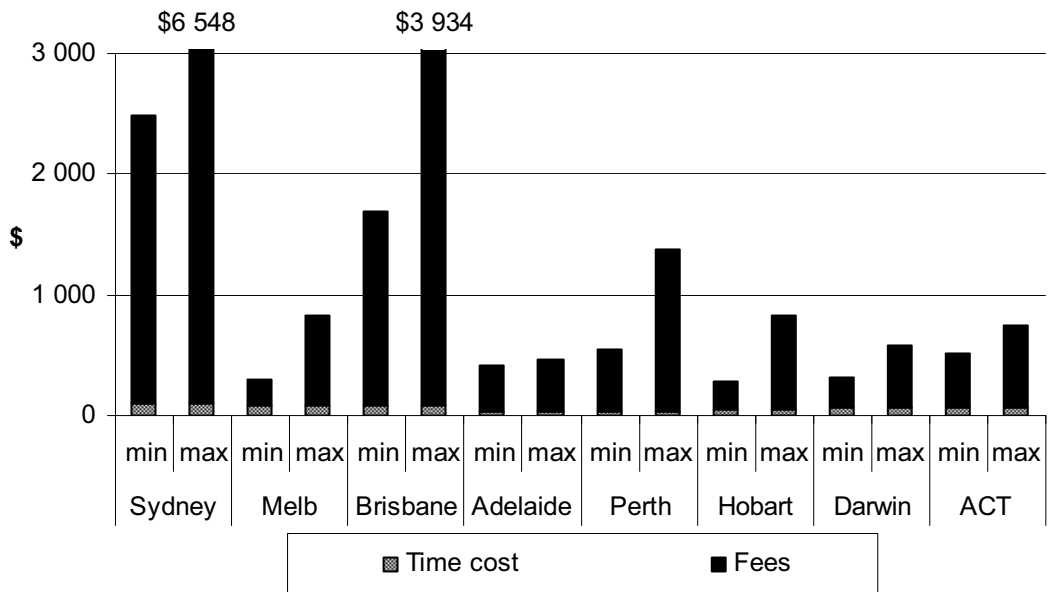
business, these expenses include costs related to photocopying and producing plans. The costs, however, are normally in addition to those incurred in registering a food business as:

- the documents to be photocopied sometimes differ and, where they are common, two copies are often required as different departments within the regulator attend to the different registrations
- the plans required for the outdoor dining registration typically relate to the outdoor dining area alone, while the plans for the registration of a food business will normally relate to the café more broadly.

Cost comparisons based on benchmarking data — outdoor dining

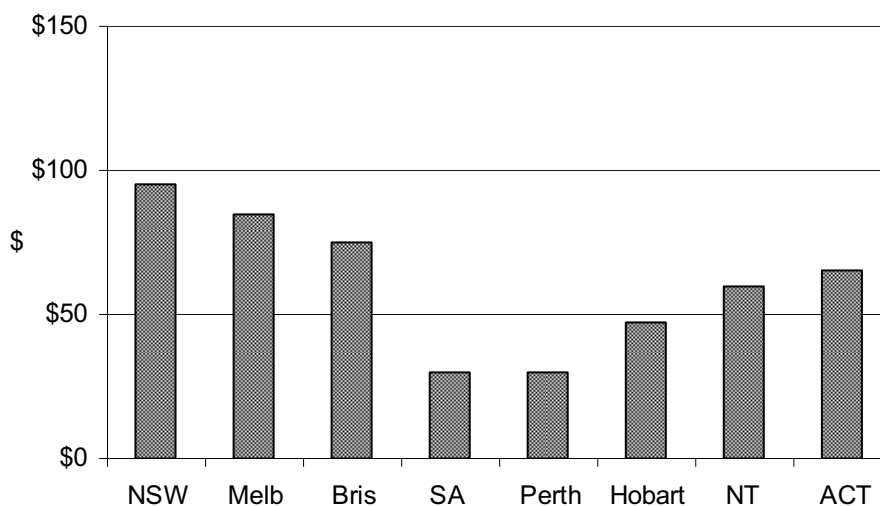
The total costs faced by businesses registering for outdoor dining are largely determined by the fees levied by regulators. The total fees levied by regulators vary depending upon the local council and upon factors such as the area to covered by the outdoor dining facilities and the number of tables to be contained within the facilities. The costs in figure 9.3 are premised on a standard outdoor dining area assumed to cover 10m² and containing one table. Figure 9.4 provides the time cost data used in the calculation of compliance costs presented in figure 9.3.

Figure 9.3 **Benchmarking total cost (per registration) — outdoor dining**



Data source: Survey responses from territory and local governments (unpublished).

Figure 9.4 Time cost (per registration) used in calculating total costs — outdoor dining



Data source: Survey responses from territory and local governments (unpublished).

Figure 9.3 indicates Sydney has the highest costs of the capital cities, with its lower bound cost estimate only exceeded by Brisbane's upper bound cost estimate. Outside of Sydney, Brisbane and Perth, there is a comparatively narrow range of total costs for the other capital cities of \$255 \$825 (Melbourne minimum, Hobart maximum, respectively).

There is considerable variation in the application processing times of the jurisdictions (table 9.12). While the regulator's estimate for processing an application in Darwin was one day, the Darwin businesses estimated the average time taken to process their applications as 18 days.

Table 9.12 Application processing time (days) — outdoor dining

	<i>Syd</i>	<i>Melb</i>	<i>Bris</i>	<i>Adel</i>	<i>Perth</i>	<i>Hob</i>	<i>Dar</i>	<i>ACT</i>
Regulator estimates	46	40	30	20	10	10	1	25

Source: Survey responses from territory and local governments (unpublished).

The length of time taken to process applications was the subject of comment from many businesses providing estimates (box 9.7).

**Box 9.7 Comments by businesses on application processing times —
outdoor dining**

The Sydney café commented on the processing time of their application:

I applied for this licence for the footpath a few months ago and it's still not been approved, so I'm not really happy about it.

In commenting on the regulator estimates, a Brisbane participant commented:

... if it's only going to be 30 days to get my footpath licence, I'm thrilled. But I've got a feeling it's more likely 60 to 90 days.

The Western Australian business believed that regulator's estimated processing time was reasonable:

I remember that they took longer to process it than they should have as we had to follow it up. Probably 10 working days is right in a normal situation though.

There was considerable difference in the processing times experience by businesses in the ACT:

Well it took two months for me.

My turnaround was two weeks. I got lucky.

Source: TNS (2008).

10 Cost of registering a domestic builder

Most jurisdictions require a business undertaking building work over a threshold value to be licensed (see chapter 5). In 2006-07, just over 3000 building licences applications were approved across Australia (excluding Queensland and New South Wales).¹ This chapter describes the costs of registering a domestic building business. These costs are additional to the cost of the generic registrations to establish a business (set out in chapters 7 and 8). The analysis presents estimates of time costs for both sole traders and companies. The data cover the:

- time estimates for obtaining information and forms
- time estimates for completing the application forms
- time required to lodge forms and pay fees
- degree of difficulty experienced in the registration process
- fees paid to register a business.

In addition, the chapter includes a comparison of the processing or waiting times associated with state or territory level processes of registering as a domestic builder.

Information for each jurisdiction comes from the regulators in those jurisdictions, synthetic analysis and businesses. The business data were obtained from businesses participating in focus groups and face-to-face interviews. The number of businesses supplying time estimates is provided in each of the relevant tables.

The analysis, where feasible, draws on all three sources of data. But given the small number of businesses providing detailed information, not all business estimates were suitable for comparison, serving more as a reality check for the other data sources. The final calculation of costs for benchmarking are based on time and cost data provided by regulators.

Two business participants in Victoria experienced considerable difficulty in distinguishing the time taken to complete a task from the time elapsed in the

¹ The 7039 licences approved in Queensland included a broader class of building licence than supplied by other jurisdictions. New South Wales did not provide details of the number of licences issued.

completion of the task. Accordingly, these estimates were not comparable with other business estimates and excluded entirely from the tables.

The Western Australian regulator (Builders' Registration Board (BRB)) was unable to provide a reliable representative estimate for the time taken to complete the application form. This is due to the nature of the form and the supporting documentation requirements. The BRB did, however, provide time estimates for the other steps in the registration process. The BRB indicated that, in the extreme, it could take up to two working days (or 960 minutes, assuming an eight hour working day) of concentrated effort to complete the application form and produce the supporting documentation required. The supporting documentation requirements include the provision of:

- a copy of the contract between the company and its nominated supervisor
- a business plan
- financial statements and cashflow projections.

Some businesses may complete a business plan or financial projections as part of their decision-making process to start a business and so would have these documents prepared prior to seeking a licence. Accordingly, the time taken to complete the registration requirements will depend upon the applicant, the work they have previously completed and their ability to develop the supporting material. Further, it was not possible for the BRB to provide a discrete estimate on the time to complete the form, as they were unable to isolate the time to complete the application form from the time to complete the supporting documentation requirements.

Time estimates for registering a domestic builder

Obtaining information and forms

The regulators' estimates of the time to obtain information and application forms ranged from 5 60 minutes for sole traders and companies (tables 10.1 and 10.2, respectively).

The synthetic estimates for sole traders are within 20 minutes of those of the regulator for all jurisdictions aside from Western Australia. The synthetic estimates are generally lower than those of the regulators and businesses.

Table 10.1 **Time estimates: obtaining information and forms (minutes) — domestic builder (sole trader)**

	<i>NSW</i>	<i>Vic^a</i>	<i>Qld</i>	<i>SA^b</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates	15	20	5	15	60	30	20	15
<i>Synthetic estimates</i>								
Obtaining the form	9	8	2	35	5	10	4	4
<i>Business estimates</i>								
(Number of businesses)	(1)	(4)	(2)	(3)	(2)	(1)	(1)	(0)
Obtaining information	90	270	150	18	75	30	10	n.e
Obtaining the form	10	35	2	5	18	60	5	n.e
Total	100	305	152	23	93	90	15	n.e

n.e no estimate. **a** Business estimates in the table are based on the responses of two businesses. The estimates for all four business participants were 15 045 minutes to obtain information and 28 minutes to obtain the form. **b** The business estimates were obtained from a composite group of companies and sole traders.

Sources: ACIL (2008); Survey responses from state and territory governments (unpublished); TNS (2008).

Table 10.2 **Time estimates: obtaining information and forms (minutes) — domestic builder (company)**

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA^a</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates	15	nrr	5	15	60	nrr	20	15
<i>Synthetic estimates</i>								
Obtaining the form	11	nrr	2	35	5	nrr	4	4
<i>Business estimates</i>								
(Number of businesses)	(2)	nrr	(2)	(3)	(1)	nrr	(1)	(1)
Obtaining information	38	nrr	75	18	5	nrr	5	5
Obtaining the form	18	nrr	40	5	5	nrr	5	40
Total	56	nrr	115	23	10	nrr	10	45

nrr no registration requirement (for companies). **a** The business estimates were obtained from a composite group of companies and sole traders.

Sources: ACIL (2008); Survey responses from state and territory governments (unpublished); TNS (2008).

The business time estimates for sole traders to obtain the relevant information and forms are within 10 minutes of the relevant regulator's estimate for South Australia and the Northern Territory (table 10.1).

South Australia has an Assisted Application Process (AAP) for licence applicants (chapter 5, box 5.2). Under the AAP, the application form is only available to applicants following a person-to-person interview. The synthetic estimate for 'obtaining the form' relates to the amount of time taken to obtain information on

this interview process, rather than obtaining the actual form (table 10.1 and table 10.2).

The business estimates for obtaining forms and information for South Australia may be understated, particularly for those businesses that attend an Office of Consumer and Business Affairs (OCBA) office in order to complete their AAP interview and obtain the application form (table 10.1 and table 10.2). An analysis of the amount of time spent at interviews and hearings is provided later in this chapter. Further analysis of the time impost of travel is not considered relevant to the study as businesses can avoid this impost by completing the AAP interview over the telephone.

Notwithstanding the unique approach of the OCBA, the time estimates (from all data sources and for both companies and sole traders) for obtaining information and forms in South Australia are similar to those recorded for the Northern Territory and the ACT (neither of which employ an AAP-type approach).

The synthetic estimates for companies are within 20 minutes of the regulator for New South Wales, Queensland, South Australia, the Northern Territory and the ACT. The business estimates for companies are within 10 minutes of the relevant regulator's estimate for South Australia and the Northern Territory (table 10.2).

There are no registration requirements for a company seeking to operate in Tasmania and Victoria as the regimes in these jurisdictions are more akin to occupational licensing rather than the business registration processes of other jurisdictions. The business data for the other jurisdictions suggests that the time estimates are slightly lower for company applicants than for sole trader applicants. This is possibly the result of company applicants having previous experience in obtaining a sole trader licence in a number of jurisdictions a member of a licensed company must also be licensed as an individual. This notion is supported by comments from one of the businesses providing estimates (box 10.1).

Box 10.1 **Comments by businesses on finding forms and information — domestic builder**

A New South Wales business considered the process for obtaining a builder's licence for a company and sole trader to be similar processes:

It's [builder's licence for a company] pretty much like an individual one [builder's licence for an individual]. ... It's not that much different.

The applicant for a company licence in the ACT already held a licence for an individual:

Well the company licence I applied for. As an individual I'm a licence holder, and then the company has to hold a licence. I can't go out perform work unless I've got a registered company.

In South Australia, the multiple levels of licensing requirements were seen to duplicate certain registration requirements:

For example, with my company, they asked for [\$60 000] cash in my bank before they would give me a company licence. You have to provide financial statements, so they want to make sure that you have enough capital to run the business and once you've provided all those requirements, you get to do an interview with them for a supervisor's licence and for the contractor's licence as well. You have to apply at the same time for both.

Source: TNS (2008).

Both the business and synthetic estimates suggest that an average business can obtain the relevant application forms for registering a business in 60 minutes or less in most jurisdictions (table 10.1 and table 10.2).

Completing forms

Based on the estimates of the regulators, the time taken to complete the application form ranges between 10–60 minutes across the jurisdictions (tables 10.3 and 10.4). Although the Western Australian regulator (the BRB) did not provide a time estimate, it indicated that it could take up to two working days of concentrated effort to complete the application form and produce the supporting documentation required.

The synthetic estimates, for both sole traders and companies, show a relatively small time impost for the completion of the forms. The synthetic estimates were within 20 minutes of the regulator's estimate in New South Wales (sole traders and companies), Victoria (sole traders) and Queensland (sole traders and companies). The synthetic estimates of the time taken to complete the application forms for both companies and sole-traders are well below the regulator estimates and were almost universally regarded as being too low by business participants. A number of participants considered that the synthetic analysis may have failed to document and include all the supporting material that is necessary for a licence application.

Table 10.3 Time estimates: completing forms (minutes) — domestic builder (sole trader)

	<i>NSW</i>	<i>Vic^a</i>	<i>Qld</i>	<i>SA^b</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates	10	20	10	60	n.s	60	60	30
<i>Synthetic estimates</i>	5	4	7	n.s	11	4	4	3
<i>Business estimates</i> (Number of businesses)	30 (1)	60 (4)	540 (2)	98 (3)	315 (2)	60 (1)	260 (1)	n.e (0)

n.e no estimate. **n.s** not supplied. ^a Business estimates in the table are based on the responses of two businesses. The estimate for all four business participants was 4880 minutes. ^b The business estimates were obtained from a composite group of companies and sole traders.

Sources: ACIL (2008); Survey responses from state and territory governments (unpublished); TNS (2008).

Table 10.4 Time estimates: completing forms (minutes) — domestic builder (company)

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA^a</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates	10	nrr	10	60	n.s	nrr	60	30
<i>Synthetic estimates</i>	7	nrr	7	n.s	5	nrr	6	4
<i>Business estimates</i> (Number of businesses)	38 (2)	nrr nrr	150 (2)	98 (3)	30 (1)	nrr nrr	60 (1)	15 (1)

nrr no registration requirement (for companies). **n.s** not supplied. ^a The business estimates were obtained from a composite group of companies and sole traders.

Sources: ACIL (2008); Survey responses from state and territory governments (unpublished); TNS (2008).

In some jurisdictions, the business estimates for the time taken by sole traders to complete registration forms are well above the regulator's estimates (table 10.3). Part of the difference may be attributable to the extended time that business participants reported spending in obtaining and documenting the references required for their application. This is particularly relevant to Queensland, Western Australia and the Northern Territory, where business participants reported they had to document up to 30 years of industry experience including, in some instances, experience gained in another country. These issues also contributed to the higher difficulty ratings attributed to the task by businesses in Queensland, Western Australia and the Northern Territory (table 10.7).

Lodging forms, paying fees and attending interviews

All regulators estimated it would take five minutes to lodge the application forms (tables 10.5 and 10.6). In Victoria and South Australia, the regulators indicated that applicants have to attend an interview which might take two to three hours. The

business estimates from Victoria and South Australia were similar to the regulators' estimates for the interview time.

Table 10.5 Time estimates: lodging forms, paying fees and attending interviews (minutes) — domestic builder (sole trader)

	<i>NSW</i>	<i>Vic^a</i>	<i>Qld</i>	<i>SA^b</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates								
Lodging forms	5	5	5	5	5	5	5	5
Paying fees	5	5	2	1	5	5	5	5
Interviews	n.ap	180	n.ap	120	15	n.ap	n.ap	n.ap
Total	10	190	7	126	25	10	10	10
Business estimates								
(Number of businesses)	(1)	(4)	(2)	(3)	(2)	(1)	(1)	(0)
Lodging forms	15	n.s	60	7	n.s	n.s	10	n.e
Paying fees	n.s	20	60	30	60	n.s	5	n.e
Interviews	n.ap	180	210	120	480	n.ap	n.ap	n.ap

n.ap not applicable. **n.e** no estimate. **n.s** not supplied. ^a Business estimates in the table are based on the responses of two businesses. The total estimate for all four business participants was 285 minutes. ^b The business estimates were obtained from a composite group of companies and sole traders.

Sources: Survey responses from state and territory governments (unpublished); TNS (2008).

Table 10.6 Time estimates: lodging forms, paying fees and attending interviews (minutes) — domestic builder (company)

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA^a</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates								
Lodging forms	5	nrr	5	5	5	nrr	5	5
Paying fees	5	nrr	2	1	5	nrr	5	5
Interviews	n.ap	nrr	n.ap	120	15	nrr	n.ap	n.ap
Total	10	nrr	7	126	25	nrr	10	10
Business estimates								
(Number of businesses)	(2)	nrr	(2)	(3)	(1)	nrr	(1)	(1)
Lodging forms	28	nrr	120	7	60	nrr	5	n.s
Paying fees	n.s	nrr	5	30	150	nrr	n.s	n.s
Interviews	n.ap	nrr	60	120	120	nrr	n.ap	n.ap

n.ap not applicable. **nrr** no registration requirement (for companies). **n.s** not supplied. ^a The business estimates were obtained from a composite group of companies and sole traders.

Sources: Survey responses from state and territory governments (unpublished); TNS (2008).

In Western Australia, the regulator estimated that the interview process would take 15 minutes, however the business estimates were 480 minutes (sole trader) and 120 minutes (company). The time spent by one business in liaison with the regulator outside the formal interview process may explain part of the difference

between the estimates. The inclusion of travel time in the business estimates is also a possible reason for this difference.

Businesses from Queensland provided time estimates for attending an interview, even though a formal interview is not a registration requirement in this jurisdiction. The business estimates are likely to relate to the time spent in discussion with regulators on matters such as enquiries on the registration process, responding to regulator queries on the application and checking on the progress of their application with the regulator.

Degree of difficulty experienced in registering as a domestic builder

Table 10.7 presents the businesses’ difficulty assessment for each jurisdiction as well as the rating by the consultants undertaking the synthetic assessment.

Completing the form was found to be difficult by the businesses in several jurisdictions due to documentation requirements in Queensland, Western Australia and the Northern Territory. Responses from businesses across jurisdictions regarding the process of lodging the form ranged from ‘very easy’ to ‘neither easy nor difficult’. The synthetic exercise did not consider the lodgement of application forms.

The two Victorian builders (whose estimates have been excluded from the tables detailing time estimates) expressed the view that it was difficult to obtain information on the registration process (box 10.2).

The ‘very difficult’ rating from the synthetic analysis for obtaining forms in South Australia can be attributed to the AAP employed by the OCBA (chapter 5, box 5.2). Under the AAP, blank application forms are not freely available as they are completed by the regulator during a face-to-face interview with the applicant. Accordingly, the synthetic analysis found it difficult to obtain the requisite forms and information without completing an interview. The low difficulty rating for obtaining the form by the South Australian business estimate is consistent with the AAP practice of providing the completed or pre-populated application form to applicants after the interview. The AAP process would also seem to have contributed to the ‘difficult’ rating assigned to the interview process by the South Australian businesses.

Table 10.7 **Difficulty ratings^a — registering as a domestic builder**

	<i>NSW</i>	<i>Vic^b</i>	<i>Qld</i>	<i>SA^c</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Sole trader								
<i>Synthetic estimates</i>								
Obtaining the form	3	1	2	5	1	2	1	1
Completing the form	1	1	1	n.s	3	1	1	1
<i>Business estimates</i>								
(Number of businesses)	(1)	(4)	(2)	(3)	(2)	(1)	(1)	(0)
Obtaining information	3	4	3	2	3	2	3	n.e
Obtaining the form	1	2	1	1	2	1	1	n.e
Completing the form	2	3	5	2	4	1	4	n.e
Lodging the form	3	2	1	1	1	n.s	1	n.e
Interviews	n.ap	3	3	4	3	n.ap	n.ap	n.ap
Company								
<i>Synthetic estimates</i>								
Obtaining the form	3	nrr	2	5	1	nrr	1	1
Completing the form	1	nrr	1	n.s	1	nrr	1	1
<i>Business estimates</i>								
(Number of businesses)	(2)	nrr	(2)	(3)	(1)	nrr	(1)	(1)
Obtaining information	2	nrr	3	2	1	nrr	1	1
Obtaining the form	3	nrr	2	1	n.s	nrr	1	1
Completing the form	2	nrr	3	2	1	nrr	1	1
Lodging the form	2	nrr	2	1	1	nrr	1	1
Interviews	n.ap	nrr	2	4	3	nrr	n.ap	n.ap

n.ap not applicable. **n.e** no estimate. **nrr** no registration requirement (for companies). **n.s** not supplied.

^a Refer to table 6.3 for the difficulty rating scale. ^b The business estimates are based on the responses of all four business participants. ^c The business estimates were obtained from a composite group of companies and sole traders.

Sources: ACIL (2008); TNS (2008).

Box 10.2 Comments by businesses on the degree of difficulty of the registration process — domestic builder

Victorian businesses stated:

No one is clear on how you format [the application] ... It is left up to the individual.

I do not think that the information is out there.

You ring one person and you ring another person and you get two different answers ... As soon as you start to research you realise that nobody really knows.

But this is where it gets complex because there's no right or wrong answer on some of this stuff. We had to do a [Housing Industry Association] course on how to fill out the forms. I went to Homesland for my security ID and there was no information on how to fill out the forms. So I joined the [Housing Industry Association] and did the [Housing Industry Association] course and they were really helpful. But then I took that information and went into the Building Commission and they said 'no, no, no, no, no. Don't do it like that. Because we don't want it like that. We want it like this'. That's when I finally got (it) ...

Source: TNS (2008).

Fees paid to register a domestic builder

In some jurisdictions, the fees payable comprise an application fee and a licence fee. Application fees are typically payable upon the lodgement of an application and are not refundable, even if the application is declined. In some jurisdictions, however, the application fee is deducted to the licence fee payable by successful applicants. The fees charged to register as a builder across jurisdictions are shown in tables 10.8 and 10.9.

Table 10.8 Fees and charges (\$) ^a — domestic builder (sole trader — 2006-07)

	NSW ^b	Vic ^c	Qld	SA	WA	Tas	NT ^d	ACT ^e
Application fee			277– 521	151	245	150	200	181
Licence fee			232– 417	317	278	300	600	391
Total fees	522	680	509– 938	468	523	450	800	572
<i>Other fees</i>								
New licence card			6					
Certificate fees			2		26			

^a Fees and charges are for a one-year period unless otherwise stated. Fees are rounded to the nearest dollar.

^b A three year licence option is also available for a fee of \$976. ^c Fees include the first 12 months (or less) of registration. ^d The licence fee covers two years of registration. ^e The licence fee applies to a 'Class C' builder. A three year licence can also be obtained for a fee of \$990.

Source: Survey responses from state and territory governments (unpublished).

Table 10.9 Fees and charges (\$) ^a — domestic builder (company — 2006-07)

	<i>NSW</i> ^b	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i> ^c	<i>ACT</i> ^d
Application fee			462– 867	151	245		200	181
Licence fee			462– 832	705	855		600	391
Total fees	1 047	nrr	924– 1 699	856	1 100	nrr	800	572
<i>Other fees</i>								
New licence card			6					
Certificate fees			2		26			

nrr no registration requirement (for companies). ^a Fees and charges are for a one-year period unless otherwise stated. Fees are rounded to the nearest dollar. ^b A three year licence option is also available for a fee of \$1672. ^c The licence fee covers two years of registration. ^d The licence fee applies to a 'Class C' builder. A three year licence can also be obtained for a fee of \$990.

Source: Survey responses from state and territory governments (unpublished).

The lowest fees charged to register a builder (sole trader) for one year is \$450 in Tasmania. The fees charged in Queensland depend upon the turnover of the builder, with the maximum combined fees of \$938 applying to builders with a turnover (or expected turnover) exceeding \$12 million. Applicants in Queensland are required to pay the application fee and licence fee with the lodgement of their application, however applicants are refunded the licence fee component of the payment (\$232 \$417 for sole traders) if their application is unsuccessful (Qld BSA 2007a).

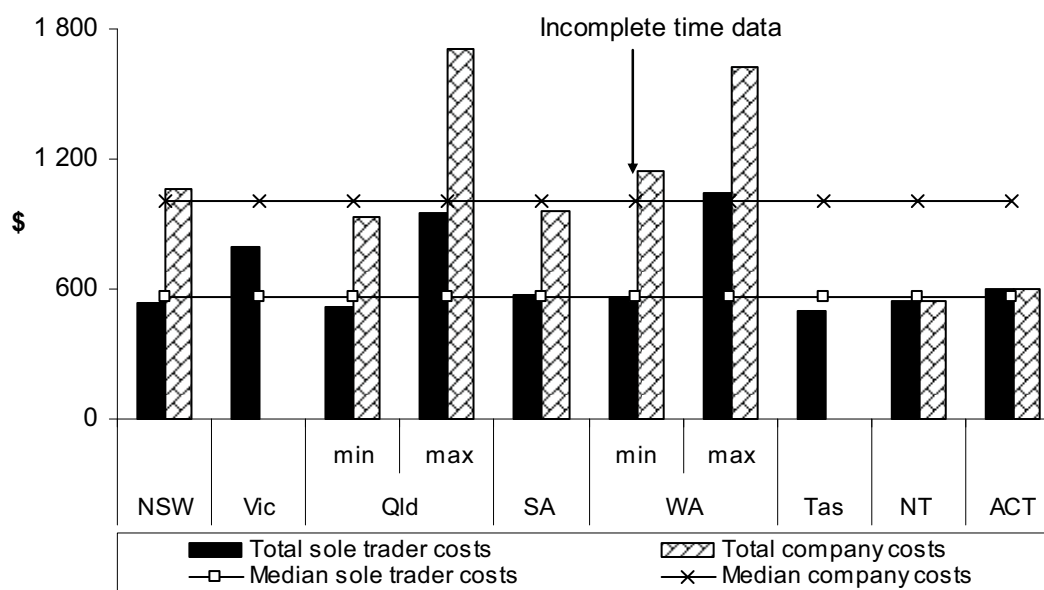
Queensland's combined fees are at the higher end of the spectrum for builders seeking to operate as a company (table 10.9).

Some jurisdictions provide discounts to applicants seeking registration under a mutual recognition scheme. In Victoria, for example, the application fee reduces to \$180 for an applicant seeking registration under mutual recognition (Vic BC 2008).

Cost comparisons based on benchmarking data — domestic builder

The total cost of registration faced by business registering as a domestic builder are based on the fee and time data provided by regulators. Figure 10.1 compares the compliance costs for the registration of a domestic builder as a sole trader and company in each state and territory. The figure shows that, for the jurisdictions from which information was available, the costs to sole traders are either the same as, or less than, the registration costs of companies.

Figure 10.1 Benchmarking total cost (per registration) — domestic builder



Data source: Survey responses from state and territory governments (unpublished).

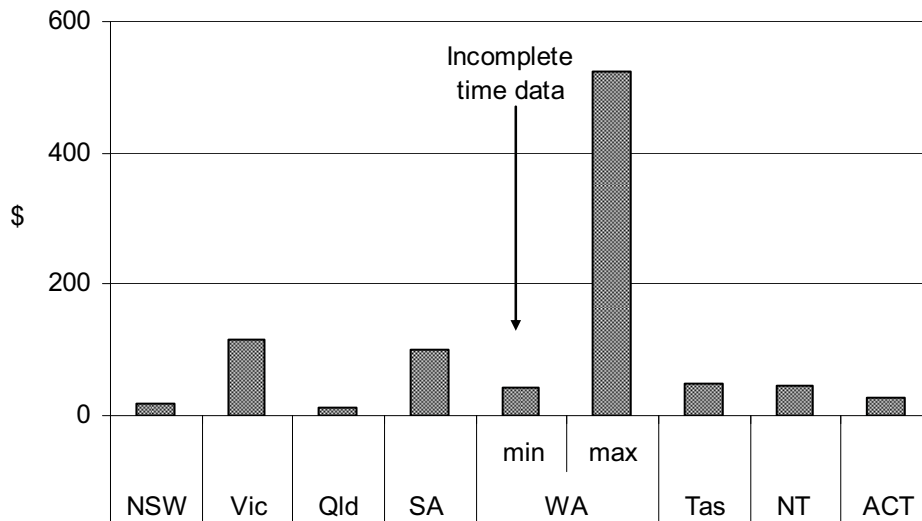
The highest potential compliance costs for the registration of a sole trader and company are in Queensland and Western Australia. The minimum costs faced by Queensland and Western Australian builders are around the median cost of all jurisdictions. The maximum costs estimated for Western Australian applicants include the regulator's maximum estimate for the time taken to complete the application form. This should be viewed as a worst case scenario rather than the experience of a typical business. It does highlight, however, how business-specific factors can contribute to the overall cost of business registration activities.

In Victoria and Tasmania, the registration requirements for builders relate to individuals only. The registration regimes in these jurisdictions are more akin to occupational licensing. The costs for the registration of sole traders in Victoria and Tasmania have been included in the analysis as these registrations are threshold requirements for any builder seeking to operate in these jurisdictions.

Figure 10.2 provides the time cost data used in the calculation of compliance costs presented in figure 10.1. The figures show notable differences in the total cost of registration across jurisdictions and that the majority of the costs in all jurisdictions are associated with the fees payable, rather than time costs. Except for the maximum estimate of Western Australia, time costs are around 20 per cent (or less) of the total cost for sole traders and approximately 10 per cent (or less) for companies. Time accounts for 50 per cent of the maximum cost estimate for sole traders in Western Australia and around 30 per cent for companies. The maximum

cost estimates for Western Australia are based on the regulator's upper bound estimate for completing the form – an estimate that can be considered to represent a 'worst case scenario'.

Figure 10.2 Time cost (per registration) used in calculating total costs — domestic builder^a



^a Time costs for Victoria and Tasmania apply to sole traders only as there are no registration requirements for companies in these jurisdictions.

Data source: Survey responses from state and territory governments (unpublished).

The regulators' estimates of application processing times differ across all jurisdictions, showing waiting times within a band of 15–90 days (table 10.10). Some of the regulators' estimates include the time spent liaising with those applicants who have provided insufficient supporting information with their application.

Table 10.10 Application processing time (days) — domestic builder

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates	30	28	28	20	25	15	90	15

Source: Survey responses from state and territory governments (unpublished).

11 Cost of registering a long day care centre (child care)

Centre-based long day care (LDC) is defined as a business that offers services aimed primarily at 0-5 year olds provided in a centre. In 2006-07, there were around 1600 LDC businesses registrations in Australia (excluding Queensland) (see chapter 5).

This chapter describes the costs of registering a LDC business as well as registering the business for Australian Government approval as a Child Care Benefit (CCB) provider. These costs are additional to the cost of the generic registrations to establish a business (set out in chapters 7 and 8). The data cover the:

- time estimates for obtaining information and forms
- time estimates for completing the application forms
- time required to lodge forms and pay fees
- degree of difficulty experienced in the registration process
- fees paid to register a business.

In addition, the chapter includes a comparison of the processing or waiting times associated with registering as a LDC centre.

The information comes from regulators in each jurisdiction, synthetic estimates and businesses. The business estimates were obtained from businesses participating in focus groups and face-to-face interviews. The number of businesses supplying time estimates is provided in each of the relevant tables.

The analysis, where feasible, draws on all three sources of data. Once again, the small number of businesses providing detailed information means that business estimates serve mainly as a reality check for the other data sources. The final calculations of costs for benchmarking are based on time and fee data provided by regulators.

Data from sole traders and companies were collected from businesses in South Australia and Western Australia. In all other jurisdictions, composite focus groups

were held. The business data presented in sole trader and companies tables (for long day care), therefore, only varies for South Australia and Western Australia.

As noted in Chapter 5, the Northern Territory has a two stage process in applying for a licence to operate a child care centre. The regulator time estimates reported in this chapter relate only to the second stage (application for a child care licence). These time estimates, therefore, do not include the time taken for the first stage, which required obtaining information and forms, completing the forms associated with the process of submitting an expression of interest and the time taken to attend an interview associated. In light of this, the time estimates shown for the Northern Territory would underestimate the overall time needed to register a LDC centre.¹

11.1 Registering a long day care centre

Time estimates for registering a long day care centre

Obtaining information and forms

The regulators estimated that it should take between 1 6 hours for businesses to familiarise themselves with the regulatory requirements and obtain the necessary forms, with the exception of the Northern Territory which estimated that it would take five minutes (table 11.1). A number of the regulators did note that the time taken by businesses would vary according to their experience and knowledge of the industry (box 11.1).

The synthetic analysis revealed that obtaining the application form generally takes about 30 minutes or less. Used in conjunction with the regulator data, this implies that ‘obtaining information’ consumes most of the time at this stage of the registration process.

¹ The application forms for both stages are also relatively brief (two pages) with additional information attached to the form. This contrasts to some other jurisdictions where the application form is a ‘kit’ with much of the required information completed on the actual form rather than being provided as attachments.

Table 11.1 Time estimates: obtaining information and forms (minutes) — long day care centre (sole trader)

	<i>NSW^a</i>	<i>Vic^a</i>	<i>Qld^a</i>	<i>SA</i>	<i>WA</i>	<i>Tas^a</i>	<i>NT^a</i>	<i>ACT^a</i>
Regulator estimates	90	60	180	120	360	120^b	5	120
<i>Synthetic estimates</i>								
Obtaining the form	14	24	14	4	8	6	30	32
<i>Business estimates</i>								
(Number of businesses)	(3)	(3)	(4)	(1)	(1)	(1)	(2)	(1)
Obtaining information	4 320	1 077	724	120	60	360	5	n.s
Obtaining the form	60	35	28	30	5	30	3	2
Total	4 380	1 112	752	150	65	390	8	

n.s not supplied. **a** The business estimates are a composite of company and sole trader estimates. **b** Based on an experienced business. An estimate of 960 minutes was provided for a lesser experienced business.

Sources: ACIL (2008); Survey responses from state and territory governments (unpublished); TNS (2008).

Box 11.1 Comments on obtaining forms and information — long day care centre

Tasmania regulator:

It is suggested that for someone new to this role, it would take up to two working days [960 minutes] to become familiar with the licensing requirements. However, with an existing provider, the estimate would only be two hours.

Queensland participant:

Well if you're in the industry and you have experience then it wouldn't take you three hours to familiarise with the requirements.

Northern Territory participant:

I think it all depends on who your licensing officer is. I'm glad that I had the licensing officer I had [reference deleted] ...

Source: TNS (2008).

Business time estimates vary considerably. The average business estimates for New South Wales, Victoria, Queensland and Western Australia (company) are influenced by extreme individual business estimates (TNS 2008). Furthermore, business estimates in the Northern Territory and South Australia were well below other jurisdictions (table 11.2).

Table 11.2 Time estimates: obtaining information and forms (minutes) — long day care centre (company)

	<i>NSW^a</i>	<i>Vic^a</i>	<i>Qld^a</i>	<i>SA</i>	<i>WA</i>	<i>Tas^a</i>	<i>NT^a</i>	<i>ACT^a</i>
Regulator estimates	90	60	180	120	360	120^b	5	120
<i>Synthetic estimates</i>								
Obtaining the form	14	24	14	4	8	6	30	32
<i>Business estimates</i>								
(Number of businesses)	(3)	(3)	(4)	(1)	(1)	(1)	(2)	(1)
Obtaining information	4 320	1 077	724	5	1 440	360	5	n.s
Obtaining the form	60	35	28	15	720	30	3	2
Total	4 380	1 112	752	20	2 160	390	8	

n.s not supplied. **a** The business estimates are a composite of company and sole trader estimates. **b** Based on an experienced business. An estimate of 960 minutes was provided for a lesser experienced business.

Sources: ACIL (2008); Survey responses from state and territory governments (unpublished); TNS (2008).

The business data are subject to a number of influences that may introduce an upward bias to the estimates. For a number of businesses, the elapsed time to complete the registration process exceeded six months and, in one instance, 12 months. Further, some businesses while completing the LDC registration activities were also undertaking other regulatory and business activities, such as building their premises and obtaining the necessary planning approvals. Accordingly, some business estimates of ‘task time’ may be influenced by these factors. The volatility in the business estimates can be partly attributed to the varying experience of the applicants (box 11.1).

In many states and territories, applicants employ resources external to their business to assist with obtaining the information and forms relevant to the registration process. In addition to their own time, businesses participating in the study also used between 40 minutes and 40 hours of assistance from third parties (TNS 2008). These time estimates for external assistance are not included in the time estimates in the tables.

Completing forms

Regulators reported a range of 5 minutes (Northern Territory) to 21 hours (Western Australia). Also, estimates from other sources show the time to complete the application forms varies significantly between jurisdictions.

Estimates from the synthetic analysis indicate that the time taken to complete the application form is similar within each jurisdictions for sole traders and companies (tables 11.3 and 11.4).

Table 11.3 **Time estimates: completing forms (minutes) — long day care centre (sole trader)**

	NSW ^a	Vic ^a	Qld ^a	SA	WA	Tas ^a	NT ^a	ACT ^a
Regulator estimates	120	60	240	60	1 260	120	5	420
<i>Synthetic estimates</i>	32	104	86	30	47	47	n.s	n.s
<i>Business estimates</i>	200	2 167	4 265	30	120	120	7	60
(Number of businesses)	(3)	(3)	(4)	(1)	(1)	(1)	(2)	(1)

n.s not supplied. ^a The business estimates are a composite of company and sole trader estimates.

Sources: ACIL (2008); Survey responses from state and territory governments (unpublished); TNS (2008).

Table 11.4 **Time estimates: completing forms (minutes) — long day care centre (company)**

	NSW ^a	Vic ^a	Qld ^a	SA	WA	Tas ^a	NT ^a	ACT ^a
Regulator estimates	120	60	240	60	1 260	120	5	420
<i>Synthetic estimates</i>	33	109	87	31	48	47	n.s	n.s
<i>Business estimates</i>	200	2 167	4 265	5	3 000	120	7	60
(Number of businesses)	(3)	(3)	(4)	(1)	(1)	(1)	(2)	(1)

n.s not supplied. ^a The business estimates are a composite of company and sole trader estimates.

Sources: ACIL (2008); Survey responses from state and territory governments (unpublished); TNS (2008).

Lodging forms, paying fees and attending interviews

Regulators' estimates for the time taken to lodge forms range from 5–30 minutes and for paying fees (where relevant) were no longer than 15 minutes (tables 11.5 and 11.6).

Table 11.5 **Time estimates: lodging forms, paying fees and attending interviews (minutes) — long day care centre (sole trader)**

	NSW ^a	Vic ^a	Qld ^a	SA ^b	WA	Tas ^a	NT ^a	ACT ^a
Regulator estimates								
Lodging forms	30	10	30	14	20	30	5	30
Paying fees	n.ap	5	15	n.ap	n.ap	15	n.ap	n.ap
Interviews	120	120	n.ap	60	180	n.ap	n.ap	60
Total	150	135	45	74	200	45	5	90
Business estimates								
(Number of businesses)	(3)	(3)	(4)	(1)	(1)	(1)	(2)	(1)
Lodging forms	90	145	26	20	30	2	5	30
Paying fees	270	190	100	n.ap	40	n.s	10	35
Interviews	390	320	340	n.s	60	n.ap	n.ap	120

n.ap not applicable. n.s not supplied. ^a The business estimates are a composite of company and sole trader estimates. ^b Regulator time estimate for interview includes 30 minutes travel time.

Sources: Survey responses from state and territory governments (unpublished); TNS (2008).

Table 11.6 **Time estimates: lodging forms, paying fees and attending interviews (minutes) — long day care centre (company)**

	NSW ^a	Vic ^a	Qld ^a	SA ^b	WA	Tas ^a	NT ^a	ACT ^a
Regulator estimates								
Lodging forms	30	10	30	14	20	30	5	30
Paying fees	n.ap	5	15	n.ap	n.ap	15	n.ap	n.ap
Interviews	120	120	n.ap	60	180	n.ap	n.ap	60
Total	150	135	45	74	200	45	5	90
Business estimates								
(Number of businesses)	(3)	(3)	(4)	(1)	(1)	(1)	(2)	(1)
Lodging forms	90	145	26	5	5	2	5	30
Paying fees	270	190	100	n.ap	150	n.s	10	35
Interviews	390	320	340	n.s	300	n.ap	n.ap	120

n.ap not applicable. n.s not supplied. ^a The business estimates are a composite of company and sole trader estimates. ^b Regulator time estimate for interview includes 30 minutes travel time.

Sources: Survey responses from state and territory governments (unpublished); TNS (2008).

Regulator data show that the interview process could take from one hour, in South Australia and the ACT (in South Australia, the regulator included travel time of 30 minutes) to 3 hours in Western Australia. Average business estimates, where there were more than one estimate, show that the interview could take much longer, in some cases more than two times longer.

Both the New South Wales and Victorian business participants indicated that they experienced difficulty in communicating with the regulator as they sought to

progress their application (box 11.2). These difficulties may have contributed to their higher time estimates for interview time in these jurisdictions. Estimates from business participants for lodging forms were much higher than regulators' estimates. In New South Wales, the business participants were concerned about the volume of private material they were providing to the regulator and, in some instances, they went to some lengths to ensure the material was received intact by the regulator (box 11.2). This may have contributed to the estimate of 90 minutes to lodge the form in New South Wales.

Box 11.2 Comments by businesses on lodging forms and paying fees — long day care centre

A Victorian business experienced some difficulty in making contact with the regulator:

They are very rarely there, they only work two days a week, you leave a message and it may take them six or seven or eight days to get back to you for clarification.

Another Victoria business highlighted the potential for an applicant to be required to obtain two police checks in the process of completing the same registration:

Probably the most annoying thing is the police clearance has to be within six months, so between applying for the [Approval in Principle] and applying for the licence often six months has expired and you have to go back and get another one.

In New South Wales, one participant was very thorough in ensuring their application was received by the regulator:

I just wanted to make sure that they physically got it, so I mailed one copy and handed them one copy and took two for myself.

Source: TNS (2008).

Businesses from Queensland provided time estimates for attending an interview, even though a formal interview is not a registration requirement. The business estimates are likely to relate to the time spent in discussion with regulators on matters such as enquiries on the registration process, responding to regulator queries on the application and checking on the progress of their application with the regulator.

There are no fees payable to regulators as part of the registration process in some jurisdictions. However, in many jurisdictions, fees and charges (payable to parties other than the regulator) may be associated with the registration process. Some businesses included the time taken to pay these other fees and charges in their estimates:

- New South Wales: an estimate of 270 minutes for payment of fees for a police check and expenses related to the production of supporting documentation

-
- Western Australia: sole trader and company estimates of 40 minutes and 150 minutes, respectively, for items such as police checks and Australian Securities and Investment Commission searches
 - Northern Territory: an estimate 10 minutes for the payment of fees for the inspection of the premises
 - ACT: an estimate of 35 minutes for the payment of fees for a police check.

The Victorian time estimate for the payment of fees includes the time spent paying the charges associated with the police check. In the case of one business participant it is likely they had to pay this fee twice (box 11.2).

Degree of difficulty experienced in registering a long day care centre

Results from the synthetic analysis reveal that obtaining the application form to register a LDC centre is relatively straightforward (rating ‘very easy’ to ‘easy’), with the exception of the Northern Territory and the ACT. These two territories require prospective child care operators to contact the regulator before completing an application form. This process hindered the ability of the consultants conducting the synthetic exercise to find the application form, hence the rating of ‘very difficult’ for obtaining the application form.

Business estimates of the difficulty in obtaining information and application forms indicate that jurisdictions with the highest time estimates (tables 11.1 and 11.2) were generally those with the highest difficulty ratings (table 11.7). Comments from a businesses suggest the low difficulty rating for the Northern Territory can be partly attributed to the assistance provided by the regulator’s staff (box 11.1).

The synthetic analysis found that the completion of the application forms was generally ‘difficult’ for each jurisdiction where this exercise was conducted (no data were supplied for the Northern Territory and the ACT) (table 11.7). The ‘difficult’ rating was due, in part, to:

- the necessity for supporting documentation
- interlinking of requirements
- sequencing of tasks
- the application guides in a number of jurisdictions being more related to policy statements than facilitating the application process. (ACIL 2008)

Table 11.7 **Difficulty ratings^a — registering a long day care centre**

	<i>NSW^b</i>	<i>Vic^b</i>	<i>Qld^b</i>	<i>SA</i>	<i>WA</i>	<i>Tas^b</i>	<i>NT^b</i>	<i>ACT^b</i>
Sole trader								
<i>Synthetic estimates</i>								
Obtaining the form	2	2	2	1	2	1	5	5
Completing the form	4	4	4	4	4	4	n.s	n.s
<i>Business estimates</i>								
(Number of businesses)	(3)	(3)	(4)	(1)	(1)	(1)	(2)	(1)
Obtaining information	4	4	4	3	2	3	1	4
Obtaining the form	3	4	2	2	1	2	1	2
Completing the form	4	4	4	1	4	4	1	4
Lodging the form	3	2	2	1	n.s	1	n.s	4
Attending interviews	3	3	4	n.s	3	n.ap	n.ap	2
Company								
<i>Synthetic estimates</i>								
Obtaining the form	2	2	2	1	2	1	5	5
Completing the form	4	4	4	4	4	4	n.s	n.s
<i>Business estimates</i>								
(Number of businesses)	(3)	(3)	(4)	(1)	(1)	(1)	(2)	(1)
Obtaining information	4	4	4	1	5	3	1	4
Obtaining the form	3	4	2	3	4	2	1	2
Completing the form	4	4	4	1	4	4	1	4
Lodging the form	3	2	2	1	1	1	n.s	4
Attending interviews	3	3	4	n.s	4	n.ap	n.ap	2

n.ap not applicable. **n.s** not supplied. ^a Refer to table 6.3 for the difficulty rating scale. ^b The business estimates are a composite of company and sole trader estimates.

Sources: ACIL (2008); TNS (2008).

The business participant in the ACT found the process of lodging forms ‘somewhat difficult’ and participants in New South Wales described the process as ‘neither difficult nor easy’. Participants from all other jurisdictions found the process as either ‘very easy’ or ‘easy’ (table 11.7).

Fees paid to register a long day care centre

Five jurisdictions do not charge fees to obtain a licence for a LDC centre. In Victoria and Tasmania, fees are charged on a sliding scale, depending on the number of places offered. In Queensland, a flat fee of \$500 applies (table 11.8).

Table 11.8 Fees and charges (\$) ^a — long day care centre (2006–07)

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Licence fees	0	161–640 ^b	500	0	0	20–400 ^c	0	0

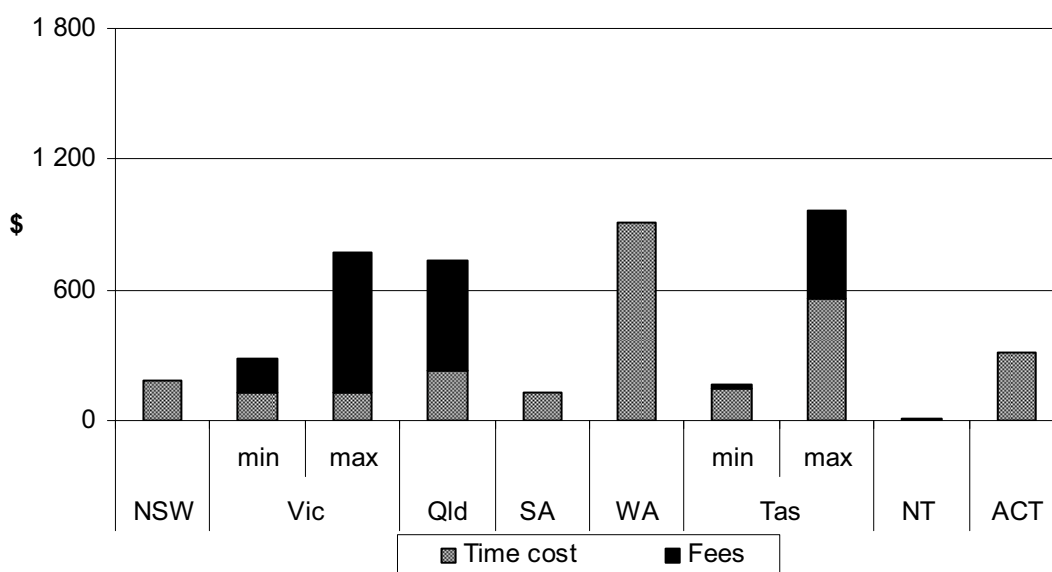
^a Fees rounded to the nearest dollar. ^b Fee depends upon the number of places in the centre and the age of the oldest child in care. ^c Fee depends upon the number of places in the centre.

Source: Survey responses from state and territory governments (unpublished).

Cost comparisons based on benchmarking data — long day care centre

The final calculation of costs for benchmarking (figure 11.1) are based on the fee and time data (figure 11.2) provided by regulators.

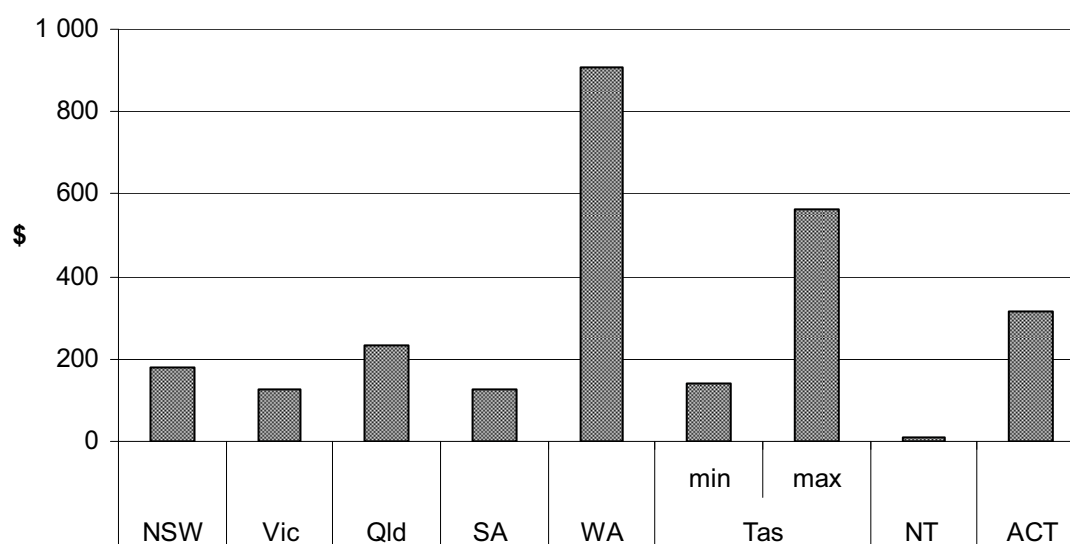
Figure 11.1 Benchmarking total cost (per registration) — long day care centre



Data source: Survey responses from state and territory governments (unpublished).

In jurisdictions that do not charge application/licensing fees, the time cost of registering a business obviously represents 100 per cent of the total cost (New South Wales, South Australia, Western Australia, the Northern Territory and the ACT). In Tasmania, the time cost of registering a business represents between 58–88 per cent of the total cost. Fees are the dominant component of estimated total costs in Victoria (56–83 per cent) and Queensland (68 per cent).

Figure 11.2 Time cost (per registration) used in calculating total costs — long day care centre



Data source: Survey responses from state and territory governments (unpublished).

The estimated total cost of registering a LDC centre varies substantially across jurisdictions, ranging from \$8 (Northern Territory) to \$963 (Tasmania). The maximum estimate of \$963 to register a LDC centre in Tasmania represents an inexperienced business seeking to operate the largest centre possible. In contrast, the minimum estimate of \$163 to register a LDC centre in Tasmania represents an experienced business seeking to run a small centre.

The total cost of registration of a LDC in Western Australia, where no registration fees apply, is estimated to be \$910, comparable to the maximum cost faced by businesses in Tasmania.

In the survey, regulators were asked to provide the average time taken to process a valid application and advise the business. The regulators' estimates of application processing times vary considerably, showing waiting times within a band of 1–70 days (table 11.9). The wide range of processing times may be explained by some regulators including the time taken to undertake on-site inspections in the elapsed time.

Table 11.9 Application processing time (days) — long day care centre

	NSW	Vic	Qld	SA	WA	Tas	NT	ACT
Regulator estimates	35	1	25	10	70	1	5	2

Source: Survey responses from state and territory governments (unpublished).

11.2 Registering as Child Care Benefit approved service provider

Time estimates to register as a Child Care Benefit provider

In addition to state and territory registration requirements, this study also considered the activities required to register for Australian Government approval as a CCB provider. Business estimates were obtained from four businesses that had recently sought Australian Government approval for the CCB.

Obtaining information and forms

The regulator estimate of the time taken to obtain the necessary forms and information for this approval was 480 minutes compared to the average business estimate of 683 minutes. The time taken to obtain the forms was found to be relatively minor by both businesses (15 minutes) and the synthetic analysis (two minutes).

Although the process was rated either ‘easy’ or ‘neither easy nor difficult’, it was identified by businesses as an activity that duplicated some of the requirements of other regulators (box 11.3).

Box 11.3 Comments by businesses on obtaining approval for Child Care Benefit

Businesses found the approval process duplicated some of the processes undertaken in the state and territory registration processes:

It's just the amount of paperwork that needs to be filled out. If they worked together, maybe there could be one form. You're providing the same information to each person, so you literally go around and copy each thing five or six times to present it to another place to get the licensing.

One business found the regulator required a number of changes to their application and so they were required to rework their initial application a number of times:

I was confident we should have got it straight off because it was all there, what they required was all there, but when they made changes you have to get it countersigned ...

Source: TNS (2008).

Completing forms

The regulator estimate of the time taken to complete the application form was 240 minutes compared to the business estimate of 175 minutes and synthetic estimate of 22 minutes. Business participants felt this approval should have been a straightforward process, however, in some instances, the process was more detailed than anticipated (box 11.3). The completion of the forms was rated as no worse than ‘neither easy nor difficult’.

Lodging forms and paying fees

The regulator estimate of the time taken to lodge the application form was 10 minutes, similar to that of the business estimate (9 minutes). Businesses considered the lodgement of the application to be a very easy process.

Fees paid to register as a child care benefit provider

There are no fees payable in relation to obtaining approval for the CCB.

Cost comparisons based on benchmarking data — Child Care Benefit

The regulator estimate of the total time to complete the registration process was around 12 hours: an estimated time cost of \$365. As no fees are payable for this registration, the time cost represents the total costs faced by businesses in completing this registration activity.

12 Cost of registering a real estate agency

All jurisdictions require sole traders and companies to be licensed before commencing business as a real estate agent (chapter 5). About 2300 real estate agent licence applications were approved throughout Australia in 2006-07.

This chapter describes the costs of industry-specific registration requirements for a real estate agency (the costs of generic registrations are detailed in chapters 7 and 8). The analysis presents estimates of time costs for both sole traders and companies. The data cover the:

- time estimates for obtaining information and forms
- time estimates for completing the application forms
- time required to lodge forms and pay fees
- degree of difficulty experienced in the registration process
- fees paid to register a business.

In addition, the chapter includes a comparison of the processing or waiting times associated with state or territory level processes of registering as a real estate agent.

Information for each jurisdiction comes from the regulators, synthetic analysis and businesses. The business estimates were obtained from businesses participating in focus groups and face-to-face interviews. The number of businesses supplying time estimates is provided in each of the relevant tables.

The analysis, where feasible, draws on all three sources of data, but again with the small number of businesses participating serving as a reality check for the other data sources. The final calculation of costs for benchmarking is based on time and fee data provided by regulators.

Time estimates to register a real estate agency

Obtaining information and forms

Across all jurisdictions, the regulator estimates for the time to obtain information and forms for the registration of a real estate agent are between 10 60 minutes (table 12.1).

Table 12.1 Time estimates: obtaining information and forms (minutes) — real estate agency (sole trader)

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA^a</i>	<i>WA^a</i>	<i>Tas^a</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates	10	30	60	10	20	15	10	15
<i>Synthetic estimates</i>								
Obtaining the form	12	10	4	40	5	9	13	7
<i>Business estimates</i>								
Number of business	(3)	(1)	(6)	(3)	(2)	(2)	(3)	(3)
Obtaining information	60	60	48	53	38	75	90	70
Obtaining the form	7	10	6	6	4	8	23	18
Total	67	70	54	59	42	83	113	88

^a The business estimates are a composite of companies and sole traders.

Sources: ACIL 2008; Survey responses from state and territory governments (unpublished); TNS 2008.

Business estimates for a sole trader show a slightly higher range than the regulator's estimates. There are, however, pronounced differences between the estimates from the various sources within each jurisdiction. Queensland, for example, has the highest regulator estimate and the second lowest business estimate, while the Northern Territory has the equal lowest regulator estimate and the highest business estimate. As a result, the Northern Territory has largest disparity between the estimates of the regulator and business (103 minutes).

Business and synthetic estimates indicate that, relative to sole traders, company applicants spent approximately the same (New South Wales) or less time (Victoria, Queensland and the Northern Territory) obtaining information and forms.

South Australia has an Assisted Application Process (AAP) for licence applicants where the application form is only available following a person-to-person interview process (see chapter 5, box 5.2). The synthetic time estimate for 'obtaining the form' relates to the amount of time taken to obtain information on this interview process, rather than obtaining the actual form.

Information from both businesses and the synthetic analysis show that an average sole trader or company business can obtain the relevant application form in 25 minutes or less, in any jurisdiction except South Australia (tables 12.1 and 12.2).

Table 12.2 Time estimates: obtaining information and forms (minutes) — real estate agency (company)

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA^a</i>	<i>WA^a</i>	<i>Tas^a</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates	10	30	60	10	20	15	10	15
<i>Synthetic estimates</i>								
Obtaining the form	8	10	4	40	5	9	13	7
<i>Business estimates</i>								
(Number of businesses)	(1)	(1)	(1)	(3)	(2)	(2)	(1)	(0)
Obtaining information	60	2	10	53	38	75	60	n.e
Obtaining the form	10	1	1	6	4	8	n.s	n.e
Total	70	3	11	59	42	83		n.e

n.e no estimate. **n.s** not supplied. ^a The business estimates are a composite of companies and sole traders.

Sources: ACIL 2008; Survey responses from state and territory governments (unpublished); TNS 2008.

Information from businesses suggest some of the variation in times between jurisdictions is attributable to the different approaches taken by businesses to obtain the relevant information (box 12.1).

Box 12.1 Comments by businesses on obtaining information and forms — real estate agency

In Victoria, a company participant relied on previous experience:

I knew the vast majority of what was required just through experience, having worked in the industry before. So searching for information, or research so to speak, was really just a confirmation of what you already knew.

In the case of a Queensland participant, the process of obtaining information was related to their decision as to whether they would operate as a company:

But then when you are thinking about it, this is where I started to have to really read ahead to see what all the options were and then go back and work out what I was.

In the Northern Territory, the participant was encouraged by the regulator to read the relevant legislation and did so in some detail:

I had to read the Agents Licensing Act which I did in total and sat there and highlighted everything. That would have taken me definitely more than 20 minutes.

Source: TNS (2008).

Aside from the regulator estimate for Queensland and the synthetic estimate for South Australia, the regulator and synthetic estimates suggest the average time required to obtain information and forms for the registration of a real estate agency is generally no more than 30 minutes and is broadly similar in all jurisdictions.

Completing forms

The regulator estimates for the time taken to complete an application form range from 5–300 minutes, although most estimates were 60 minutes or less (tables 12.3 and 12.4).

Table 12.3 Time estimates: completing forms (minutes) — real estate agency (sole trader)

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA^a</i>	<i>WA^a</i>	<i>Tas^a</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates	5	300	30	40	120	25	30	60
Synthetic estimates	5	14	11	n.s	18	3	10	14
<i>Business estimates</i>	18	20	37	53	50	15	18	180
Number of business	(3)	(1)	(6)	(3)	(2)	(2)	(3)	(3)

n.s not supplied. ^a The business estimates are a composite of companies and sole traders.

Sources: ACIL 2008; Survey responses from state and territory governments (unpublished); TNS 2008;

Table 12.4 Time estimates: completing forms (minutes) — real estate agency (company)

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA^a</i>	<i>WA^a</i>	<i>Tas^a</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates	5	300	30	40	120	25	30	60
Synthetic estimates	5	13	9	n.s	11	2	10	14
<i>Business estimates</i>	60	15	240	53	50	15	45	n.e
(Number of businesses)	(1)	(1)	(1)	(3)	(2)	(2)	(1)	(0)

n.e no estimate. **n.s** not supplied. ^a The business estimates are a composite of companies and sole traders.

Sources: ACIL 2008; Survey responses from state and territory governments (unpublished); TNS 2008.

Estimates in excess of 60 minutes, such as that from the Victorian regulator and the Queensland business estimate (company), include additional tasks (such as collating supporting documentation and arranging the certification of documents) as part of the time taken to complete the form. This view is supported by the much lower time estimates for completing the form derived from the synthetic analysis.

Lodging forms, paying fees and attending interviews

Regulator estimates of the time taken to lodge forms ranged from two minutes (New South Wales and Western Australia) to 20 minutes (Victoria and Queensland) (tables 12.5 and 12.6). The regulators estimated that paying fees would take, at the most, 10 minutes.

Table 12.5 Time estimates: lodging forms, paying fees and attending interviews (minutes) — real estate agency (sole trader)

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA^a</i>	<i>WA^a</i>	<i>Tas^a</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates								
Lodging forms	2	20	20	5	2	10	5	15
Paying fees	2	10	10	1	2	10	5	10
Interviews	n.ap	n.ap	n.ap	n.ap	15	n.ap	30	n.ap
Total	4	30	30	6	19	20	40	25
Business estimates								
Number of business	(3)	(1)	(6)	(3)	(2)	(2)	(3)	(3)
Lodging forms	8	10	18	15	2	n.s	5	47
Paying fees	n.s	n.s	2	10	20	n.s	n.s	53
Interviews	n.ap	n.ap	20	n.ap	975	30	n.s	180

n.ap not applicable. **n.s** not supplied. ^a The business estimates are a composite of companies and sole traders.

Sources: Survey responses from state and territory governments (unpublished); TNS (2008).

Table 12.6 Time estimates: lodging forms, paying fees and attending interviews (minutes) — real estate agency (company)

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA^a</i>	<i>WA^a</i>	<i>Tas^a</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates								
Lodging forms	2	20	20	5	2	10	5	15
Paying fees	2	10	10	1	2	10	5	10
Interviews	n.ap	n.ap	n.ap	n.ap	15	n.ap	30	n.ap
Total	4	30	30	6	19	20	40	25
Business estimates								
(Number of businesses)	(1)	(1)	(1)	(3)	(2)	(2)	(1)	(0)
Lodging forms	10	5	20	15	2	n.s	60	n.e
Paying fees	n.s	n.s	n.s	10	20	n.s	n.s	n.e
Interviews	n.ap	n.ap	10	n.ap	975	30	n.s	n.ap

n.ap not applicable. **n.e** no estimate. **n.s** not supplied. ^a The business estimates are a composite of company and sole traders.

Sources: Survey responses from state and territory governments (unpublished); TNS (2008).

Businesses estimated generally similar times for lodging forms, with the exception of the Northern Territory (company registration) and the ACT (sole trader registration), where times were considerably longer than the regulators’ estimates although still less than an hour.

In Western Australia and the Northern Territory, regulators estimated that it would take applicants 15 and 30 minutes, respectively, to attend interviews as part of the registration process. The Western Australian regulator noted that not all applicants are required to attend an interview. The average estimate of 975 minutes for interviews and hearings from the Western Australian businesses is driven by the observation of one participant (1920 minutes). The estimate of 30 minutes by the second business is more consistent with the regulator’s estimate.

Businesses from Queensland and Tasmania provided time estimates for attending an interview, even though a formal interview is not a registration requirement in these jurisdictions. The business estimates are likely to relate to the time spent in discussion with regulators on matters such as enquiries on the registration process, responding to regulator queries on the application and checking on the progress of their application with the regulator.

Degree of difficulty experienced in registering a real estate agency

Table 12.7 presents difficulty rating for elements of the registration process from the synthetic analysis and businesses for each jurisdiction.

For most jurisdictions the difficulty of obtaining information and forms for sole traders and companies was generally low. The exception was South Australia, where the ‘very difficult’ synthetic estimate reflects problems encountered by the consultants in obtaining information on the AAP process.

Table 12.7 **Difficulty ratings^a — registering a real estate agency**

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA^b</i>	<i>WA^b</i>	<i>Tas^b</i>	<i>NT</i>	<i>ACT</i>
Sole trader								
<i>Synthetic estimates</i>								
Obtaining forms	3	1	1	5	1	2	3	1
Completing forms	1	2	2	n.s	3	1	2	3
<i>Business estimates</i>								
Number of business	(3)	(1)	(6)	(3)	(2)	(2)	(3)	(3)
Obtaining information	2	3	2	2	3	3	3	3
Obtaining forms	1	1	1	2	1	1	3	2
Completing forms	2	2	3	3	4	2	2	4
Lodging forms	1	1	1	2	2	n.s	1	3
Interviews	n.ap	n.ap	1	n.ap	3	2	1	3
Company								
<i>Synthetic estimates</i>								
Obtaining forms	2	1	1	5	1	2	3	1
Completing forms	1	2	2	n.s	3	1	2	3
<i>Business estimates</i>								
(Number of businesses)	(1)	(1)	(1)	(3)	(2)	(2)	(1)	(0)
Obtaining information	2	1	2	2	3	3	3	n.e
Obtaining forms	1	1	1	2	1	1	1	n.e
Completing forms	2	2	3	3	4	2	4	n.e
Lodging forms	1	1	1	2	2	n.s	4	n.e
Interviews	n.ap	n.ap	1	n.ap	3	2	n.s	n.ap

n.ap not applicable. **n.e** no estimate. **n.s** not supplied. ^a Refer to table 6.3 for the difficulty rating scale. ^b The business estimates are a composite of companies and sole traders.

Sources: ACIL (2008); TNS (2008).

The relatively high difficulty rating provided by a business for completing forms for a sole trader in the ACT and the company in the Northern Territory appear due to a number of factors, such as the complexity of forms (box 12.2).

Generally, business participants across jurisdictions considered the process of lodging the application form as ‘very easy’ or ‘easy’.

Box 12.2 Comments by businesses on the degree of difficulty of the registration process — real estate agency

A participant from the ACT explained some of the difficulties they experienced as follows:

They could definitely streamline it [the form] and it wouldn't be hard. The form is complicated. There are a lot of bits that don't apply and other bits that do.

... you can miss something quite easily. ... if you don't get the ad in the paper at the right time with your intention ... You have to have three original papers — you have to buy the paper ... They won't take an electronic copy.

The difficulty rating assigned by the company participant in the Northern Territory for completing forms seems partly due to their particular circumstances:

It was just more that it was like a jigsaw puzzle. It was just making sure that I could put the jigsaw puzzle together within the time constraints that I had placed. Because I wasn't working (because I had made that decision), I was certainly under a lot more pressure ...

Source: TNS (2008).

Fees paid to register a real estate agency

In some jurisdictions the fees payable comprise an application fee and a licence fee. Application fees are typically payable upon the lodgement of an application and are not refundable, if the application is declined. In some jurisdictions, however, the application fee is deducted from the licence fee for successful applicants.

There are notable differences in the combined application and licence fees across the jurisdictions. The Northern Territory has the lowest combined fees (\$300) for sole traders, while Queensland has the highest (\$978) (table 12.8). Queensland is, however, the only jurisdiction to offer a three year licence, at a substantially lower annual cost. For company applicants, the Northern Territory also has the lowest combined fees (\$300), while Western Australia (\$965) has the highest (table 12.9). Except for Queensland, the combined application and licence fees for companies are equal to, or higher than, those applying to sole traders. For Queensland, the combined fees for a company (\$557) are \$421 less than those applying to a sole trader.

Table 12.8 Fees and charges (\$) ^a — real estate agency (sole trader — 2006-07)

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Application fee	167	336	115	213		114		
Licence fee	243	168 ^b	863 ^c	261	785 ^d	341	300 ^d	553 ^e

^a Fees and charges are for a one-year period unless otherwise stated and have been rounded to the nearest dollar. ^b Annual statement fee. ^c A three year licence is also available for \$1724. ^d No licence term identified.

^e Apportioned on a monthly basis if for a period of less than twelve months. \$50 is the minimum charge.

Source: Survey responses from state and territory governments (unpublished).

Table 12.9 Fees and charges (\$) ^a — real estate agency (company — 2006-07)

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Application fee	167	581	115	213		228		
Licence fee	243	168 ^b	442 ^c	391	965 ^d	341	300 ^d	553 ^e

^a Fees and charges are for a one-year period unless otherwise stated and have been rounded to the nearest dollar. ^b Annual statement fee. ^c A three year licence is also available for \$886. ^d No licence term identified.

^e Apportioned on a monthly basis if for a period of less than twelve months. \$50 is the minimum charge.

Sources: Survey responses from state and territory governments (unpublished), NSW OFT (2008b).

The synthetic analysis found some other sources of differences between the jurisdictions:

- Although the fees payable in Western Australia are the highest, they are inclusive of a number of items, some of which are not included in the fees charged in other jurisdictions.

For example, the total licence fee levied in Western Australia (and listed in tables 12.8 and 12.9), includes \$150 for the Fidelity Fund Guarantee and a \$55 fee to cover the cost the Real Estate and Business Agents Supervisory Board placing a notice in the Saturday edition of West Australian newspaper (ACIL 2008). The licence fee in Western Australia also includes payment for the Triennial Certificate that real estate agents in Western Australia require to operate.

Applicants in the Northern Territory and the ACT are also required to advertise their applications (*Agents Licensing Act* (NT) and *Agents Act* 2003 (ACT)), incurring a cost in addition to the fees and charges outlined in tables 12.8 and 12.9.

- Applicants in Queensland, South Australia, Western Australia, the Northern Territory and the ACT incur costs for police checks. The cost ranges from \$30 \$46.50 per person on which a police check is required (ACIL 2008).

New South Wales, Victoria and Tasmania do not require the police checks as part of their application process. The Business Licensing Authority in Victoria provides the details of the application to the Victorian Police and Consumer Affairs Victoria who then report back to the authority regarding the applicant and application (BLA 2008). The New South Wales Office of Fair Trading appears to conduct a criminal check without any incremental cost to the applicant (NSW OFT 2008c). In Tasmania, probity checks are completed via a declaration completed by the applicant as part of signing off the application.

In addition to the fees noted above, business participants identified a number of incidental expenses they incurred as part of the application process. These included:

- obtaining passport photos (as required in the application)
- postage (related to lodging the application)
- transport costs, including petrol and parking (related to attendance at hearings)
- telephone calls (for arranging references)
- photocopying (to provide some of the supporting materials required).

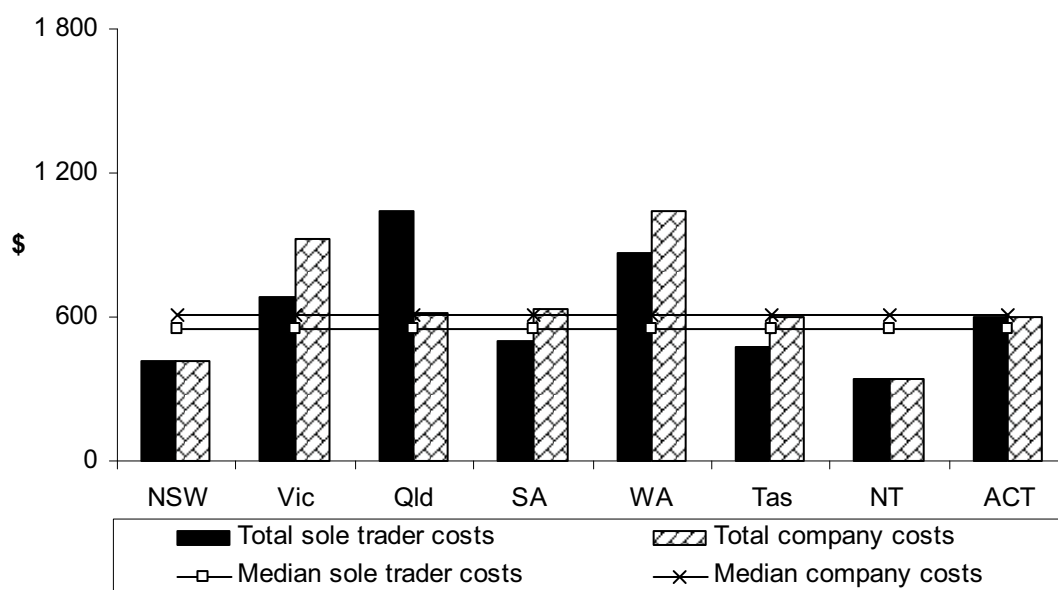
Cost comparisons based on benchmarking data — real estate agency

The final calculation of costs for benchmarking is based on time and fee data provided by regulators.

The differences in compliance costs for the registration of a sole trader and company real estate agency are shown in figure 12.1. Figure 12.2 shows the time cost of registering a real estate agency across all states and territories. The cost data show:

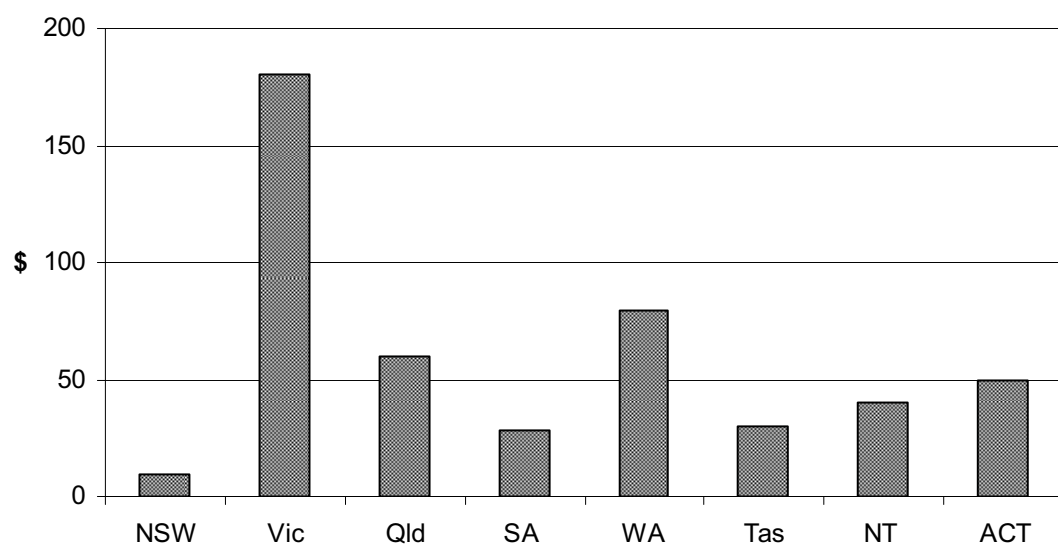
- the fees charged by regulators are significantly higher than the time cost of completing a registration
- the time cost of registration is relatively low under \$100 for all jurisdictions except Victoria
- the median cost of registering a company is marginally higher than a sole trader
- the total cost of registration varies significant across jurisdictions.

Figure 12.1 **Benchmarking total cost (per registration) — real estate agency**



Data source: Survey responses from state and territory governments (unpublished).

Figure 12.2 **Time cost (per registration) used in the calculation of total costs — real estate agency**



Data source: Survey responses from state and territory governments (unpublished).

Overall, Victoria has the highest time cost component for registration for both a sole trader and company (\$180) (figure 12.2). At 26 per cent of the total cost for a sole trader and 19 per cent of the total cost for a company, the time cost is significant for

those registering as a real estate agent in Victoria. New South Wales has the lowest time cost (\$9.50), which is only 2 per cent of the total cost for both sole traders and companies.

The lowest total compliance costs for registering a real estate company are in the Northern Territory, with the highest in Western Australia. Queensland is the only jurisdiction in which the total costs of registering a company are less than those to register a sole trader.

For businesses seeking to register in Queensland, South Australia, Western Australia, the Northern Territory and the ACT, the actual costs faced by businesses would be higher than the benchmarked costs shown in figure 12.1. This is due to requirements for a police check applying in these jurisdictions as well as the advertising requirements that apply only to the Northern Territory and the ACT.

In addition to the estimated time cost, and fees and charges, the regulators' estimates of application processing times vary across the jurisdictions, showing a range of waiting times between 1–30 days (table 12.10).

Table 12.10 Application processing time (days) — real estate agency

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
<i>Regulator estimates</i>	22	30	14	10	10	25	1	20

Source: Survey responses from state and territory governments (unpublished).

13 Cost of registering a winery

Before a business commences operation as a winery (chapter 5), certain registration requirements must be satisfied in relation to:

- the liquor licensing provisions of the states and territories
- the Wine Equalisation Tax (WET) levied by the Australian Government.

In 2006-07, over 220 liquor licences were approved for wineries across Australia, while the Australian Taxation Office approved 535 WET applications during the same period.

This chapter describes separately the costs of obtaining a liquor licence for a winery and for registering for WET. These costs are additional to the cost of generic registrations to establish a business set out in chapters 7 and 8. The data analysed includes:

- time estimates for obtaining information and forms
- time estimates for completing the application forms
- time required to lodge forms and pay fees
- degree of difficulty experienced in the registration process
- fees paid to register a business.

In addition, the chapter includes a comparison of the processing or waiting times associated with state or territory level processes of registering as a winery.

Information for each jurisdiction comes from the regulators, synthetic estimates and businesses. The business data were obtained from businesses participating in face-to-face interviews. The number of businesses in each jurisdiction supplying time estimates is provided in each of the relevant tables.

The analysis, where feasible, draws on all three sources of data. But given that only individual businesses provided detailed information, these estimates are used to illustrate individual experiences. The final calculation of costs is based on the data provided by regulators.

13.1 Obtaining a liquor licence

Time estimates for obtaining a liquor licence

Obtaining information and forms

The regulators estimated that it should take businesses between 30–90 minutes to familiarise themselves with the registration requirements and obtain the necessary forms (table 13.1).

Table 13.1 **Time estimates: obtaining information and forms (minutes) — liquor licence**

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates	90	60	60	30	60	30	60	30
<i>Synthetic estimates</i>								
Obtaining the form	5	5	10	5	10	10	7	5
<i>Business estimates</i>								
(Number of businesses)	(1)	(1)	(1)	(1)	(1)	(1)	(0)	(0)
Obtaining information	180	15	15	120	30	40	n.e	n.e
Obtaining the form	5	5	5	10	30	5	n.e	n.e
Total	185	20	20	130	60	45	n.e	n.e

n.e no estimate.

Sources: ACIL (2008); Survey responses from state and territory governments (unpublished); TNS (2008).

The synthetic estimates for obtaining forms were similar in all jurisdictions, at between 5–10 minutes. The synthetic estimates, however, only considered obtaining the form.

The estimates from business interviews also indicated that the time to obtain the relevant application forms for a liquor licence was 10 minutes or less, with the exception of Western Australia (table 13.1). The estimate of 30 minutes from the Western Australian may be an overstatement as the interviewed business rated the task as ‘very easy’ (table 13.4) and its comments also indicate that the process was straightforward (box 13.1). The overall estimates from business for obtaining information and forms range from 20–185 minutes and show that the majority of the time is spent on obtaining information on the regulatory requirements.

New South Wales recorded the highest time estimates for obtaining information and application forms on liquor licensing from both the regulator and business. The

business comments indicate that the perceived complexity of the New South Wales licensing regime contributed to the comparatively high time estimates (box 13.1). The New South Wales regulator noted that applicants have a high reliance on external resources, such as specialist law firms, in completing their licence applications. Where such specialist assistance was not engaged, the regulator noted the time taken by an applicant to familiarise themselves with the regulatory requirements would depend upon the capability of the applicant.

Box 13.1 Comments by businesses on finding forms and information — liquor licence

The perceived complexity of the New South Wales licensing regime may have contributed to the comparatively high time estimates:

... my initial review of the documentation suggested that there was a degree of legal complexity here that a layman may well get himself tied up in and it would be more efficient to pay someone who has done this before to facilitate the whole process.

The comments of the Western Australian participant suggest obtaining forms and information was not an onerous task:

... the forms aren't hard to find on the website, and there is some information on there, and it is not too bad to get a hold of.

Source: TNS (2008).

The business estimate for South Australia may be overstated as the business referred to a number of licence types, such as an exporter's licence, that were outside the scope of this study (TNS 2008). As such, even though the business was directed to consider only time relating to a Producer's Licence, their estimate might include time spent on obtaining information on other licences.

Completing forms

The regulators' estimates of the time taken to complete an application range from 30 300 minutes. The estimates provided by regulators in Victoria (240 minutes) and the Northern Territory (300 minutes) include the time to complete the application form and to source the supporting material required which may explain why these time estimates are higher than other jurisdictions (table 13.2).

The synthetic estimates of time and difficulty (tables 13.2 and 13.4, respectively) indicate that the task of completing the form itself was not overly time consuming or onerous. Business comments support this view (box 13.2).

Table 13.2 Time estimates: completing forms (minutes) — liquor licence

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates	90	240^a	120	30	120	30	300^a	60
<i>Synthetic estimates</i>								
Sole trader	17	13	13	17	29	9	17	2
Company	13	13	11	16	29	7	17	1
<i>Business estimates</i>	360	15	90	30	60	30	n.e	n.e
(Number of businesses)	(1)	(1)	(1)	(1)	(1)	(1)	(0)	(0)

n.e no estimate. ^a Includes the time taken to source the supporting material required for the application.

Sources: ACIL (2008); Survey responses from state and territory governments (unpublished); TNS (2008).

Box 13.2 Comments by businesses on completing forms — liquor licence

From Victoria:

There's not a great deal on here [the form] that you have to fill in. The form itself was not a problem ...

From Queensland:

My personal view is I don't think [the form] is very complicated at all. The form's simple, it forces you to think about when you [will] open, when you [will] close. Forces you to think about a number of those issues, like, how big your place is ... How much grapes you [will] produce, how much are you [will] plant. You've got all that information.

From South Australia:

Filling the front form out only takes you 30 seconds. But all the associated documentation that goes with it takes forever.

So, for instance, to get a producers licence whoever is involved in any way, shape or form as a shareholder or has a financial interest or anything in the company ... To coordinate that amongst all the members of the company, I've got to go around and chase them all, issue them the forms. They've got to have statutory declarations in them or [a] JP sign offs on certain things. It's a fairly complex process.

Source: TNS (2008).

The synthetic and business estimates for jurisdictions, aside from the New South Wales business estimate, were equal to, or less than, those of the relevant regulator. The business estimate from New South Wales, like the estimates from Victorian and the Northern Territory regulators, appears to include the time to complete the application form and to source the supporting material required. This may explain why the New South Wales business estimate is higher than those of other jurisdictions.

Lodging forms, paying fees and attending interviews

Regulators estimated a range from 5 30 minutes for the time to lodge the application form. Five regulators estimated a time of 20 minutes. The regulators estimated that paying fees should take 5 15 minutes (table 13.3).

Table 13.3 Time estimates: lodging forms, paying fees and attending interviews (minutes) — liquor licence

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates								
Lodging forms	20	20	20	5	20	20	5	30
Paying fees	5	10	10	5	5	15	5	10
Interview	120	n.ap	n.ap	30	30	30	300	30
Total	145	30	30	40	55	65	310	70
Business estimates								
(Number of businesses)	(1)	(1)	(1)	(1)	(1)	(1)	(0)	(0)
Lodging forms	n.s	3	1	15	10	20	n.e	n.e
Paying fees	10	n.s	n.s	242	10	n.s	n.e	n.e
Interview	120	n.ap	n.ap	45	30	20	n.e	n.e

n.ap not applicable. **n.e** no estimate. **n.s** not supplied.

Sources: Survey responses from state and territory governments (unpublished); TNS (2008).

A number of jurisdictions require applicants to attend a hearing or interview as part of the lodging process. In South Australia, Western Australia and Tasmania the regulators estimated the interview would take around 30 minutes. In New South Wales, the interview time is about two hours, while in the Northern Territory it is five hours.

The high time estimate for paying fees from the South Australian business includes the time incurred attending to application related activities where a fee is payable for example it includes time spent arranging, and paying for, the advertising of the application in local and state newspapers. With this exception, the business and regulator estimates align well.

Degree of difficulty experienced in obtaining a liquor licence

Table 13.4 shows that, in general, the process of obtaining a liquor licence is no worse than ‘neither easy nor difficult’ and, in many jurisdictions, could be considered ‘easy’. The degree of difficulty ratings are clearly reflected in the time estimates.

Table 13.4 **Difficulty ratings^a — obtaining a liquor licence**

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
<i>Synthetic estimates</i>								
Obtaining the form	1	1	2	1	2	2	3	1
Completing the form								
Sole trader	1	1	1	1	1	1	2	1
Company	1	1	1	1	1	1	2	1
<i>Business estimates</i>								
(Number of businesses)	(1)	(1)	(1)	(1)	(1)	(1)	(0)	(0)
Obtaining information	2	3	1	3	2	2	n.e	n.e
Obtaining the form	1	1	1	3	1	2	n.e	n.e
Completing forms	3	1	2	3	2	2	n.e	n.e
Lodging forms	2	1	1	2	2	2	n.e	n.e
Interview	3	n.ap	n.ap	3	n.s	2	n.e	n.e

n.ap not applicable. **n.e** no estimate. **n.s** not supplied. ^a Refer to table 6.3 for the difficulty rating scale.

Sources: ACIL (2008); TNS (2008).

Fees paid to obtain a liquor licence

The total upfront fees levied by the regulator for a liquor licence application for a winery range from \$200–\$2455 (table 13.5). Depending upon the jurisdiction, the upfront fees include an application fee, a licence fee or both. Tasmania is unique among the jurisdictions in having:

- an application fee payable upon lodging an application
- a grant fee payable upon a successful application
- a licence fee payable annually.

Table 13.5 **Fees and charges (\$) ^a — liquor licence (2006-07)**

	<i>NSW^b</i>	<i>Vic^c</i>	<i>Qld^d</i>	<i>SA</i>	<i>WA^e</i>	<i>Tas^f</i>	<i>NT</i>	<i>ACT^g</i>
Application fee	50	568	432	413	460	484	200	
Licence fee	950	170	432		145	186		2455
<i>Other fees</i>								
Government Gazette				59				

^a Fees are rounded to the nearest dollar. ^b The licence remains in force until surrendered or is cancelled. There are no annual fees or charges. ^c Although provided by the regulator, the licence fee is a renewal fee payable on 1 January annually. ^d Although provided by the regulator, the licence fee is a renewal fee invoiced to licensees on 1 July annually. ^e The licence fee is payable on grant of the licence and on 1 January annually. ^f The application fee includes both an application fee (\$242) and grant fee (\$242). Although provided by the regulator, the licence fee is a renewal fee payable on 1 January annually. ^g Annual renewal of licences is determined on the volume of sales in the previous financial year.

Source: Survey responses from state and territory governments (unpublished).

South Australia appears the only jurisdiction to include a charge to cover the advertising of an application in the Government Gazette. All jurisdictions, aside from the ACT, have an obligation within their legislation that a liquor licence application be the subject of some form of public notice. In New South Wales, Queensland, South Australia, Western Australia and the Northern Territory the notice is to take the form of a public notice in the newspaper(s) prescribed by the jurisdiction. In Victoria, applicants seeking a liquor licence are required to place a public notice, in the form prescribed, in a prominent position outside the premises continuously for 28 days (CAV 2008b). The *Liquor Licensing Act 1990* (Tas) provides that a public notice may need to be placed in newspapers and on the premises, but leaves the requirement to the Commissioner's discretion. Accordingly, applicants in Victoria, Tasmania and the ACT do not necessarily incur the costs of advertising an application that applicants in other jurisdictions incur.

The synthetic analysis provided estimates for the costs associated with placing these advertisements (table 13.6).

Table 13.6 Advertising and criminal check costs (\$) ^a — liquor licence (synthetic estimates)

	NSW	Vic	Qld	SA	WA	Tas	NT	ACT
Advertising	219		380	90	240 ^b		100	n.r
Criminal history check (per person)			36	47 ^c	450		130 ^d	

n.r no requirement. ^a Costs are rounded to the nearest dollar. ^b Includes 'banner fee' of \$25. ^c Investigation costs for person in authority. ^d Comprises \$30 for criminal history check and \$100 for fingerprint check.

Source: ACIL (2008).

Jurisdictions also take different approaches to the probity checks completed as part of a liquor licence application. These different approaches result in differing costs for applicants across the jurisdictions. Queensland, South Australia, Western Australia and the Northern Territory require a criminal history, or police check, be completed as part of the application process. The cost of these checks fall to the applicant (table 13.6). The total cost of these checks for a company vary, as the police checks are typically required for each company director.

The application form for a liquor licence in New South Wales includes an authority from the applicant for third parties to release information to the regulator. The authority extends to all courts, probation departments, employers, educational institutions, banks, financial and other institutions, all federal, state and local agencies (domestic and foreign) and anyone else to whom the authority is presented. Applicants in New South Wales who have previously lived overseas may, however, require a police clearance from the relevant overseas police. Liquor licence

applicants in Victoria are required to complete a police questionnaire that is reviewed by the Victorian Police (CAV 2008c). The liquor licence application in Tasmania authorises the regulator to provide a copy of the application to Tasmanian Police, and the police of any other jurisdiction, and for the police to provide the regulator with the details of the criminal offences, if any, of the applicant(s). The application form used in the ACT contains a statutory declaration for completion by the applicants with respect to their criminal history. The application form also contains an authority for the Australian Federal Police to release information on an applicant's criminal history to the regulator.

Western Australia requires s.39 (Certificate of Local Health Authority) and s.40 (Certificate of Local Planning Authority) approvals from the relevant local government as part of the application process. The synthetic estimates found the cost of these certificates varies from council to council. As a guide to the expense this might involve, the Augusta-Margaret River Shire Council levies total charges of \$220 for s.39 and s.40 approvals (ACIL 2008). The ACT has a requirement for licence applications to be accompanied by a Planning and Land Authority Certificate – the cost of the certificate in 2006-07 was \$112.

In addition to the fees detailed above, businesses identified a number of incidental expenses they incurred as part of the application process. These incidental expenses included:

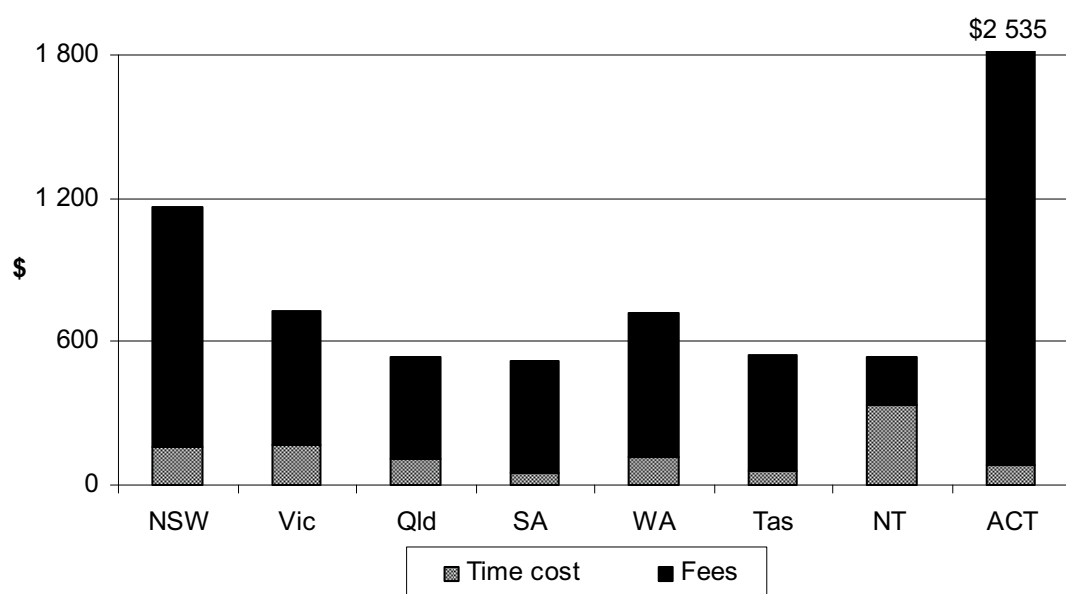
- telephone calls (for arranging references)
- photocopying (to provide some of the supporting materials required)
- professional fees (such as those of a solicitor who assisted in the process)
- transport costs, including petrol and parking (relating to attendance at hearings)
- photographs (taken as part of the application process).

Cost comparisons based on benchmarking data — liquor licence

The total costs faced by wineries seeking a liquor licence are presented in figure 13.1. The costs are based on the fee data and time data (figure 13.2) provided by regulators.

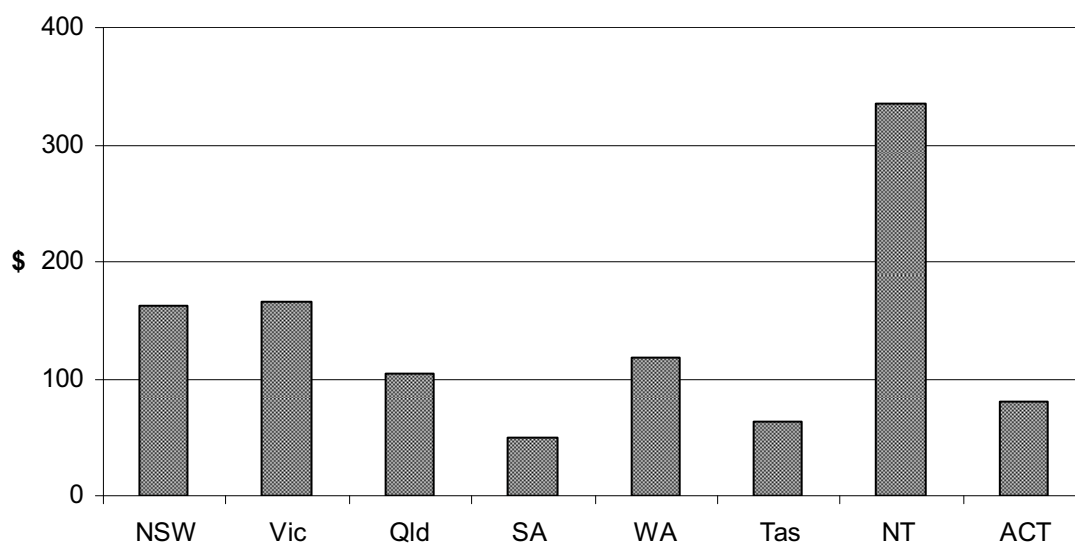
The fees included in the total benchmarking costs include all compulsory fees levied by the regulators. The fees, however, exclude those licence fees that are not payable 'upfront' – for example, the licence fees payable annually in Victoria (in January) and Queensland (in July). Across the jurisdictions, with the exception of the Northern Territory, fees constitute the majority of the total cost to business of registering a winery.

Figure 13.1 Benchmarking total cost (per registration) — liquor licence



Data source: Survey responses from state and territory governments (unpublished).

Figure 13.2 Time cost (per registration) used in calculating total costs — liquor licence



Data source: Survey responses from state and territory governments (unpublished).

The actual costs for businesses would be appreciably higher than those depicted for businesses seeking to register in all jurisdictions except Victoria, Tasmania and the ACT. This is due to the advertising requirements and criminal history checks that

apply in some jurisdictions (as described above). Based on the synthetic data, the total costs in Queensland, for example, would be almost double those indicated in figure 13.1.

There is considerable variation in the application processing times of the jurisdictions (table 13.7). The length of time to process applications was the subject of comment from many businesses (box 13.3).

Table 13.7 Application processing time (days) — liquor licence

	<i>NSW</i>	<i>Vic</i>	<i>Qld</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>
Regulator estimates	140	45	20	42	10	28	60	25

Source: Survey responses from state and territory governments (unpublished).

Box 13.3 Comments by businesses on application processing times — liquor licence

From the New South Wales participant commenting on the regulator estimates of application processing time:

There's no way you can get it in 42 days, based on my experience. It takes [the regulator] six weeks to go from that point where you advertise to where they — it takes you a month to advertise it. Then it takes another couple of weeks to have [the application] heard. Then it takes six weeks at Game and Racing to do the analysis. Then it takes at least a couple of weeks. So you can't get 42 days out of that.

The Queensland participant commented:

[The processing time] wasn't long at all ... In Queensland, apparently, it used to take a long time, like nine months to a year... [Then] they set up their headquarters in Toowoomba, took it out of Brisbane and put it up where they grow wine. That was painless. Much quicker.

And the time disclosed on the formal website to process the valid application — 61 to 91 days. Well, that's maybe that's from other states. But those guys up there [QLD regulator] turned it round under that. Well under that.

The Western Australia participant observed:

Average time to process valid application in 10 days, they reckon they can get a producer's licence in 10 days? I can't see that happening, I could never see 10 days!

The Tasmanian participant commented as follows:

And the time to process the valid application 28 days, I think that would generally be about right — when we applied for our licence it was a particularly busy time, so they made me very aware that it would probably take a bit longer, because of the time that we were applying for the licence and that they did have already a number of people for the hearing and we may not be able to be heard there, but afterwards. So that it was all very clear to me, so I think that the time taken, 28 days, is about right, because when we changed our liquor licence the next time around, that's pretty much spot on, 28 days, 30 days, whatever. It only took about four weeks for that to happen.

Source: TNS (2008).

13.2 Registering for the Wine Equalisation Tax

In addition to state and territory registration requirements, this study also considered the activities required to register for WET. Business estimates were obtained from two businesses that had recently registered for WET.

Time estimates for registering for Wine Equalisation Tax

Obtaining information and forms

The regulator estimate of the time taken to obtain the necessary forms and information for this registration was 20 minutes, similar to the business estimate of 25 minutes. The synthetic analysis did not attach any time or difficulty burden to the WET registration process as it found the registration could be completed by ticking the appropriate box as part of the Australian Business Number registration process.

Completing forms

The regulator estimate of the time taken to complete the registration form was 15 minutes which compared to the business estimate of eight minutes.

Lodging forms, paying fees and attending interviews

Applicants also applying for WET would need to lodge forms. The Australian Government regulator estimated that this should take around one minute.

Degree of difficulty experienced in registering for Wine Equalisation Tax

The overall process was rated as ‘very easy’ to ‘easy’ by both businesses and the synthetic analysis.

Fees paid to register for Wine Equalisation Tax

There are no fees payable in respect to registering for WET.

Cost comparisons based on benchmarking data — Wine Equalisation Tax

The regulator estimate of the total time to complete the registration process was 36 minutes: an estimated time cost of \$18. As no fees are payable for this registration, the time cost represents the total costs faced by businesses in completing this registration activity.

14 Conclusions

This chapter draws together the discussion of the Commission’s approach to benchmarking compliance costs (chapter 6), the results of benchmarking the generic business registration activities (chapters 7 and 8), and the industry-specific business registration activities (chapters 9–13). It presents the estimated total costs for the various registration activities and, for most registrations, the associated processing or waiting times. Further, it draws together the qualitative information on the experience of businesses completing registration activities, the ‘difficulty’ rating of those activities, and insights into the source and significance of any difficulties. Finally, the chapter includes lessons that this benchmarking exercise has for future benchmarking activities.

14.1 Approach to estimating compliance costs for business registrations

The aim of this study was to measure the time and financial compliance costs of generic and industry-specific registrations required for starting a business and to benchmark these costs across jurisdictions. The study looked only at the activities required for gaining the required official approvals for selected business registration activities and did not measure other costs associated with starting a business. The study also aimed to test the methodology for collecting data to assist future benchmarking projects.

For each type of registration examined, the Commission sought estimates of the time taken by business for finding information and obtaining forms, completing forms, lodging forms, and the payment of fees and charges. The Commission also sought estimates of the difficulty of the activities related to the registration processes and the average time businesses wait for a regulator’s decision on their application.

Data reliability and comparability

The project gathered data by surveying regulators, by undertaking a synthetic analysis of a ‘standardised’ business and conducting focus group discussions and

interviews with businesses with the aim of assessing their systematic errors in the data as well as the ease of collection, reliability, and representativeness of the data from each source. The intent had been to triangulate the three sources of data to adjust for any systematic under and over estimates that were associated with how the three sources would view the time taken. In practice, data limitations precluded a full application of the triangulation approach:

- some regulators were slow in providing responses. In addition, there were variations in regulator data that may have been due to inconsistencies in the interpretation of questions by regulators or the differing experience of those completing the survey
- the synthetic estimates, although providing a relatively consistent and objective time measure across jurisdictions:

could not capture all the substantive elements that businesses had to undertake for example, the time taken to attend interviews or lodging forms and paying fees which resulted in a downward bias in the estimates were based on subset of business characteristics that is not necessarily representative of the total population of business types applying for registration within a jurisdiction

- low attendance at focus groups, which meant that in many cases business data were based on a small number of businesses. This reduced the usefulness of business estimates for comparative purposes, relative to the regulator estimates which related to the entire population of business registrations the regulator considered in the survey year.

Despite the limitations, comparison between regulator and other data did provide a useful ‘reality check’. The data conformed in most cases to the expected pattern of business time estimates being higher than the regulator’s time estimates, although the synthetic estimates tended to be lower than regulator estimates. This raised questions about the extent to which the synthetic approach was able to capture the substantive elements of regulatory processes that businesses had to undertake. Also, unsurprisingly, given small numbers, there was considerable variation within the business estimates that suggested responses were sometimes idiosyncratic. Nevertheless, in many cases the estimates provided by regulators and businesses were compatible, within a similar time range and, overall, indicated that the time cost of business registration is not very high. The synthetic estimates also show that finding and completing forms is usually not lengthy and is typically straightforward. The synthetic data show consistency in time estimates across all jurisdictions for a particular type of registration. This provided a baseline for understanding any potential differences between regulator and business estimates. Although full

triangulation of data were not possible, the comparisons of the data proved useful in understanding differences in benchmarked costs.

Due to the low number of business observations and the limitation of the synthetic estimates, the benchmark costs reported are those from the regulator data as it is reasonably consistent and arguably the most representative of the average business experience.

14.2 Generic registration comparisons

Generic business registrations are required by the Australian Government and by state and territory governments.

For those registration activities at the Australian Government level, benchmarking results are as follows:

- For a company registration (incorporation), the estimated total business costs are around \$420 (with the application fee accounting for \$400). In addition, average processing times in 2006-07 for completed applications for incorporation were one day (complete and compliant applications were processed almost instantaneously if submitted electronically).
- For ABN, FBT, GST, PAYG and TFN registration, the estimated total business costs are around \$50. As no fees or charges are payable in relation to these registrations, this figure is derived solely from estimated time costs (a range of 80 100 minutes). There is some evidence that registration takes slightly longer for a company than for a sole trader. In addition, regulators' records indicate the average processing times is four days for ABN registration.

These costs are not included in the following generic or industry-specific benchmarking as they are Australia-wide cost and thus do not vary across jurisdiction.

For generic registration activities at the state and territory level, benchmarking results are as follows:

- Total costs to register a business name are generally small, with a median cost of \$144 and a range of \$67 \$241 (for the Northern Territory and Queensland, respectively).

Fees again constitute the major part of total cost across jurisdictions, ranging from 83 to 95 per cent of total costs (83 per cent in Tasmania and 95 per cent in the ACT and New South Wales).

Registration of the business name involves similar requirements and time costs across jurisdictions. However, application processing times vary across jurisdictions, with regulators' estimates ranging from 1-5 days.

- The maximum total cost for registering for payroll tax in any jurisdiction is estimated to be \$45. As no fees are associated with registering for payroll tax, this cost is derived solely from estimated time costs (which in no jurisdiction are longer than 90 minutes). The application processing times vary considerably across jurisdictions, with regulators' estimates ranging from less than one day to 20 days.

There are no obvious explanations for these differences in generic costs, as the registration requirements and processes for these registrations are similar in all jurisdictions.

The costs of business name and payroll tax registrations do not depend on the industry in which a business operates and, therefore, were not included in benchmarking of the five industry-specific businesses.

14.3 Industry-specific registration comparisons

Overall compliance costs on business were low, but there was considerable variation across jurisdictions and industries

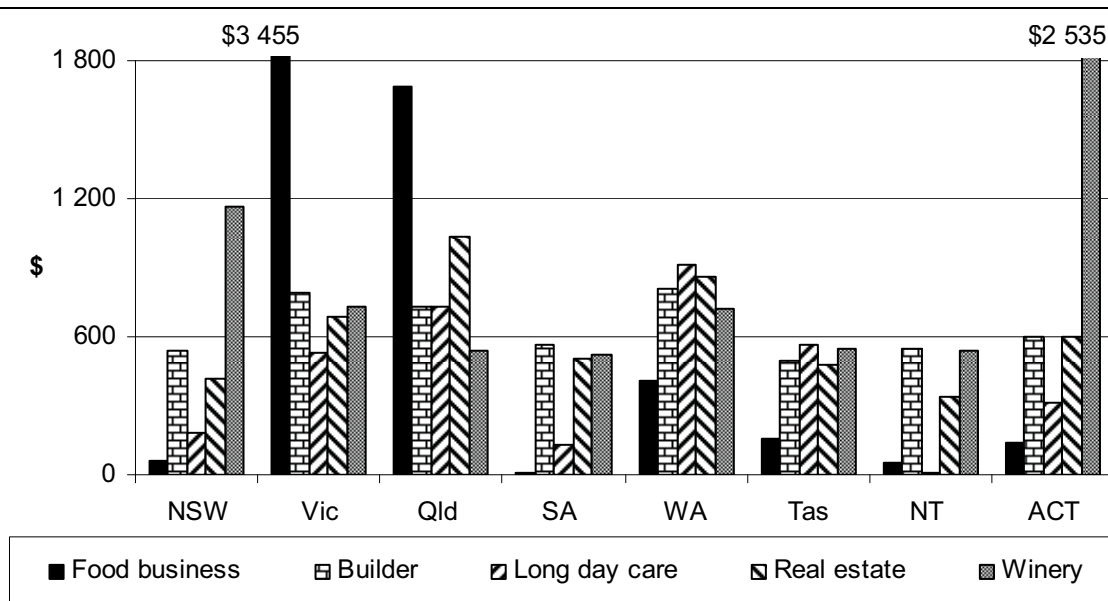
For the selected industry-specific business registration activities the benchmarking exercise found:

- registration requirements differ across jurisdictions
- total registration costs for each industry were generally modest
 - for builders, real estate agents and long day care (sole traders and companies), total costs were less than \$1700 in all jurisdictions
 - for wineries, total registration costs were less than \$750 in all jurisdictions except New South Wales and the ACT (under \$1200 and \$2600 respectively)
 - for a café, total registration costs for a food business were generally less than \$600 except for Melbourne and Brisbane. For outdoor dining facilities, the total registration costs for the locations examined were generally less than

\$1700. Sydney City Council was an exception, where the total registration costs appear to be at least \$2500¹

- for each industry, total registration costs vary significantly across jurisdictions. There is no consistent pattern to these differences for example, the jurisdiction with the highest or lowest registration cost for a winery does not correspond to the jurisdiction with the highest or lowest cost for a long day care centre (figure 14.1 provides an example of the variation in the total costs of business registrations within and across jurisdictions)

Figure 14.1 Total cost (per business) of industry-specific registrations in each state and territory (sole trader) — regulator estimates^a



^a Where regulators provided a range of estimates, the figure represents the mid-point of those estimates.

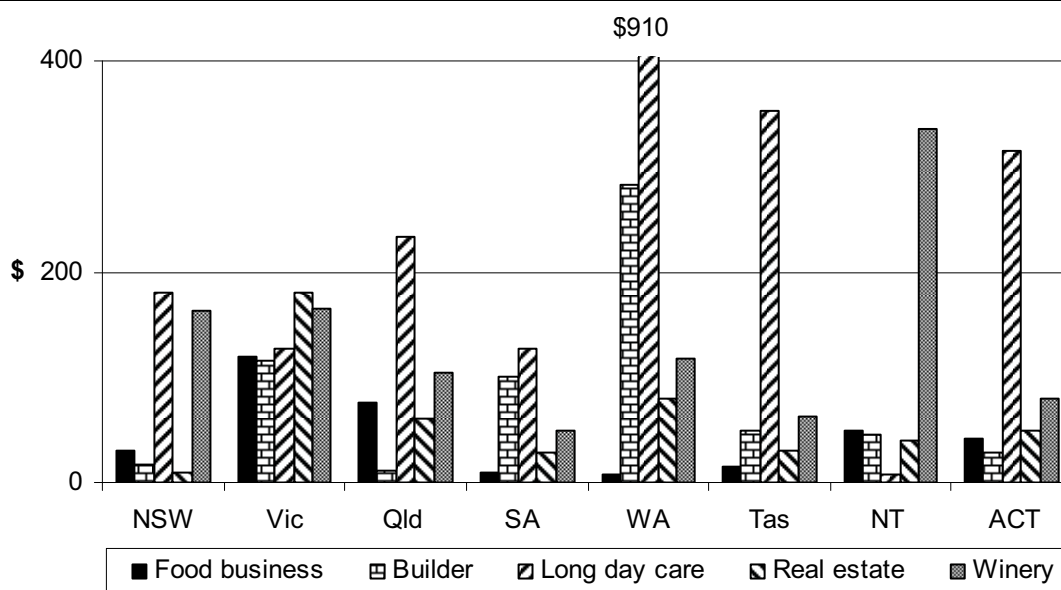
Data source: Survey responses from state, territory and local governments (unpublished).

- for four of the five industries examined, fees constitute the bulk of the total cost of registration. The exception was the registration of a long day care centre, for which most jurisdictions did not impose fees or charges. Where fees were imposed, the time costs represented a higher proportion of the total cost than in the other industries studied, reflecting more extensive registration requirements for this industry

¹ The business registration requirements for outdoor dining facilities rest with local councils in most jurisdictions. Where a jurisdiction devolves responsibility for registration to local councils, the benchmarking was based on the capital city council for that jurisdiction. However, in certain jurisdictions, individual local councils may choose not to have a registration requirement for outdoor dining facilities. For this reason, the costs for registering outdoor dining facilities have been excluded from figures 14.1 and 14.2.

- time registration costs differ significantly across jurisdictions, with no consistent pattern to the differences — for example, the jurisdiction with the highest or lowest registration time cost for a long day care centre does not correspond to the jurisdiction with the highest or lowest time cost for a winery (figure 14.2)

Figure 14.2 Time cost (per business) of industry-specific registrations in each state and territory — regulator estimates^a



^a Where regulators provided a range of estimates, the figure represents the mid-point of those estimates. No estimates were provided for domestic builders in Queensland.

Data source: Survey responses from state, territory and local governments (unpublished).

- the structure of fees and charges for registering the same industry-specific business differs markedly across jurisdictions (for example, long day care registration may attract fees based on a flat fee, the number of children cared for or have no fee at all)
- fees and charges also vary considerably within a jurisdiction (for example, for outdoor dining facilities, the Perth local council levies fees based on the area of outdoor facilities, while Fremantle sets fees on the gross realisation value of the café premises)
- where business registrations differentiate between a sole trader and company (for a builder and real estate agent), there was no difference in the total cost faced by either business type in New South Wales (real estate agents only), the ACT and the Northern Territory (although costs differed across these jurisdictions). In most other jurisdictions where separate registrations apply, the total cost for a company registration was greater than, or equal to, the equivalent cost for a sole trader. The exception was Queensland, where the total cost for a real estate sole trader was reported to be greater than that for a company.

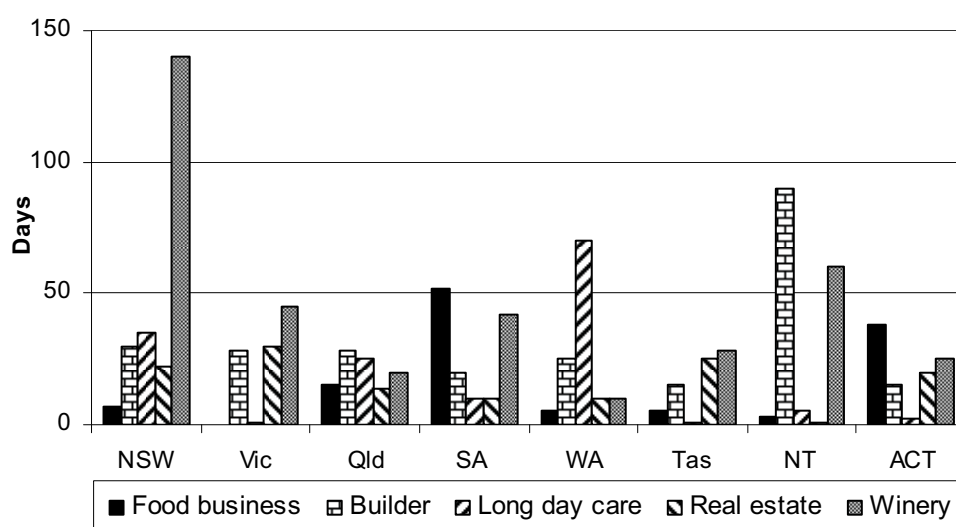
Processing times varied and, as with costs, no clear patterns emerged

Processing times have the potential to impose substantial costs on businesses.

For each industry-specific registration, processing times show a marked variation *within* jurisdictions, for example, in the Northern Territory, one day for a real estate agency but over 90 days for a domestic builder.

Moreover, processing times for the same industry show no consistent pattern across jurisdictions. For example, for a long day care centre, the average processing time ranged from one day in Victoria to 70 days in Western Australia (figure 14.3).

Figure 14.3 **Application processing times for industry-specific registrations in each state and territory — regulator estimates^a**



^a The City of Melbourne Council provided a range of 14–180 days to process an application to register a food business.

Data source: Survey responses from state, territory and local governments (unpublished).

Measurement proved difficult, but differences may point to ways to improve systems

The considerable variations in compliance costs and processing times across jurisdictions might be ascribed to several causes. The first is the potential for measurement error, as questions related to time taken could have been interpreted differently by the different regulators responding to the survey. The second possible explanation is that there are, for each industry, jurisdiction specific factors that have resulted in the different fee requirements and to a lesser extent time requirements. The third reason, and the value in the benchmarking exercise, is that higher costs

and longer times may be the result of a regulatory approach which is not the most cost-effective in today's environment. From this perspective, the benchmarking can:

- suggest specific industries in each jurisdiction that warrant some consideration of whether the costs to businesses or processing times can be lowered
- highlight the role of fees and charges in total registration costs and, thus, the importance of improving the administrative efficiency of regulators
- point to jurisdictions which may provide a useful model in particular aspects of how they register businesses
- suggest that, within jurisdictions, some regulators may be able to learn from others on how to achieve lower costs and/or lower processing times.

The differences aside, the costs for business registration in all industries and all jurisdictions were modest and are unlikely to constitute a barrier to entry into these industries.

14.4 Difficulty with, and duplication of, registrations

Overall, processes were found to be 'not difficult' or 'easy'

As part of the benchmarking exercise, the Commission sought to identify the degree of difficulty businesses experienced completing registration activities, and the source and significance of any difficulties.

The synthetic analysis and business interviews (including some focus groups) found the processes for all industry-specific registrations were generally not difficult. For example, for the five industry-specific businesses, across all jurisdictions and all registration activities, about 15 per cent of business participants found the registration process to be 'somewhat difficult', but 65 per cent found the process to be 'somewhat easy' and 20 per cent found it neither easy nor difficult.

Business estimates show that long day care centres are the most difficult businesses to register in all jurisdictions except the Northern Territory. This may be due to unavoidably complex requirements associated with operating this kind of business. The need to gain verified documentation from staff and partners as part of completing the application form was mentioned several times as a more difficult and time consuming task. Of all the categories of registration activities, business participants considered attending an interview as a part of registration process to be the most difficult activity, followed by completing forms.

The experiences of business participants highlight the influence of the specific characteristics of a business or its proprietor on the time taken to complete a registration activity. For example, obtaining references, documenting experience or simply obtaining the signatures of all parties to the business were commonly identified as activities adding most to the time burden. As a general observation, the more experienced an applicant was in an industry, the less time (and cost) was incurred to complete the registration process. Business interviews and the synthetic analysis also confirmed that online provision of information, forms and lodging applications reduced considerably the degree of difficulty.

Multi-jurisdiction businesses face multiple registration requirements

A business seeking to operate in more than one state or territory would typically need to complete the relevant state-based registrations in each jurisdiction in which it sought to operate. Thus, a business seeking to operate in all states and territories would potentially need to:

- complete up to eight different application forms
- supply up to eight different packages of supporting material, some of which would be duplicated across jurisdictions and some of which would be unique to a given jurisdiction
- possibly complete a number of police checks and advertise the application in a number of major newspapers
- pay up to eight different application and license fees.

Mutual recognition of licenses and registrations appears to have helped to reduce this burden only for builders and real estate agents. For these businesses, mutual recognition is generally available in all states and territories. Where mutual recognition exists, it does not normally extend to businesses operating as companies and, in certain instances, is limited to occupational licenses rather than business registrations.

14.5 Lessons for future benchmarking

This initial study has demonstrated that benchmarking even a seemingly straightforward and one-off regulatory compliance requirement is not a simple undertaking. The number of regulators required to respond and the number of businesses needed for a representative sample was very large, due to the number of industries involved. Obtaining a statistically valid data set of businesses requires an appropriate sample based on the population of business applying for registration.

The more diverse the businesses the larger the total sample required to create a data set compatible to regulators' experience. On the other hand, even the best regulator assessments of time would not be robust unless they are based on a survey of the actual experience of businesses in complying with regulations.

This study has shown that data from each of the three sources can provide valuable insights into the compliance costs faced by businesses as a result of particular regulations. However, the report has also identified shortcomings in the data from all three sources. These shortcomings suggest some approaches to improve the outcome of future benchmarking exercises:

- The slow response across the jurisdictions, and regulators within jurisdictions, points to the need for a clearer allocation of responsibility for collecting jurisdiction-level data and regulator data. It also suggests that targeting a small number of regulations (and thus regulators) may be a more effective method of benchmarking than attempting to cover a large number of regulations (and a correspondingly large number of regulators).
- The inconsistencies in the interpretation of questions by regulators and variations in the quality of data they provided, suggests closer cooperation with regulators is needed to more clearly define the data being sought and understand how their data are derived.
- The inability of synthetic estimates to capture some substantive activities that businesses had to undertake in reality, indicates that it is inappropriate to use as a proxy for average compliance costs. However, synthetic analysis provides valuable insights into costs, and its use is warranted where it can replicate across jurisdictions a specific set of particular obligations imposed by regulators.
- The low attendance at focus groups suggests that more attention to engaging businesses is required. Enlisting the aid of industry groups to identify appropriate businesses, and more advance notification, would address some of these difficulties. Identifying sufficient candidates to provide views on regulations of an ongoing nature as opposed to a on-off registration process is unlikely to be an issue, because more businesses (new and established) need to comply with them. Further, businesses could be expected to show greater willingness to participate in focus groups to discuss ongoing regulation which imposes more substantial compliance costs.

An alternative approach to that trialled in this report would be to collect data on particular activities required by regulation from the source best placed to provide it. For example, businesses complying with particular requirements would be best placed to know and provide accurate data on the time and the difficulty involved. Similarly, only regulators would have full knowledge of all requirements, fees and

charges and of application processing times. This approach would collect two independent data sets:

- from regulators, data on: availability of information, on procedures, fees and charges, available lodgement options and the time required for processing applications (decision making and informing business)
- from businesses, data on: time and difficulties to find information, to complete forms, and to lodge forms and pay the required fees and charges. In addition business could provide data on use and cost of external aid such as that from accountants and lawyers and why they need to use them.

Information from regulators should be available from their records. The extent to which information might be provided beyond that currently collected would depend on the relative benefits and costs that regulators face in collecting that additional data. However, these benefits and costs should be viewed in the context of all governments being committed under Council of Australian Governments (COAG) to regulatory reform and the role of such information in progressing each jurisdiction's reform agenda. The provision of data would also depend on the relative merit of obtaining such data from other sources (for example, directly from businesses or synthetic analysis).

Information from businesses could be collected through a survey of a representative sample of businesses. Focus groups could play a role in identifying those aspects of regulation a survey might best target (subject to addressing the deficiencies noted above with regard to identifying relevant businesses and their willingness to participate).

Where there are concerns about the quality of data from regulators, it would be useful to collect that data from alternative sources to provide a comparative reality check.

Synthetic estimates (mindful of their limitations in capturing all the actions involved in the regulatory processes being assessed) could be used to provide 'objectively measured' baseline data against which the subjective perception of time obtained from the business survey may be assessed.

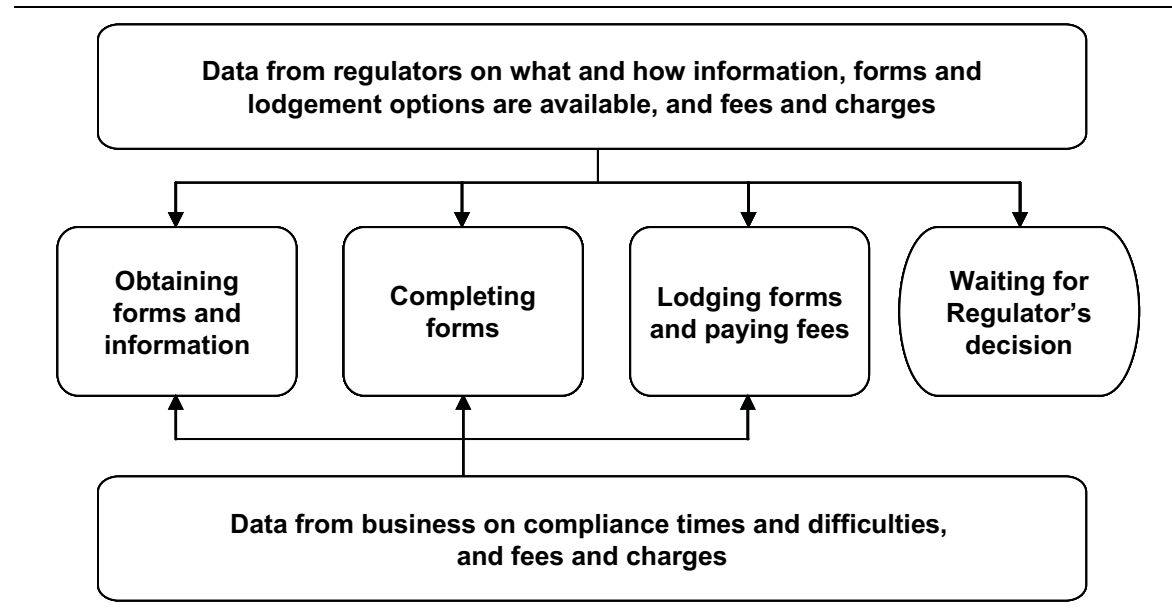
Both data sets from regulators and from businesses would be complementary. The data characterising compliance requirements (similar to the requirements included in chapters 2 5 of this report) could be matched with information obtained from business on how timely and difficult is this compliance.

A variation of this option is to assist regulators to collect data from businesses through the provision of a survey form that they can administer for their own

purposes as well as for COAG benchmarking exercises. This could assist the jurisdictions in their own internal benchmarking exercises, with the number of regulators involved growing over time as the COAG benchmarking program is rolled out.

Benchmarking the cost of business registrations is a specific exercise. It involves two components – paperwork costs and, in most cases, fees and charges. This study showed that time cost for business registration is usually low in comparison to fees and charges. But the time cost can significantly increase if compliance is on-going, requiring maintenance of records, frequent reporting and monitoring changes in regulations. Also, the activities required for compliance could be different to those forming the time cost indicators in this study. However, if the indicators discussed in chapter 6 are used as the basic compliance activities (which can be easily replaced by other, more relevant activities for on-going compliance with business regulations), the collection of data could be presented along the lines described in figure 14.4.

Figure 14.4 Business registration: composition, costs and data sources



15 Comments from jurisdictions

In conducting this study, the Commission was assisted by an Advisory Panel comprised of representatives from each of the Australian, state and territory governments, and from the Australian Local Government Association. In addition to providing advice to the Commission and coordinating the provision of data, government representatives examined the draft report prior to publication and provided detailed comments and suggestions to address factual matters and improve the analysis and presentation of the data.

The Commission also invited each jurisdiction, through its panel members, to provide a general commentary for inclusion in the report. These commentaries are included in this chapter, and presented in the same order as the data in the report.

New South Wales

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The NSW Government welcomes the Productivity Commission's report on benchmarking the costs of business registration across Australian jurisdictions. Measuring the costs of business registration helps identify unnecessary regulatory burden, cost and delay. The NSW Government is committed to cutting red tape under the NSW State Plan and views the report as a useful tool to assist the achievement of effective and efficient regulation with minimal cost.

The NSW Government recognises the difficulties identified by the Commission in collecting information on the registration processes from businesses. These difficulties have meant that some of the data in the report may reflect the experiences of a single business, rather than reflecting the experience of an industry generally. Similar exercises would benefit from much stronger input from business.

The report identifies that NSW is as good as or better than other jurisdictions on the costs of business registration. Only wineries were identified as a problem, and this has largely been resolved. The NSW Government is continuously working to improve systems and since the 2006-07 survey period has implemented several significant initiatives that will increase efficiency of business registrations, while also cutting cost and reducing delay. A brief summary of reforms is provided below.

Payroll Tax Harmonisation

NSW was an early mover in implementing reforms to payroll tax, specifically to adopt a range of common payroll tax administration provisions and definitions. The Payroll Tax Act 2007 harmonised 101 out of 106 sections of the Act with Victoria.

These reforms will see the greatest benefit for an estimated 8000 firms which operate in both New South Wales and Victoria. The harmonisation also included a range of 'e-business' initiatives which reduce the burden of compliance with payroll tax for firms operating within NSW. It is estimated that the typical annual savings for business as a result of this project is approximately \$1500.

New Liquor Licensing Framework

The NSW liquor licensing framework examined in the Productivity Commission's report in relation to the cost of registering a winery was replaced on 1 July 2008 with the commencement of a new regulatory regime under the *Liquor Act 2007*. The new framework aims to cut cost and red tape for business and other stakeholders.

The new framework includes lower application fees. In the case of a winery with cellar door sales, an application fee of \$500 replaces the previous licence and application fees that totalled \$1000 — this is effectively a 50 per cent reduction in cost.

The new framework provides greater flexibility and commercial opportunities for operators in the way liquor can be sold. A liquor licence can be used to sell liquor for multiple business activities conducted by a licensee. This means that a wine producer can obtain a producer/wholesaler licence to sell wine in a variety of settings, including cellar door tastings, farmers' markets and wine shows. This reduces the cost of business registration by reducing both the direct cost of and time spent applying for a range of different licences.

Another key aspect of the new regime is the introduction of an administrative approach to determining licensing proposals. Complex court-based requirements, such as affidavits and attending court to obtain a licence have been abolished; while new requirements, such as application forms, have been simplified. This improves the efficiency and timeliness of the application process. This administrative approach has also substantially reduced the quantity of regulation required, without impacting on quality.

Government Licensing System

The NSW Government has introduced an internet-based licensing system called the government licensing system (GLS). The GLS is being rolled out across a range of government licences and departments. The system facilitates the online processing of applications and renewals, covering around 300 different business and occupational licence types, professional registrations, certificates and permits. It is designed to handle up to 4 million licences across 18 agencies, 800 000 annual renewals and 1000 internal system users. The GLS operates alongside existing counter, postal and telephone licence services.

The GLS aims to simplify and improve the licensing process for businesses, professionals, individuals and licensing agencies. It is expected to cut red tape, improve choice and convenience for users and deliver an estimated \$33 million in benefits to the business community over 10 years.

Significant numbers of licensees now use the system — 80 per cent of people applying for applicable Office of Liquor, Gaming and Racing licences use the GLS. 30 per cent of renewals of Home Building Services licences take place using the GLS. Additional licences are being added, while further government agencies are migrating licence processes to the system. It is expected that liquor licences will migrate to the GLS in 2009, thus reducing the costs of business registration for wineries referred to in this report.

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Victoria

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Victoria is at the forefront in implementing reforms which are essential to the competitiveness of the Australian economy. Regulation is a necessary and important tool in achieving the Government's policy objectives. However, ensuring that regulation is appropriate and that there is no unnecessary burden on businesses and not-for-profit organisations is a key priority.

The Victorian Government has already made a commitment to reduce the administrative and compliance burden of regulation through the introduction in 2006 of its *Reducing the Regulatory Burden* initiative. Through this program the Government has committed to reduce the administrative burden of State regulation as at 1 July 2006 by 15 per cent over three years and 25 per cent over five years. In the *2007/08 Progress Report* released in November 2008, the Treasurer announced that the net reduction in administrative burden based on current initiatives is estimated to be \$162 million annually. Victoria is making progress toward meeting its three year target of achieving annual savings for business of around \$256 million by July 2011. Our modelling shows that such a reduction could boost Victoria's economy by up to \$747 million by 2016.

All departments now have three-year administrative burden reduction plans in place and the Government is progressing its commitment to reduce the number of principal Acts of Parliament by 20 per cent by 2010.

To support these reforms, the Government has commissioned major reviews from the Victorian Competition and Efficiency Commission (VCEC). The VCEC has identified ways to improve the regulatory environment and to reduce the burden of regulation in a number of different areas, including:

- an examination of regulatory impediments to the development of regional Victoria (i.e. a review of planning and environmental regulation and of regulation on the mining, forestry and aquaculture industries);
- the housing construction industry; and
- food regulation in Victoria.

The Government has also recently referred an inquiry into environmental regulation to the VCEC, which will identify additional ways of reducing administrative and compliance burdens on businesses.

Other initiatives which are underway or which have already been implemented include:

- The State Services Authority's Review of Not-for-Profit Regulation which will lead to a reduction in the administrative burden on community and not for profit organisations;
- Consolidation of Victorian WorkCover Authority Regulations (13 separate regulations consolidated into a single document);
- Victoria playing a key role in the national harmonisation of occupational health and safety regulation and payroll tax harmonisation;

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- E-Business offerings (for example, 93 per cent of all payroll tax transactions are now available to be completed online);
 - Abolition of duty on hire of goods;
 - Land tax pre-assessment letter (this enables taxpayers to clearly identify their liabilities prior to the final assessment being issued); and
 - The passing of the Children's Legislation Amendment Act 2008 which includes changes to licensing processes which streamline application processes and decrease administrative costs.

Moreover, each year the VCEC publishes a report, *The Victorian Regulatory System*, which draws together information about the State's business regulators. The information contained in the report provides a comprehensive database about Victoria's regulators, bringing into focus the full range of their activities and the tools that they use. It is chiefly through this report that Victoria has been able to provide the Commission with such detailed and comprehensive information for the purposes of its benchmarking exercise. No other Australian jurisdiction publishes such comprehensive information, and the VCEC is not aware of any other country that publishes similar information. Thus, arguably, Victoria is a world leader in terms of the transparency of its regulatory framework.

Meanwhile, Victoria actively participates in the Business Regulation and Competition Working Group that has been established under the auspices of the Council of Australian Governments to accelerate and broaden the regulation reduction agenda. This Working Group is examining a large number of regulatory 'hotspots', with a view to reducing regulatory burdens, and is also looking at ways to harmonise regulation across Australia with the aim of promoting a 'seamless' national economy.

While the Productivity Commission's report, *Performance Benchmarking of Australian Business Regulation: Cost of business registrations* has not identified any patterns of consistently high or low costs of business registration across jurisdictions, the analysis will potentially help jurisdictions identify specific areas where it may be viable to reduce business registration costs. The study has also been a worthwhile exercise in developing methodologies for regulatory benchmarking that will benefit future benchmarking exercises.

The Victorian Government notes that the Commission has attempted to 'triangulate' data from three sources (regulator, synthetic and business estimates) to establish representative estimates of the cost of business registrations. While the report provides appropriate caveats around the interpretation of the business estimates, this data should be interpreted with a high level of caution given the very small sample sizes.

In future benchmarking exercises the Commission should try to engage a larger number of businesses or consider other approaches to collecting business data that may produce more reliable results.

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Queensland

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The Queensland Government has demonstrated its long standing commitment to regulatory reform. It has built a reputation as the Smart State which prioritises investment in new technologies, skills and innovation. Integral to delivering the Smart State is the provision of a 'smart regulatory' environment that promotes productivity, facilitates innovation and increases competition, thereby making Queensland more attractive to both individuals and business investment.

Queensland supports this initiative by the Commission to develop and apply benchmark estimates for business registrations. The lessons learnt will inform and refine future benchmarking initiatives, including measuring progress with regulatory reform at the COAG and state levels.

Despite the limitations of the data and methodology (as recognised by the Commission in the report), Queensland is generally encouraged by its performance in the cost of business registrations benchmarking exercise.

The report provides learnings which will be considered further by Queensland in pursuing its commitment to continually improving access to government information and services, and better supporting stakeholder consultation and compliance. The Queensland Government's commitment in this regard is reflected in the competitiveness and user-friendliness of its payroll tax system. Efficient and effective access to information and services will deliver savings of time and cost to business and government.

The Queensland Government is working to minimise compliance costs and improve the quality of new regulation in accordance with COAG commitments.

The Queensland Government will report annually on progress with its reform commitments and showcase innovative key achievements and projects. The Government recognises that highlighting and sharing pragmatic regulatory best practices is fundamental to lifting awareness and engagement in improving the business-government interface.

Triangulation of data

The Commission states that 'the report is as much about what the Commission has learned in the process of undertaking the study as it is about the findings on relative performance across jurisdictions on the compliance costs of business registrations.'

Queensland sees merit in the triangulation methodology used as it represents a valuable opportunity for regulators to learn from those regulated, eg. businesses. For future reviews, Queensland encourages the Commission to provide greater clarity on instructions and methodology to ensure greater consistency and reliability in responses, and encourages greater participation from business to achieve more robust comparative analysis.

Feedback from a Queensland agency demonstrates that lessons extend beyond the industries reviewed:

Although the focus of this study was on the costs of business registration on industry sectors not associated with (the agency), there are a number of general points that we can take from this report:

- We need to be mindful of the regulatory requirements we impose on industry
- The time taken to complete forms and report to (the agency) may in fact be greatly underestimated by (the agency) in relation to the time costs and associated costs imposed on the ... industry.
- Larger industry members ... will be in a better position to absorb regulatory costs and satisfy regulatory requirements in comparison to smaller industry members.
- However, the larger organisations ... also have to deal with the added regulatory burdens of complying with regulatory requirements across different jurisdictions, thus facing greater time costs and associated costs.
- The provision of documents, forms, and information on-line is beneficial for businesses.

Registration of business names

Queensland's regulator time estimates for lodging forms and paying fees include time taken to receipt, process and determine the application.

Queensland fees for registering business names are set on a cost recovery basis so that costs associated with the service are not wholly passed on to taxpayers. Queensland has provided 'in principle' support for COAG's commitment to implement a national business names registration system.

Local government

Brisbane City Council considered the findings related to cafes with outdoor dining and is committed to continual improvement of their business practices and processes.

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South Australia

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The South Australian Government is committed to reducing the regulatory burden on business. South Australia's Strategic Plan has a target of becoming the best performing jurisdiction in Australia in timeliness and transparency of decisions, which impact the business community by 2010.

The Productivity Commission's Performance Benchmarking of Australian Business Regulation is an important tool for assessing South Australia's performance against the Strategic Plan target. It will also provide a baseline for assessing the benefits of the current COAG reforms regarding the registration of business names and trade licensing.

While the data is considered to be extremely useful, the differences between the synthetic data and the regulator and business estimates highlight the difficulty of obtaining consistent and reliable data. This is particularly the case where sample sizes are low and where individual jurisdictions have different processes and innovations (such as South Australia's Assisted Application Process for domestic builders).

The South Australian Government welcomes the general conclusion that the costs of business registration in all jurisdictions and all industries were low and are unlikely to be a barrier to entry. Notwithstanding this general finding, South Australia continues to seek further opportunities to lower costs to business.

For example, recent State Budgets have provided further pay-roll tax relief, which saw the pay-roll tax rate fall to 5.0 per cent and the threshold lifted to \$552 000 on 1 July 2008 and will see the rate fall further to 4.95 per cent and the threshold increase to \$600 000 on 1 July 2009.

South Australia has also exceeded its target of reducing business compliance costs by \$150 million per annum by 1 July 2008, with verified savings in excess of \$170 million per annum.

Specific initiatives to reduce the cost of registering businesses covered by the Productivity Commission report include:

- A Justice Integrated Business Solutions initiative to streamline registration of business names, noting that business name registration will transfer to the Commonwealth in the future.
- Simplifying and reducing the number of forms associated with establishing and operating a café or restaurant; and producing, with industry, a Step-by-Step Guide to Starting a *Restaurant, Café and Take-away Business*.
- Redrafting legislation to enable a three year licensing timeframe rather than 1 year timeframe for Family Day Care Licences, and streamlining information provision for prospective childcare centre licensees.
- Proposed amendments to the Liquor Licensing Act 1997 to: allow for a producer to operate a collective cellar door; enable producers to hold samplings and to sell from more than one premise; enable a producer to sell all forms of liquor in a designated dining area with or ancillary to a meal provided by the producer.

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Western Australia

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The issue of reducing regulatory compliance costs for businesses is important in Western Australia. While the recent strong economic growth in the State has resulted in a significant increases in the number of business registrations, the strong economic conditions have also resulted in rising labour, and other costs for Western Australian businesses. In this environment, there are significant benefits to be achieved from reducing the compliance costs faced by businesses.

The Western Australian Government has recently introduced a number of reforms to help reduce the compliance costs associated with the establishment of a new business. This includes the introduction of online registration facility in 2007 via Revenue Online. This system improves the speed of pay-roll tax registration. The new online registration automatically populates the appropriate data fields in the revenue collections information system, reduced registration cost for businesses, and allowed checking, validation and approval of the applications in a short time period.

It should be noted that the over estimate of the application processing time was based on the Western Australian Office of State Revenue Customer Service Charter, which sets out the maximum period of 20 working days to action all pay-roll tax correspondence. The removal of the paper-based registration and the introduction of online registration facility reduce the processing time by three-quarter of the reported time. The new system removes the need for registering businesses to provide historical financial or wages information, thereby shortening the registration process further without compromising the quality of the best practice process.

It is also noted that the Western Australia has a high cost for registering new businesses in the building and long day childcare industries. These issues will be addressed in the establishment of new regulatory gatekeeping process.

The Western Australian Government has committed to improving the overall processes associated with regulation development in the State through the announcement, in the 2008-09 State Budget, of \$3.75 million funding package for a new system of regulation review. The new system will be consistent with best practice principles of regulation as endorsed by the Council of Australian Governments. The new system of regulation review will have an increased focus on reducing the potential compliance costs likely to be incurred as result of any new regulatory requirements. Where proposed regulations are likely to result in compliance costs, these costs will have to documented (through the use of a business cost calculator or equivalent) and justified as part of the regulation impact assessment process.

Western Australia is also supportive of the evolving program of business reform through the Council of Australian Government's Business Regulation and Competition Working Group work program, which includes — as one of its 27 reform items, a national business names registration project.

The new system of regulation review is expected to be in operation in Western Australia in early 2009.

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Tasmania

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The Tasmanian Government recognises the very important contribution that the 35 000 small and medium-sized businesses make to our economy through the delivery of goods and services and through the provision of employment opportunities. Equally importantly, much of the innovation and productivity growth in the State occurs in smaller businesses, including new businesses.

In particular, the small and medium-sized business sector has made a very significant contribution to the very strong economic growth and employment that Tasmania has experienced over the past decade.

Clearly, regulation is required in a range of areas for sound public policy reasons, such as for environmental and safety outcomes. It is usually appropriate that some regulatory costs are recovered from businesses themselves. The Government is aware, however, that in many cases the regulatory burden can fall disproportionately on small businesses. It is particularly important, therefore, that the regulatory environment in Tasmania encourages new businesses and does not impose unnecessary costs.

The Tasmanian Government regularly reviews its legislation that affects the business community to ensure that there are no unnecessary restrictions on competition and that the costs it imposes on businesses are kept to a minimum.

Tasmania has been a leading state in the application of National Competition Policy, for example, and introduced some major reforms that have provided many new opportunities for new businesses. In addition, Tasmania has rigorous gatekeeper arrangements for new legislation, including a detailed process for assessing all new subordinate legislation.

As a result, Tasmania has some of the lowest business registration costs in Australia, as is borne out in this report.

The Tasmanian Government also offers a range of services and programs to support Tasmanian businesses, many of which are aimed at the small and medium businesses, through the Department of Economic Development. These programs range from assisting start-ups, facilitating the commercialisation of new ideas and products, providing advice to export-focused businesses and identifying opportunities for business growth and sustainability.

The Department offers quality information and referral services through its Business Point program to assist start-up and established businesses. This includes information on the regulatory requirements across all three tiers of government, including licensing and business registration.

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Australian Capital Territory

“ The Productivity Commission’s report is based on data from 2006-2007. Since then, the Australian Capital Territory (ACT) has undertaken significant reforms to two areas — payroll tax and registration of child care centres — as outlined below.

Changes to Payroll tax

The introduction of the *Payroll Tax Amendment Act 2008*, effective from 1 July 2008, harmonises ACT requirements with those of surrounding jurisdictions. The amendments:

- exempt businesses from payroll tax for wages paid in the ACT for employees who work in another country for a continuous period of six months or more;
- adopt exemption rates for motor vehicle allowances and accommodation allowances related to the annual ATO exemption rates for motor vehicle and accommodation;
- adopt a single gross-up factor for the calculation of fringe benefits tax liability;
- adopt specific provisions on share schemes, paid or payable in and outside the ACT; and
- adopt NSW and Victorian Designated Group Employer provisions to claim the tax-free threshold.

These amendments complement earlier provisions in the ACT, relating to the timing of lodgement of payroll tax reforms and the inclusion of superannuation contributions for non-working directors as wages, which are accepted as best practice.

In addition to changes made by the *Payroll Tax Amendment Act 2008*, the tax exemption threshold was increased following the May 2008 ACT Budget. The new threshold is \$1.5 million and replaces the previous threshold of \$1.25 million.

Changes to the regulation of child care centres

The ACT has a strong commitment to providing for and promoting the wellbeing, care and protection of children and young people. As part of this commitment, the *Children and Young People Act 1999*, has been subject to a substantial review. It has now been replaced by the *Children and Young People Act 2008*. This Act came into effect 1 July 2008, and as part of the reforms to the child care sector it now:

- requires the annual publication of the compliance of all ACT licensed child care centres with child care services standards; and
 - reduces the delay between submission of applications and notification of outcome, by halving the time the Chief Executive is allowed to consider applications.
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A Conduct of the benchmarking study

A.1 Terms of Reference of 11 August 2006

The original Terms of Reference for the benchmarking study are provided below.

Productivity Commission Act 1998

The Productivity Commission is requested to undertake a study on performance indicators and reporting frameworks across all levels of government to assist the Council of Australian Governments (COAG) to implement its in-principle decision to adopt a common framework for benchmarking, measuring and reporting on the regulatory burden on business.

Stage 1: Develop a range of feasible quantitative and qualitative performance indicators and reporting framework options

In undertaking this study, the Commission is to:

1. develop a range of feasible quantitative and qualitative performance indicators and reporting framework options for an ongoing assessment and comparison of regulatory regimes across all levels of government.

In developing options, the Commission is to:

- consider international approaches taken to measuring and comparing regulatory regimes across jurisdictions; and
 - report on any caveats that should apply to the use and interpretation of performance indicators and reporting frameworks, including the indicative benefits of the jurisdictions' regulatory regimes;
2. provide information on the availability of data and approximate costs of data collection, collation, indicator estimation and assessment;
 3. present these options for the consideration of COAG. Stage 2 would commence, if considered feasible, following COAG considering a preferred set of indicators.

The Stage 1 report is to be completed within six months of commencing the study. The Commission is to provide a discussion paper for public scrutiny prior to the

completion of its report and within four months of commencing the study. The Commission's report will be published.

Stage 2: Application of the preferred indicators, review of their operation and assessment of the results

It is expected that if Stage 2 proceeds, the Commission will:

4. use the preferred set of indicators to compare jurisdictions' performance;
5. comment on areas where indicators need to be refined and recommend methods for doing this.

The Commission would:

- provide a draft report on Stage 2 for public scrutiny; and
- provide a final report within 12 months of commencing the study and which incorporates the comments of the jurisdictions on their own performance. Prior to finalisation of the final report, the Commission is to provide a copy to all jurisdictions for comment on performance comparability and relevant issues. Responses to this request are to be included in the final report.

In undertaking both stages of the study, the Commission should:

- have appropriate regard to the objectives of Commonwealth, state and territory and local government regulatory systems to identify similarities and differences in outcomes sought;
- consult with business, the community and relevant government departments and regulatory agencies to determine the appropriate indicators.

A review of the merits of the comparative assessments and of the performance indicators and reporting framework, including, where appropriate, suggestions for refinement and improvement, may be proposed for consideration by COAG following three years of assessments.

The Commission's reports would be published.

TREASURER

A.2 Submissions

<i>Participant</i>	<i>Submission number</i>
Australasian Compliance Institute	2
Australian Bankers' Association Inc	3
Madeleine Kingston	7
New Zealand Ministry of Economic Development	4 & 6
Philip Clark	5
Tortoise Technologies Pty Ltd.	1

A.3 Advisory Panel meetings

Government Advisory Panel Roundtable (12 October 2007, Melbourne)

Australian Government

- Department of Prime Minister and Cabinet
- Department of Treasury

Victoria

- Department of Premier and Cabinet
- Department of Treasury and Finance

Western Australia

- Department of Premier and Cabinet

Tasmania

- Department of Premier and Cabinet
- Department of Treasury and Finance

New South Wales

- Department of Premier and Cabinet

Queensland

- Office for Regulatory Efficiency

South Australia

- Department of Premier and Cabinet
- Department of Treasury and Finance

Northern Territory

- Department of the Chief Minister
- Treasury

Australian Capital Territory

- Department of Treasury

Government Advisory Panel Roundtable (24 July 2008, Melbourne)

Australian Government

- Department of Finance and Deregulation
- Department of Treasury

Victoria

- Department of Premier and Cabinet
- Department of Treasury and Finance

Western Australia

- Department of Treasury and Finance

Tasmania

- Department of Treasury and Finance

New South Wales

- Department of Premier and Cabinet

Queensland

- Office for Regulatory Efficiency

South Australia

- Department of Premier and Cabinet
- Department of Treasury and Finance

Northern Territory

- Treasury

A.4 Visits

ACT Department of Treasury

Australian Local Government Association

Consumer Affairs Victoria

New Zealand Ministry of Economic Development

New Zealand Treasury

Queensland Office for Regulatory Efficiency

The Australian Treasury

Victorian Competition and Efficiency Commission

Victorian Department of Innovation, Industry and Regional Development

A.5 Survey respondents

Table A.1 *Business regulator questionnaire 2006-07* respondents

Commonwealth	
Australian Securities and Investment Commission	Department of Families, Housing, Community Services
Australian Taxation Office	National Childcare Accreditation Council
New South Wales	
City of Sydney Council (2 surveys)	
Mid-Western Regional Council (2 surveys)	Office of Fair Trading
NSW Department of Community Services	Office of Fair Trading — Home Building Service
NSW Food Authority	Office of Fair Trading — Property and Licensing Division
Office of Liquor, Gaming and Racing (Department of the Arts, Sport and Recreation)	Office of State Revenue
Victoria	
Building Practitioners Board	Consumer Affairs Victoria - Licensing Branch
Business Licensing Authority	Department of Education and Early Childhood Development — Office for Children and Early Childhood Development
City of Melbourne Council (2 surveys)	Greater Bendigo City Council (2 surveys)
Consumer Affairs Victoria	State Revenue Office
Queensland	
Brisbane City Council (2 surveys)	Office of State Revenue — Taxes and Client Management (Pay-roll Tax Section)
Cairns City Council (2 surveys)	Queensland Building Services Authority — Regulatory Services Branch
Department of Communities	Queensland Treasury - Liquor Licensing Queensland
Nebo Shire Council	Department of Justice and Attorney — Registration Services Branch, Business Services Division (Office of Fair Trading)
Office of Fair Trading	
South Australia	
Adelaide City Council (2 surveys)	Office of Consumer and Business Affairs — Business and Occupational Services Branch (2 surveys)
City of Mount Gambier (2 surveys)	Office of the Liquor and Gambling Commissioner
Department of Education and Children's Services — Licensing and Standards	Revenue SA
Office of Consumer and Business Affairs	

Western Australia

Builders' Registration Board of Western Australia	Department for Communities - Child Care Licensing and Standards Unit
City of Perth Council (2 surveys)	Department of Racing, Gaming and Liquor — Licensing Branch
Department of Consumer and Employment Protection — Commissioner for Consumer Protection	Real Estate and Business Agents Supervisory Board
Department of Treasury and Finance — Office of State Revenue (Self Assessments Branch)	

Tasmania

Consumer Affairs and Fair Trading — Business Affairs Branch	Launceston City Council
Department of Education — Child Care Unit	Department of Treasury and Finance — Liquor and Gaming Branch
Department of Justice - Director Building Control	Property Agents Board
Hobart City Council (2 surveys)	State Revenue Office

Northern Territory

Department of Justice — Business Affairs	Department of Justice — Licensing and Regulation Division (2 surveys)
Department of Health and Community Services — Children's Services Unit	Northern Territory Building Practitioners Board
Darwin City Council	Territory Revenue Office
Department of Health and Community Services	

Australian Capital Territory

ACT Health — Health Protection Service	Office of Regulatory Services (4 surveys)
ACT Planning and Land Authority — Construction Occupations Registrar	
Department of Disability Housing and Community Services — Children's Policy and Regulation Unit, (Office for Children, Youth and Family Support)	
Department of Treasury — Revenue Accounts	

B Approach to sourcing data

B.1 Selection of business registration processes

The regulations associated with becoming a business typically require businesses to provide information to regulators that enables the regulator to exercise and implement regulatory objectives, and facilitate future compliance monitoring. These regulatory requirements involve the business obtaining licences, permits or completing registrations. The common feature of these requirements is that businesses are required to comply with them as a precondition to opening their doors for business. For the purposes of this study, all of these requirements are described as business registration requirements.

In selecting the business registration processes to be included in the study consideration was given to:

- general registration procedures that apply across industry sectors and are completed by a large number of Australian business each year (referred to as generic registrations)
- sectoral registration requirements that apply to businesses in particular industries (referred to as industry-specific registrations).

There are large number of regulatory requirements which could fit these descriptions of business registration. However, the Commission decided to focus on a limited number of registration processes. This is in accordance with the approach of using the first year of stage 2 to test methodologies and develop expertise (PC 2007a).

The Commission focussed on registrations carried out by the businesses themselves, rather than those completed through a professional service. Some of the registration activities studied are frequently carried out by accountants, solicitors, or other professional advisors on behalf of the business. The cost of using a professional service can, in some cases, be ascertained by examining the market for those services. The cost of these professional services is a part of the regulatory burden on business but in this study the Commission was more interested the direct costs to business and the experience of business with the registration process. There is also a tacit assumption that a business will employ the services of a third party where there

is some form of net benefit to the business in doing so – the benefit may be a direct cost saving, a time saving or an intangible benefit, such as greater assurance of compliance with the regulatory requirements.

Generic business registration

In selecting the generic business registration requirements for examination the Commission concentrated on those registration processes which are mandatory for most businesses, or are common processes which most businesses would follow or consider. The Commission also considered whether there was a specific registration process, as opposed to other types of compliance requirements placed on businesses. As the study is focussed on benchmarking the cost of regulation imposed by government requirements, the Commission excluded from consideration registration with private bodies such as the Australian Stock Exchange and .au Domain Administration.

The Commission outlined the registration processes it proposed to include in its study in an information paper (PC 2007b). The feedback from jurisdictions and public submissions on that proposed program was considered by the Commission when finalising the list of registration processes it would seek to benchmark.

The generic registration processes selected could be thought of as falling into two categories, registration of a business identity, and registration for tax purposes. All of these registrations occur at Australian Government or state/territory government level. The Commission decided to benchmark the following processes:

- incorporation of a business (Australian Government)
- registration of a business name (state and territory jurisdictions)
- registration for an Australian Business Number (ABN) (Australian Government)¹
- registration for payroll tax (state and territory jurisdictions).

Industry-specific registration

The Commission also decided to benchmark a small number of registration processes which relate to specific industry sectors. The sectors included in the study were selected on the basis of a number of criteria:

¹ The nature of the ABN registration form means that most businesses can concurrently register for a Tax File Number (TFN), Pay-as-you-go (PAYG) withholding tax and the Goods and Services Tax (GST).

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- there is a specific registration requirement, or set or registration requirements, for that industry sector or business activity within the industry
 - the registration requirement(s) applies to a business, rather than an individual operating, or employed by, a business
 - comparable business registration requirements are in effect in most jurisdictions
 - there are a significant number of businesses registrations each year in that industry sector
 - the industries selected are, as far as possible, broadly representative of a range of industry sectors
 - collectively, the industries selected allow consideration of the registration requirements of the different levels of government.

Many types of businesses, particularly in manufacturing industries, were effectively excluded from consideration because of the small number of newly registered businesses, or because there was no industry-specific registration requirement.

The Commission decided to include the following sectoral registration requirements in the study:

- real estate agent business (state and territory jurisdictions)
- domestic builder (state and territory jurisdictions)
- child care centre (Australian Government and state and territory jurisdictions)
- café with outdoor dining (state and territory, and local government jurisdictions)
- winery with cellar door service (Australian Government and state and territory jurisdictions).

The Commission confined the scope of these industry-specific registrations to the fundamental registration procedures only. Although there are also a number of ancillary business permits and registrations which would normally be required for these businesses, such as permits to erect signage and discharge trade waste, these ancillary requirements were excluded from scope of the study. The extent to which businesses need to meet these other requirements is often dependent on the nature and circumstances of the individual business. Given the nature of these registrations is reliant on the business applicant, it is not possible objectively benchmark them on a consistent basis across jurisdictions. Further, some of these other requirements may also be the subject of future studies.

B.2 Gathering information on registration

The Commission sought to gather data on the regulatory burden from business registration. The Commission used three separate, complimentary approaches to gathering data:

- a survey of regulators with responsibility for the processes being studied
- a synthetic estimate of compliance costs
- business focus groups, mini focus groups and face-to-face interviews.

The Commission anticipated that by using several sources of data it would be better able to illustrate the process of business registration and to benchmark registration activities across jurisdictions. The use of three sources of data also allowed the Commission to evaluate their effectiveness and, in turn, their suitability for future years of the study.

Information from regulators

The regulators involved in business registration are an obvious source of data on the registration processes they administer. They should have a detailed knowledge of the regulatory requirements, the processes involved, the fees and charges imposed, and the number of registrations processed. The regulators may also have information about the regulatory burden their processes impose on business.

To access this information the Commission developed a questionnaire, with the assistance of the Australian Bureau of Statistics, for regulators administering the registration processes.

The *Business registration requirement questionnaire 2006-07* was sent to the Australian Government, state and territory governments, and selected local government regulators responsible for the registration processes. The survey was provided to either the Advisory Panel members in each jurisdiction who then forwarded the questionnaire to business regulators in their jurisdiction, or sent directly to the local government bodies. The completed surveys were forwarded directly to the Commission or collected by the jurisdictions and forwarded to the Commission.

A copy of the questionnaire is available on the Commission's web site at <http://www.pc.gov.au/study/regulationbenchmarking/stage2>. Box B.1 contains the questions asked in the Commission's *Business registration requirement questionnaire 2006-07*.

Box B.1 Business registration requirement questionnaire 2006-07

Part 1 — Registration of a ...

Regulator details

1. Name of regulator
2. Jurisdiction
3. Legislation governing the registration of a ...

Application process details

4. What is the name of the primary application form used to apply for this registration?
5. Also provide details of any other forms or supporting documents required for this registration.
6. Describe any other requirements, in addition to those listed in Question 4 & Question 5.
7. Provide details of any studies or reviews examining the compliance costs associated with this registration process.
8. What changes have been made to the registration process over the last three years?
9. What changes, if any, to the registration process are planned for the next three years?

Interaction between business and regulator

10. Indicate whether information about the registration process is made available to businesses about the registration process in the following ways:
 - (a) Regulator's internet site
 - (b) Business information website
 - (c) Shopfront
 - (d) Mail
 - (e) Fax
 - (f) Phone
 - (g) Other (please describe)
11. Is information available in languages other than English?

(continued next page)

Box B.1 (continued)

12. Indicate whether application forms are made available to businesses in the following ways:
- (a) Internet
 - (b) Shopfront
 - (c) Mail
 - (d) Fax
 - (e) Other (please describe)
13. Are the application forms and explanatory material provided together?
14. Indicate whether businesses can make enquiries about the progress of applications in the following ways:
- (a) Internet/email
 - (b) Shopfront
 - (c) Mail
 - (d) Fax
 - (e) Phone
15. How many applications were lodged/approved between 1 July 2006 and 30 June 2007?
16. Please identify the modes by which forms may be lodged, the proportion of forms lodged by each mode between 1 July 2006 and 30 June 2007, and the source of this information (estimate or administrative records)?
- (a) Internet
 - (b) Shopfront
 - (c) Mail
 - (d) Fax
 - (e) Other (please describe)
17. If internet lodgement is available, can businesses save their application and complete it later?
18. Are there fees or charges for this registration? If 'yes', please include the amount of the relevant fee and a description of the coverage.

(continued next page)

Box B.1 (continued)

19. Please identify the payment modes that are accepted, the proportion of businesses using each mode between 1 July 2006 and 30 June 2007, and the source of this information (estimate or records).
- (a) Internet
 - (b) Shopfront
 - (c) Mail
 - (d) Fax
 - (e) Phone
 - (f) Other (please describe)
20. What is your estimate of the average time required by a business to complete the application process:
- (a) Familiarisation with the registration requirements
 - (b) Complete the required form and other documents
 - (c) Lodge forms
 - (d) Pay any fees or charges
 - (e) Attend interviews or hearings
21. What is the basis for the estimates in question 20?
22. Between 1 July 2006 and 30 June 2007, what was the average time taken by your agency to process a valid application and to advise the business?
23. Please provide any other comments that you consider to be relevant to the registration process.

The Commission reviewed the completed surveys and sought clarification from jurisdictions on any unusual responses. The Commission also provided each jurisdiction with the set of benchmarking data collected on their jurisdiction. This provided the jurisdictions with the opportunity to clarify any of their survey responses in light of the synthetic estimates and business estimates.

In July 2008, the Commission circulated a working paper on the study to the jurisdictions for their review and comment. The working paper contained the benchmarking data (from all sources) for all jurisdictions. The circulation of the working paper was the first time the jurisdictions had seen their survey responses in the context of the data from other jurisdictions. After the circulation of the working paper, the Commission agreed to a small number of changes to the jurisdiction's survey responses. These changes were only accepted where it could be demonstrated that the original responses were in some way flawed or erroneous.

The questionnaires returned to the Commission provided a useful source of factual information on registration processes (such as fees and charges) and how regulators interact with businesses. The survey responses also indicated that many regulators relied on anecdotal evidence or previous experience to provide information on the imposts placed on businesses completing the registration process.

Synthetic analysis

The second approach used by the Commission was to engage a consultant to estimate the cost of business registration. This involved the consultant estimating the time required, and cost incurred, to complete the registration processes by a hypothetical business. A different hypothetical business was constructed by the consultant for each industry registration studied. The principle benefit of this approach is that it produces data which is readily comparable across jurisdictions, although this benefit comes at the cost of the data not necessarily being representative of the ‘real world’ experience of businesses.

The Commission conducted a limited replication of the analysis in order to validate outcomes, particularly where there appear to be anomalies. The results obtained by the Commission’s work were generally consistent with those of the consultant.

Synthetic data has been used by some governments to estimate compliance cost (box B.2).

Box B.2 Use of synthetic data to estimate compliance cost

The synthetic approach adopted for this study is similar to the process used by some governments to estimate compliance cost in relation to existing regulations or regulatory proposals through the Standard Cost Model (SCM) or the Business Cost Calculator (BCC).

The SCM was developed by the Netherlands's Government to measure the administrative compliance costs of regulation. It is a methodology used to estimate the cost of administrative activities that businesses are required to incur in order to comply with information obligations imposed through government regulation. It has been used or evaluated by governments in other European countries, the OECD, New Zealand and Australia.

The BCC was developed by the Office of Small Business within the Australian Government Department of Industry, Tourism and Resources. The BCC is an IT-based tool, primarily used to assist policy makers estimate and analyse the business compliance costs of policy options. Although designed for prospective evaluations, it can be used for retrospective evaluations.

The BCC differs from the SCM in that it seeks to capture all compliance costs rather than only administrative compliance costs. Use of the BCC has been mandated by the Australian Government and the South Australian Government for assessing the impact on business of certain regulatory proposals.

The data for this type of analysis would usually be drawn, where possible, from the reported experiences of users. In this case actual data from businesses was not available to the Commission at the commencement of its study and the Commission was not confident that it would be able to obtain robust survey data within the timeframe for the study. However, it did seek feedback from businesses on the estimates produced by its consultants.

Source: PC (2007a), PC (2006d).

Methodology

The consultant sought to replicate the experience of a business in searching for information about registration requirements, obtaining copies of forms and completing those forms. For practical reasons, the synthetic analysis extended only to the point of lodgement the registration form.

The analysis considered three different operating structures for each business – a sole trader, a private company and partnership. The consultant created a number of traits for each hypothetical firm to ensure consistency, for example:

- each company had three directors

-
- the outdoor dining area of the café covered 100m² and contained 10 tables and 40 chairs.

The consultant used a team of analysts to complete analysis and these analysts were assigned different registration activities in different jurisdictions. This measure was aimed at controlling any bias that may have entered the analysis from ‘learning by doing’ on the part of the analysts completing the registrations.

For each registration process the consultant:

- researched whether a registration activity was required
- located the required forms and relevant guidance material
- familiarised themselves with the guidance material and any other material required to successfully complete the lodgement of the form(s)
- completed the requisite form(s).

For each of the registration processes, in each jurisdiction, the consultant recorded the time taken, any fees and charges imposed, rated the level of difficulty of the process, and documented any significant information about their experience.

The estimates of time and cost are based on the experience of the consultants at the time that they undertook the work. The data does not reflect the actual experiences of businesses. As these estimates were based on the experience of consultants with considerable experience in research, working in a controlled environment, the estimates are likely to underestimate the time taken by typical businesses to perform the same tasks. Further, part of the synthetic time estimates are derived from the completion of the application forms with predefined data and so do not take account of the time businesses spend compiling the requisite supporting material. The estimates do, however, provide a consistent basis on which to compare the burden imposed by similar processes in different jurisdictions.

Information from businesses

The Commission also sought to collect information from businesses on their experience of business registration. The first hand experience of business in completing the registration process was considered to be an important source of quantitative and qualitative data.

The nature of business registration was a significant factor in the Commission’s decision about how to gather data from businesses. Typically, business registration is an activity undertaken only once at the time a new business is being established. This limits the number of businesses from which data can be sought, the timeframe

during which data might be sought and the ability of businesses to clearly identify the process being benchmarked.

The businesses from which data might be collected are effectively limited to recently established businesses. In the case of some generic business registrations, such as registration for an ABN, there is a relatively large number of businesses from which information can be sought. But for some industry-specific business registrations the number of businesses from which information might be sourced can be very limited.

A second difficulty is that recollections of particular registration activities are only likely to be vivid for a short period of time after the activity was undertaken. There was also a possible issue about whether businesses would be able clearly to distinguish and recall their experience of one activity among all of the steps involved in becoming a business. The ability of businesses to distinguish between ‘task time’ and elapsed time is a further possible impediment to sourcing reliable quantitative data from businesses.

In light of these issues the Commission felt that it was unlikely to obtain a rich, robust, data set from a large scale survey of businesses. It would be difficult, in most cases, to identify enough businesses on which to base a large scale survey. Obtaining reliable data from such a survey would also be difficult because of the limited ability during such a survey to assist respondents to focus on the registration process. For these reasons, the Commission decided to concentrate on gathering in-depth data from a small number of businesses in a process where the focus could be kept on the registration activities covered in this study.

Methodology

The Commission decided to engage a consultant to undertake a series of focus groups with recently registered businesses. Participants in a focus group could be guided through discussions designed to elicit information about the costs incurred, and time taken, in registering their business. The businesses would also be able to ask questions and talk through issues with the facilitator and each other to ensure there was a common understanding of what information was being sought. The Commission expected that this approach would yield both qualitative and quantitative information on business experience with registration processes. Participating businesses were paid a fee of \$200.

Businesses were asked to provide:

- their overall impressions of their ‘user experience’ in dealing with regulatory agencies including the availability and quality of instruction and support

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- information on the time taken and compliance costs of business registration for business owners
 - their views on the reliability of estimates of time taken for registration activities obtained from other sources – such as data provided by regulators and estimates from the synthetic analysis
 - comments on key regulatory irritants, including the level of complexity or frustration associated with compliance activities.

Businesses were asked to complete a homework task. This involved recording the steps they had followed in the specific registration process, estimating the time taken and the costs, and briefly describing their experience.

The moderators assisted businesses to concentrate on the individual registration processes and facilitated discussion of businesses' experience. At the conclusion, businesses were asked to complete a short survey which provided the Commission with quantitative data on their experiences.

The discussions with businesses were organised according to industry sector in each jurisdiction. No groups were held for the registration of wineries in the ACT and the Northern Territory as the Commission did not expect to be able to identify sufficient participants.

Outcomes

The businesses were able to clearly identify the registration processes and to recall their experiences. These groups provided a context for most of the anomalous time estimates provided by participants. These discussions also provided a source of information for the incidental costs incurred by businesses completing a registration process. The qualitative data, such as difficulty ratings and comments on the user experience, provided further context to the user experience.

Notwithstanding, the focus groups were only a limited success due to the difficulty in recruiting sufficient businesses. Initially the Commission sought to identify possible focus group participants by requesting that the regulators administering the registration processes to provide the Commission with lists of recently registered businesses. Due to privacy issues, the jurisdictions were only able to provide limited assistance.

Almost all of the businesses which were invited to participate were identified through the Australian Business Register (ABR). This was not a straightforward process as the ABR data was not specific enough to identify only businesses which had completed the registration processes being studied and did not provide

telephone numbers for businesses. The consultants also sought to identify suitable businesses through a number of recruitment strategies:

- Electronic Yellow and White Pages
- Online survey of Australian businesses utilising the TNS online research panel. This involved sending an email to members of the TNS online research panel (over active 300 000 members) to canvass interest in the research
- Qualitative research panels.

These difficulties in recruiting businesses resulted in low levels of participation. While it was always expected that it might be difficult to recruit participants in the small jurisdictions, the Commission was disappointed by the number of participants in every jurisdiction. As intended, the number of business providing information was expanded through the use of face-to-face interviews for those jurisdictions where sufficient businesses could not be recruited for a focus group on a given registration activity.

Overall, 102 businesses participated in the focus groups: consisting of 34 one-on-one interviews, 22 mini focus groups (2-4 participants) and 1 focus group (5-7 participants). Table B.1 outlines the participants by jurisdiction and activity.

Table B.1 Business participants by jurisdiction

	<i>NSW</i>	<i>Vic</i>	<i>QLD</i>	<i>SA</i>	<i>WA</i>	<i>Tas</i>	<i>NT</i>	<i>ACT</i>	<i>Total</i>
Builder	2	4	4	3	2	1	2	1	19
Café	1	5	3	4	1	3	2	4	23
Child care centre	3	3	4	2	4	1	2	1	20
Real estate	3	2	7	3	2	2	4	3	26
Winery	1	1	1	1	1	1	0	0	6
Other ^a	1	1	0	0	1	3	1	1	8

^a Given difficulties sourcing participants for certain generic registrations (such as payroll tax), some participating businesses were drawn from outside the five selected industries.

Source: TNS (2008).

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