

# TARGETING RED TAPE: A PRIORITY FOR EVERY QUEENSLANDER

Chamber of Commerce & Industry Queensland



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Red tape is easily one of the most significant ongoing issues for Queensland businesses. There would be very few business owners across Queensland who could not attest to the fact that regulatory compliance – the paperwork, forms, applications, procedures, checks and double checks, signs, reports, audits, permits and licences that they must complete on a daily basis are the bane of their existence.

Inappropriate and inefficient regulation is a major constraint on business growth, productivity and investment and is reducing Queensland's competitiveness at a time when our economy is combating global and economic challenges.

When red tape is so complex, repetitive, and time consuming – when it ties the hands of business owners and their workers – and produces no significant benefit – then it simply adds to the cost of running a business, reduces employment opportunities, increases the cost of goods and services and unnecessarily increases the cost of living. For this reason red tape is not simply an issue for government and business: it should rightly be a key priority for every Queenslander.

CCIQ estimates that the annual cost of state based regulation to the Queensland economy to be over \$7.5 billion, this is a cost which has increased on average by 6% to 8% every year between 2009 and 2012.

CCIQ is resolute in our commitment to improve the overall business operating environment in Queensland and firmly believes that regulatory reform and reduction has a central role in supporting business and economic growth.

Across all levels of government - Federal, State and Local - the aim should be to reduce the amount of unnecessary contact that the business community has with regulatory agencies.

CCIQ believes there are a number of essential elements to any regulatory reform agenda. These include:

1. Establish high level political leadership and public commitment to a reform agenda;
2. Measure the regulatory burden and establish a baseline of existing regulation and commit to a target;
3. Impose constraints on regulators through binding targets to reduce the overall stock and restrict the future growth of regulation by implementing a 'one in, one out' approach;
4. Publicly report regulatory reform measures and progress against the target on a regular, transparent and ongoing basis;
5. Ensure adequate communication and consultation with business and the community; and
6. Improve government customer service by setting "business relevant" targets for outcomes and service quality.

CCIQ would like to see bi-partisan commitment at all levels of government to a Red Tape reduction policy that includes these essential elements to ensure real reductions in the cumulative burden of red tape that can be seen and felt by businesses.

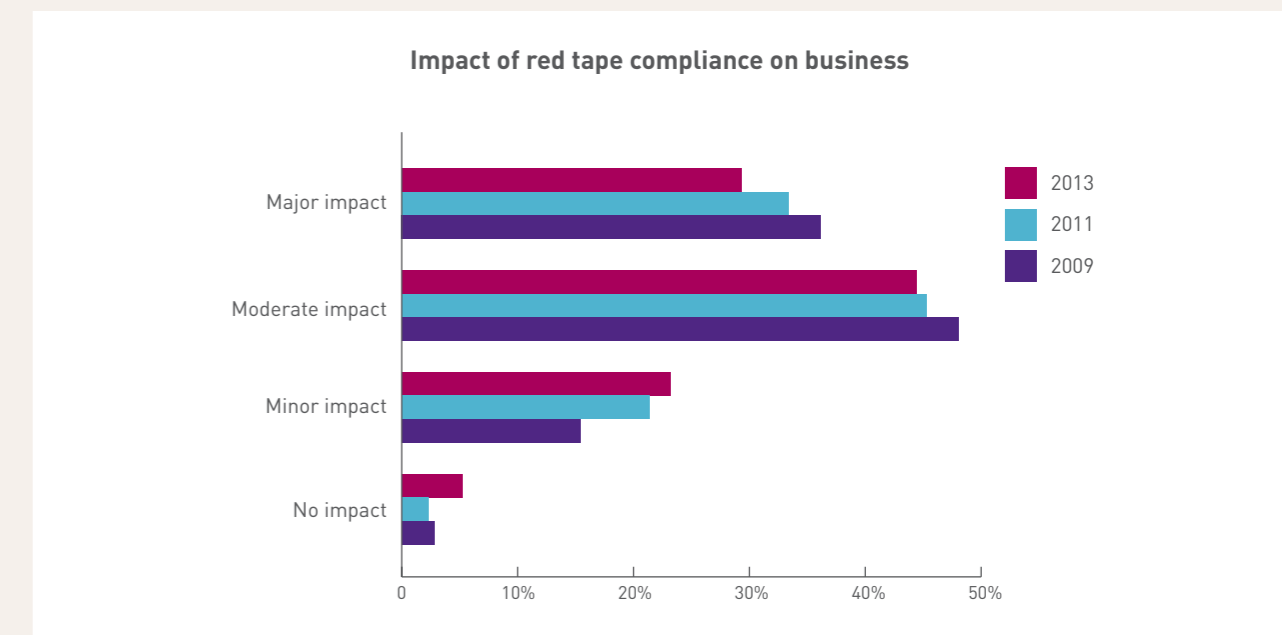
Whilst CCIQ believes that in the long term businesses will benefit most from significant deregulation, we strongly support ongoing efforts of government to streamline and simplify existing regulation in a way that reduces the time and cost of compliance for business owners including:

1. Reviewing existing material to improve the language and way that Government communicates with SMEs.
2. Developing tools to aid SME compliance and which reduce the time of compliance or provide opportunities for voluntary self-regulation.
3. Provision of training and accreditation services to allow business owners to complete their own audits and/or compliance management to reduce the cost of external consultants and allow businesses to schedule compliance at times most suitable to their circumstances.
4. Reviewing the frequency of compliance, renewals and reporting for SMEs with low regulatory risk or history of good compliance.

## 2013 IMPACT OF RED TAPE ON QUEENSLAND BUSINESSES

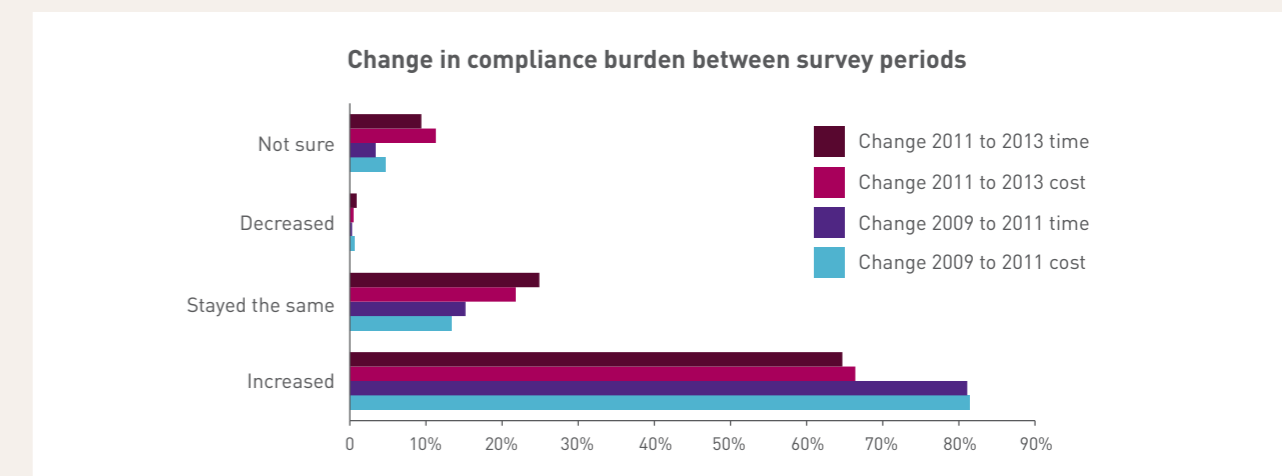
Since 2009 CCIQ has been conducting a biannual Red Tape Baseline Survey to understand the impact of red tape on Queensland businesses and track changes over time in the level, cost and burden of regulatory compliance.

From the survey results it is clear that red tape continues to impede the performance and productivity of Queensland businesses and the economy. 72 per cent of businesses believe Red Tape compliance has a moderate to major impact on their business. Whilst the impact has been slightly moderated it remains at an unsatisfactory level.

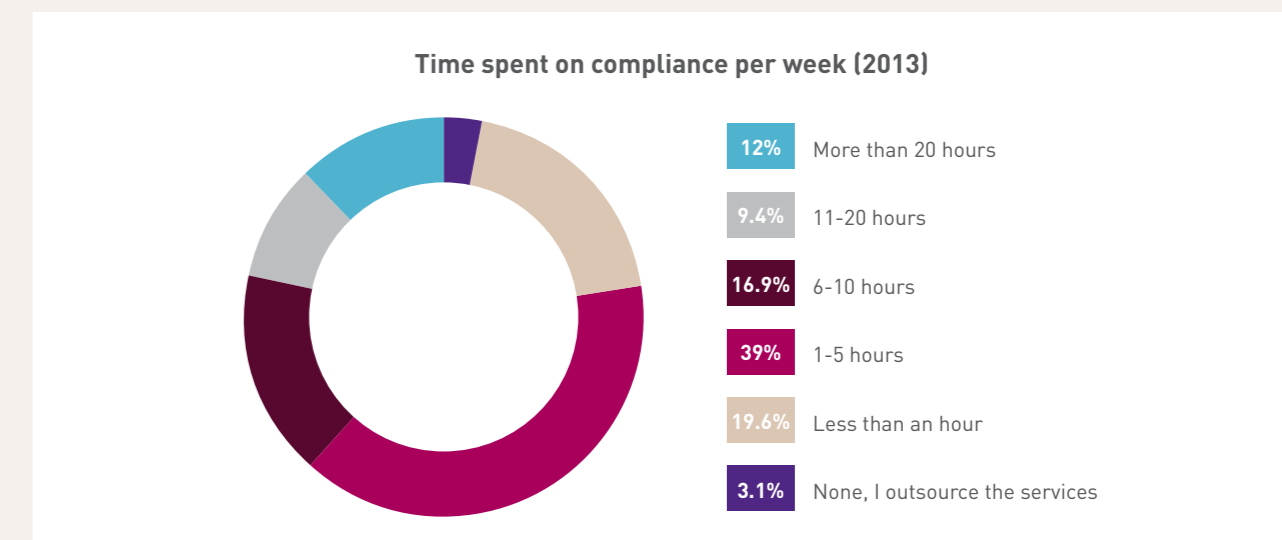


"Independent audits for funding grants is an unnecessary cost, the requirements are more detailed/onerous than ISO9001 causing additional work and duplication to meet compliance" - Survey Respondent, Central Coast, Health and Community Services Industry.

Despite a reduction in the overall impact of red tape as evidenced above there is a strong majority of Queensland businesses who believe that the time (64.7%) and cost (66.4%) associated with red tape compliance has increased over the past two years since 2011. Less than 1 per cent believes red tape compliance has actually decreased.



These results do however point towards a relative plateauing in red tape growth, but also indicate that businesses are not yet sensing a net reduction in red tape. Anecdotally there were suggestions from respondents that as red tape is reduced, more red tape continues to be added or changes made that fills the gap leading to a consistent 'net' overall burden remaining.



In 2013, the majority of Queensland businesses spend between 1 and 5 hours per week on red tape compliance. 38 per cent of businesses spend more than 6 hours a week on compliance.

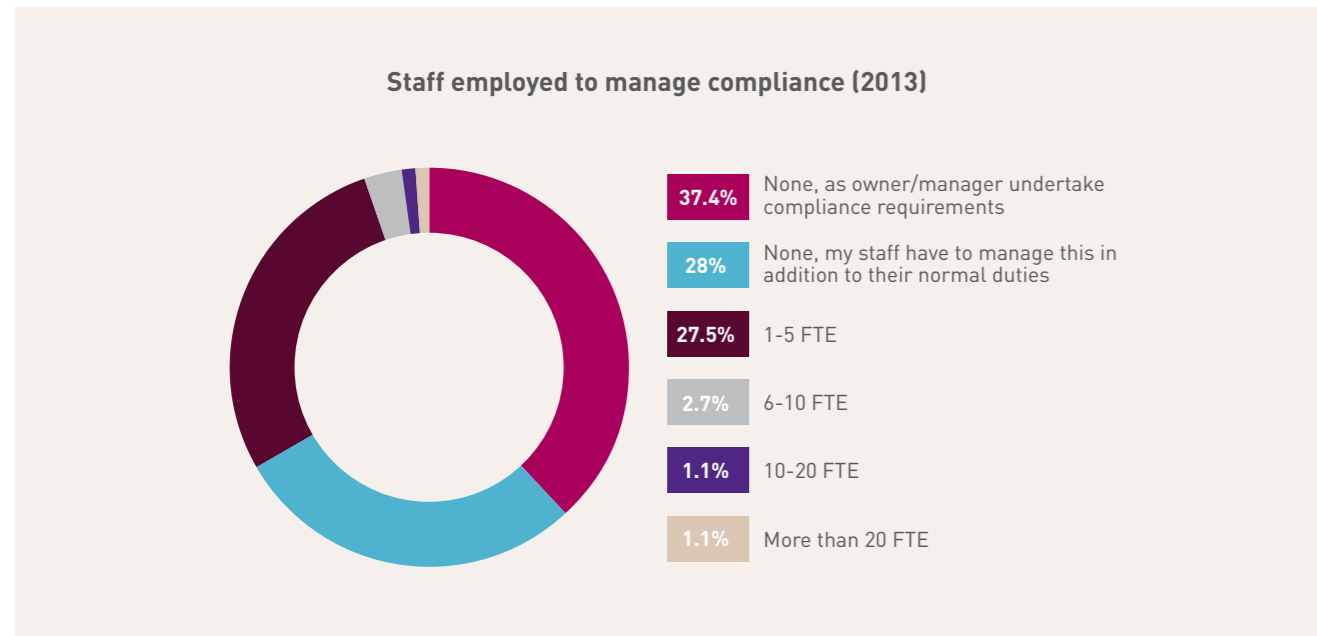
## BUSINESS DEMOGRAPHICS OF SURVEY RESPONDENTS

- Over 550 businesses completed the 2013 red tape survey; there was an even spread of respondents across all regions and industry sectors.
- In 2013 34% of respondents were micro businesses (compared to 22.6% in 2011) which represents a change of 11.5%; 28.7% were small businesses; 22.2% were medium; and 15.1% were large.

Note: The greater number of micro business respondents must be accounted for in some of the results as these businesses are typically less affected by red tape, particularly in the areas of employment, industrial relations, taxation reporting and WHS.

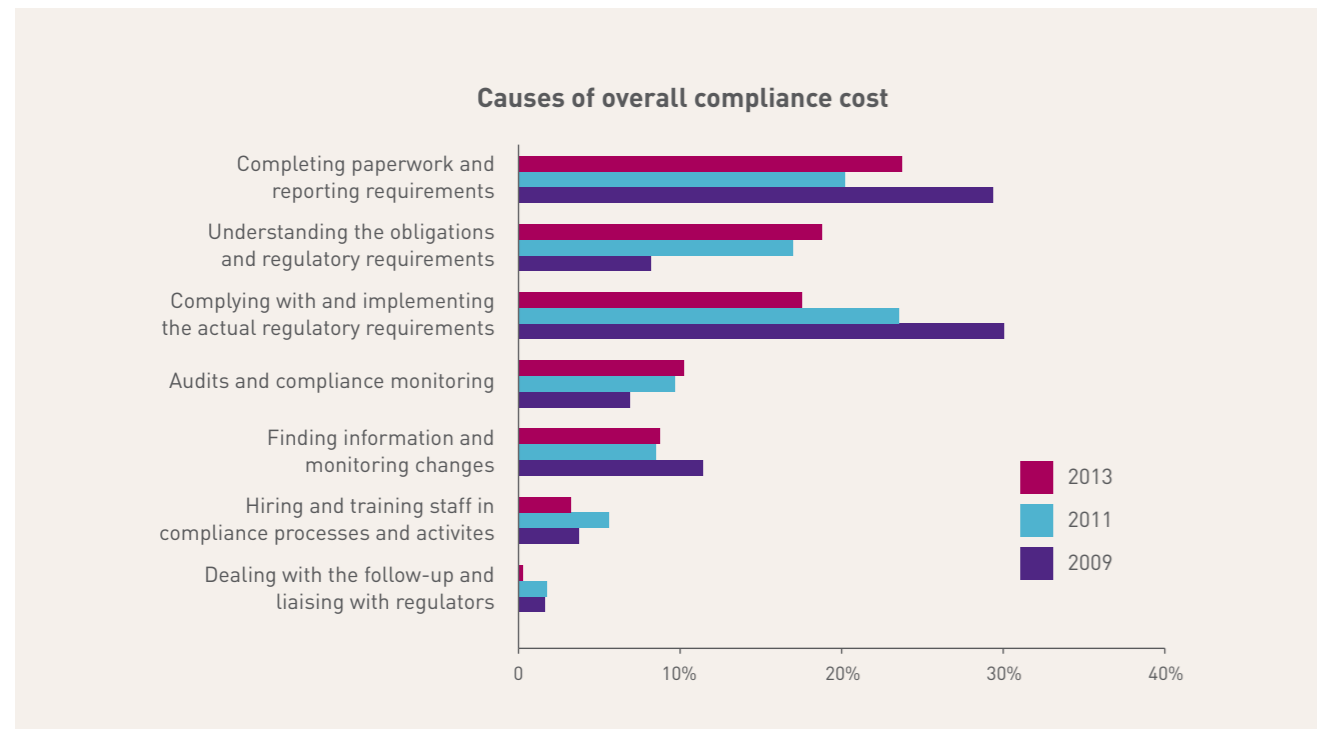
Owners and managers are predominately the ones within a business burdened with the task of managing and completing compliance requirements particularly for small business:

- 37.4 per cent of businesses respondents indicated that they as business owners managed compliance.
- A further 28 per cent of businesses indicated that staff typically had to manage compliance requirements in addition to their normal duties within the business.
- 27.5 per cent of businesses indicated they employed between 1 and 5 additional staff specifically to manage compliance with regulatory requirements and deal with red tape.



In 2013, businesses indicated that completing paperwork and reporting requirements had become the most onerous parts of red tape compliance.

Understanding the obligations and requirements associated with regulation was the second most onerous aspect of red tape compliance. This has steadily increased as a factor since 2009 suggesting that red tape is becoming more complex and/or more frequently changing to place additional burden on businesses struggling to understand compliance requirements.

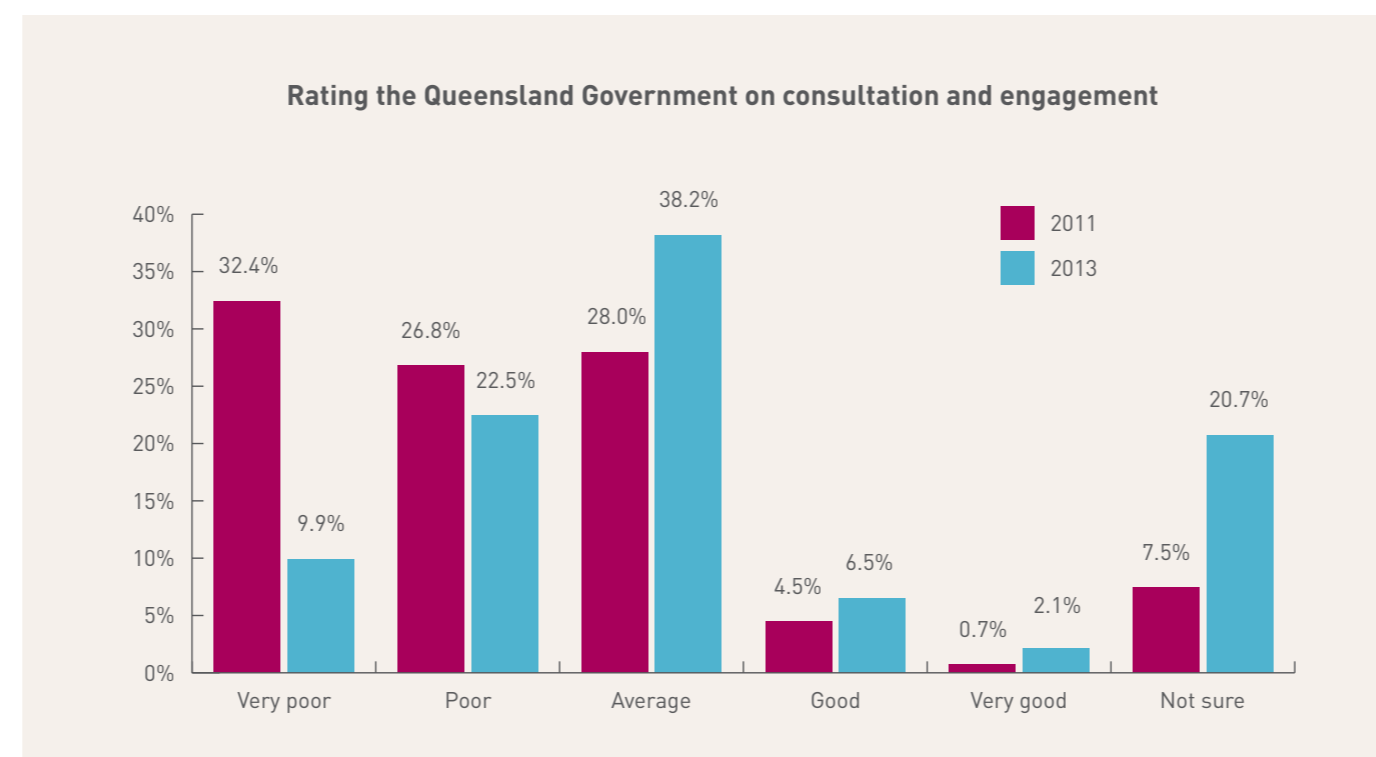
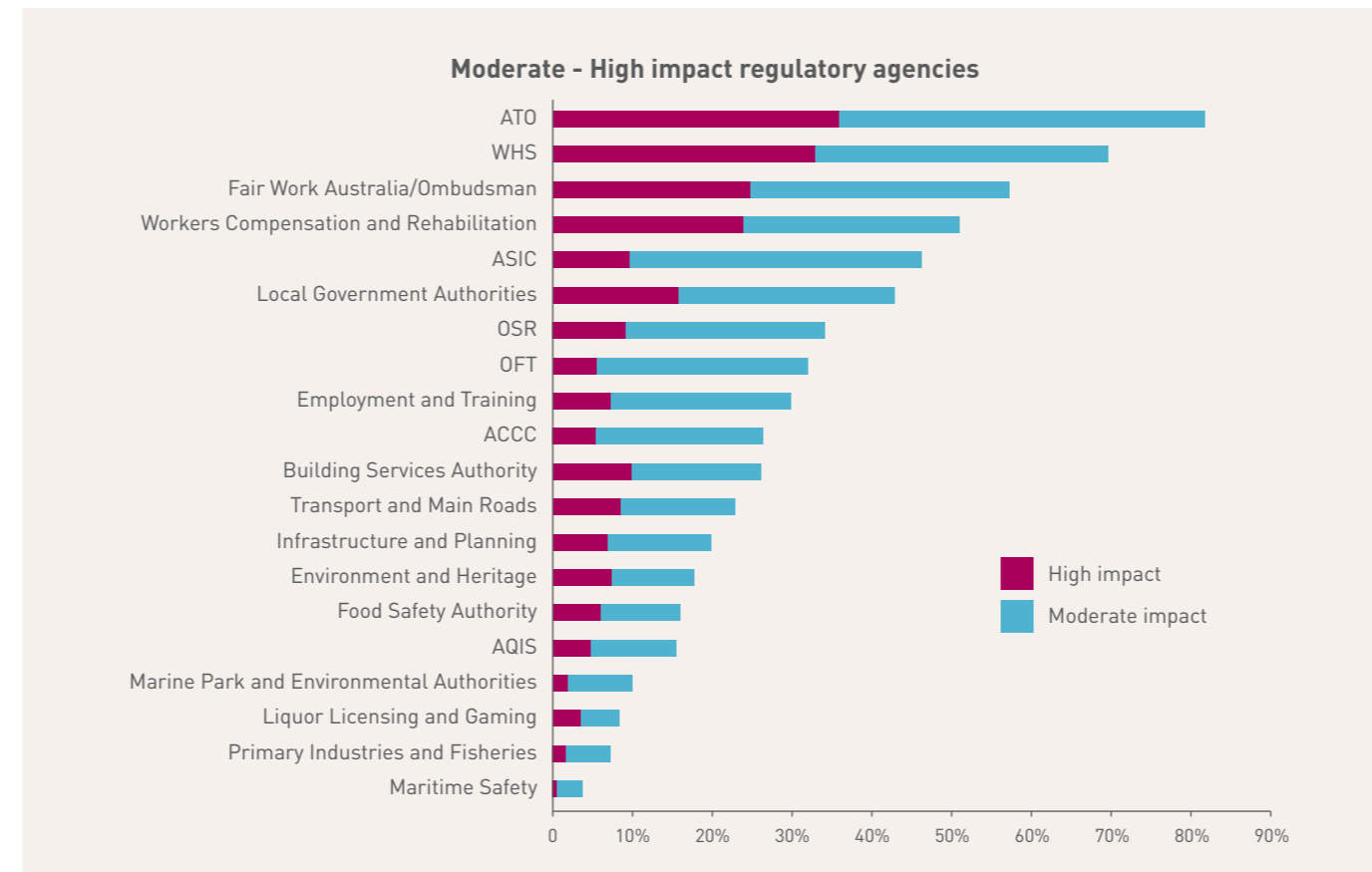


Businesses were asked to rank the impact of regulation associated with various regulatory agencies and levels of government as either low, moderate or high:

- At a federal level the top three agencies impacting business were: the Australian Tax Office (ATO), Fair Work Australia and Fair Work Ombudsman, and Australian Securities and Investment Commission (ASIC)
- At a state level the top agencies/areas of regulation impacting businesses were Workplace Health and Safety (WHS) and the associated Workers Compensation and Rehabilitation Scheme (WorkCover), the Office of State Revenue (OSR) and the Office of Fair Trading.
- Local government authorities ranked in the top ten overall moderate-high impact agencies, ahead of many other remaining State Government agencies.

“The ongoing change to processes. For example, the change by the Department of Transport and Main Roads for a grower to apply for a permit to move agricultural vehicles on a roadway. Now a grower has to provide very specific information each time the grower is seeking to move the vehicle on a roadway; the detail of information to be provided including vehicle specification for vehicles that are 30 years old when such information no longer exists is very onerous” - Survey Respondent, North Queensland, Agriculture Industry.

“Changes to Federal registration of charities (through the ACNC) now means we need to report to state based office of fair trading AND federal ACNC. Double up of reporting” - Survey Respondent, Brisbane, Health and Community Services Industry.



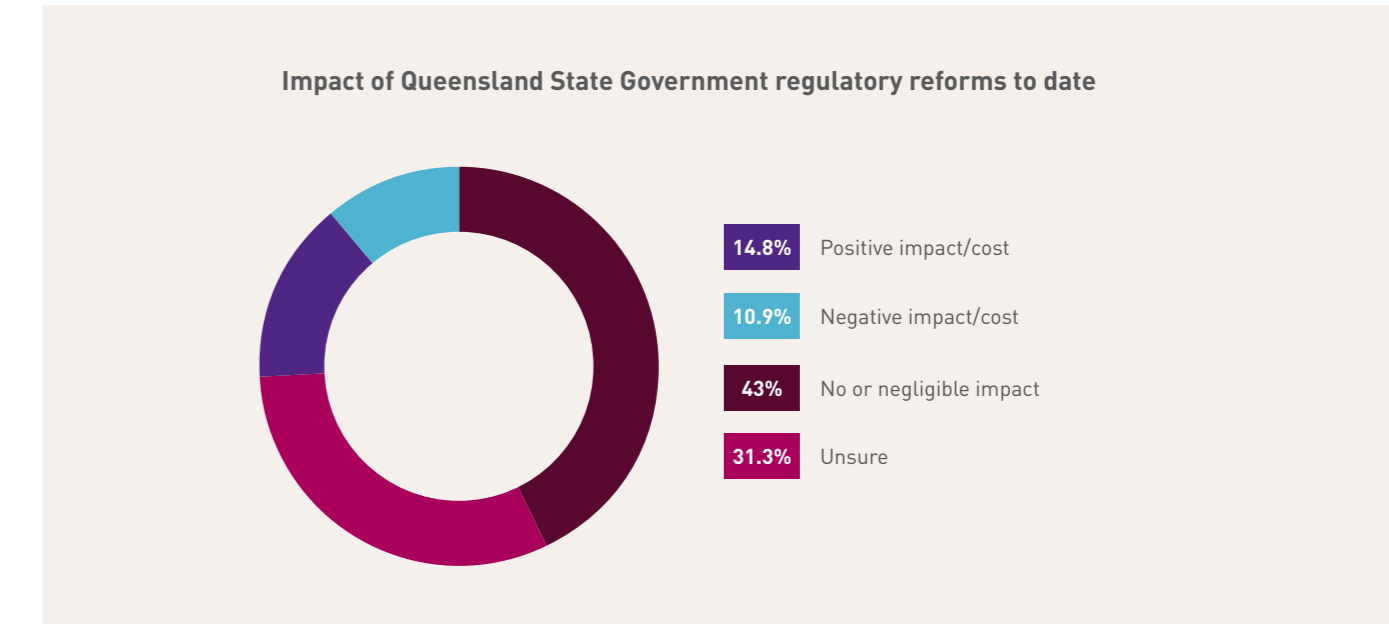
Overall the Queensland government was rated as average in terms of its consultation and engagement practices with the business community. However this is an improvement from the very poor rating given to the State Government in 2011. A third of respondents (32.4%) continue to rate them as poor or very poor suggesting there is ongoing need for improvement. The trend is in the right direction but much more needs to be done.

“The ACCC decisions in relation to the Home Worker’s Code are crazy and will result in a lot more clothing manufacturers closing down. We, like many other manufacturers in our industry, do not use home workers so I do not see why we have to be dragged into the massive amount of additional work they are proposing and pay the annual fees they want to charge. They should just concentrate on those doing the wrong thing and fine them - not penalise those who are complying with the law” - Survey Respondent, Brisbane, Manufacturing Industry.

“Governments address issues by creating more paperwork to ensure compliance. Every time a policy “improves”, more paperwork is required. It is never ending. Reduce paperwork to prove business is complying and we will be headed in the right direction” - Survey Respondent, Gold Coast, Tourism Industry.

“My business is regulated by ASIC rather than Qld Authorities. It now takes an additional 2 hours per client to complete relevant compliance documentation due to the changes to financial services sector” - Survey Respondent, Gold Coast, Finance and Insurance Industry.

## QUEENSLAND REGULATORY REFORM PROGRAM



Since the last survey in 2011, the Queensland Government has committed to a 6 year target to reduce the cost and burden of regulation by 20 per cent.

14.8 per cent of businesses have noticed a positive change or benefit resulting from the Queensland Government’s regulatory reforms, 31.3 per cent have not noticed a benefit, and 43 per cent are unsure or unaware of what reforms have been delivered to date.

Some of the reforms identified by businesses as having a positive impact (or are expected to once fully implemented) include:

- the winding back of the Commercial Waste Levy;
- changes to building standards covering water tanks and hot water installations;
- changes to ERA licences and streamlining of processes for notifiable works under the Green Tape Reduction project;
- simplifying real estate contracts and opportunities arising from the review of PAMDA;
- streamlining property and construction approvals;
- reforms to the licencing arrangements for travel agencies; and
- liquor licencing reforms such as the removal of RMLV registers and reporting.

However businesses did note instances where concurrently with the regulatory reform agenda new or additional regulatory requirements have been introduced which have resulted in additional burden and cost.

### CCIQ RED TAPE CASE STUDIES: WORKING WITH THE STATE GOVERNMENT TO CUT RED TAPE

CCIQ has published 19 Red Tape Case Studies which feature red tape compliance evidence from REAL businesses operating across varied industry sectors and regions of Queensland. The Red Tape Case Studies provide detailed time and cost estimates across every area of small business regulatory compliance to the State Government. In this way they highlight specific examples of unnecessary, duplicative and burdensome red tape, and are intended to directly reform the red tape reduction priorities across all levels of Government.

Full Red Tape Case Study costings and write-up reports are available for download from CCIQ’s Website at [www.cciq.com.au/redtape](http://www.cciq.com.au/redtape)

## SUMMARY

Government must improve the efficiency of regulation, both by removing unnecessary and duplicative areas of compliance and make it easier for business to comply.

Making a commitment is the easy part, previous Governments have committed themselves to addressing this issue, yet the burden has continued to increase.

The challenge for Government is to, with business help, identify potential priority reform spots and deliver reductions that make a real difference to Queensland small and medium businesses.

“Food Safety - retaining a 5 star rating involves enormous amounts of paperwork. I had the training register off site once so I could update it at home and lost a star - it did not matter that the register was actually up to date” - Survey Respondent, Brisbane, Accommodation, Café and Restaurant Industry.

“Requirement for Builders Licence to sell compactus; then requirement for Restricted Electrical licences just to service printers (even for trained printer technicians); Requirement for company to hold an Electrical Contractors licence to run the business servicing printers - the cost of fees and all the reporting is ridiculous when each licence is totally unnecessary” - Survey Respondent, Far North Qld, Retail Industry.