



Submission to

Queensland Competition Authority on

Draft Catalogue of Assistance Measures

and Interim Report

CHAMBER OF COMMERCE AND INDUSTRY QUEENSLAND

18 November 2014

Overview

1. The Chamber of Commerce and Industry Queensland (CCIQ) is the state's peak body for small and medium businesses. CCIQ is pleased to provide feedback to the Queensland Competition Authority (QCA) on the draft catalogue of industry assistance measures and Interim Report.
2. CCIQ maintains a pragmatic view of industry assistance and wishes to reiterate the main themes canvassed in our earlier submission to the QCA issues paper, namely that:
 - fiscally responsible spending and budget repair measures are paramount for Queensland's small and medium business community;
 - the best support government can provide is improving the general business operating environment by driving down costs and removing barriers to business growth, which would reduce the need for industry assistance and allow Queensland businesses to compete within Australia and globally; and
 - if industry assistance is provided, it should help Queensland build a competitive industry structure via measures that are broad-based, rather than backing particular sectors, and market-driven to encourage the private sector to make decisions about investment.
3. CCIQ is generally supportive of the approach as outlined in QCA's Interim Report and the draft catalogue of assistance measures. In terms of the comprehensiveness of the draft catalogue and priorities for evaluation, CCIQ highlights the following for further consideration:
 - funding provided to community and not-for-profit organisations has been excluded, which limits the stocktake of industry assistance measures and bypasses an opportunity to evaluate whether the same objectives could be achieved with less cost;
 - priority should be given to evaluating measures listed as budget outlays, especially those that receive high levels of funding, that are non-transparent, have selective impacts, lack coordination and are out of sync with community expectations; and
 - establishing an independent monitoring and performance evaluation system that will guide an ongoing best practice approach to industry assistance, similar to what is provided via the Office of Best Practice Regulation.
4. Support provided to small and medium businesses in many instances represents a value-for-money proposition as it helps stimulate activity across all sectors, all regions and therefore a vital part of diversifying Queensland's future economic growth. Importantly, CCIQ believes there is an overwhelming case for retaining the payroll tax exemption as it provides positive, widespread benefits and is a much needed measure to address current shortcomings of our taxation system. While inclusion of this measure in the draft catalogue is noted, CCIQ considers it to be of low priority for QCA's evaluation.
5. Other assistance measures of particular interest to small and medium businesses such as small business week, ecoBiz, subsidies for water and energy, tourism marketing, industry development and mentoring for growth, CCIQ acknowledges the need for evaluation. CCIQ

supports consolidated and more efficiently delivered assistance measures. The large number of grant programs should be reduced and funding programs that share similar purposes should be administered by a single agency. Given the current State budgetary pressures, it is vital that any industry assistance measure represent quality spending.

IMPORTANT NOTE TO READERS:

Whilst CCIQ supports the review of many individual assistance measures, that is not to say we advocate for their removal or reduction. CCIQ believes that accountability and transparency are key principles in assistance delivery and periodic review promotes these principles.

Draft catalogue of assistance measures

6. CCIQ supports the structure of the draft catalogue, listing industry assistance measures under the categories of budget outlays, tax concessions, underpricing of assets and services, and regulatory restrictions on competition.

The qualification test and out-of-scope policies

7. CCIQ agrees with QCA's assessment of out-of-scope policies, which excludes natural disaster relief arrangements, general public infrastructure, general government policy development activities and subsidies to households that form part of the general welfare system.
8. CCIQ notes the exclusion of assistance provided or administered by local government in this initial review, but maintains there is a strong case for future evaluation of these measures. In particular, there is a need to review subsidy programs for commercial operations of council which may impact competitive neutrality.
9. CCIQ questions the exclusion of assistance measures to community and not-for-profit organisations as it falls short of a comprehensive stocktake on industry assistance. CCIQ recommends that industry assistance provided through the community and not-for-profit sector be included in the same way that industry assistance through the household sector is considered within scope of the inquiry.
10. CCIQ does not question the merits of assistance provided to the community and not-for-profit sector, but believes there is opportunity to evaluate government engagement with this sector in terms of cost-effectiveness. Collectively, the cost of assistance provided to these groups can be substantial. Moreover, there may be opportunity to achieve efficiency gains in how such assistance is provided through better targeting and consolidation.
11. CCIQ believes the qualification test should focus on the purpose of the assistance, rather than the direct recipient of the assistance. All assistance provided for natural disaster relief and

recovery, health, education, transport and social welfare purposes should be excluded. However, where assistance is provided to the community and not-for-profit sector for other purposes, then this assistance should be captured in the QCA's catalogue of assistance measures.

12. Similarly, CCIQ considers the exclusion of the Royalties for the Regions program as a missed opportunity to evaluate the effectiveness of the program and whether alternative administrative arrangements (e.g. direct payment to local government rather than lengthy application process) could deliver the same objectives at lower cost. Further, the program is economically significant and there is a public interest in disclosure.
13. Where the Queensland Government provides assistance as a co-contributor to Australian government programs, CCIQ considers this constitutes industry assistance and should be evaluated. CCIQ believes there is a case for close scrutiny of measures that interact with Federal Government policies to evaluate the relative roles of each level of government and ensure least cost implementation.

Budget outlays

14. CCIQ considers all the budget outlays listed in the draft catalogue qualify as industry assistance for the purposes of the inquiry.
15. There is a sound policy rationale for VET subsidies to support the development of workforce capability and when combined with proper workforce planning, can help address skills shortages in high growth industries. However, it is prudent to evaluate whether recent changes to extend the subsidy to private registered training organisations are achieving stated objectives.
16. The 10% training policy also has a sound policy basis as it directly supports improvement of the local skills base, employment and training opportunities for the youth as well as provides up-skilling opportunities for existing workers. CCIQ considers this measure to be of low priority for QCA's inquiry and that any evaluation explore ways to streamline compliance requirements.
17. Budget outlays listed in the draft catalogue that relate to drought relief, including subsidies for freight and electricity in drought declared areas, emergency water infrastructure rebate, and carry-on finance, should be evaluated collectively to identify scope for rationalisation. CCIQ notes that drought assistance is not captured under the NDRRA arrangements so State Government action is reasonable.
18. CCIQ believes the following are high priority measures in need evaluation:
 - **Solar Bonus Scheme**, given the resulting impact on energy prices for consumers;

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- **Funding for commercial and residential demand management program**, as the evidence suggests demand-side strategies will not have a material impact on electricity prices and reform of network businesses is the overriding issue;
 - **Subsidies for water and energy supply**, having regard to the operational efficiency of the entity delivering the CSO service and whether the level of funding for the CSO is based on best practice costs, is transparent and subject to performance criteria so government objectives are met;
 - **Research and development funding**, with a view to consolidating these programs;
 - **Tourism and event marketing programs**, to determine the extent of coordination amongst the various organisations involved and if strategies are integrated with local economic development initiatives;
 - **Trade and Investment Queensland**, to assess whether the gains in business opportunities outweigh the relative high costs of these services and to ensure activities do not duplicate investment attraction efforts by the Federal Government;
 - **Funding to the racing industry**, having regard to administrating bodies and procurement practices, especially in terms of capital and operational expenditure on racing facilities;
 - **Screen Queensland**, where the policy rationale for supporting a level of local film and TV projects requires further justification;
 - **Industry and market development programs**, with a view to improving efficiencies through greater private sector involvement; and
 - **Bus, ferry and taxi subsidies**, to assess greater use of competitive tendering and allow the entry of new operators.
19. Assistance designed to support the renewables sector involves the rollout of current high cost technology, resulting in increased energy costs. CCIQ questions the need for State Government involvement and believes any initiatives to support this sector should align with national policy.
20. There are various budget outlays listed in the draft catalogue that relate to research and development. CCIQ considers there should be a rationalisation of funding provided for discrete research areas (e.g. Plantation Hardwood Research Fund and Geothermal Energy Centre of Excellence) that concentrates benefits to a particular industry or group of businesses. CCIQ prefers assistance for applied research that targets universities or Queensland based research organisations (e.g. Accelerate Partnerships) and measures directed at scientific research and innovation as they offer widespread application and would not have otherwise occurred (e.g. health and medical research).
21. Similarly, research funding provided for minimising the risk of psychosocial injury in the workplace is an important part of a broader strategy to encourage best practice strategies for healthy workplaces. The research has widespread application across all industries and contributes to increased productivity through injury prevention.

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22. There is scope to consolidate measures that relate to industry and market development initiatives, namely QMI Solutions, Life Sciences Queensland, BioPharmaceuticals Australia Network, and iLab Technology Incubators. These programs currently fund services that could be readily provided by the private sector. Moreover, these programs provide a similar type of commercial support services, so improving coordination of delivery will help ensure optimal take up by businesses.
 23. CCIQ believes there are other measures that qualify as industry assistance but are currently not listed in the draft catalogue. These include:
 - Great Start Grant for first home buyers, which provides benefit to businesses in the housing industry;
 - funding provided to Regional Development Australia, with a focus on whether alternatives may deliver the same objectives with lower cost;
 - funding provided to Business Enterprise Centres, which offers services that can be readily provided by the private sector;
 - funding to arts and cultural activities, which may directly or indirectly benefit businesses operating in the creative industry sector (e.g. Super Star Fund for performing arts productions); and
 - Queensland Regional Natural Resource Management Investment Program, with a focus on identifying areas of overlap with local government functions and improving efficiencies of delivery.
 24. Overall, there appears to be considerable scope to reform the various budget outlays, especially assistance provided via grants. CCIQ notes that the full costs of many grant programs are not measured. This is because there is an increasing amount of assistance provided both directly and indirectly under complex administration arrangements that do not allow for proper assessment of the costs. There are also substantial variances across government agencies and no consistent basis for assessing both the actual cost associated with delivering the assistance (e.g. budgetary and in-kind) and the implicit costs given the trade-offs with other priority areas.
 25. A proper assessment of costs will also require consideration of the costs incurred by the recipients of assistance. The process of applying for a grant can be costly and then there are the compliance burdens associated with having to enter into complex contracts arrangements and reporting requirements for acquitting grants. CCIQ believes as a general principal, all grant application processes should be simplified with good information dissemination of the assistance measure to ensure optimal take-up.
 26. In addition, CCIQ recommends the QCA give attention to improving the effectiveness of all budget outlays by:
 - consolidating the number of existing measures that share similar objectives;
 - minimising the cost of delivering assistance measures, especially through improved coordination between agencies;

- implementing clear key performance indicators for measuring and benchmarking; and
- removing assistance measures that duplicate programs offered by the Federal Government.

Tax concessions

27. CCIQ agrees that tax concessions qualify for inclusion in the draft catalogue of industry assistance measures. However, QCA's evaluation should highlight the advantages of tax concessions over assistance in the form of direct grants.
28. Tax concessions publicly provided to small business can be accurately estimated on a continual basis, whereas funding provided selectively to organisations are not as discernible. Also the incentives created via tax concessions are generic, apply to many different sectors of the economy and lead to businesses making the investment decisions so the costs of complex application processes are avoided.
29. CCIQ is strongly of the view that payroll tax concessions for small business should be retained as it delivers substantial and widespread benefit to the Queensland small business community (see Table 1).

Table 1

QCA's Prioritisation Test	CCIQ application to payroll tax concessions
Is the measure an established measure that has not recently been evaluated?	Established measure subject to annual audits and reviewed in 2012. The Office of State Revenue conducts annual audits as part of its Investigation Program for payroll tax compliance. Estimate of the benefits was identified as part of analysing the State Government's commitment to lift the payroll tax exemption threshold by \$100,000 over 6 years to \$1.6M by July 2017. The analysis shows lower tax benefits to 20,000 small businesses resulting in the creation of 4000 jobs.
Is the measure subject to a scheduled evaluation under other Queensland Government processes (e.g. Regulatory Impact Statement processes)?	Not applicable.
What is the expected level of economic impact?	Significant positive impacts. This measure has an immediate, positive impact on business activity with value added across all industry sectors and all regions in Queensland. It is also consistent with the State Government's commitment to foster business growth through low taxes.
Inconsistency with sound policy rationales?	No – there is a sound basis for payroll tax concessions. This measure helps address an enduring problem of Australia's tax system. The Henry Tax Review found that payroll tax is highly inefficient and should ultimately be abolished. As a tax on jobs, it distorts labour supply decisions. There is also an equity problem, with small and medium businesses less capable of paying this tax.
Risks of unintended consequences?	Low risk of unintended consequences. The Office of State Revenue has a consistent and transparent process for determining eligibility. There may be some disincentive for employment for businesses that are at the margins of eligibility. However, evidence from small business surveys confirms that employment decisions are based predominantly on levels of business profitability and not the marginal impact of specific tax concessions, such as the payroll tax exemption threshold. Although, CCIQ notes anecdotal evidence that some businesses structure

	themselves to remain under the threshold.
What is the level of assistance being provided?	Level of assistance proportionate to the outcomes. Forgone revenue is estimated at \$1.4 billion. This represents 28% of the total payroll tax revenue of \$4.1 billion in 2013-14.
To what extent is the assistance selective?	Low level of selectivity. The payroll tax exemption threshold is currently set at \$1.1million in wages. This is intended to remove small businesses. SMEs represent 96% of all Queensland businesses so the measure has widespread application.
To what extent is there scope for the measure to distort capital investment?	Minimal risk of distorting capital investment. Small business capital investment decisions are driven largely by profitability, which in turn depends on consistently high business confidence indicators.
What is the complexity of the issues involved?	High degree of complexity. The need for a small business payroll tax exemption is straightforward, as is the delivery of the exemption. However, the issues relating to taxation and competitive federalism are extremely complex. So long as payroll tax exists, concessions for small business will be necessary.
Are the appropriate data available (or can they be developed at a reasonable cost)	Data is readily available from Office of State Revenue.

30. There remains a compelling case for maintaining the payroll tax exemptions in the absence of reforms to taxation and Australia's federalism. The Federal Government's white paper on taxation will afford appropriate opportunity to consider the taxation system as a whole and identify areas most in need of reform, including the State's heavy reliance on inefficient payroll tax. Likewise, the white paper on federalism will provide opportunity to correct the vertical fiscal imbalance between the Commonwealth and the States. Until these reforms occur, it is premature to consider any change to existing payroll tax exemptions in Queensland.
31. The evaluation of tax concessions should also consider the situation in other jurisdictions. Assistance that is offered by other State Governments (e.g. payroll tax, land tax and duty exemption thresholds for small business) is relevant to Queensland's competitiveness. Such measures are necessary to ensure Queensland remains competitive by stimulating economic growth, which in turn can help return the budget to surplus and pay down accumulated debt. CCIQ is a strong proponent of competitive federalism in respect to state tax arrangements for all businesses. There is no question that Queensland has attracted and retained business investment as a result of having more competitive tax settings than other states.
32. CCIQ notes that tax concessions used as an incentive for major businesses to relocate to Queensland are not captured in the draft catalogue. Notwithstanding challenges of commercial-in-confidence information, CCIQ believes there is public interest in disclosing such forms of assistance and determining the extent to which they actually incentivise investment decisions. CCIQ's engagement with the Queensland business community shows that business location decisions are influenced most by workforce capability and skills, quality of and access to infrastructure and the general market conditions, as opposed to specific tax holidays.

Underpricing of assets and services

33. CCIQ agrees that all measures listed in the draft catalogue as underpricing of assets and services qualify as industry assistance.
34. A number of these measures are based on sound policy rationale, notable biosecurity response and recovery and abandoned mines land program, which necessitates government involvement to ensure the health and safety of the broader community.
35. Similarly, there is an appropriate role for government in the Injury Prevention and Management Program, which encourages best practice strategies for healthy and safe workplaces, thereby contributing to productivity. Wellness strategies can also be integrated, enabling the workplace to promote healthier behaviour and lifestyle changes. As widespread benefits, CCIQ considers this measure to be of low priority for QCA's inquiry.
36. CCIQ considers the following measures to be of high priority for QCA's evaluation:
 - **Regulated service charges** that provide concessions to energy retailers, with a focus on improving the transparency of this concession and ascertaining whether benefits are passed on to consumers;
 - **Partners in digital productivity, Queensland ICT directory and partners in technology program**, as there is potential for greater private sector involvement in the delivery of all these measures;
 - **ICN Gateway initiatives, business matching, supplier sessions and tendering workshops**, as these have been historically geared toward larger businesses and the usefulness to small and medium businesses is not yet evident (CCIQ supports the concept but review of its delivery is vitally needed);
 - **Mentoring for growth**, as this service can be readily provided by the private sector and there is no valid reason for government involvement;
 - **Underpricing of port land leases**, with a focus on assessing whether the arrangements that apply to the sugar industry disadvantage other industries from accessing port facilities; and
 - **Heritage and scenic railway routes**, as the benefits are confined to a limited number of tourist operators and there is insufficient evidence demonstrating wider positive impact.
37. CCIQ agrees with QCA's exclusion of Economic Development Queensland and State Development Areas from the draft catalogue, as these relate to facilitating general infrastructure and streamlining declared areas for planning purposes. However, where such services are specific to a particular project, this should be included in the catalogue. Accordingly, CCIQ believes the following measures qualify as industry assistance:
 - incentives to major projects such as discounted royalties for greenfield resource developments, preferential access to infrastructure and co-funding infrastructure;
 - tax holidays or establishment grants to major businesses for relocating in Queensland; and
 - facilitation services to accelerate major project approvals.

Public procurement

38. The draft catalogue lists two public procurement policies that may qualify as providing industry assistance – the Charter for Local Content and the ICT SME Participation Scheme.
39. There is a legitimate role for government in supporting local business capacity to participate in major project supply chains, but the use of specific target for local content is not effective. Accordingly, CCIQ supports the approach in the recently revised Charter for Local Content that provides for full, fair and reasonable access but does not mandate use of local suppliers in government procurement. While there is potential for the Charter of Local Content to qualify as industry assistance, CCIQ considers this is not currently of concern because supply offers are subject to value-for-money principles and the policy does not seek to restrict interstate or overseas suppliers.
40. CCIQ considers there is a sound policy basis for the ICT SME participation scheme, given ICT improves innovation capability and is an enabler of productivity. Both ICT and SMEs are highly integrated with all Queensland industry sectors so there is potential for widespread, positive spillovers. The policy sets out standards for the process of engaging with SMEs not the final procurement result. In this way, government ICT procurement procedures still allow for a wide range of potential suppliers to achieve value-for-money outcomes.
41. The inquiry should give attention to specific initiatives (e.g. **ICN Gateway, business matching, supply chain awareness sessions and tendering workshops**) to determine their cost-effectiveness. CCIQ questions the usefulness of many of the existing measures given the consistent feedback from Queensland small businesses about the lack of awareness of supply opportunities. Small businesses have also raised concern about the difficult procurement practices in contracting for major procurement activities, with the application documentation extremely complex and requiring too much time with inconsistent outcomes. Conceptually, these initiatives are very much supported but the execution has delivered poor outcomes for the taxpayers of Queensland.
42. CCIQ suggests as part of the performance assessment, the QCA consider alternative government policies that would facilitate clustering, joint venture and other collaborative arrangements amongst local businesses to satisfy tender requirements. Policies also need to increase transparency of the selection process. Initiatives such as ICN have historically been geared towards larger businesses and greater focus is needed on identifying smaller-scale commercial and industrial contracts for local businesses. There is opportunity for local chambers of commerce to assist with identifying qualified businesses and facilitating engagement between tender managers and local business owners.

Regulatory restrictions on competition

43. The draft catalogue lists legislation that provides assistance to industry by restricting or limiting competition. The legislation identified is quite exhaustive and it is difficult to ascertain from the list alone, which aspects under each piece of legislation qualify as industry assistance.
44. From a small and medium business perspective, the following regulatory provisions are of particular interest:
 - Pharmacy Business Ownership Act 2001, where only a pharmacist can own a pharmacy;
 - Liquor Act 1992, where only hotel licence holders can operate a bottle shop;
 - Retail Shop Leases Act 1994, to assess if there is an appropriate balance between flexible use of retail space and provisions relating to rental determination, minimum lease terms and new lease arrangements to safeguard against potential unconscionable conduct from lessors;
 - Trading (Allowable Hours) Act 1990, with a view to reducing the red tape burden and improving the consistency of the regulatory provisions to better support small business interests;
 - Occupational Licensing National Law (Queensland) Act 2010, focusing on labour cost implications and assessing alternatives such as certification of occupations with potential to improve equity of access;
 - Local Government Act, with a focus on commercial business arrangements of council that may impact competitive neutrality; and
 - Marine Parks Act 2004, where small commercial fishing operators are disadvantaged through the declaration of marine parks.
45. CCIQ highlights the need for small and medium business interests to be front and centre of any evaluation of assistance in the form of regulatory restrictions to competition. The key issues for small and medium businesses are to do with the relative trading advantages between businesses of varying size and the overall compliance burden of regulation on businesses. CCIQ considers the evaluation of regulatory restrictions is best undertaken as part of the current review of Australia's competition policy. Accordingly, CCIQ has provided a separate submission to the Harper Competition Policy Review Panel.
46. For the purposes of this inquiry, the QCA's assessment of Queensland Government regulatory restrictions should focus on how it affords advantages to a particular industry relative to another industry. For example, State planning restrictions affect interactions between agriculture and mining, restrictions on imported fresh produce can drive up input costs in the hospitality industry, and restrictions on information flows can influence how the insurance industry responds to market circumstances.
47. Given the challenges of measuring the degree of industry assistance inherent in such regulatory restrictions, CCIQ suggests the inquiry give greater attention to quantifying assistance in the form of government grants and subsidies as well as underpricing of government-owned assets and services.

Performance assessment framework

48. CCIQ considers the performance assessment framework set out in QCA's Interim Report is appropriate. More specifically, CCIQ agrees that industry assistance can help Queensland's competitiveness when it is based on sound policy rationale for government intervention, achieves intended outcomes in a cost effective manner, satisfies a net benefit test and delivers a greater net benefit than feasible alternatives.
49. CCIQ believes that industry assistance measures most in need of evaluation are those that have targeted impacts and are non-transparent. Accordingly, the prioritisation test to determine low- medium or high-priority categories for evaluation, should include the following additional questions:
 - is the assistance measure transparent with widespread impacts;
 - to what extent is the assistance measure provided in an integrated and coordinated manner; and
 - does the assistance measure align with community expectations in the national context.
50. The benefit of any industry assistance should be measured based on how it effects the level and nature of economic activity (e.g. in terms of jobs, investment and exports), how it contributes to productivity growth (e.g. technology development, product innovation, and process improvements) and the degree of participation from Queensland recipients. **To provide high level of benefit, an industry assistance measure would need to increase economic activity, improve productivity and demonstrate existence of widespread benefits over and above the costs to implement and the opportunity cost of alternative approaches.**
51. Other relevant considerations include:
 - distributional impacts and whether the outcomes are equitable;
 - whether the benefits are immediate or realised over a longer timeframe; and
 - whether the benefit is uncontroversial with a low level of concern from the community.
52. As all industry assistance is delivered in the context of multiple, interconnected policy issues, some consideration should be given to how the measure aligns with community expectations and what may be provided in other States. The circumstances relevant to Queensland should also influence the evaluation.

Monitoring and performance evaluation

53. While there are no specific recommendations on a monitoring and evaluations system, QCA's Interim Report indicates that it is likely to incorporate elements of the qualification test, prioritisation test and the performance assessment framework. CCIQ supports this approach.

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54. CCIQ believes all new assistance measures be assessed by the QCA using the performance evaluation framework, with the assessment having regard to the complexity of the assistance, the level of funding involved and the anticipated extent of community concern about the outcomes.
 55. There is currently a lack of independent analysis of assistance measures, with evaluation typically undertaken by the agency administering the program. This compromises the ability to make objective decisions on reducing the level of assistance or ceasing the measure altogether given historical resource allocations.
 56. CCIQ would also support the QCA having responsibility for ongoing monitoring and reporting on all current State Government industry assistance. CCIQ suggests establishing a best practice approach for industry assistance, similar to what is provided via the Office of Best Practice Regulation. This would embed a discipline within Queensland Government Departments to have to justify any new industry assistance and also establish a formal process for ongoing review of existing assistance. A timetable for monitoring and reporting should be established, with the outcomes of industry assistance reviews made publicly available.
 57. There is scope to advance the Queensland Governments Grants portal so it is a more useful, single point of reference for all industry assistance. This could help reduce search costs for potential recipients but also help with a gradual move toward standardised application processes with common templates and consistent contract management arrangements for grant funding. CCIQ also suggests setting up key performance indicators and using benchmarking across States, programs and over time.

Conclusion

58. The Queensland Government should continue to seek opportunities to improve delivery of industry assistance in the least cost manner, consistent with our calls for responsible fiscal management of the State budget.
59. Where government assistance is provided, it should aim to create widespread benefit that underpins a competitive industry structure in Queensland. For this to occur, the assistance must provide a common good, rather than favour one industry above others or a particular region over other areas of the State. CCIQ reiterates that the payroll tax, land tax and duty exemption thresholds for small business, subsidies for the VET sector that are contestable, and health and medical research are examples of assistance measures that provide widespread, positive spillovers.
60. There remains a fundamental dichotomy between assistance based on sound concepts on the one hand and poor execution of that assistance measure on the other, which compromises the efficiency and effectiveness of outcomes. CCIQ highlights the sound rationale for local content

policy yet the limitations of the ICN Gateway in delivering this initiative, which has not achieved the desired outcomes for small and medium businesses in Queensland.

61. CCIQ supports action to reduce the overall number of assistance measures to improve implementation efficiencies. The savings could then be redirected toward promoting a competitive business operating environment through lower taxes, improved labour market flexibility and less red tape.