

Cairns Regional Council Meeting: State Policy Issues Update – 18 April 2008

1.0 Industry Policy

Meeting with Treasurer Andrew Fraser

Commerce Queensland's Policy Council met with the Treasurer on the 1st April 2008 to discuss a number of issues including: Performance of the Queensland Economy; Competitiveness of the Queensland Economy; Infrastructure; Red Tape; COAG; A mid year business breakfast; Efficiency of State Government; Pulse Survey results; Local Government; State Government purchasing policy; Planning issues; State's health system; Commonwealth Government Funding; Federalism; Interest rates; State's education system; Funding for not for profit organisations delivering services to the State Government; and Public private partnerships

Pulse Survey – March Quarter 2008

The Pulse Survey is currently underway with the Hot Topic investigating the impact of an increase in the minimum rates of pay and the impact that the current global market turmoil has had on business confidence and business operations. Initial results indicate a further deterioration in business confidence as measured by the 12 month outlook for both the National and Queensland economies. Expectations for a deterioration in general business conditions, total sales revenue, profitability and investment have been realised in the March Quarter 2008. In terms of constraints on business growth interest rates has jumped from number 10 in the September quarter to number 2 in the March quarter and the level of demand and economic activity has jumped from 13 to 6.

Reserve Bank of Australia

The Reserve Bank of Australia left the cash rate unchanged last week at 7.25 percent. Indications are that interest rates will continue to be on-hold for some time unless inflation forecasts are revised upwards over the coming months. Inflation is expected to rise on an annual basis through the March quarter before subsiding over 2009 according to RBA forecasts.

CoAG Meeting

On Wednesday 26 March the Council of Australian Government's (CoAG) met in Adelaide. The meeting announced reforms in Health, Water and regulation. CoAG's announcement of an accelerated reform agenda for reducing the costs of regulation and enhancing productivity and workforce mobility in areas of shared Commonwealth and State responsibility is encouraging and include:

- 27 areas of regulatory reform including an Intergovernmental Agreement by May 2008 to harmonise occupational health and safety laws, closely examining the scope for a reduced implementation timetable at its meeting in July 2008;
- 12 further regulatory reforms including trade measurement, environmental assessment and approval processes, rail safety regulation, product safety, trade licensing, further payroll tax harmonisation and institutional lending arrangements;
- nine areas - standard business reporting, food regulation, mine safety, electronic conveyancing, upstream petroleum (oil and gas) regulation, maritime safety, wine labelling, directors' liabilities and financial service delivery; and
- a new financial framework will result in a significant rationalisation of Special Purpose Payments (SPPs), primarily through combining many into a smaller number of new national SPP agreements, without a reduction in total Commonwealth funding for these activities. This reform will see a reduction from the current 92 SPPs to five or six new national agreements for delivery of core government services – health, affordable housing, early childhood and schools, vocational education and training, and disability services.

Local Government Elections

Each Regional Chair has written to all new Mayors within their region highlighting that Local Government has an essential role to play in fostering economic growth and sustainability within their Shire. More specifically the correspondence encouraged Local Council to:

- Work with Business to shape their Shire's economic and social environments in a way which promotes business growth and community prosperity;
- Ensure that the council's finances are managed in a fiscally responsible manner;



- Seek consistency and the removal of unnecessary business regulation;
- Ensure that charges imposed are competitive;
- Ensure that the range and level of services meets reasonable community expectations at a cost consistent with best practice; and
- Encourage practices which enhance the transparency and accountability of its decision making.

Sale of Airports to fund Hospital Upgrades

The State Government has announced the sale of Cairns, Mt Isa, Mackay and Brisbane Airports to fund hospital upgrades in each of those regions. The positive aspect of this initiative is that that privatising a Government asset is consistent with general CCI policy on a greater role of the private sector in the delivery of traditionally run Government services and infrastructure. Another positive is that the proceeds of the sale are being reinvested in infrastructure within the regional area and not returned to consolidated revenue that could in turn be used on recurrent expenditure or elsewhere. This would be very dangerous as the State would be running down current infrastructure to fund the cost of providing government services. However one could certainly argue that what is proposed for each Hospital is not really a new asset but simply the upgrade of a run down piece of infrastructure. Accordingly it borders on being defined as recurrent expenditure. Negatives include that the airports have been providing a steady and growing stream of income to the State Government that will now be lost. For example dividends from Public Non-financial corporations and public financial corporations increased by 23.3% in 2007-08 and accounts for 2.8% of total General Government revenue. There are alternative options for funding of the Hospital Upgrade. With Queensland's public debt at manageable levels there is opportunity for the use of debt financing for key infrastructure investment projects that generate long-term benefits for the State. Commerce Queensland however continues to support the notion of running a budget surplus over the course of the economic cycle.

Protection of Extractive Resources

The State Government has adopted the State Planning Policy 2/07: Protection of Extractive Resources (the Policy) under the *Integrated Planning Act 1997* (IPA). The Policy seeks to maintain the long-term availability of major extractive resources by protecting these resources and their main transport routes from incompatible land uses. This is achieved through local government planning schemes and assessment of development located near extractive resources. The Policy does not affect the right to build a principal residence or to extend a house wholly or partly within the Separation Area as long as the development is consistent with the local planning scheme. However, development that increases residential densities or increases the number of lots that have a residential component within the separation area is not allowed. Under the Act a person is not entitled to be paid compensation if their interest in land is affected by a statutory instrument such as a State Planning Policy. There are also no legal mechanisms to force quarry companies to purchase such properties but companies may choose to do so. Commerce Queensland is concerned over the lack of equity for affected land owners. We are currently assessing the extent to which businesses are affected. If considered appropriate we will forward correspondence recommending either reducing the size of the zone in certain instances and / or making compensation available. It is important to highlight that the intent of the zones is actually business friendly.

Harmonisation of Payroll Tax Arrangements

Queensland will harmonise key aspects of its pay-roll tax system with New South Wales and Victoria from 1 July 2008, in order to deliver reduced compliance costs and cut red tape for Queensland businesses. Queensland's pay-roll tax harmonisation changes include: reducing pay-roll tax liability through a number of new exemptions including maternity and adoption leave; reducing pay-roll tax liability for business through increased motor vehicle and accommodation allowances by aligning with ATO rates; and aligning Queensland's grouping provisions, contractor provisions, employment agent provisions and employee share schemes with New South Wales and Victoria.

2.0 Workplace Relations

Australian Fair Pay Commission hearing

Commerce Queensland met with the Australian Fair Pay Commission on the 15th April 2008 to express its views on what the Commission should consider within the parameters of its 2008 minimum wage review. Commerce Queensland emphasised its support for the ACCI Submission to the process. Commerce Queensland presented a detailed overview of the deterioration in the Queensland economy. The Chamber additionally presented the evidence from the Pulse Survey Hot Topic question on business views (comfort zone) of an acceptable level of increase to the minimum rates of pay.



Paid Parental Leave Inquiry

Supporting issues papers have now been released for the Productivity Commission inquiry into paid parental leave. The timetable for the inquiry is as follows:

- Release of Issues paper April 2008
- Initial public hearings May 2008
- Initial submissions due 2 June 2008
- Release of Draft Report September 2008
- Public hearings for Draft Report November 2008
- Final Report 28 February 2009

Workplace Relations Transition Act

On Friday 27 March, the Workplace Relations Amendment (Transition to Forward with Fairness) Act 2008 commenced. The Workplace Authority will administer the new no-disadvantage test, and it is anticipated that it will soon release its policy guide on agreement making for certified agreements and ITEAs. As a result of the Transition Act, employers had until midnight, Thursday 26 March to make an AWA (signed and witnessed) and within 14 days (11 April 2008 was the cut-off date) to the Workplace Authority. As a transitional measure, employers from the 27 March will be able to offer ITEAs to new (including previous employees) and existing employees (on statutory individual agreements) if the employer had any employee as at 1 December 2007 on a statutory individual agreement.

Trade union membership down 5% over 12 months to August 2007: ABS

Only one in five employees (19% or 1.7 million people) were trade union members in conjunction with their main job in August 2007, according to figures released by the ABS. This was a fall of 89,600 from the previous year. The proportion of employees who were trade union members also decreased from 20% to 19% over the same period. The ABS found that a higher proportion of full-time employees were trade union members than part-time employees (21% compared with 14%), as were public sector employees compared to those in the private sector (41% compared with 14%).

Superannuation Discussion Paper

Commerce Queensland has prepared a superannuation discussion paper examining whether employers should make more superannuation contributions. This paper establishes Commerce Queensland's policy on initiatives to address the adequacy of Australian retirement incomes. Commerce Queensland's position has been that the next stage of retirement incomes policy should focus on increasing the self-reliance of employees and enhancing their capacity to adequately plan for retirement. Any increase in the Superannuation Guarantee should only be made through the introduction of employee contributions rather than further demands made on already over-burdened employers.

3.0 Employment, Education and Training

Draft Issue Brief on a combined degree and workplace model for 'degree level' qualifications

Commerce Queensland has table this brief with the EET Policy Committee and relevant State Government personnel.

Recruit and Retain tool

This tool is ready for trial and has been sent to each regional office. After a 2-3 month trial, the resource will be modified with more geographical areas products produced after the evaluation is complete.

4.0 Energy

Benchmark Energy Retail Cost Index

Commerce Queensland has provided a response to the Queensland Competition Authority's announcement of another proposed increase to the Benchmark Energy Retail Cost Index for 2008/09. The proposed increase is 7.01% on top of the 11.3% increase last year and our submission has opposed the increase focusing on the competitiveness of Queensland electricity prices and linking any increase with improved performance from the Queensland Electricity Supply Industry.

Energy Users Alliance

Commerce Queensland has created an Energy Users Alliance to consider issues specifically relating to energy such as the proposed increase in electricity prices. 165 Commerce Queensland members have already signed up.

5.0 Workplace Health and Safety

State Delivery Performance Commission Review of WHS

Commerce Queensland has prepared a submission to the Service Delivery and Performance Commission's Review of the Role and Responsibilities of Queensland Government Agencies in the Administration of Workplace Health and Safety (WH&S) Regulation. Currently there exists an enormous regulatory framework which imposes a massive compliance cost on employers and we have urged the inquiry to examine the sustainability of this level of regulation on business. Employers need to deal with a multitude of different agencies and agents and there must be consistency in the regulatory framework throughout Queensland and Australia achieved through appropriate consultation and better co-operation between delivering Government agencies.

6.0 Transport and Infrastructure

Queensland Transport Logistics Council

The State Government has announced its intention to form the Queensland Transport Logistics Council. Commerce Queensland has submitted for consideration the following persons for membership of the proposed Council: Mr Peter Garske, CEO, Queensland Trucking Association; and Mr Warren Males, General Manager Trade & International Affairs, Queensland Sugar. It is envisaged that the Queensland Transport Logistics Council will greatly aid in establishing a more vibrant and efficient Queensland freight industry.

7.0 Environment

Emissions Trading

The Australian Government has announced its timetable for the introduction of an emissions trading scheme in Australia. According to the timetable, the major preliminary stages will occur as follows:

- March-June 2008 - consultation on technical issues with stakeholders;
- July 2008 - release of a 'Green Paper' on emissions trading design for public comment;
- December 2008 - release of exposure draft legislation for public comment;
- March - June 2009 - consideration of the relevant Bill by the Australian Parliament;
- 2009 - consultation on the emissions trading regulations;
- July-Sept 2009 - the Act enters into force and the regulator is established; and
- 2010 - the emissions trading scheme commences.

Queensland Waste Strategy

Commerce Queensland has provided a detailed submission on the Queensland Waste Strategy discussion paper. The submission focused on a number of key issues including the EPA's suggested introduction of a waste levy and the imposition of further regulatory obligations on business. While we supported the concept of a waste strategy in principle, we raised serious concerns about the use of landfill levies and the cost impacts on the business community of the levy and other proposed measures designed to divert waste from landfill and improve resource recovery (for example, landfill bans). Given the potential implications for businesses across the State, Commerce Queensland will continue its dialogue with the EPA and other Government departments (including State Development and Treasury) on this issue.

Environmental Protection Regulation

Commerce Queensland lodged its submission on the proposed amendments to the Environmental Protection Regulation. We raised concerns about the impact that the new fee schedule may have on businesses (in particular, SMEs) given that some of the fee increases exceed 500 per cent. While we would prefer for the EPA to reconsider its new fee schedule, we have suggested that at a minimum they should consider phasing the new fees and providing businesses with adequate notice so that the new fees can be factored into budgeting processes.

8.0 International Trade

457 (temporary business) visas

Commerce Queensland has provided a submission on skilled migration and 457 (temporary business) visas and its contribution to alleviating skilled workforce shortages in Australia. The submission covered the extent of the skill shortage problem, application processing times, English language requirements, salary levels, skills and qualification requirements, enforcement and need for inclusion of unskilled or low skilled labour.



Policy Priorities 2008

a. Taxation

- Monitor developments in Queensland State taxation policy.
- Ensure Queensland has a business tax regime which is the most competitive of all States.
- Lobby for reductions in the level of business taxes and associated compliance burdens.
- In conjunction with ACCI, promote the need for Commonwealth taxation reform.

b. Government Spending

- Ensure the management of the state's finances in a fiscally responsible manner.
- Ensure the three tiers of Government provide a range and level of services which meets reasonable community expectations at a cost consistent with best practice.
- Monitor the work of the State Government's Service Delivery and Performance Commission
- Ensure that the proposed changes to the State Purchasing Policy, do not disadvantage business.
- Promote the need for a small, flexible, highly skilled public sector with the knowledge and capacity to work cooperatively and engage with the business and non-government sectors.

c. Reducing regulation/red tape

- Promote the need for all levels of government to minimise the regulatory burden on business.

d. Workplace Relations

- Monitor State Government legislation.
- Work with ACCI to ensure that the proposed changes to federal workplace relations legislation does not have an undue impact on the Queensland business community.
- Participate in Workplace Relations forums expressing the employer position.
- Participate in the current review of state and federal awards (Award Review Taskforce).
- Participate in the current debate on the appropriate level of the Superannuation Guarantee Levy.

e. Skills Shortages /Vocational education & training

- Promote funding arrangements which allow employers to choose the most suitable training provider.
- Ensure that training arrangements are flexible, responsive and meet the needs of business.
- Ensure that people entering the workforce have appropriate employability skills.
- Develop and implement regional and state-wide solutions to the current skills and labour shortages.

f. Infrastructure

- Ensure that essential public infrastructure is maintained on a sustainable basis at a level which will encourage economic development and which maximises the use of the private sector.
- Ensure that charges imposed by utilities (water, energy, tolls, ports) are the most competitive of all States.
- Represent the interests of the business community to the Queensland Government and the Queensland Water Commission in relation to water restrictions in SEQ and other areas of the State.
- Monitor SEQ Infrastructure plan.
- Encourage increased investment in key infrastructure assets (eg, energy, transport and water supply) to ensure that the State's infrastructure network is of an acceptable standard and capable of meeting forecast demand.
- Encourage greater private sector involvement in the planning, development, construction, operation of Queensland infrastructure.
- Seek recognition that all communities in Queensland should have access to a reasonable standard of infrastructure and taxpayer-funded services.

g. Environment

- Participate in climate change and emissions trading discussions.
- Participate in the consultation process for the Queensland Waste Strategy.
- Participate in the review of a number of environmental regulations and seeking to ensure that the revised/new regulations do not have an undue impact on the business community.
- Seek the minimising of the compliance burden associated with environmental regulation.

h. Workplace Health & Safety

- Monitor changes to legislation to ensure that any proposed changes do not impose an undue burden on business.
- Monitor the application of the laws to business to ensure that they are applied in a fair and reasonable manner.

i. Emergent issues:

- Drought and flood assistance for small business.
- Local Government Elections & Reform.
- Interest Rates.



Regional Issues Action Items Running Sheet as at April 2008

Date raised	Region	Pending	Complete	Comments
	Cairns			
<i>Oct 07</i>	The appreciation of the Australian dollar particularly against the Yen and the US dollar has caused difficulties for the tourism industry in Far North Queensland. Difficulties are experienced across three areas including more expensive for Japanese and US tourists to come to Australia, cheaper for Australians to now travel to Japan and US, and cheaper for overseas tourists to travel to US and Japan. Airline capacity to Far North Queensland is currently considered to be adequate.	✓		
<i>Oct 07</i>	Concerns were cited over the Amalgamation of Councils in Far North Queensland and loss of opportunities that may occur for local businesses. Ensuring Commerce Queensland should be represented in the amalgamation of the councils during the transitional stage to ensure Business has a voice and in the merging of council particularly where by- laws and regulations differ quite considerably.	✓		6/3/08 Following a meeting in early February 2008 it was agreed that CQ should write to all new elected local government councillors.