



ACT & REGION
CHAMBER OF
COMMERCE
& INDUSTRY

INVESTING IN OUR FUTURE

**ACT BUDGET SUBMISSION
2008/2009**

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1. About the Chamber

The ACT & Region Chamber of Commerce & Industry ("Chamber") is an independent membership based, not-for-profit organisation, with a history in Canberra dating back to 1936.

The Chamber is the largest and most representative Canberra based business organisation and has a diverse membership, with involvement from a wide variety of business types and sizes across the Canberra region.

The Chamber has been the dominant business organisation in the ACT since 1936. Chamber Board Members and staff work closely together to provide the best support for members. Diverse expertise and personalities allow the Chamber to cater to areas that are most significant to employers and businesses. The Chamber has identified key support areas that business most requires and these are the key services the Chamber provides.

As the '**Voice of Business**' in the ACT, the Chamber represents the business perspective and advocates for local and regional businesses on current and emerging issues affecting them. The Chamber provides members with a range of services and support to businesses of all sizes and industries to help them succeed.

The Chamber lobbies government (at both ACT and National level) with business views on policy and legislation in a wide range of areas including skills and skills shortages, workcover, workplace relations, economic, education, employment, planning, parking, and other policy issues. The Chamber works closely with political leaders and Government officials to create positive outcomes for business and for the broad community. The Chamber has representation on a variety of government committees and advisory bodies such as the Skills Commission, Educational Ministerial Round table, ACT OH&S Council, Board of Senior Secondary Studies, ACTPLA, and many others.

The Chamber is a founding member, and the only ACT business organisation that is a member of the **Australian Chamber of Commerce & Industry (ACCI)**. ACCI is the largest and most representative business organisation in Australia, representing over 350,000 businesses which employ over 4 million people. The Chamber's CEO is a member of ACCI's General Council and the Chamber is represented on all of ACCI's policy committees.

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2. Introduction

The Chamber believes it is imperative that the 2008-2009 ACT budget demonstrates to the ACT private sector that creating a supportive environment where business can grow and innovate and employ people is a priority of this Government.

After a number of years of strong economic growth, businesses in the ACT are now facing a significant skills shortage. This is restricting businesses ability to maintain growth and to maintain increasing employment opportunities for our community. The skills shortage has recently caused an outbreak of wages growth and this is already impacting on businesses financial health and, in some cases, their survival.

The skills shortage is expected to almost double over the next 4 years due to the ageing demographics of our population.

The ACT needs more people and more people with skills. The primary task is no longer simply about creating new jobs but it is now also about finding enough people to fill the available jobs. The ACT has to compete for staff nationally and internationally. Whilst skills shortages impact on many other parts of Australia, because of the strength of the ACT economy and the dynamics of our labour market, it has significantly greater impact for the ACT.

Getting the economic settings right, so as to encourage businesses to continue to grow and to encourage people to consider the ACT as a place to live and work and to contribute to the overall economic growth of the ACT, is the most important role for the ACT Government.

Reducing unnecessary red tape in the ACT will remove some of the frustrations businesses and their staff experience from such unnecessary work. This is even more important due to the skills shortages. Reducing unnecessary red tape will enable businesses to redirect their limited staff resources to productive work.

A reduction in the taxes that adversely affect not only business development but the prosperity of all Canberrans must be introduced.

To achieve this, Government must deliver a budget that recognises the value of business to the ACT economy, and facilitates the benefits of competition, efficiency and globalisation.

The recommendations contained in this submission are not exhaustive, but are some of the more significant issues for business.

The five major challenges facing ACT businesses over the coming decade are:-

1. the skills shortage and growing a dynamic workforce
2. staying competitive
3. renewing economic infrastructure
4. meeting the challenge of climate change
5. strengthening the performance of the ACT Government

3. Overview

Competitiveness is at the very heart of business. To realise the potential of our strong business growth and to exploit future opportunities requires the ACT Government to address the areas where we are falling behind in competitive terms within Australia.

It is the ACT Government's role to set policies and provide a regulatory environment that is sensible and impacts on business as little as possible. It is the role of the private sector to build on this foundation in order to prosper and thereby grow the wealth of the ACT.

This partnership will only realise its full potential in an environment where we are able to compete favourably with other States and Territories.

The Chamber has lobbied successive ACT Governments over many years to deliver payroll tax relief.

In 2005-06, the States and Territories collected \$10.8 billion in stamp duties. This is more than double the amount collected in 2000-01, notwithstanding record amounts of GST going to the States and Territories.

Property taxes are a significant cost on business in the ACT.

The introduction of the GST had the goal of replacing many of the inefficient State and Territories taxes levied on businesses.

The Chamber acknowledges that the ACT Government has reduced some taxes and duties, in accordance with the Intergovernmental Agreement on State Taxes.

However, taxation reform to date has not focused on taxes that inhibit economic development and employment growth. In recent years, due to the large increase in property prices, stamp duty paid on both residential and non-residential transactions has come to the fore as an issue requiring a long-term solution.

Rising land tax costs have put enormous pressure on small business as the unrealised gain in the value of property has not been met by an increase in profit margins or revenue.

However, taxation reform alone will not guarantee that businesses in the ACT can make the progress that is required to move forward dynamically and realise their potential.

Skills shortages, infrastructure, workers compensation, and red tape, are some of the others.

The Chamber believes the ACT Government's Economic White paper is overdue for review.

4. Skills Shortages and Population Growth

All businesses in the ACT are now facing a significant skills shortage.

The skills shortage is across nearly all professions, all trades, all skilled and all semi-skilled areas and also unskilled areas. The ACT is suffering from a people shortage.

This is restricting businesses ability to maintain growth and to maintain increasing employment opportunities for our community. The skills shortage has recently caused an outbreak of wages growth and this is already impacting on businesses financial health and, in some cases, their survival.

The skills shortage is expected to almost double over the next 4 years due to the ageing demographics of our population.

The ACT needs more people and more people with skills. The primary task is no longer simply about creating new jobs but it is now also about finding enough people to fill the available jobs. The ACT has to compete for staff nationally and internationally. Whilst skills shortages impact on many other parts of Australia, because of the strength of the ACT economy and the dynamics of our labour market, it has significantly greater impact for the ACT.

Solutions to the skills shortage are mainly around increasing the direct supply of staff for both the private and public sectors. Possible solutions for this are:

- increased retention of staff at all ages, but in particular, mature aged people;
- increased interstate migration;
- increased offshore migration;
- up-skilling existing staff;
- retraining or re-skilling, and;
- increased participation.

The Chamber is a strong supporter of the **ACT Skills Commission** and thanks the ACT Government for establishing the Commission and for appointing the Chamber's chief executive as a member of the Commission.

The Chamber recommends the ACT Government adopts the recommendations contained in the interim report of the Skills Commission as a significant step forward in helping to redress the skills shortage in the ACT.

5. Affordable housing

The high cost of housing (both for purchase and for rent) is acting as a disincentive in attracting people to move to the ACT for work. The high cost of housing is also causing ACT residents to move away from the ACT.

This situation is a significant contributor to the skills shortage being experienced in the ACT.

The Chamber is pleased with the ACT Government's recent policy initiatives in this area, and also with the appointment of a private sector expert, Mr David Dawes, to the position of Deputy Chief Executive of the Chief Minister's Department.

Providing additional land for low-cost housing developments is an important step forward and the ACT Government has already taken this initiative, with further land availability under consideration.

Urban infill also needs encouragement and will provide an opportunity to make better use of existing infrastructure.

However, more needs to be done.

The involvement of the private sector (particularly the banking sector) with shared-equity housing loans is an area that requires more resources from the ACT Government. By successfully "selling" the concept of shared-equity loans to the private sector, this can reduce the cost of low-cost housing.

Provision of more housing by the private sector through recently announced land sales, should assist in taking some of the pressure off the current rapid expansion of prices of established housing.

6. Payroll Tax

One of the most burdensome taxes upon business is payroll tax, and changes to reduce the complexity and burden of payroll taxes are necessary if Australian businesses are to remain competitive.

Negative effects for employment, due to the imposition of payroll tax have been identified by both the Organisation for Economic Co-operation and Development (OECD) and the Australian Chamber of Commerce and Industry (ACCI):

“Payroll taxes will raise labour costs directly insofar as employers are not able to offset them by lower wages. Such shifting of taxes into labour costs, in turn, lowers the demand for labour, as it lowers profitability and investment and encourages more capital-intensive forms of production. This lowering of the tax burden on labour while also reducing rigidities could lead to significant increases in both labour supply and demand, boosting output on the one hand and increasing employment on the other.”

ACCI's 2004 Taxation Reform Blueprint also notes: “Payroll tax is a tax on employment. The burden of which tends to fall most heavily on labour-intensive industries and businesses, and given its insensitive nature with respect to profits, those operating at low or negative profit margins are severely penalised. Payroll tax does not take into account a business's ability to pay, making it an inequitable tax.”

At the same time as the ACT has enjoyed strong growth in GST revenue, there has also been a substantial increase in the level of ACT's total own-Territory taxation revenue (payroll, land, gambling, insurance, motor vehicle and other taxes).

From the table below, we can see that while the ACT has an equal highest exemption threshold, when compared with other Australian jurisdictions, it has the highest maximum rate in Australia. It is a disincentive for business to increase employment levels, dampens productivity and stifles economic development in the ACT.

The Chamber believes that, as ACT businesses grow, the ACT's payroll tax rates encourage businesses to relocate out of Canberra.

Payroll Tax Interstate Comparison (2006-2007)

	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
Exemption Threshold	750,000	600,000	550,000	1,000,000	504,000	1,010,000	1,250,000	1,250,000
Max rate	5.5%	6%	5.15%	4.75%	5.5%	6.1%	6.2%	6.85%
Tax scale	Marginal rate of 5.50% of payroll in excess of \$750,00	Marginal rate of 6% of payroll in excess of \$600,00	Marginal rate of 5.15% of payroll in excess of \$550,00	Marginal rate of 4.75% of payroll in excess of \$1,000,00	Marginal rate of 5.5% of payroll in excess of \$504,00	Marginal rate of 6.1% of payroll in excess of \$1,010,00	Marginal rate of 6.2% of payroll in excess of \$1,250,00	Marginal rate of 6.85% of payroll in excess of \$1,250,00

Source: Western Australian Government, Department of Treasury and Finance, Overview of State Taxes, Western Australia, 2006-2007

Tax Payable at Selected Payrolls (2006-2007)

Annual Payroll	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
1,000,000	13,750	24,000	23,175	0	27,280	0	0	0
2,000,000	68,750	84,000	74,675	63,333	82,280	60,390	46,500	51,375
3,000,000	123,750	144,000	126,175	126,667	137,280	121,390	108,500	119,875
5,000,000	233,750	264,000	229,175	237,500	247,280	243,390	232,500	256,875
10,000,000	508,750	564,000	486,675	475,000	522,280	548,390	542,500	599,375

Source: Western Australian Government, Department of Treasury and Finance, Overview of State Taxes, Western Australia, 2006-2007

The Chamber believes that the ACT Government has the opportunity to provide payroll taxation relief to the business community to enable improved employment outcomes, increased productivity and a stronger economy.

The Chamber recommends reducing the rate from 6.85% to 6.0% over the next 3 years to bring the ACT more into line with other jurisdictions for mid-sized and larger businesses.

The Chamber also recommends indexing the exemption threshold (by increasing the threshold in line with the increase to average weekly earnings in the ACT) so as to avoid "bracket creep" in the future.

The impact of payroll tax can be understood by an example of the effect this type of bracket creep has on the transition point. In August 2002 an ACT business would have reached the payroll tax threshold with a notional head count of 28.0 full-time equivalent staff. As a consequence of bracket creep, by August 2007, the same company would be paying the same amount of payroll tax for only 24.3 full-time equivalent staff.

While this will cost the Government in terms of foregone revenue, it is clear that the budget is well able to afford this relief through improving public sector efficiency and reduced public sector expenditure. The resultant increased economic activity generated in the ACT will see the benefit of increased revenues over time.

By implementing these proposals the ACT Government will be making a stronger statement to both business and potential investors in the ACT that it has a clear commitment to address business costs in a transparent and programmed manner.

The ACT Government needs to reduce the impost of payroll tax on the business community and the disincentive this presents to greater skill development and efficiency.

7. Land Tax

In recent years, due to significant rises in property prices, the issue of land tax has become increasingly important to business.

Rising land tax costs have put additional pressure on small businesses as the unrealised gain in the value of property has not been met by an increase in profit margins or revenue.

The Chamber believes that because of the land tax regime, business is increasingly being penalised for operating their businesses.

As the value of land has risen, so has land tax. As a consequence, businesses frequently find their land tax bill double that paid previously.

Land tax is more expensive for business property owners and tenants in the ACT than any other State or Territory with the exception of Tasmania.

Interstate comparison of Land Tax 2005-2006

Land Tax	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
Tax Scale: Marginal rates apply to excess above the lower limit of the range unless explicitly specified	For 2005-06 land tax year: Less than \$130,000: Nil \$130,001-\$290,000: 0.15% of excess. \$290,001-\$750,000: \$240 + 0.45% of excess. \$750,001-\$2,000,000: \$2,310 + 1.62% of excess. \$2,000,001-\$5,000,000: \$22,560 + 2.50% of excess Over \$5,000,000: \$91,560 + 2.50% of excess.	For 2006 land tax year: Less than \$330,000: Nil Over \$330,000: \$100+ 1.7% of value over \$330,000. <i>The minimum land tax payment is \$100</i>	For 2006 land tax year: Less than \$200,000: Nil \$200,000-\$539,999 : \$200+ 0.2% of excess. \$540,000-\$899,999 : \$880+ 0.5% of excess. \$900,000-\$1,189,999 : \$2,680+ 1% of excess. \$1,190,000-\$1,619,999 : \$5,580+ 1.5% of excess. \$1,620,000-\$2,699,999 : \$12,030+ 2.25% of excess. Over \$2,700,000: \$36,330+ 3.5% of excess.	For 2005-06 land tax year: Less than \$300,000: Nil \$300,000-\$749,999 : \$1,500 + 1.5% of excess. \$750,000-\$1,249,999 : \$8,250 + 1.6% of excess. \$1,250,000-\$1,999,999 : \$16,500 + 1.8% of excess Over \$2,000,000: 1.5% of taxable amount	For 2005-06 land tax year: Less than \$110,000: Nil \$110,001-\$350,000: 0.30% of excess. \$350,001-\$550,000: \$720 + 0.70% of excess. \$550,001-\$750,000: \$2,120 + 1.65% of excess \$750,001-\$1,000,000: \$5,420 + 3.7% of excess Over \$1,000,000: \$11,420 + 3.7% of excess	Effective 1st July 2005: Less than \$24,999 : Nil \$25,000-\$349,999 : \$50.00 + 0.55% of excess. \$350,000-\$749,999 : \$1837.50 + 2% of excess. \$750,000 or more: \$9,837.50 + 2.50% of excess	Not imposed.	For 2005-06 land tax year: Less than \$150,000: 0.89% of excess. \$150,001-\$275,000: 1.25% of excess Over \$275,000: 1.59% of excess

Source: New South Wales Treasury, *Interstate Comparison of Taxes 2005-2006*, Sydney, 2005.

For example, ACT land valued at \$1m incurs nearly four times the land tax as the same value block in Victoria, more than twice as much as WA and 27% higher than in NSW.

The table below shows the interstate comparisons.

Interstate Comparisons of Land Taxes based on \$1,000,000

Land Tax	WA	NSW	VIC	QLD	SA	TAS	NT	ACT
\$1,000,000	\$6,360	\$11,320	\$3,680	\$12,250	\$11,420	\$16,087	\$0	\$14,424

Therefore ACT business pays more than any State or Territory other than Tasmania and is at a competitive disadvantage when compared to our interstate competitors.

As with payroll tax, a higher minimum threshold for land tax would eliminate many low tax/high maintenance clients from the tax base with consequent administrative and audit cost savings.

The Chamber believes that a threshold of \$330,000 would be competitive with other States and Territories.

The Government should commit to maintaining the value of this threshold by increasing the threshold annually in line with increases in property values. This will avoid bracket-creep and give certainty to ACT business and demonstrate the Government's commitment to ensuring business remains sustainable and competitive.

Taking into account the all-round increased cost of doing business in the ACT, including increased electricity prices, labour costs, and tax compliance, the Chamber believes that the ACT Government must take action to ease the taxation burden of doing business in the ACT in order to minimise the impact on the business community.

8. Workers Compensation

The Chamber is extremely concerned that the ACT worker's compensation scheme has been very inefficient and uncompetitive with other jurisdictions, and in particular, NSW. In some cases, individual businesses have faced worker's compensation premiums that are considerably more expensive than they are in other jurisdictions.

Indeed, the Chamber initiated the debate in the ACT by issuing the Chamber's discussion paper on worker's compensation in 1998. The Chamber has put considerable effort and resources into this issue during the last 9 years.

A Government review followed, and most of the issues have already been identified, from both the Chamber's discussion paper and the Government committee's review (which the Chamber participated in). There is little need for further consultation – just implementation of the solutions already identified.

Some improvements have been made in the ACT with amendments to the worker's compensation legislation that took effect on 1 July 2002. However, these amendments have not gone far enough and have not significantly redressed the problem – which continues to be a major disincentive to business in the ACT.

Despite several recent reviews of the Workers Compensation system, the ACT continues to be one of the most expensive States or Territories to employ staff.

Whilst workers compensation insurance is provided by the private sector in the ACT, it is ACT legislation that sets the requirements and drives the costs.

The Chamber calls upon the ACT Government to commit the resources required to implement the recommendations of the most recent review of the ACT workers compensation scheme.

Implementing the most recent review of the workers compensation scheme will go some way towards helping solve some of these problems.

The way the ACT scheme is currently structured, there is no incentive in the ACT scheme. The NSW scheme provides a positive incentive, so that an employer with an excellent safety history has that achievement recognised in reduced premiums. However, in the ACT, a single accident can drive up the premiums for that entire industry sector – including those with a strong record of safety.

The Chamber believes that the ACT may be too small a jurisdiction to be competitive on its own in such a complex area as workers compensation insurance. Joining the NSW scheme would bring economies of scale and would also eliminate the cross-border issues.

Restricting access to common law claims to cases involving severe disability or death would also have a significant impact on the cost of the scheme, the amount of benefits that are eaten up in legal expenses, and the long delays in reaching finalisation. This would also bring faster and more predictable results to those suffering from such an injury. Such a change would also bring the ACT scheme into line with many other States and Territories.

There are a number of other changes that would reduce the cost of the ACT workers compensation scheme. Some of these include:-

1. Introduce incremental reductions in weekly benefits to employees so as to encourage people back to work.

2. Stop benefit payments to an employee where there is a capacity to return to work.
3. Reduce the obligation of an employer to provide suitable re-employment. The ACT's significant focus on micro and small business puts these businesses in an extremely difficult situation.
4. Limit employer liability for significant disabilities that are in no way causally related to employment.
5. Eliminate liability for home-to-work journey claims in line with the Comcare changes.
6. Introduce medical panels to determine an employee's entitlement to lump sum compensation.
7. Calculate average weekly earnings as the employee's average earnings (AWEs) over the previous 12 months, including overtime payments and then reduce these by 25%.
8. Require employment to have been the 'major' cause of any claims for stress.
9. Develop a statutory timeframe for the early resolution of rehabilitation and disputes.
10. Eliminate redemptions.

9. Workcover and OH&S

The dramatic funding cuts to Workcover and the Office of the Occupational Health & Safety Commission have had a very negative impact on occupational safety in the ACT.

ACT WorkCover is now part of the Office of Regulatory Services – along with the Office of Fair Trading, Registrar-General's Office, Parking Inspectors, Tobacco Licensing, and the regulation of outdoor cafes.

The OH&S Commissioner's position was only confirmed on 13 August 2007 and only recently advertised – and still no permanent appointment has been announced.

The OH&S Council (where Marion Whelan represents the Chamber) has been inoperative since 30 June 2007 when member's terms expired – and there are still no announcements of new appointments to the Council.

The review of the 1989 OH&S Act – which was a substantial body of work undertaken by the OH&S Council in 2005/2006 – has had little or no progress.

ACT WorkCover's educational material – which was excellent – is now dated, as no updates have been made available for employees and employers alike.

ACT WorkCover has been reduced to a reactionary inspectorate role with no proactive educational or audit role in the past 12 months.

Employers and employees in the ACT deserve better.

The Chamber calls on the ACT Government to adequately fund Workcover so that it can perform its main tasks and in particular the task of education.

10. Red Tape

The ACT prides itself as a great place to live, work and do business. However, ACT businesses continually face a myriad of regulations from both levels of Government, and the ACT Government in particular.

Failure to control red tape breeds inefficiency and reduces ACT's competitiveness both nationally and internationally.

The Chamber supports the need for a significant reduction in red tape. Over the last 10 years, the ACT Government has attempted to address the regulatory burden on business (and small business in particular) with the Business Regulation Review Taskforce, the Businesses Advisory and Regulation Review Taskforce and the Small and Micro Business Advisory Council. The Chamber has been represented on all of these groups advising government by its CEO. In addition, the Chamber's CEO was a member of the Australian Governments' Council on Business De-Regulation from 1995-96.

All of these groups have made progress. However, in the Chamber's view, it has been a case of one step forward and two steps backward. Whilst the ACT government appears to be genuinely concerned about the effect of the dead-hand of regulation on business, many individual departments and agencies still believe that their situation is different and continue to impose burdensome (and in some cases unnecessary) regulation on business.

The Australian Chamber of Commerce and Industry estimates regulation and compliance costs Australia \$86 billion a year or 10% of gross domestic product. The regulatory regime should minimise these costs and improve levels of collaboration between industry and Government.

While some regulations are reasonable and should continue to govern aspects of the way business operates, it is essential that Governments review regulations to identify areas where surplus, overlapping or outdated regulation exists.

Red tape is a growing problem with an ever steady stream of proposed regulation emanating from Government for consultation purposes, all impacting heavily on business. It is therefore essential not only that current levels of red tape be reduced, but that systems are put in place to restrict regrowth in the future.

As reported above, over the last 10 years, there have been three attempts by the ACT Government to review and reduce red tape. The first of these comprised of a large committee of representatives and this created more red tape of its own. It was not a very effective process.

The second attempt comprised of a small committee of 5 people (4 private sector and one government official), based in the Chief Minister's Department. Being based in the central department, and with an appropriate senior government official, this committee had much greater success and was taken more seriously across government. However, once this committee had completed its task, red tape quickly re-bounded.

The Chamber recommends the ACT Government establish a Red Tape Task Force, comprised of 5 members, 4 of them being private sector representatives with experience in regulation review and regulation reduction and one of them being a senior government official from CMD, with the role to review and reduce unnecessary red tape across the whole of the ACT Government and then to maintain an ongoing role to ensure that unnecessary regulation does not rebound.

A 25% reduction in the regulatory burden on businesses by 2009 should be the starting point. It will also require a willingness to develop a culture that embraces change, and facilitates vibrant business communities across the ACT.

The ACT is a Territory full of clever and innovative businesses that are taking on the world and, in many cases, succeeding. It is essential that the ACT Government provides sound regulations that safeguard communities against wrongdoing without unfairly penalising the vast majority of businesses that are helping the ACT to prosper and grow.

The Chamber also proposes the following in relation to red tape.

1. Adopt a "one-in, two-out" model, which would require the removal of two existing pieces of legislation and regulation for each new one Government proposes.
2. Introduce annual regulatory budgets in each future ACT budget to review the regulations that have been introduced in the previous year and are planned to be introduced in the coming year.
3. Lobby the Federal Government to take the lead on red tape, in order to create greater consistency across the States.
4. Create incentives for Government departments to respond to in a timely manner.
5. Ensure Government departments notify externally funded projects three months before their contract ends, that funding is to be terminated, or the program in question will automatically continue for at least another 12 months.
6. Implement timeframes for funding agreements in line with Government four-year elected terms.
7. Adopt the Victorian model of tendering to allow small business to successfully tender for Government contracts.
8. Increase the term of government licences to reduce the red tape and reduce the administrative burden.
9. Adopt an educational approach towards Occupational Health and Safety compliance.
10. Implement measures to change the culture of regulatory bodies, in order to reward good behaviour, rather than the current punitive regime that exists in some sectors.
11. The ACT Government investigate whether Government departments and agencies should adopt ISO 9000, an international management system that provides elements such as transparent record keeping, consistent assessment mechanisms and third-party assessments, certification and accreditation.

11. Business support (and small business in particular)

In the 2007-2008 budget, the ACT Government slashed resources in a number of areas including the former Business ACT (now the Economic and Industry Development branch of the Chief Minister's Department). In some areas, this dramatic reduction in resources has had significant negative impacts on the ability of government to adequately deliver services and to meet the needs of the community, including the business community.

The Chamber recommends that additional resources be provided in the following areas:-

- 1) Micro and small business start-up advice and support, and micro and small business development advice and support. The previous service (Canberra Business Advisory Service) delivered by micro and small business operators, was very successful and is greatly missed. This service provided tangible support for micro and small business operators.
- 2) Business migration and skilled workers migration or temporary long-stay support services. With the very significant skills shortages in Canberra, micro and small business requires practical assistance with working through the myriad of visa sub-classes, identifying and satisfying formal requirements and completing documentary evidence. Indeed, micro and small businesses require a case management service to make this a practical alternative. The existing resources have been very effective, but are insufficient to meet the growing needs in this area and there are insufficient resources to better market, promote and encourage businesses. The regional migration program certifying role also requires additional resources. These roles are arduous and time consuming and because of the lack of adequate resources within the Department means the Chamber has had to do much more of this work on its own and has also had to recruit other business people to volunteer to assist. The Chamber receives no funding to undertake these activities.
- 3) There needs to be a sufficiently senior person, with business experience and who also understands government processes, to be available to work with the Chamber, when the Chamber identifies international or interstate business people of interest to the ACT who would bring significant benefit to the ACT. The significant reduction in resources within the Department, means the Chamber has had to do much more of this work on its own and has also had to recruit other business people to volunteer to assist. The Chamber receives no funding to undertake these activities. Most States provide such a role (often referred to as a Coordinator-General).

12. Infrastructure

Infrastructure investment is crucial to the economic development of the ACT. Airports, road and rail networks, and buses are the means that enable the efficient movement of people, services, utilities, commodities and communication. Infrastructure investment and the projects it delivers, provide the foundation for business growth in the economy. It also has a secondary role in promoting general prosperity as it has a significant impact on the lifestyle choices available to Canberrans.

The provision of quality infrastructure also ensures local industries are competitive. Business in the ACT is facing increasingly tough competition not only from overseas but also from domestic markets. Creating a strong business environment that allows local businesses to compete globally is pivotal to the economic well-being of the ACT, and infrastructure is vital in achieving economic competitiveness.

Government creates great capacity for economic growth by significant investment in infrastructure projects.

Canberra Airport, which is privately owned, is a very positive example of how private enterprise has responded to drive growth and met the needs of their customers. Canberra Airport today is a significant improvement on when the airport was controlled by government.

If only Canberra's bus service, road network and rail links had been developed over the same time and to the same degree as Canberra Airport, Canberrans would be benefiting from greatly enhanced public facility infrastructure today.

The Chamber calls on the ACT Government to increase the level of infrastructure investment to encourage economic development.

The Chamber calls upon the ACT Government to consider alternative financing mechanisms to fund infrastructure, including Private Public Partnerships.

As with any commercial agreement, the success of PPPs is dependent on the clear understanding between Government and the private sector of the expectations of both parties. Robust contracts and strong project management skills are vital to ensure that communities receive the best possible benefits from any infrastructure investment. The Chamber believes that the mixed success of PPPs elsewhere is due more to the fact that the commercial agreements in place and the management of the projects has been of low standard rather than the fault of the PPP model.

13. Sustainability

The availability of competitively priced water is imperative to the continued growth and prosperity of the ACT.

The Chamber commends the ACT Government's recent decision to significantly increase its water storage capacity and to implement a test water-recycling plant.

The ACT Government's move towards consumption-based pricing and full cost recovery for all water and sewerage services is supported by the Chamber. Special consideration should be given to remove any cross subsidies that might exist between domestic and business consumers.

The Chamber believes the ACT Government should strengthen its current price differential structure, so that each household and business receives a "basic" allocation at current prices, with the cost per litre escalating in price the more the volume of water that is used. Such price differential will add an economic incentive to reducing water consumption. Exemptions would need to be made for industries that use water in their business processes. Such businesses include golf courses, car washes, plant nurseries and turf growers.

The effort required to increase the sustainable behaviour of both the ACT, and global community, provides a significant opportunity for local science and engineering firms to provide systems and solutions.

The implementation of environmental policies will impact substantially on business and the Australian community in general. Therefore, it is important to ensure the mechanisms of any related schemes provide the best possible outcomes for business

The ACT is particularly affected by increases in energy prices and the future lack of certainty over continuity of supply of electricity. The ACT's knowledge-based economy and service-based sectors are heavily dependant on reliability of supply of electricity.

The Chamber recommends the ACT Government makes significant investments in the ACT's electricity supply, so as to future-proof Canberra's knowledge and service based economy.

The ACT's public bus system is currently dysfunctional. The system currently runs at a substantial loss, and yet despite this significant tax-payer subsidy, it fails to adequately meet the needs of users and potential users. With an effective timetable and routing network, more Canberrans could be encouraged to make use of public transport.

The Chamber calls on the ACT Government to develop an integrated transport system, that provides an effective public bus system, combined with smaller public bus facilities and the taxi network. A properly planned integrated transport system should cost taxpayers less, and also provide commuters with a better service.

14. **Parking**

Canberra, however, remains a city designed for the motor car. Not only does the motor transport network need to be maintained and developed, but significant improvement needs to be implemented for dramatic improvements in the quantity and quality of publicly available car parking.

Car parking is a significant issue in many parts of Canberra's business areas, but is particularly acute in Civic and Fyshwick.

Short-term timed-parking must be expanded in commercial areas, so as to provide facilities for customers and clients of business and government, to go about their business.

Failure to adequately address these concerns, will increasingly see customers seeking to abandon businesses where parking is inadequate. This will have a significant negative impact on those businesses, their clients/customers and the general public.

Options that also require consideration include no-go zones, no-go timed zones for private/business transportation, light rail, and adequate car parking for park-and-ride bus services.

15. Planning

Frustrations with the ACT planning regime have been towards the top of the list of concerns to business for over a decade. The system has been unnecessarily complex, non-transparent, unpredictable, time consuming and expensive.

The Government's recent review of the ACT planning laws, regulations and processes are expected to result in significant improvements. However, the new laws will require monitoring and are expected to result in further changes being required.

16. Technical College and vocational education

The Federal Government's announcement that its only federally funded Australian Technical College in our region is to be in Queanbeyan is unfortunate. Only about 2% of the regions technical students come from Queanbeyan. ACT students, being some 98% of the students in the region, will not have access to the Queanbeyan Technical College. This situation may change following the federal election.

However, due to its relatively small size, the ACT has a unique opportunity to develop its own technical college by co-hosting CIT within a year 11 & 12 College in the north and one in the south. The Chamber strongly supports this proposal.

The Chamber is concerned that far too many of our traditional trades require our citizens to leave Canberra to receive the benefit of training as an apprentice. This is because vocational training is not available in Canberra for those trades. If the ACT is serious about wishing to maintain a wide range of employment opportunities for our citizens and a wide range of skills to be available for all of us, then we need to provide such training opportunities within Canberra.

For those trades that are resource intensive, there are opportunities to work with the particular industry to share resources.

17. Public Holidays Excess

The Chamber is concerned at the ACT Government's recent decision to declare the first Tuesday in November to be a public holiday. This decision has added a significant cost to business and now provides Canberra with one more public holiday than other capital cities.

This decision makes Canberra less competitive and is a direct cost to our community.

The Chamber calls on the ACT Government not to repeat this additional public holiday in the future.

18. Live in Canberra

The Live in Canberra program, run out of the Chief Minister's Department has made a useful contribution to helping address the skills shortage in Canberra.

The Chamber recommends the Live in Canberra program be granted additional funding to enable it to build on its successes and make an even greater contribution to solving the skills shortage in the ACT.

19. Tourism

The Chamber believes that tourism is a crucial part of the ACT's private sector economy. The Chamber is, however, deeply concerned at the significant funding cuts introduced in the 2007-2008 ACT budget.

To enable Australian Capital Tourism to be effective, some funding needs to be restored.

Even with additional funding, the ACT is still at a significant disadvantage compared with other States and Territories all of whom invest a great deal more in their destination promotion.

The Chamber is concerned that we do not do a better job of selling Canberra to our own people, including international students studying in Canberra and diplomats who reside in Canberra. These people provide strong opportunities for us to sell Canberra, at very low cost, throughout the world.

20. National reforms

There are a number of national reforms currently underway and the Chamber believes these will contribute to making Australia more competitive. These include:-

Continued support for the COAG National Reform Agenda – work with the Commonwealth and other States and Territories to remove structural impediments that exist across the workforce. This includes support for nationally recognised qualifications as they relate to occupational licensing and nationally consistent wording of qualifications to allow for portability and recognition of skills and training.

Remove structural disincentives from Australian Apprenticeships – long periods of training and low relative wages required to gain trade qualifications act as disincentives. The attractiveness of "learn while you earn" is being offset by hesitancy in committing to a rigid four year commitment. Greater flexibility is needed to allow faster completion.

Provide additional support for school-based career advisers – the capacity for students to make informed decisions about education, training and careers relies entirely on the quality of school based career advisers. Expanded professional development strategies are needed for ACT career advisers ensuring that the future workers of the ACT economy get the best advice about the education, training and career opportunities that are available. The Chamber supports the concept of consolidating school career advisers into a single location, so that industry is able to better work with the advisers to enable them to provide a better service to students.

Recognise Prior Learning – more effective, easily accessed and consistent strategies for Recognition of Prior Learning will be critical to reduce the short and long term impact of skill shortages.

Make the various education and training systems in ACT more responsive to business and worker needs – a number of major studies have been released in other States into the inter-relationships between education, training, business and the wider economy. Each review has recognised that institutional and historic inflexibilities are hindering the ACT seize the opportunities before it.

Be an active supporter of attempts to reform relationship with Australian Government – Australia has a high degree of vertical fiscal imbalance. The high degree of shared functions between Federal and State/Territory administrations has resulted in overlap and inefficiency. Continued support for the National Reform Agenda is needed.

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