

24/10/2011

Dr Warren Mundy,
Performance Benchmarking Australian Business Regulation,
Productivity Commission,
PO Box 1428
Canberra City ACT 2601

Dear Dr Mundy,

Re: Business Regulation Benchmarking: Role of Local Government

The Municipal Association of Victoria (MAV) welcomes the opportunity to make a submission to the Productivity Commission (PC) study into *Business Regulation Benchmarking: Role of Local Government*. In its capacity as the peak body for local government in Victoria, providing: policy advice, strategic advice and capacity building programs to councils, the MAV has great interest in helping councils perform their regulatory roles as efficiently and effectively as possible.

In the *Business Regulation Benchmarking: Role of Local Government* Issues Paper, the PC correctly notes that the Victorian Government Competition and Efficiency Commission (VCEC) has recently undertaken a similar investigation, called the *Inquiry into Streamlining Local Government Regulation*.

During late 2009, the MAV prepared a very detailed submission to the VCEC Inquiry, incorporating significant consultation with our members. Many councils also made individual submissions. Furthermore, in July 2010, following the publication of the VCEC Inquiry's draft report, the MAV made another submission to VCEC, responding directly to its draft findings.

Since all of the material prepared by the MAV and its members in aid of the VCEC Inquiry is highly relevant to the PC study, rather than duplicate it, the MAV encourages the PC to review those submissions in detail as a part of this benchmarking study. All of the submissions are published on the VCEC website (www.vcec.vic.gov.au).

Suffice to say, throughout the MAV's and council submissions to the VCEC Inquiry six themes emerged which are specifically relevant to the PC's study and which bear highlighting:

1. Councils execute State Government legislation – In Victoria, areas of local government business regulation which generate the most attention during attempts to 'benchmark', 'harmonise' or 'streamline' council services are often instances of State Government legislation which is executed by local government. As such, improvements to the delivery of these services should focus on reforming the relevant state legislation.

2. Councils have multiple competing objectives – Councils have the difficult task of protecting community interests while supporting business and economic growth. Any benchmarking analysis of costs to businesses is meaningless without an identification of the benefits created by the regulation. Regulation should be evaluated by its net benefit or cost.
3. Council Resources – The provision of additional resource capacity for councils to effectively respond to significant regulatory reform should underpin proposals for change.
4. Rational inconsistency - Attempts to 'benchmark', 'harmonise' or 'streamline' council services must acknowledge the fundamental rationale behind the disparity in local laws, be they: differing community priorities, or variation in local circumstances such as the level of business activity, or population density. The PC issues paper correctly identifies a need to compare 'like councils' in any benchmarking study.
5. Process improvement – major efficiency gains can be achieved, whilst preserving subsidiarity, through the use of common web-based systems and standardised processes. However, the net benefits of these approaches can only be determined on a case by case basis.
6. Collaboration between all levels of government – A collaborative approach towards policy development, implementation and funding is critical to identifying opportunities to make real improvements to business regulation and ensuring councils have adequate capacity and resources to implement them.

The MAV looks forward to being further engaged by the PC as this study continues. The MAV contact person is James Cleaver (03 9667 5519 jcleaver@mav.asn.au) should you have any queries about this matter.

Yours sincerely


ROB SPENCE
Chief Executive Officer