

24 October 2011

BRCWG Secretariat  
Deregulation Group  
Department of Finance and Deregulation  
John Gorton Building  
Kind Edward Terrace  
Parkes ACT 2600

Submitted via email: [BRCWGS@finance.gov.au](mailto:BRCWGS@finance.gov.au)

Dear Deregulation Group,

On behalf of the Queensland business community, the Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to provide feedback on the *Future COAG Regulatory Reform Agenda*. CCIQ has long been an advocate of reducing regulatory compliance burdens that increase the cost of running a business and act as a significant barrier to business growth, investment and productivity. Subsequently, CCIQ is strongly supportive of COAG activities that aim to remove inefficient and costly regulation.

#### **Red tape reduction a priority for Queensland businesses**

Red tape is a key issue for the Queensland business community. CCIQ has been actively engaging with all levels of government in this area for a number of years. Our activities have included the release of a Blueprint for Fighting Queensland's Over-Regulation (attached for information), development of case studies on individual businesses to determine cumulative regulatory impacts and costs, and working with government to not only highlight the impact that red tape has on business but to also identify opportunity for reform.

CCIQ acknowledges that governments have made considerable efforts to reform regulation over recent decades. However, from a Queensland business perspective, the reality is that regulation and other government red tape continue to impose increasing burden, cost and complexity. As a case in point, CCIQ has been tracking the increase in regulation since 2009 and found that regulation in Queensland has increased by an average of over 10 per cent per annum. A recent survey undertaken by CCIQ also 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).

These results demonstrate that despite the best intentions, regulatory reform agendas have unfortunately failed to deliver any real reductions in compliance burden in a meaningful way that can be seen and felt by business and the community. CCIQ stresses the importance of the right priorities and activities being addressed under this COAG reform agenda to ensure current regulatory barriers to business growth, investment and productivity are significantly improved or removed moving forward.

#### **Regulatory reform areas and setting of priorities**

CCIQ believes that all regulation is enacted with the best of intentions and that regulation provides a level of protection and benefit to business and the community. However regulatory design and the process of regulation making, when not rigorous or is alternatively influenced by political agendas, often leads to regulation that does not achieve desired outcomes. Regulation often then becomes redundant over time or has unintended and perverse outcomes. It is essential to identify, review and rectify such regulations in order to deliver productivity improvements and enhance the competitiveness of businesses.

The following must be considered when determining the future COAG regulatory reform agenda:

- The adoption of a long term agenda for addressing the cumulative effect of all regulation on businesses would deliver the best outcomes moving forward. Government-wide reduction targets are the only effective means of achieving regulatory efficiency and reducing the cost and burden on business and the community;
- Any reviews and amendments need to deliver quantifiable and significant benefits to business (rather than small scale tinkering around the edges or limited simplification/streamlining effects which usually only increase the burden, complexity and cost for business);
- Harmonisation and streamlining of legislation across jurisdictions is strongly supported due to the positive benefits for businesses who operate across state borders, the creation of an even playing fields across jurisdictions and its contribution towards a seamless national economy;
- However, COAG's regulatory reform program should not just be about streamlining regulation but to reduce the total stock of burdensome laws and regulations;
- COAG should work through the State Governments to improve individual regulatory systems.

CCIQ has undertaken extensive research on key success factors related to significant gains in reducing red tape in Australian jurisdictions and internationally. These success factors include demonstrated political leadership, baseline counting of existing regulatory burdens, targeted reduction objectives and regular public reporting of reductions. CCIQ is supportive of COAG adopting these approaches in their future reform agenda and embracing ambitious initiatives that deliver significant reductions in regulatory burden subsequently increasing business confidence and productivity.

### **Theme 1: Environmental regulation reform**

Queensland businesses often raise concerns about the financial cost and time required to comply with environmental requirements. For example, environmental assessment and approval processes can be drawn out over many years and require extensive time, effort and money by both industry and government to obtain approvals and ensure compliance throughout the duration of a project. Concerns have also been raised about the duplication and overlap between national, state/territory and local government environmental legislation.

CCIQ is also concerned about the implementation of environmental regulations at local, state and federal levels that appear to be developed in isolation. For example, the Queensland Parliament recently passed the *Waste Reduction and Recycling Bill* which is considered inconsistent with other emerging environmental policies such as the carbon pricing mechanism that will also increase the cost of waste sent to landfill. Both of these policy reforms will represent a 200 to 300 per cent increase in waste charges for Queensland businesses from July 2012. Both of these policies will have the same intended outcome and subsequently will result in the duplication of regulation and a doubling up of cost impacts on businesses.

CCIQ strongly supports a COAG environmental regulation reform agenda which focuses on removing duplication and inconsistencies between jurisdictions, subsequently reducing the costs placed on business.

### **Theme 2: Enhanced workforce mobility and participation**

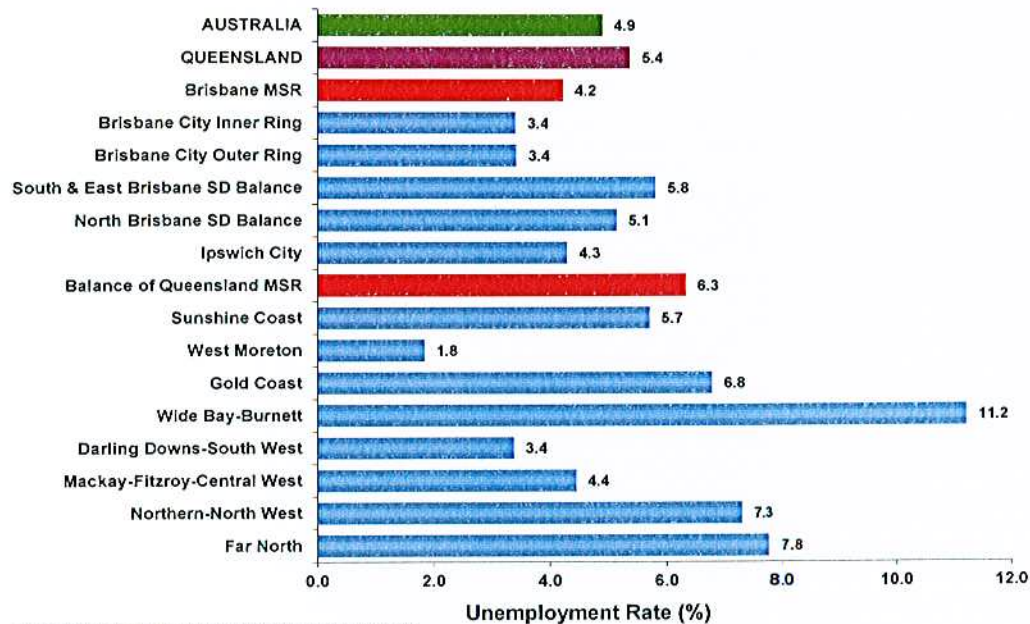
CCIQ recognises that inconsistencies between State and Territory regulatory structures are currently impacting on the mobility of the workforce nationally. Removal of these barriers through reforms to harmonise trade licensing and conduct requirements has the potential to enhance the flexibility of the labour market and increase the responsiveness of the labour force to the relative demand for labour. CCIQ is therefore supportive of COAG reforms to enhance the mobility of the workforce and increase workforce participation.

As recognised in the consultation paper, the national labour market has tightened over the past year, leading to the re-emergence of skills shortages. It is widely acknowledged that these shortages are particularly acute in regions with major resource sector projects. Developing, attracting and retaining a skilled workforce in these regions is a significant challenge, with resource projects, support industries and local businesses competing for local skilled workers. Reducing the barriers to workforce mobility, particularly in trade areas, may assist in reducing artificial wage inflation and alleviating skills shortages in these regions.

In Queensland, poor consumer confidence, reduced revenue and increasing operational costs have progressively eroded business profitability outside of the resources sector, leading to the emergence of a two-speed economy. The patchwork nature of Queensland's economy presents unique challenges, with some regions experiencing

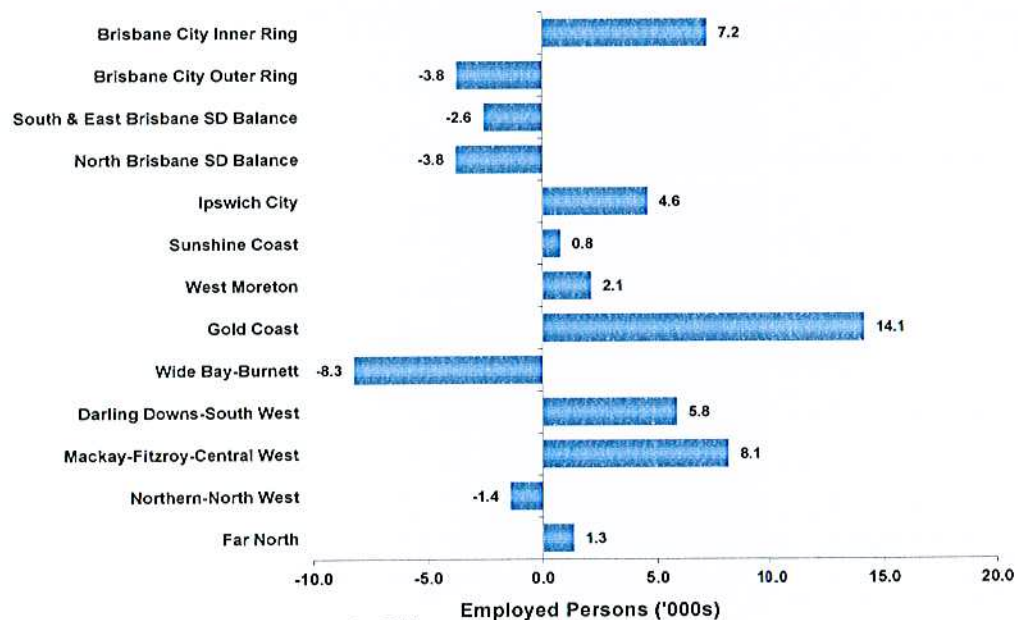
significant skills shortages and tight labour market conditions while others have increased unemployment and high rates of skills underutilisation. The economic inequality among Queensland regions is expected to continue with major coal and liquefied natural gas (LNG) projects in the pipeline.

**Unemployment Rates - Australia, Queensland and Regions\***



\*3 month averaged Labour Force Survey data to Aug 2011

**Employment Growth over Year - Queensland Statistical Regions\***



\*3 month averaged Labour Force Survey data to Aug 2011

Source: Australian Government, SkillsInfo Queensland Labour Force Statistics

Business growth in Queensland has historically been constrained by significant skills and labour shortages. As a result, the business community is acutely aware that the availability of a strong and productive workforce is central to business success and underpins full employment and economic growth. National and state reforms in this area are supported by the Queensland business community.

### Theme 3: Improving sectoral competitiveness

As mentioned above, the patchwork economy in Queensland has created challenges for Queensland, with growth and employment varying significantly between industry sectors and regions. Furthermore, issues such as lower

consumer spending, downturns in international markets, uncertainty over interest rates, rising business costs and the high Australian dollar are having an impact on employment, profitability, sustainability and continued growth. Subsequently, CCIQ is supportive of COAG focusing on regulatory reform targeted at those sectors which may not be benefiting directly from the resources boom by boosting competitiveness through reducing costs and freeing up resources that are currently devoted to regulatory compliance.

Under this reform agenda, CCIQ would support a focus on:

- Assisting SMEs to tender and be involved in government and private industry projects;
- Reforms that reduce compliance and administrative costs for businesses including determining the best way for agencies to share information, subsequently reducing duplicate information requirements for businesses;
- Establishing how all levels of Government can better communicate and consult with businesses when developing new regulations;
- Reducing the duplication of regulation across jurisdictions;
- Reducing the frequency of reporting requirements;
- Establishing reliable and user-friendly electronic and web-based reporting tools.

CCIQ agrees with the point in the discussion paper that improving the competitiveness of industry sectors throughout the economy can also have positive implications for regional and rural communities. This in turn will have positive implications for regional economies, further encouraging more people and businesses to move and invest in regional areas, subsequently having positive impacts on regional unemployment rates. This is an agenda whole-heartedly supported by CCIQ.

#### **Theme 4: Ensuring the benefits of national reform are maintained**

CCIQ is strongly supportive of COAG focusing on ensuring that nationally harmonised reforms are consistently and efficiently implemented and enforced by regulators to ensure the maximum benefits can be achieved by businesses. As a case in point, CCIQ is currently concerned about the nationally harmonised OHS system that was due to commence on the 1 January 2012. Although this system will most likely commence in Queensland on this date, it does not appear that this will be the case in many other jurisdictions, meaning that Queensland businesses operating in other jurisdictions will still be required to comply with inconsistent state regulations come 1 January as well as implementing new requirements in Queensland. This situation defeats the purpose of national harmonisation, and is a situation that CCIQ would like to see avoided in the future.

As part of this agenda item, CCIQ is also supportive of investigating the establishment of a zero net growth in red tape initiative or a 'one in, one out' approach. This will ensure that at least one existing burden is removed or reduced when Governments create a new regulatory burden. For further information, refer to page 14 of the attached Blueprint for Fighting Queensland's Over-Regulation.

#### **Summary**

CCIQ remains committed to working with governments to reduce the regulatory burdens that impact on Queensland businesses and their ability to grow and employ. The Chamber looks forward to working with COAG to implement a program of meaningful regulation reform that delivers real reductions in cost and burden. If you have any questions regarding this correspondence please contact Senior Policy Analyst Leanne Connell on (07) 3842 2237 or email [lconnell@cciq.com.au](mailto:lconnell@cciq.com.au).

Yours Sincerely



Nick Behrens  
General Manager, Advocacy  
Chamber of Commerce and Industry Queensland

Attachment:

1. Blueprint for Fighting Queensland's Over-Regulation: Removing and minimising the cost of regulations to enable business to grow and employ