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Performance Benchmarking Australian Business Regulation  
Productivity Commission  
PO Box 1428  
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To Whom It May Concern,

*RE: Business Regulation Benchmarking – Role of Local Government Issues Paper*

As the State's peak business organisation, the Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide input to the Productivity Commission Performance Benchmarking study.

The cost and burden of regulatory compliance is the single most important ongoing issue for the Queensland business community. It increases the cost of running a business and acts as a significant barrier to business growth, investment and productivity. While acknowledging that effective regulation can deliver positive outcomes for business and the community, inappropriate and inefficient regulation continues to impact significantly on the cost of conducting business in Queensland. Reduction in the compliance and paperwork burdens imposed on businesses by all levels of government, including Local Government, is essential to improving the competitiveness of Queensland businesses, both nationally and internationally.

CCIQ recognises the vital role that Local Government plays in building and sustaining the Queensland economy. Queensland businesses believe Local Government matters to be of crucial importance in their day to day activities.

From the perspective of business, Local Councils are becoming increasingly involved in business regulation. With increased delegation from State Government, the regulatory powers of Councils now covers activities such as planning and building approvals, environmental and health regulations including advertising and business signage, noise, nuisance issues, parking and public health.

While the business community acknowledges that some level of regulation is necessary, moves to rationalise and standardise local laws within and across local government areas in order to remove an unnecessary compliance burden for business would be very timely.

CCIQ believes that in general much greater priority must be given to examining Local Government's own systems and processes that involve interaction with the business community and seek to streamline those systems where improvement can be identified.

#### *Background - Economic Conditions*

In Queensland, poor consumer confidence, reduced revenue and increasing operational costs have progressively eroded business profitability outside the resources sector, leading to the emergence of a two-speed economy. As a result, businesses operating in resource rich local government areas are experiencing a boom, while those in other areas endure difficult trading conditions. This economic inequality among Queensland regions is expected to continue for some time, with major coal and liquefied natural gas (LNG) projects in the pipeline.

With the exception of the resources sector, tough trading conditions continue to prevail throughout Queensland in the wake of the global economic downturn and natural disasters. Subsequently, CCIQ and the business community are supportive of policy directives that improve business conditions through reducing the cost of regulatory compliance.

#### *Regulatory Compliance Impact*

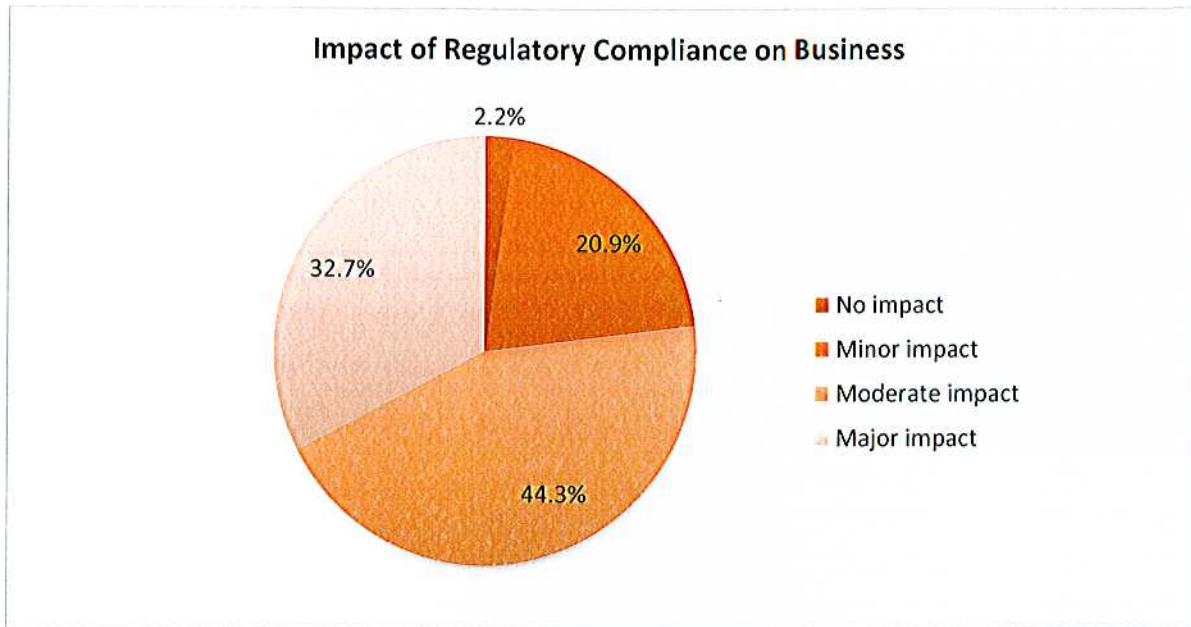
While each individual regulation may not significantly add to the regulatory burden borne by business, the cumulative impact of all regulations can impose an excessive cost, constraining business growth, productivity and innovation.

CCIQ firmly believes it is the cumulative effect of regulation and its ongoing growth that creates a regime that is stifling to business and the economy. Unfortunately it is our experience that governments struggle to fully appreciate and understand the cumulative effect of regulation and this is the primary reason for regulatory creep. Inappropriate and inefficient Local Government regulations reduce the competitiveness of both regional and state economies.

In response to the CCIQ Red Tape Survey 2011<sup>1</sup>, 80 per cent of businesses indicated that regulatory compliance activities were having a moderate to major impact on their operations. This impact was identified as preventing business growth (70.3 per cent), operational efficiency (93.8 per cent) and ability to employ (78.0 per cent).

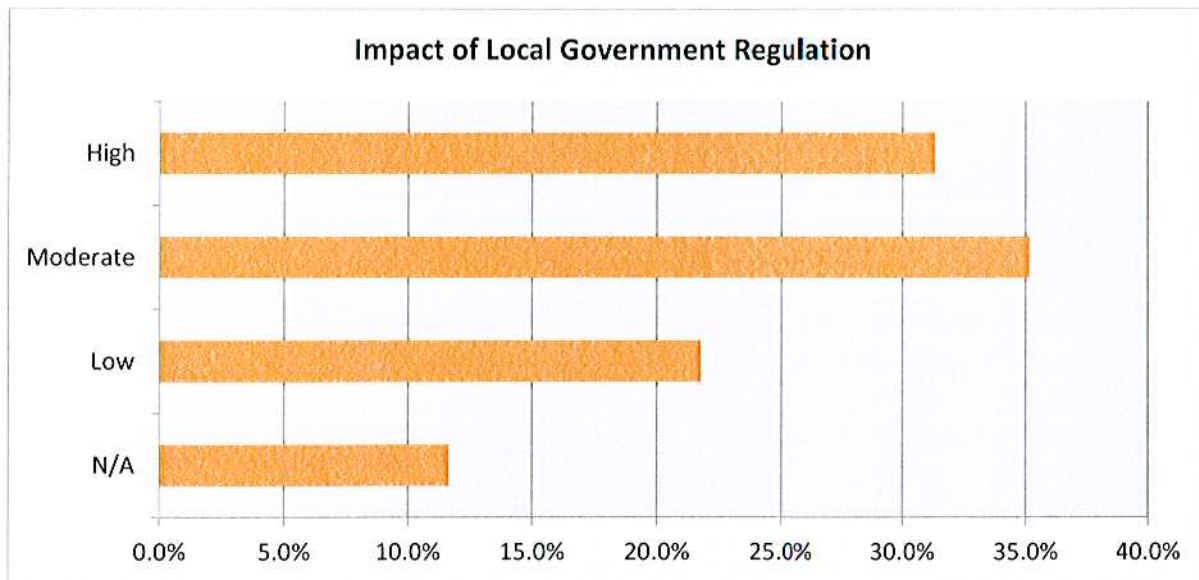
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<sup>1</sup> 844 responses to the CCIQ Red Tape Survey were received. The majority of survey respondents (33.3%) were located in Brisbane. The majority of businesses (52.4%) had 20 employees or less, 28.8 % had between 21 and 100 employees and 18.8% had more than 100 employees.



*Source: CCIQ Red Tape Survey 2011*

More specifically, this survey also asked respondents to identify the impact that Local Government regulation has on their business, with the majority of businesses identifying a moderate (35.2 per cent) to high (31.4 per cent) impact.



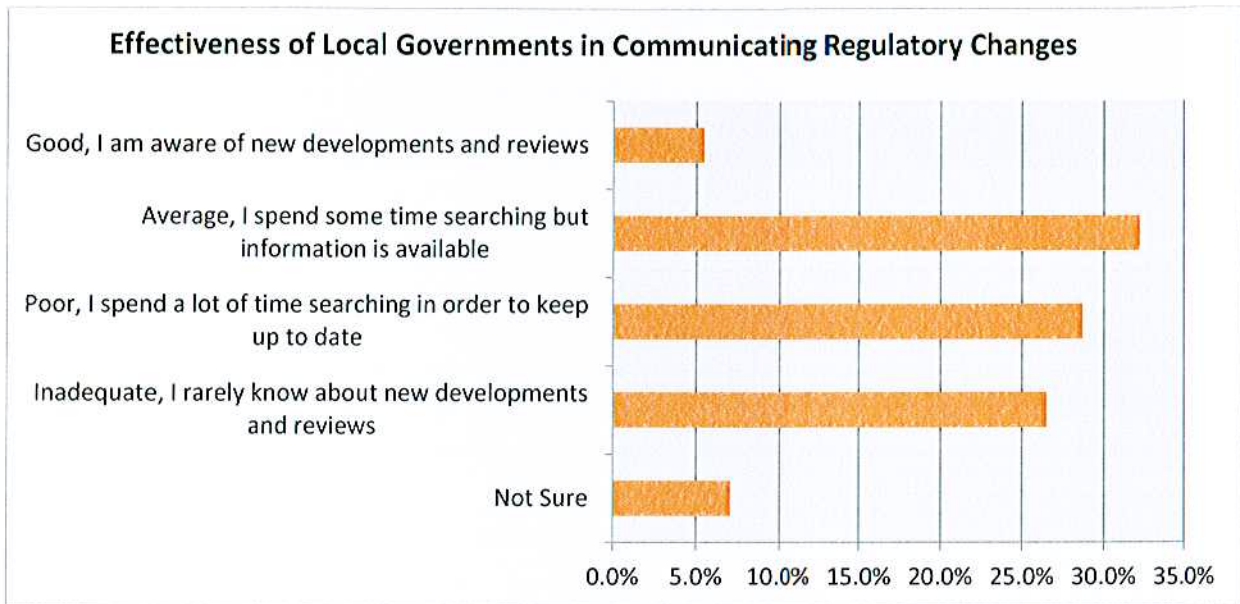
*Source: CCIQ Red Tape Survey 2011*

Compliance processes identified by respondents as the most costly were:

- Complying with and implementing Local Government regulatory requirements (23.8 per cent);
- Completing Local Government paperwork and reporting requirements (20.5 per cent); and
- Understanding Local Government obligations and regulatory requirements (17.2 per cent).

### Local Government Regulatory Consultation

The Survey asked businesses to rate the effectiveness of Local Government in communicating and providing information on regulatory changes. Responses from Queensland businesses identified that only 7% believe that Local Government communicates new or changed regulation and business compliance requirements well. The majority of respondents (44%) believed that there was inadequate communication of new developments and regulatory reviews.



Source: CCIQ Red Tape Survey 2011

Thorough consultation ensures that both business and government have a clear understanding of the implications of the proposed regulation, the alternative options available and the associated costs, benefits and risks. Poor Local Government regulatory consultation processes can lead to the implementation of more costly, inappropriate mechanisms and duplication or inconsistency with state and federal regulation.

Monitoring regulatory changes at local, state and federal levels represents a significant time cost to business. CCIQ is supportive of the implementation of mechanisms to reduce the cost of monitoring the regulatory environment through improved transparency of Local Government in their consideration of regulatory costs and benefits and in amending regulatory instruments.

### Local Government Regulatory Reform

CCIQ supports initiatives that reduce the regulatory compliance burden on business and address inconsistent and duplicate regulation across jurisdictions. Queensland businesses have strong views on mechanisms that could help alleviate the regulatory burden on their operations. The CCIQ Red Tape Survey 2011 identified strongest support for the following strategies to reduce the cost of Local Government compliance:

- Better communication and consultation with business when developing regulations;
- Reduction in the duplication of regulation across local government and state borders;
- Improved information sharing between agencies;
- Reduction in the frequency of reporting requirements; and
- Establishment of reliable electronic and web-based reporting.

## *CCIQ Red Tape Reduction Blueprint*

CCIQ has developed a red tape reduction policy outlining our recommended approach to reducing the stock of regulation, stemming the flow of new regulation and improving the quality of essential regulation across all levels of government that will be released in early December. CCIQ is happy to provide an embargoed copy should it be required. Central to this policy is the concept that any regulation reform agenda must address cumulative burden and cost of regulation.

In recognising the difficulties faced in understanding the cumulative effect of regulation and red tape imposed by multiple levels of government and across multiple independent agencies, CCIQ has also developed a Business Red Tape Case Study methodology that allows for the cumulative burden to be costed and systemic regulatory issues identified. CCIQ has completed a number of Business Red Tape Case Studies across a variety of business sectors, regions in Queensland and business sizes. CCIQ has received significant positive feedback from Queensland Government agencies, including the Queensland Office for Regulatory Efficiency and the recently established Business Commissioner on the quality of information, level of detail and usefulness of these case studies in informing their reform priorities.

CCIQ welcomes the opportunity to discuss our regulation reform policy and case study approach with the Productivity Commission in more detail and believes that our methodology has great potential to deliver real reductions in compliance cost and burden that are meaningful to the business community.

### *Summary*

The cost and burden of regulatory compliance is the single most important ongoing issue for the Queensland business community. It increases the cost of running a business and acts as a significant barrier to business growth, investment and productivity. CCIQ is committed to working with all levels of Government in addressing this significant issue.

Yours Sincerely,

**Nick Behrens**

**General Manager – Advocacy  
Chamber of Commerce and Industry Queensland**