

CCIQ Advocacy

Blueprint for Fighting Queensland's Over-Regulation

**BLUEPRINT FOR FIGHTING QUEENSLAND'S
OVER-REGULATION**

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CCIQ
Chamber of Commerce
& Industry Queensland

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“I do not think government agencies and the officers drafting legislation fully comprehend what burden they impose upon business.”

“Communication is almost non-existent by all levels of government. It is up to the business concerned to search out most information for themselves. If the government puts something on a website they consider that is all they need to do.”

“Fair Work Act is a nightmare. Information and advice about what wages you have to pay changes with each separate person you talk to on the advice line. Random visits by Fair Work people causes additional stress when they tell us we do not comply when I have spent hours searching for information and seeking advice.”

“Can see the need for most of the regulation that exists but it is VERY hard for smaller business to absorb the cost and time involved to obtain and maintain licences and accreditations that are increasingly being required to carry out work.”

– *Queensland Business Operators*

1.0 Introduction

- 1.1 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.
- 1.2 The Chamber of Commerce and Industry Queensland (CCIQ) has for a number of years been committed to addressing this significant issue and working with all levels of government to not only highlight the impact that red tape has on business but to also identify opportunities for reform.
- 1.3 In July 2009, CCIQ released its Blueprint for Fighting Queensland's Over-Regulation which reported findings from the first of its bi-annual Red Tape Survey and outlined a 7-Point Action Plan for regulatory reform in Queensland. Since this time CCIQ analysis has found that regulation has continued to increase. Accordingly Queensland businesses report that regulation is costing them more and acting as an ongoing major constraint on business growth.
- 1.4 In fact, a 2011 update survey undertaken by CCIQ found that over 80 per cent of Queensland businesses believed red tape had increased in Queensland over the past two years (13 per cent believed it had remained equal and only 1 per cent had noticed any decrease in red tape burden). CCIQ believes that while the level and cost of regulation continues to increase the competitiveness and viability of Queensland businesses will continue to be eroded, and Queensland's attractiveness as a place to do business will decrease affecting employment and the state's economic growth.
- 1.5 The trend of increasing regulation highlights an urgent need to review Queensland's regulatory reform agenda to ensure it delivers real reductions in the compliance burden that can be seen and felt by business and the community.
- 1.6 This Blueprint Update aims to refocus attention back onto the significant issue of red tape and assist the next State Government to develop a framework for regulatory reform that delivers real cost savings to business and the community.



“I have found the IR laws the hardest, with so many changes and the situation where we do not have the capacity to employ a specific HR person to keep up with the changes. It means that I, as director, has to keep track of changes on top of all the other responsibilities of my role.”

“To keep up to date you need to spend a lot of money to become members of all the associations. Easier access to information and proactive information dissemination by government agencies would save money and make life easier.”

“In the past two months I have had a WorkCover audit and a payroll tax audit, now I am waiting for an ATO audit and fire safety equipment inspections. All these audits cost time and money and normally result in petty infringements or requirements for me to change something which I think is just to justify the auditors time.”

“Needing a witness or JP signatures for nearly everything you submit to government is a huge burden. Solicitors and accountants are the only ones benefiting. Small to medium sized companies struggle with these extra costs.”

– *Queensland Business Operators*

2.0 CCIQ baseline and stocktake

- 2.1 International research suggests that in the absence of a baseline measure and understanding of the existing regulatory environment, governments will fail to deliver meaningful reductions in red tape. For this reason, CCIQ has been tracking and reporting the change in regulatory instruments and burden since 2009 and has undertaken a number of projects to better understand the regulatory environment in which Queensland businesses operate.
- 2.2 While there is no one recognised and authoritative methodology for measuring regulatory burden, CCIQ has adopted two methodologies which collectively provide a baseline from which periodic stocktakes can be undertaken.

GROWTH IN REGULATORY INSTRUMENTS

- 2.3 The Productivity Commission reported in 2007 that Queensland had over 70,000 pages of regulation, making Queensland the highest regulator of any state or territory in Australia¹.
- 2.4 Since that time regulation has continued to grow. In 2009-10, 68 new Acts were passed, introducing 7928 new pages of legislation and increasing red tape by 13.5 per cent. In the most recent financial year, the Queensland Government passed a further 50 Acts with a further 4378 pages of new and amended legislation and increasing red tape by 6.6 per cent.
- 2.5 Queensland businesses are now required to comply with over 92,172 pages of red tape. This represents a growth of 31.6 per cent (or an average of 9.4 per cent per year) since the total estimated by the Productivity Commission in 2007.

CCIQ ESTIMATION 2009-10			
	Count	New Total	% Change
New Acts as passed	68	661	+11.5%
Total new pages of new and amended legislation	7928	87794	+13.5%
CCIQ ESTIMATION 2010-11			
	Count	New Total	% Change
New Acts as passed	50	711	+7.6%
Total new pages of new and amended legislation	4378	92172	+6.6%

Source: Productivity Commission, CCIQ

- 2.6 CCIQ also estimated in 2007 based on ACCI data and business surveys that the annual cost of state-based regulation within Queensland was approximately \$17.9 billion of which 27.3% (or \$4.8 billion) arose from state-based legislation. CCIQ has subsequently calculated the annual changes in cost of red tape by compounding these figures against the annual percentage changes in pages of regulation (as per below figures). State based legislation has increased annually by an average of 9.4 per cent (over \$500 million per year) and is estimated to currently cost the Queensland economy over \$7 billion dollars per year.

COST OF REGULATION TO THE QUEENSLAND ECONOMY			
	% Change	\$ Annual Change	New Total
2006/07 (Original CCIQ Estimation)	-	-	\$4.885 billion
2007/08	+8.18%	\$401 million	\$5.285 billion
2008/09	+9.4%	\$497 million	\$5.786 billion
2009/10	+13.5%	\$780 million	\$6.570 billion
2010/11	+6.6%	\$432 million	\$7.002 billion

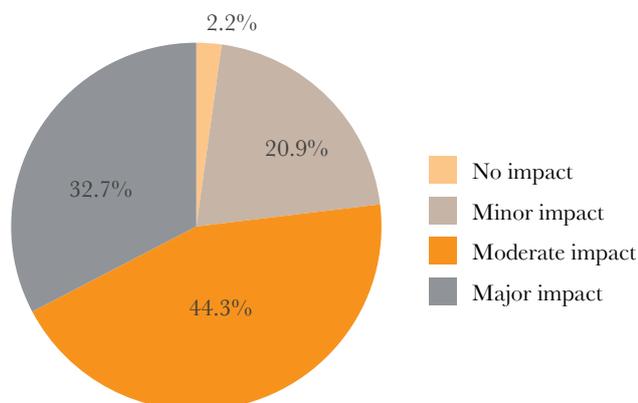
Source: CCIQ

¹ From the Productivity Commission's 'Performance Benchmarking of Australian Business Regulation: Quantity and Quality'(2007), which reveals Queensland has over 70,000 pages of regulation and statutory rules – the highest of any state or territory and 10% more than the next highest state (WA – 63,567 pages). The same report also showed that Queensland had the highest number of business regulators (93), of any Australian state or territory.

CCIQ SURVEY OF BUSINESS RED TAPE

- 2.7 In 2009 CCIQ undertook its first Red Tape Baseline Survey to understand the impact of red tape on Queensland businesses. Businesses of all sizes across all industry sectors and regions in Queensland completed this detailed survey. The 2009 survey revealed that:
- 80 per cent of businesses were significantly or moderately affected by red tape
 - 25 per cent spent more than 20 hours per week on compliance activities
 - More than 80 per cent had observed an increase in the cost and time it takes to comply with regulations over the previous two years since 2007.
 - Two-thirds of businesses believed that government regulation had prevented them from making changes to grow their businesses.
- 2.8 Two-years on CCIQ repeated this same survey to determine the change in the level and burden of Red Tape in Queensland. Conducted during July 2011 as part of the Pulse Survey of Business Conditions Hot Topic, this survey received over 840 responses from Queensland business owners.

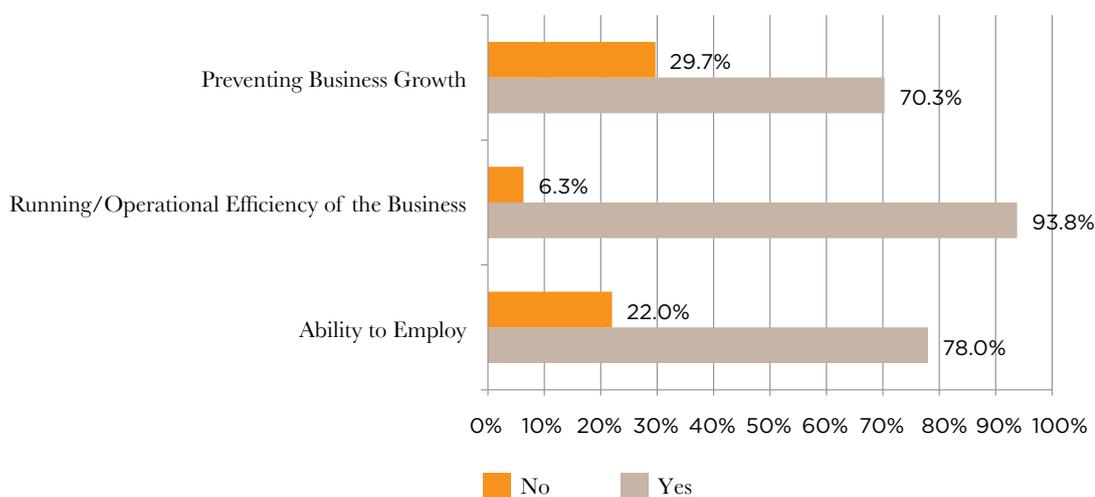
IMPACT OF RED TAPE COMPLIANCE ON BUSINESS



Source: Commonwealth Bank CCIQ Pulse Survey of Business Conditions, July 2011

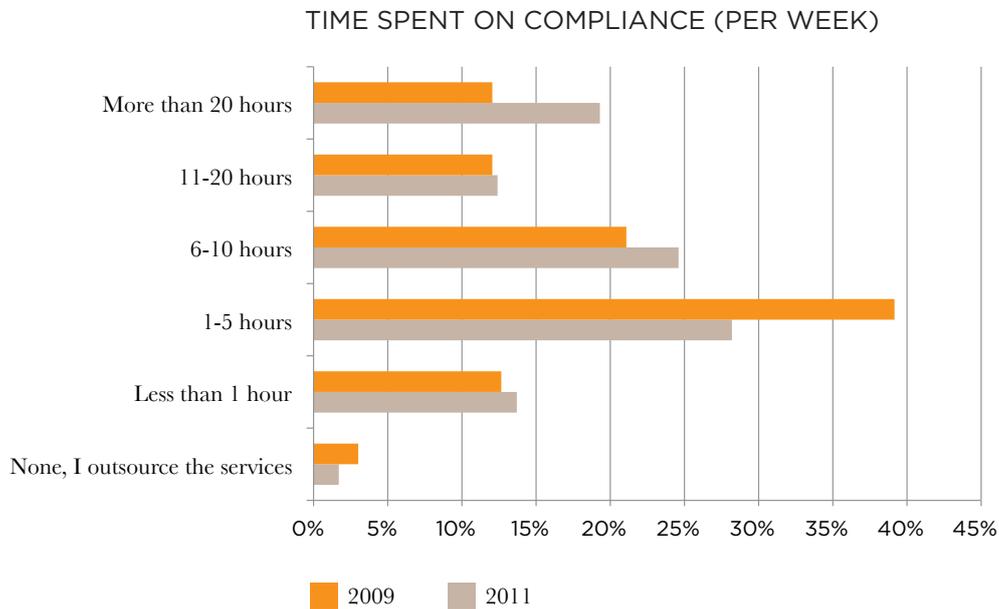
- 2.9 The majority of Queensland businesses (77 per cent) believe that complying with Government regulation has a moderate to major impact on their business. When asked how red tape impeded on their business, 93.8 per cent indicated that government regulation affected the way that they ran their business and 78 per cent indicated that Government regulation has affected their ability to employ staff.
- 2.10 Most significant to the future growth and viability of the Queensland economy, 70 per cent of respondents indicated that government regulation had prevented them from investing in business growth. Survey feedback suggests that these affects are not just limited to the cost of compliance and its impact on business cashflow but that regulation is acting as a disincentive to business growth in cases where business size and turnover trigger additional compliance responsibilities.

IMPACT OF RED TAPE ON BUSINESS



Source: Commonwealth Bank CCIQ Pulse Survey of Business Conditions, July 2011

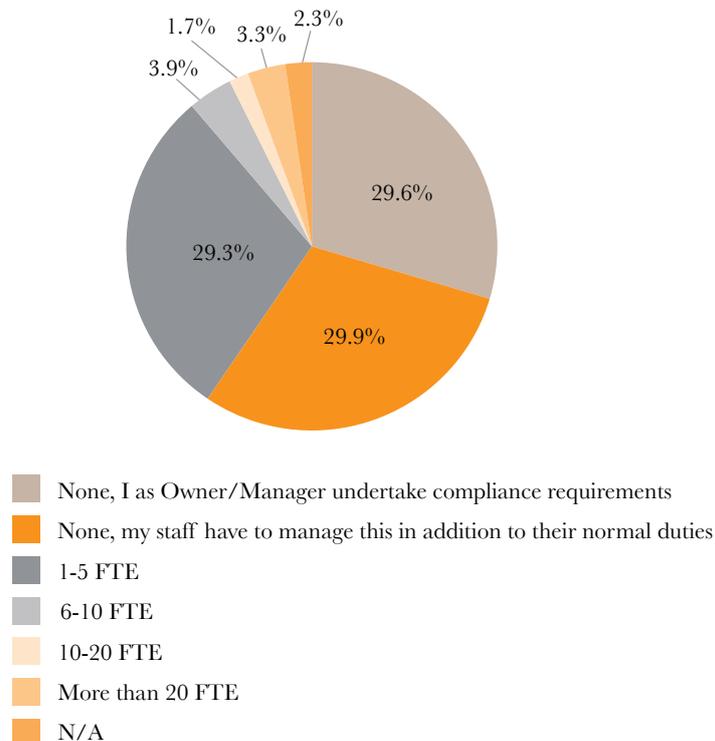
2.11 Comparing the results of the most recent Red Tape Survey to those recorded in 2009, the time spent on compliance has increased significantly for business, substantiating CCIQ evidence that red tape has increased in Queensland over the past 2 years. Nearly double the number of businesses report spending more than 20 hours per week on regulatory compliance activities than in 2009. Equally nearly thirty per cent fewer businesses spend between 1-5 hours per week on regulatory compliance than in 2009.



Source: CCIQ 2009 Red Tape Survey and Commonwealth Bank CCIQ Pulse Survey of Business Conditions, July 2011

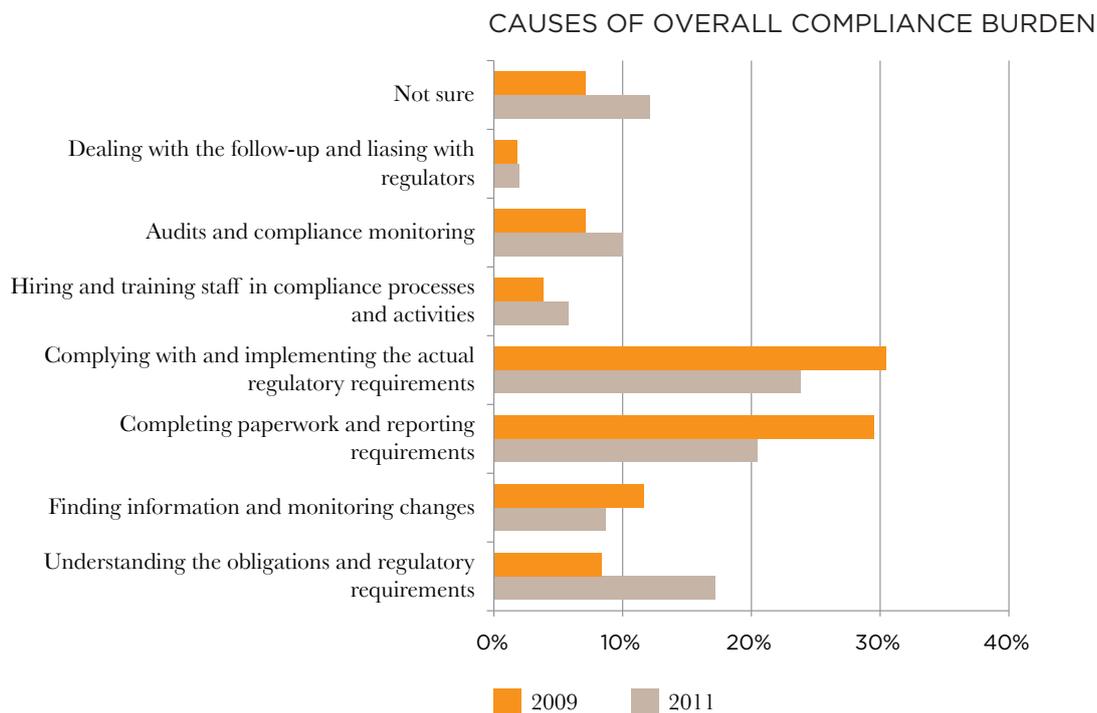
2.12 As the majority of Queensland businesses are categorised as small to medium (ie, employing less than 20 people), it is not surprising that the burden of regulatory compliance falls onto the business owner to complete in addition to running the business (29.6%) and existing staff who must find time to undertake compliance in addition to their normal duties (29.9%). A further 29.3 per cent of businesses employ between 1 and 5 additional staff solely to manage regulatory compliance.

STAFF EMPLOYED TO MANAGE COMPLIANCE



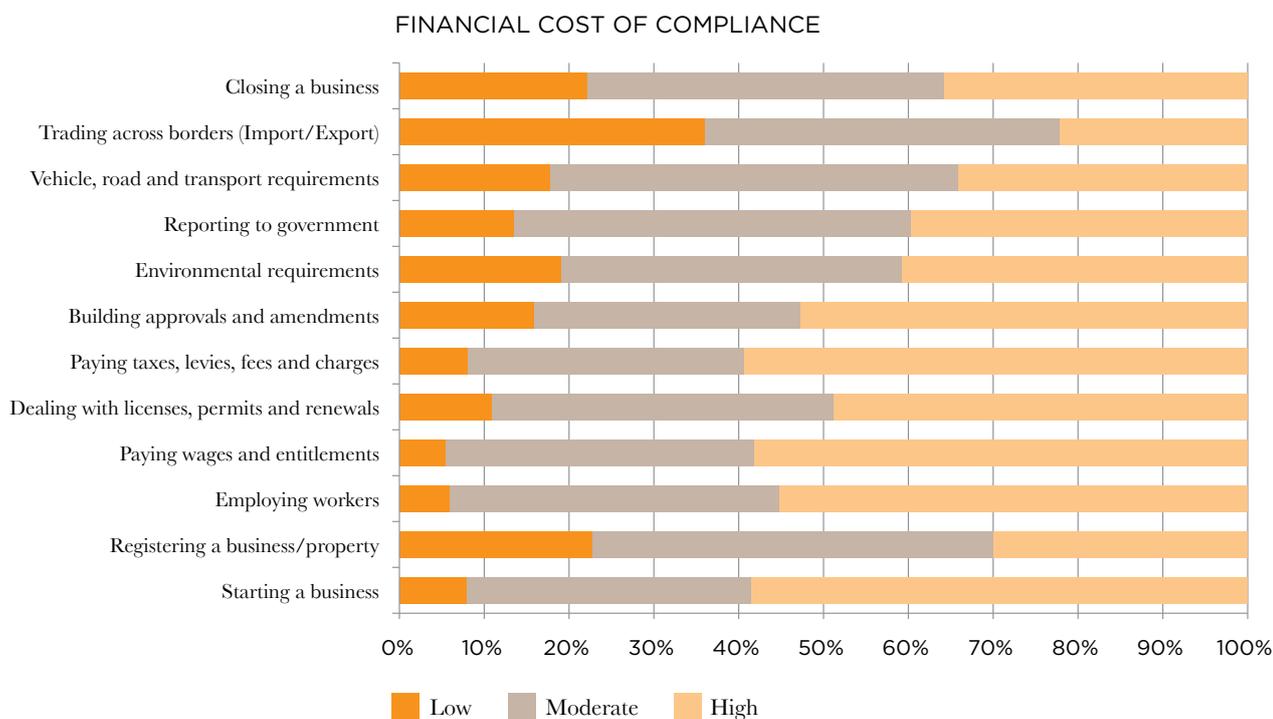
Source: Commonwealth Bank CCIQ Pulse Survey of Business Conditions, July 2011

2.13 Complying with and implementing actual regulatory requirements and completing paperwork and reporting requirements are the most burdensome stages of the regulatory compliance process. Understanding obligations and regulatory requirements also rate highly as a cause of compliance burden.



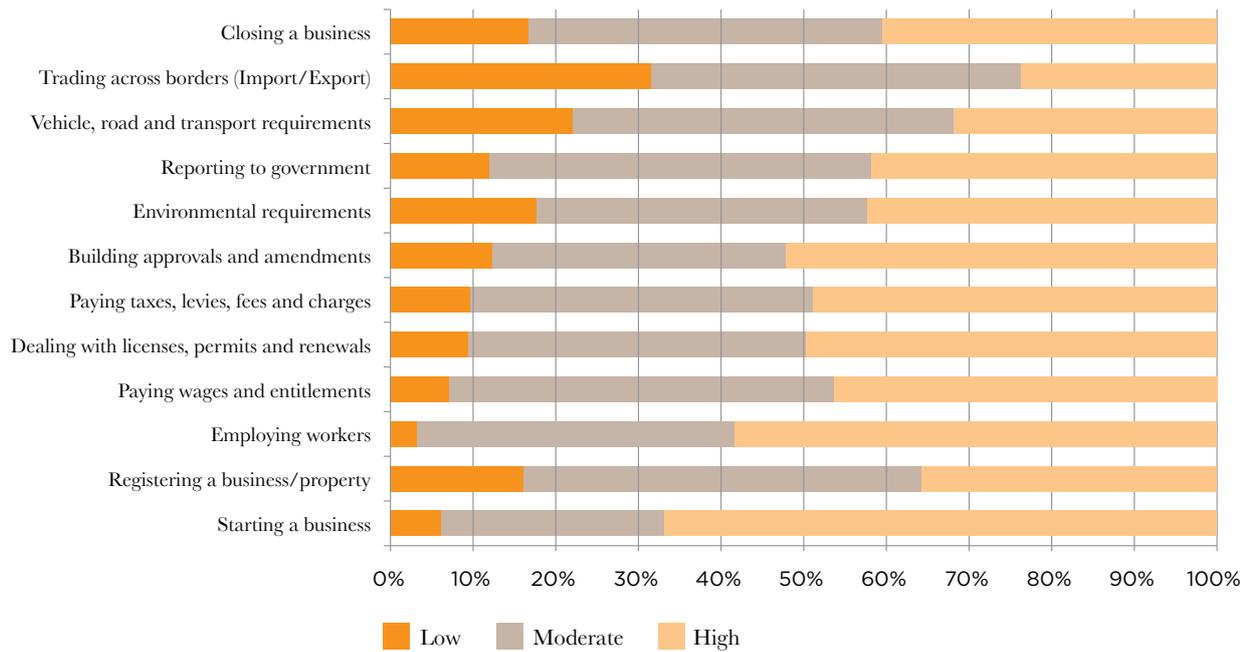
Source: CCIQ 2009 Red Tape Survey and Commonwealth Bank CCIQ Pulse Survey of Business Conditions, July 2011

2.14 The areas of regulation imposing the highest financial costs on Queensland businesses include paying taxes, levies, fees and other charges; the process of starting a business, paying wages and entitlements; employing workers; and building approvals and amendments. In terms of time required to comply with regulation, starting a business, employing workers, building approval and amendments; dealing with licences, permits and renewals; and paying taxes, levies, fees and charges had the greatest impact on businesses.



Source: Commonwealth Bank CCIQ Pulse Survey of Business Conditions, July 2011

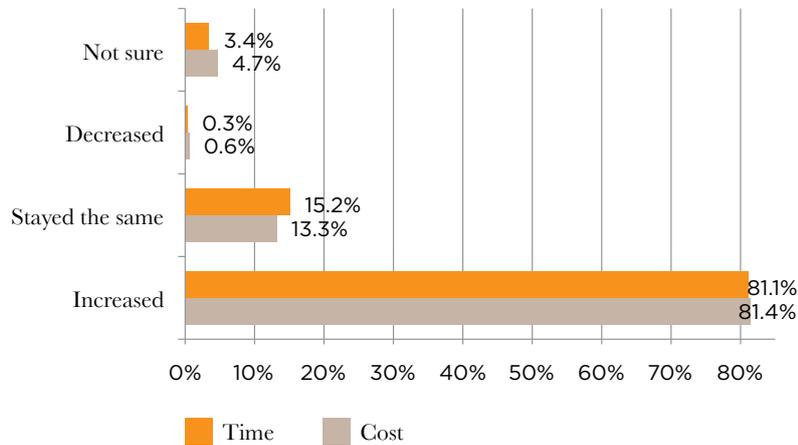
TIME COST OF COMPLIANCE



Source: Commonwealth Bank CCIQ Pulse Survey of Business Conditions, July 2011

2.15 Queensland businesses also firmly believe that the financial and time cost across these key areas of compliance have increased over the past two years since 2009. Over 80 per cent of respondents indicate that these costs had increased compared to only 15 per cent who indicated these costs had stayed the same and less than 1 per cent who had noticed a decrease in compliance burden.

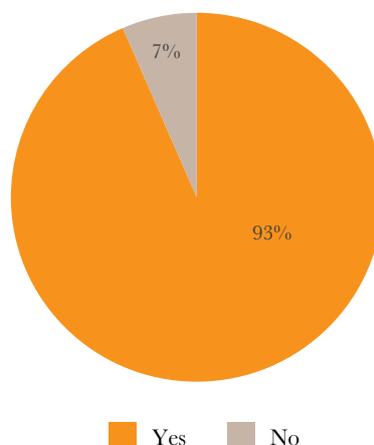
CHANGE IN COMPLIANCE BURDEN SINCE 2009



Source: Commonwealth Bank CCIQ Pulse Survey of Business Conditions, July 2011

- 2.16 Accordingly it is no surprise that most Queensland businesses believe Queensland is progressively becoming a 'Nanny State' imposing more and more costly and complex regulation and administrative requirements on business and the community.

HAS QUEENSLAND BECOME A 'NANNY STATE'



Source: Commonwealth Bank CCIQ Pulse Survey of Business Conditions, July 2011

SNAP SHOT: QUEENSLAND GOVERNMENT 'SMART REGULATION REFORM AGENDA'

In 2009 the Government committed to an initial target of reducing the regulatory compliance burden to business and the administrative burden to government by \$150 million each year by the end of 2012-13.

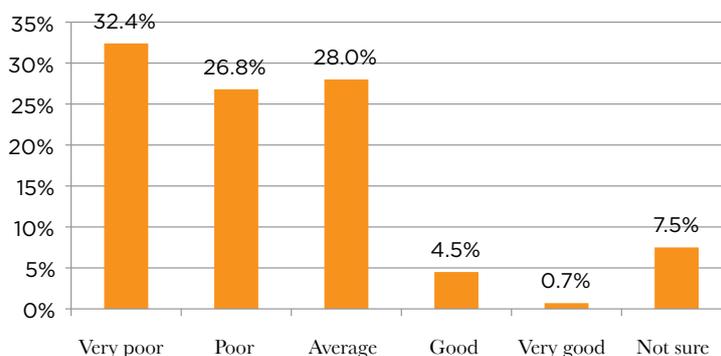
The Queensland Government reports progress against this target annually. The most recent Smart Regulation Annual Report 2009-10, details regulatory improvement initiatives of the Queensland Government that have delivered savings of over \$78 million to Queensland business, community and government. CCIQ notes however that the majority of these initiatives relate to internal savings to government rather than quantifiable savings for business and the community.

In June 2011, the Queensland Government also announced the establishment of a Business Commissioner. The Business Commissioner's role will be to identify opportunities to simplify and reduce the key areas of regulation causing the most burden for businesses.

It is also hoped the Business Commissioner will drive a significant cultural change in the way regulation is developed and made within Queensland including improvements to the level of engagement and consultation with the business community.

- 2.17 Based on business feedback to this survey, the Queensland Government has considerable room for improvement in their regulatory development and engagement processes. Only five per cent of Queensland businesses believe the Queensland Government consults and engages well with businesses prior to the introduction of new regulation and legislation. The majority rate the Queensland Government as very poor (32.4%), poor (26.8%) or average (28.0%) in this regard.

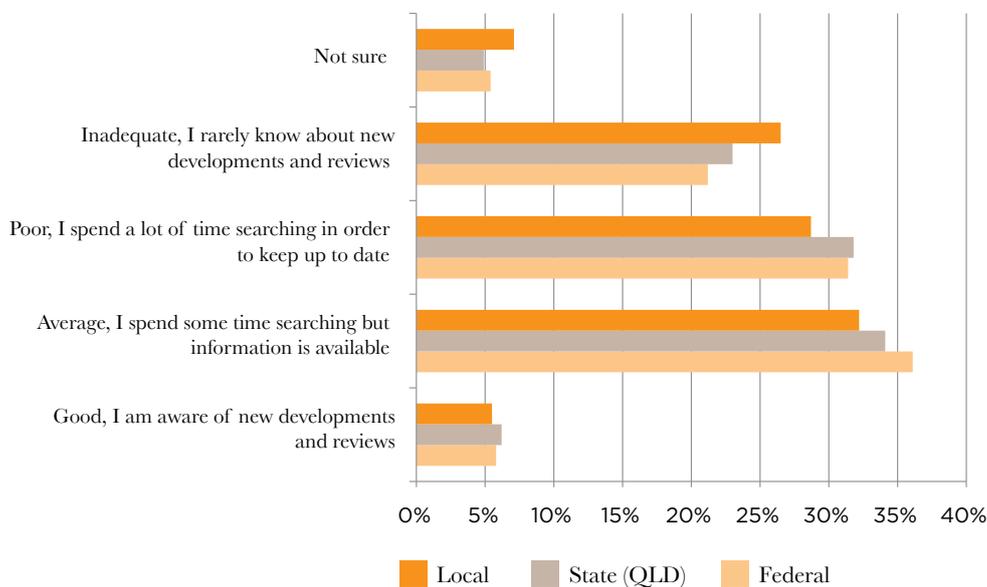
RATING THE QUEENSLAND GOVERNMENT ON CONSULTATION AND ENGAGEMENT



Source: Commonwealth Bank CCIQ Pulse Survey of Business Conditions, July 2011

2.18 Additionally Queensland businesses believe all levels of government can improve the way they communicate and the availability of information about new or changed regulation that businesses are required to comply with. The majority of businesses rate all three levels of government as average to poor suggesting that they have spent valuable time and effort searching for information to stay up to date and that this information is not adequately being supplied to them. Local Government were considered the worst, with 26.5 per cent of respondents rating their information provision as being inadequate (with a further 28.7% rating them as poor and 32.2 % as only average). The State (QLD) Government were also only rated as average (34.1%) to poor (31.8%).

EFFECTIVENESS OF GOVERNMENT REGULATORY INFORMATION



Source: Commonwealth Bank CCIQ Pulse Survey of Business Conditions, July 2011

2.19 Accordingly, better communication and consultation with business during the development of regulation is the most strongly supported option for reducing the cost of compliance and impact of red tape. Reducing duplication and inconsistencies across Local and State Government boundaries; and agencies sharing information are also strongly supported. Simplifying and streamlining reporting requirements (through reduced frequency, electronic reporting systems and single point of contact for business) is the next most supported regulatory reform option.

BUSINESS SUPPORT FOR OPTIONS TO REDUCE THE COST OF COMPLIANCE	
Better communication and consultation with business when developing regulations	41.7%
Reduce the duplication of regulation across local government and state borders	32.7%
Agencies sharing information	31.8%
Reduce the frequency of reporting requirements to a minimum	30.9%
Establishment of reliable electronic and web-based reporting	30.4%
A single agency collecting all required information to reduce business contact points	25.1%
A single location for all regulatory information and announcements	24.3%
Establish a state target for reducing regulation	21.1%
Pre-populated forms and reports	14.8%
Appoint a Business Commissioner to be the central point through which business can raise regulatory issues	13.0%
Not sure	6.5%

Source: Commonwealth Bank CCIQ Pulse Survey of Business Conditions, July 2011

3.0 The cost of regulation to Queensland businesses and the economy

RED TAPE CASE STUDIES

- 3.1 All regulation is enacted with the best of intentions and provides a level of protection and benefit to business and the community. However regulatory design and the process of regulation making, when not rigorous and under the influence of political agendas, often leads to regulation that does not achieve desired outcomes. Regulation often then becomes redundant over time or has unintended outcomes.
- 3.2 Additionally when viewed in isolation of other regulatory instruments, single acts and regulations often do not, on their own, impose excessive cost or appear complex. 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 and its burden.
- 3.3 It is also the case that governments and stakeholders hold widely different views on what they consider to be excessive, unreasonable and costly which can affect the assumptions made during impact assessment processes as well as undermines the intention of regulation reform. This stems from a lack of appreciation by agency officers and regulators of the context in which businesses operate and the interaction of new or proposed regulation within the existing (cumulative) regulatory environment. A focus, as is the case in Queensland, on only that which is defined as being excessive, unnecessary or overly complex, is open to interpretation and may not highlight the real red tape problem, resulting in the government struggling to identify and deliver meaningful reform.
- 3.4 Therefore it is CCIQ's firm belief that when setting regulation reform priorities, the cumulative effect of regulation must be a central focus and that 'net' or government-wide reduction targets are the only effective means of achieving regulatory efficiency and reducing the cost and burden on business and the community.

CUMULATIVE REGULATORY COST FOR BUSINESS

- 3.5 In recognising the difficulties faced by government agencies in understanding the cumulative effect of regulation and red tape imposed by multiple levels of government and across multiple independent agencies, CCIQ has developed a Business Red Tape Case Study methodology by which the cumulative burden can 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. Several of these case studies are summarised below.

Case Study 1: Food Manufacturing Industry

The subject of this case study is a wholesale commercial bakery located in Mackay. Its key business activity is the manufacture and distribution of bakery products, supplying other retailers in a 200km radius of the Mackay area. Their clients include independent supermarkets, convenience stores, service stations and other retail outlets. This business employs approximately 25 full time and part time staff including 3 apprentice bakers.

The ongoing compliance cost for this business exceeds \$356,000 per year and the average time spent by the business owners on compliance activities was over 35 hours per week. It was also estimated that this business outlays approximately \$27,712 per annum in fees, permits and licences. The business is required to comply with over 60 statutory instruments at the state and local level and an estimated 330 pages of forms, applications and reports are completed annually by the business in accordance with regulation.

Case Study 2: Textiles and Clothing Manufacturers

Since its introduction in January 2011, CCIQ has been working closely with a number of small businesses in the textiles and clothing industry to better understand the compliance requirements and reporting obligations associated with the Mandatory Code of Practice for Outworkers.

The average cost of compliance for individual businesses with the Code was \$43,360 per annum. The time spent meeting the regulatory requirements in the Code was 522 hours per annum, or an average of 10 hours per week. For "suppliers" the time taken to fill out the required forms was 30 – 60 minutes depending on the size and complexity of the order/agreement with an average business undertaking this activity for an average of 3-4 agreements per week. For "retailers" the time taken to complete the required reports for the Department was approximately 10-15 hours every 6 months. CCIQ estimated that the total cost to the Queensland economy as a result of the introduction of the Code to be over \$21 million per year.

Case Study 3: Tourism Industry

The business participating in this case study incorporates three inter-related businesses, including a function centre, motel, and fine dining restaurant. The venue operates 7 days a week and has a wide variety of clientele including tourists, corporate, locals and weddings. The business has been operating for more than 50 years and has undergone significant renovations, refurbishments and construction (aimed at business growth and expansion) over the past 5 years. This business employs approximately 27 people, including 1 apprentice and 20 casuals.

This business spends over 47 hours per week on regulatory compliance and has ongoing compliance costs per year of over \$337,000. Once off or start-up compliance costs have cost the business an additional \$234,000 over the past 3-5 years. The highest cost area for this business is health and safety regulation (\$190,355 and 1,503 hours on compliance per annum).

Another case study focusing specifically on the residential letting and property management obligations under the Property Agents and Motor Dealers Act (PAMDA) and relevant to the tourism industry was undertaken with a second business. The Business participating in this case study is a large accommodation provider with a network of over 100 properties throughout Australia and New Zealand. The business primary engages in the marketing and management of properties. The business has approximately 35 properties in Queensland and employs 3,500 people.

Compliance with PAMDA alone costs this business \$3.028 million annually across its Queensland based properties. The average amount of time spent complying with PAMDA regulatory requirements is over 470 hours per week (94.8 hours per day) which is the equivalent of 12 full time employees. Accordingly this business has identified PAMDA as their most significant area of regulatory compliance. Although a number of amendments have recently been made to the Act, PAMDA is still seen as overly complex, and very difficult to follow and interpret. It is burdensome and overly prescriptive, has a high administrative and paperwork burden and high training and licensing costs.

Case Study 4: Professional Services Industry

The business is a real estate agency located in Brisbane and has been operating since 2007. The agency employs 25 staff (some of which are on a contract basis). It has a sales, property management and project marketing division.

Regulatory compliance activities cost this business owner over \$668,000 per year. The time spent administering and complying with government regulation exceeds 99 hours per week (or the equivalent of 2.6 full time employees). The most significant area of regulatory compliance burden for this business stems from their requirements and responsibilities under the Property Agents and Motor Dealers Act (PAMDA) which accounts for nearly half of the compliance time (approximately 56 hours per week) and cost (over \$350,000 per annum). Ongoing changes to the environment in which real estate agents operate (e.g. introduction of pool safety certificates and frequent changes to sales contract obligations) account for significant costs in the area of building and environmental regulation.

Case Study 5: Manufacturing Industry

This business is a large manufacturer, wholesaler and exporter of household plumbing, water and wastewater products. The organisation's main worksite is located in Brisbane with additional manufacturing plants located in regional Queensland and interstate. The company employs over 100 people across its Queensland operations.

The cumulative cost of regulatory compliance for this business is over \$1 million per year (\$1,075,669) with the most significant compliance cost areas being fair trading, financial reporting, workplace health and safety and environmental regulation. The time spent on regulatory compliance exceeds 6000 hours per year (an average of 140.5 hours per week), or the equivalent of 3.6 full time employees.

	Case Study 1: Food Manufacturing	Case Study 2: Textiles and Clothing Manufacturers	Case Study 3A: Tourism	Case Study 3B: Tourism -PAMDA	Case Study 4: Professional Services	Case Study 5: Manufacturing
Business/Company Names and Registration	\$2,700		\$510		\$2267	\$1600
Financial Reporting	\$25,600		\$37,500		n/a	\$166,330
Fair Trading (PAMDA)	n/a		n/a	\$3,028,817	\$350,118	n/a
Fair Trading	\$35,700		\$26,535		\$27,240	\$488,591
Building Codes and Regulations	\$12,800		\$7,050		\$96,900	\$1700
Environmental Regulations	\$86,800		\$8,100		\$36,900	\$135,398
Health and Safety Regulation	\$70,800		\$190,355		\$34,500	\$145,750
Employment and workplace relations	\$54,800		\$50,790		\$31,600	\$73,000
Taxation and other fees and charges	\$66,912		\$16,350		\$89,400	\$63,300
Other	n/a	\$43,360	n/a		n/a	n/a
TOTAL COMPLIANCE COST (per annum)	\$356,112	\$43,360	\$337,190	\$3,028,817	\$668,925	\$1,075,669
TOTAL TIME REQUIRED (Annual hours)	1848	522	2,457	24,648	5179	6362
Average Hours per week	35.54	10	47.25	470	99.6	140.5

**Detailed Red Tape Case Study Reports are available by contacting CCIQ.

4.0 Targeting reform priorities

BUSINESS RED TAPE 'HOT SPOTS'

- 4.1 While CCIQ firmly believes it is the total sum of regulatory compliance (the cumulative effects) that act as a brake on business and economic growth, we champion the need to make inroads into red tape by initially targeting specific aspects or areas of regulation which are duplicative, excessive or unnecessary and are causing the highest level of burden.
- 4.2 The Red Tape Case Studies have highlighted a number of key regulatory issues and areas of high cost that are common across industry sectors. The relevance of these key regulatory issues to the broader business community has been substantiated through business feedback received through the 2011 CCIQ Red Tape Survey (Refer to Section 2) where businesses were asked to outline the top two administrative and regulatory actions of the Queensland Government adversely affecting their business and the one regulatory burden they would most like to see eliminated or simplified.
- 4.3 Accordingly, CCIQ has identified the following as being example systemic regulatory issues which are considered priorities for regulatory reform.

AREA OF REGULATION	BUSINESS ISSUES AND RECOMMENDATIONS
Industrial Relations	<p>Workplace adjustments following introduction of the Fair Work Act and the new Modern Award system considered one of the most costly areas of regulatory compliance by the business community. Key complaints/issues:</p> <ul style="list-style-type: none"> • Poor information dissemination prior to and immediately following introduction; • Poor and inconsistent advice provided by departmental officers; • Excessive processing timeframes and long delays for modern award agreements; • Complicated calculation methodologies for modern awards; • Costly and time consuming audits of compliance with Fair Work policies.
Workplace Health and Safety	<ul style="list-style-type: none"> • Constant changes to the WHS requirements and ongoing duplication with national and state laws causes significant cost and burden for business owners. • WHS system is excessively complex, open to interpretation and difficult for business owners to understand and implement; government advice is inconsistent. • Reporting and documentation is excessive • Staff training requirements costly and burdensome, taking employees out of the business and reduces productivity • WorkCover audits and inspections are costly and highlights inflexibility in the scope of the legislation; inconsistent scope of audits and different application of legislation by auditors is frustrating to business who feel that they are constantly having "goal posts" changed. • Manual Handling Code of Practice in particular is complex (difficult to determine applicability to business) and restrictive (not consistent with reality of business environment and reduces workplace productivity).
Payroll Tax	<p>Aside from the financial cost of the payroll tax liability which prevents business expansion and reduces profitability, business owners report that:</p> <ul style="list-style-type: none"> • monthly calculation and payment process is time consuming and could be streamlined; • timeframes for lodgement and payment at the end of each month are too short and often does not align with other business accounting processes; penalties for late lodgement are high; • the OSR website has poor information and guidance on payroll tax requirements and the lodgement system is inefficient, requiring excessive information entry
Food Safety	<ul style="list-style-type: none"> • Compliance with multiple duplicative and excessive requirements outlined across a number of instruments including Food Safety Standards, Commonwealth and State based Acts and Regulations and Local Laws. • Frequent changes and updates to food safety laws and compliance requirements (in particular food labelling requirements) and poor communication with food business owners/operators. • Excessive monitoring, record keeping and reporting required to be undertaken by the business owner/operator, often with little direct link to actual food safety outcomes. • Inconsistent interpretation by food safety officers and excessive audits and inspections which regularly result in additional compliance activities for the business owner/operator. • Inconsistency, duplication (applications, forms, licences, reporting and audits) and nonsensical compliance requirements for operators of mobile food vendors. • Introduction of policies and laws in other areas that impact on the operation and profitability of food businesses without adequate consultation and consideration of the impacts (e.g. Queensland Health introduction of food and drink supplied in schools, regular changes to food content and labelling, advertising controls for food).

AREA OF REGULATION	BUSINESS ISSUES AND RECOMMENDATIONS
Property Agents Act	<ul style="list-style-type: none"> • A substantial amount of time is required to ensure compliance with the Act and the real estate industry code of conduct and to remain up-to-date with ongoing changes. • Application and annual renewal of corporate and individual licenses is time consuming, has high paperwork/administration and is costly; License renewals require certified photo identification and proof of identity documents. There is significant duplication across licence classes for principal, business premise, auctioneers and sales agent. • The time and process required for execution of contracts is long and the process complicated; Contracts within the legislation have progressively become too long and complicated such that evidence from the industry is that individuals are now less protected and less aware of their legal responsibilities than before. • The record keeping and storage costs are significant for the industry due to requirement for hard copy and electronic copies of all contracts to be kept for 7 years. • Conflicting advice is often provided by the department, perhaps due to the complexity of the Act; • Trust account audits and lodgement to the department at different times throughout the year is costly. • Ongoing addition of additional forms and processes to sales contract (e.g. sustainability report which is not considered valuable and is rarely given attention by parties to the contract, and the new pool safety certificate which just adds additional cost to the contract process). Industry evidence is that these additional requirements detract from the legal execution of the contract and provide greater opportunity for parties to exit the agreement.
Transport Licences	<p>Guidelines and permits applicable to heavy vehicle use on Queensland roads; undertake routine vehicle inspections and hold Certificate of inspection:</p> <ul style="list-style-type: none"> • High administrative burden (complex forms and approval process) and high application fee cost • Significant delay by department in processing applications results in opportunity costs for operators due to delay in project timeframes • Compliance with National Heavy Vehicle Accreditation Scheme including application, fees and renewal, 5 types of regulated independent vehicle audits plus spot checks incurring audits fees and charges; records management and lodgement to regulator, compliance with scheme standards.
Fire Safety	<ul style="list-style-type: none"> • Extensive reporting and record keeping requirements including development of Fire Safety Management Plan and workplace systems checks/record of staff training and audits. • Impractical requirements outlined in the Fire Safety Guidelines and regulation. • Costly retrofitting of business premises to meet regulatory obligations. • Costly periodic audits of workplaces and ongoing inspections of fire safety equipment by independent auditors/inspectors.
Other	<ul style="list-style-type: none"> • Requirement across all government agencies for witness (Justice of the Peace and/or Commissioner of Declaration) to certify identification for almost every form and application. This represents a significant time and financial cost for business owners and delays application processes (particularly for businesses located in regional/remote areas where access to witnesses is limited). • Acquitting of small grants (audits, reports and paperwork) is significantly costly and burdensome for small business and often is not proportionate to the size of the original grant. This acts as a disincentive for small business to access such grants.

Source: CCIQ Case Studies

5.0 Taking action

CCIQ REGULATORY REFORM AND RED TAPE REDUCTION POLICY

- 5.1 CCIQ recognises that the Federal and State Governments have made considerable efforts to reform regulation over recent decades. However, from a Queensland business community perspective, the reality is that regulation and other government red tape continues to impose increasing burden, cost and complexity.
- 5.2 While being well-intended, the bottom-up approach being followed by the current Queensland Government, focussing predominately on the identification of the duplicative, unnecessary and excessive aspects of regulation has failed to gain traction and not delivered any significant regulatory cost savings that can be seen or felt by business and the community. Dealing with the periphery of regulation proves problematic as it does not recognise the effect of the cumulative compliance burden. When viewed in isolation almost every aspect of regulation can at some point be justified and may not be considered burdensome. However when all regulation, policies and compliance activities are summed together, it creates a regime that is both excessive and costly.
- 5.3 For this reason, a regulatory reform agenda can only be successful if it tackles the cumulative regulatory burden. Achieving significant savings for business, community and government requires a systematic and top-down approach to reducing the total number of regulations and regulatory compliance requirements imposed on business and the community. While simplification may be a component of this, a significant regulatory repeal process and mechanisms to stem the flow and limit the introduction of new regulatory requirements are vital.
- 5.4 Additionally, CCIQ recognises that engaging the business community in consultation activities and sourcing detailed information on how regulation impacts business can be challenging. However to effect meaningful reform, government regulators must fully understand the regulatory environment created across all agencies and all levels of government and how this environment impacts business operations, productivity and profitability. Governments therefore must work with the business community and review regulatory development and review processes to ensure consultation and regulatory costing frameworks reflect the cumulative impact of regulation.
- 5.5 CCIQ wishes to work with the next Queensland Government to improve engagement with business stakeholders and better understand the cumulative regulatory environment. Through the business community, detailed information can be sourced to ensure regulatory cost analysis accurately reflects real business compliance costs. CCIQ can also assist the next Queensland Government to identify red tape ‘hot spot’ areas and target reform priorities to deliver the greatest savings to the business community.

AN ACTION PLAN FOR REDUCING RED TAPE IN QUEENSLAND

- 5.6 Queensland can ill-afford to maintain a high cost of doing business. As the Queensland economy combats global and national economic challenges, the need to cut compliance costs becomes even more urgent and important. The next Queensland Government must put an end to the rhetoric and unrealised commitments and commit to a fast tracked agenda to reduce the existing stock of regulation and improve the efficiency of future regulation to maintain the competitiveness of Queensland business and the economy.
- 5.7 Every Queenslanders will benefit from efficient regulation and reduced red tape in the following ways:
- capacity constraints in our economy will be removed, allowing stronger economic growth and greater investment in our economy;
 - businesses will be growing, employing more people and providing their workforce with improved conditions and wages;
 - government agencies, removed of the burden of implementing regulation, processing reports, forms and paperwork, and collecting fees and taxes, will be able to focus on improved service delivery;
 - there will be more government resources and funds available for important policy areas such as health, education, law enforcement and vital infrastructure; and
 - individuals and households will also have less regulatory restrictions placed on their everyday lives and enjoy lower cost of living pressures flowing from a lower cost business environment.

5.8 In order to bring about consistent, efficient and systemic regulatory change in Queensland the following action plan is required:

GOVERNANCE AND LEADERSHIP (ACCOUNTABILITY)

Establish high level political leadership to a state regulatory reform agenda by appointing a Minister for Regulatory Reform

Effective and sustained regulatory reform requires sustained high-level political support. One way of doing this is to appoint a senior minister with sole responsibility for overseeing the regulatory reform agenda. Those jurisdictions who have enjoyed the most success in reducing red tape have typically given this responsibility to the political leader (such as the Premier).

The minister (or Premier) with responsibility for regulatory reform will act as the primary advocate for red tape reduction, and will hold all ministers and CEO's accountable and work alongside other ministers, who retain responsibility and accountability for the reforms for which they are responsible, to collectively achieve whole-of-government regulatory efficiency.

Demonstrate commitment to the regulatory reform agenda through a binding quantitative target or targets

It is sometimes argued that measuring regulatory burden and setting quantifiable targets for reducing red tape is a futile exercise, due to the difficulty in identifying and measuring tangible and intangible costs incurred by business.

Queensland is one of the few remaining states in Australia who has not yet committed to a target for red tape reduction. Internationally, governments including the UK, Netherlands, Canada and the United States have all established, if not surpassed, targets for reducing regulatory compliance burden.

Regardless of the measure, the process of establishing a baseline and moving forward with a reform program is a critical success factor, without which there can be no true accountability and the Government will fail to deliver red tape reductions that can be seen and felt by business and the community. Regulatory counts should also be available for each new piece of legislation and associated regulation and policy.

REDUCE AND IMPROVE EXISTING RED TAPE (DE-REGULATION AND SIMPLIFICATION)

Undertake industry and business case studies to identify reform priorities

Central to the issue of red tape is the lack of understanding of the real business operating environment and data on business compliance costs available to policy makers to support the identification of opportunities for de-regulation and simplification. A business and industry case study approach which maps out the full regulatory compliance activities and requirements undertaken by business owners/managers on a daily, monthly and/or yearly basis has been identified as the best way to direct reform priorities and ensure any reform agenda delivers results that can be seen and felt by business and the community.

Develop regulatory reform plans (Whole-of-Government and agency specific) linked closely to the quantitative target

All agencies of government will be expected to make an equal contribution to the state reduction target. Agencies will be compelled to develop action plans (with endorsed percentage targets) identifying priority areas and a forward program for simplification and repeal of relevant regulation. Simplification plans will be endorsed by Cabinet and regular reporting against these plans required.

Establish a forward plan and undertake legislative reviews

A forward schedule of targeted priority areas of regulation/portfolio regulatory areas will be developed and made public. Reviews will be undertaken by an independent body tasked with identifying the cost of compliance, outcomes being achieved, opportunities for reform and simplification and available alternatives to regulatory approach. The findings of all reviews should be made available to the public and be binding on the relevant portfolio.

Simplify and streamline essential and necessary regulation to ensure regulatory efficiency

Recognising that some regulation is essential and can deliver positive outcomes for business and the community, every effort should be taken to ensure the regulatory cost and burden is minimised and that regulatory outcomes/objectives are met in the most effective and efficient way possible. Examples may include:

- Basing all regulation on an outcomes focused approach where prescriptive and procedural requirements are reduced/removed allowing business and the community to meet regulatory outcomes taking whatever approach best suits their circumstances;
- Reconsidering and extending frequency of renewals and reporting timeframes for those who demonstrate consistent regulatory compliance, consider also automatic renewals/roll-over of licences;
- Reviewing all paperwork, forms and reporting requirements to ensure only essential information is required, and shifting to automatic pre-filing systems;
- Providing a one-stop-shop for business to access state government and regulatory information;
- A 'scheduled or programmed' approach to the introduction of regulation on a predetermined date (e.g. 1st of January and July) is strongly supported by industry;
- Ensure business friendly guidelines and support material/information is available for all regulation and other statutory instruments and that agency staff have adequate knowledge of regulatory compliance requirements to provide consistent and useful advice; and
- Ensure information on all regulation and regulatory proposals is updated in a timely manner on all public and agency websites.

STEM FLOW OF NEW RED TAPE (SYSTEMIC REFORM)

Adopt a ‘Zero Net Growth’ policy across government

To ensure that the efforts of de-regulation and simplification are not lost as new regulation is proposed in response to emerging public issues, a ‘zero net growth’ or ‘regulatory offset’ approach ensures the role of government in providing public safeguards and protection can be consistent with a significant regulatory reform agenda. It provides for at least one existing burden to be removed or reduced or savings/cost reductions found elsewhere across government (e.g. fees, charges reduced, systems and processes automated) when agencies create a new regulatory burden.

The ‘one in, one out’ approach is already in force in the United Kingdom and Victoria. In its report to the British Prime Minister, the Better Regulation Task Force (BRTF) advised that the British Government should adopt the ‘one in, one out’ approach to regulation, so if ministers want to introduce new laws, they first have to either reschedule and/or abandon other proposals (thus stemming the flow of new regulation), or agree to repeal existing laws (thus reducing the stock of existing regulation).

Ministers and agencies will be compelled to carefully consider the need for new regulations and the impact on small business. Guidelines for considering new regulations that include scrutiny of the need for the regulation, ensuring affected parties are consulted, will be adhered to by all regulatory agencies. Other jurisdictions have implemented a Cabinet “Checklist” approach where ministers must sign-off that proposed regulation and policy is essential and has satisfied the public benefit test, that all other alternatives to regulation have been considered, and costs on business and the community minimised. Ministers will be held accountable against this undertaking.

Improve existing RAS and Consultation processes where full business cost analysis and business consultation protocols for all new policy, regulation and other statutory instruments are mandated

A review of the efficacy of the existing Regulatory Impact (RIS/RAS) processes should be undertaken. A culture currently exists across government where RIS/RAS are used as a means to justify regulation, as opposed to its original intention to validate the need for regulation. Too many exemptions currently exist allowing agencies to avoid undertaking complete regulatory cost and impact assessments. All government legislation, regulation and other statutory instruments which impose costs on business and the community should be subject to impact assessment and be undertaken at the appropriate stage in the policy development process.

A return to the original intent and rigour of regulatory sunset requirements should also occur to ensure existing regulation is only ever rolled over and re-enacted when there is an irrefutable need. It has become common practice in Queensland for sunset clauses to trigger reviews of regulation that result in minor amendments only or have become an opportunity for the agency to increase regulatory requirements. Other jurisdictions have introduced reduced sunset periods (e.g. 5 years rather than traditional 10 year period) and introduced protocols that ensure repeal is the automatic response rather than roll-over.

Government will better consult with the business community before any introduction of regulation and appropriate timeframes are made mandatory for all regulatory and policy proposals. A ‘scheduled or programmed’ approach to the introduction of regulation on a predetermined date (e.g. 1st of January and July) is strongly supported by industry.

REPORT AND MONITOR (TRANSPARENCY)

Measure the regulatory burden and establish a baseline of existing regulation

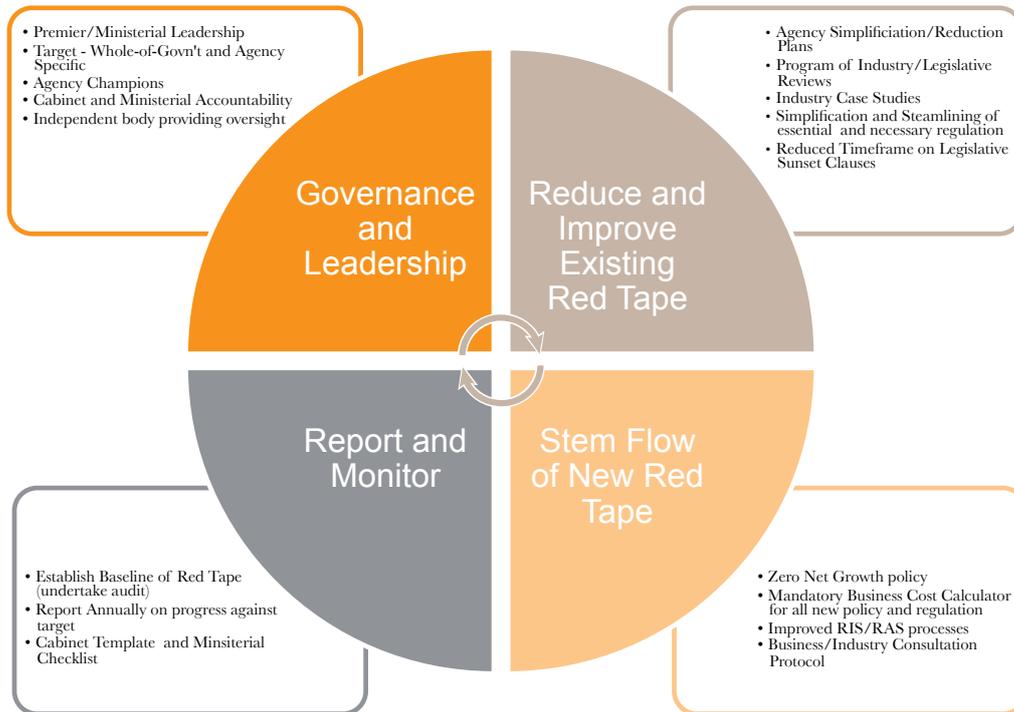
There is no clear and accepted understanding of how much red tape and regulation actually exists in Queensland and how much it costs Queensland businesses and the economy. The Queensland Government itself has not undertaken any review or stocktake of the amount and cost of red tape and to date external and independent reviews have not applied any systematic methodology to establish an authoritative baseline. Accordingly agencies and ministers cannot appreciate the extent of the problem and therefore are not compelled to reform the regulatory environment. Equally there is little accountability for the cumulative effect of new and amended regulation.

The benefits of establishing a baseline measure is that it allows changes in red tape to be tracked over time. It is also an essential requirement for establishing any meaningful and quantifiable target for reducing red tape burden and it increases awareness of the extent of the problem and creates accountability on the behalf of ministers responsible for legislation and other statutory instruments. Additionally, international experience and research has concluded that without first establishing a baseline measure or count, regulatory reform programs and targets will fail to deliver any significant results or outcomes.

Report annually on progress against the target and other regulatory reform measures

Real accountability requires ongoing and regular measurement and reporting. It allows progress to be tracked over time and raises the profile and understanding of costs both for regulators themselves and the community. Best practice recommends quarterly reports to measure progress towards reducing the regulatory burden. Reports should identify progress towards achieving the targets and provide an overview of the activities of all agencies in a consistent template linked to targets and agency plans.

RED TAPE REDUCTION POLICY



Source: Chamber of Commerce and Industry Queensland

“Give the control of running their business back to the owners. There is so much compliance and hurdles to cross that business is choking under the paperwork.”

“The small percentage of the business community that most of the laws and regulations are aimed at really don't give a damn and continue doing the wrong thing while the rest of us suffer.”

“Governments should trust individuals, businesses and organisations to make the right decisions for the community without the extensive regulation and red tape which dictates our business conduct and makes us less flexible and productive. Get us away from the nanny state.”

“All building related regulation adversely affects my business – it affects the demand for our products and generally slows everything down.”

“Pretty soon every business Australia wide will have to employ someone just to keep up with useless government reporting requirements.”

– Queensland Business Operators



“Too many changes constantly across all areas of regulation and not enough time to keep up with it all, let alone focus on building our business.”

“Too many of our laws and regulations are inflexible and restrictive to business practices and innovation – every business is different (thats called being competitive) so not everything can be “boxed” neatly and the more you fall outside the box the more costly compliance becomes.”

“Regulatory Compliance – it covers so many aspects of running our business and employing workers that it has become a detriment to continuing to manufacture in Australia.”

“There is too much paperwork that a business must constantly complete and return to government agencies. Most of this relates to licences and permits – you need a licence for almost every aspect of business these days. Reduce the licences and permits and you would reduce the paperwork and red tape in Queensland.”

– *Queensland Business Operators*

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