



MEDIA RELEASE

SIMON CREAN MP

Minister for Regional Australia,
Regional Development and Local Government
Minister for the Arts

SENATOR NICK SHERRY

Minister for Small Business
Minister Assisting on Deregulation and
Public Sector Superannuation
Minister Assisting on Tourism

FIRST NATIONAL STUDY INTO LOCAL GOVERNMENT REGULATION OF BUSINESS

The Gillard Government has welcomed today's announcement of the first national study into the impacts of local government regulation on business.

The Productivity Commission will carry out the benchmarking study, which will examine the costs on business of regulation within and between local government jurisdictions.

"Local Government has a direct bearing on the productivity outcomes of the nation and this study will be valuable in identifying the impact of its regulatory activities on business," Minister for Small Business and Minister Assisting on Deregulation, Senator Nick Sherry, said.

"Virtually all businesses deal with local government regarding their regulatory obligations in areas as diverse as food safety to development assessment.

"Businesses have told me they would like to see a formal examination of their relationships with local governments and this study provides a good opportunity for all parties," Senator Sherry said.

The Minister for Regional Australia, Regional Development and Local Government, the Hon Simon Crean MP, said the Gillard Government, as a strong supporter of local government, was actively seeking ways to enhance its role in Australian society.

"This benchmarking study is a timely exercise as it will improve the capacity of Local Governments while meeting our commitment to the business community to keeping the costs of doing business to a minimum," Mr Crean said.

"Local Government is an important partner in delivering some of our major community infrastructure projects in regional Australia.

"Labor is committed to driving best practice in local councils around the nation, which is why we established a Local Government Reform Fund and the Australian Centre of Excellence for Local Government."

As part of the study, the Productivity Commission will:

- a) identify the nature and extent of local government's regulatory responsibilities (including the extent to which local governments implement and enforce national and state/territory policies), where these responsibilities are likely to impose material costs on business, and significant variations in the distribution of these responsibilities between jurisdictions;
- b) develop indicators and use them to assess whether different regulatory responsibilities, and the way these responsibilities are exercised, have a material effect on the costs of local government regulation on business; and

- c) identify best practice local government regulatory approaches that have the capacity to reduce unnecessary costs incurred by business, while sustaining good regulatory outcomes.

“There are 560 local governments around Australia, and they will have many different regulatory approaches among them,” Senator Sherry said

“By identifying best practice regulation, this study will help spread effective and innovative regulatory practices among local government and shape future reform initiatives in this area.”

The terms of reference for the study, issued by the Assistant Treasurer the Hon Bill Shorten MP, are attached.

CANBERRA

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PERFORMANCE BENCHMARKING OF THE ROLE OF LOCAL GOVERNMENT AS A REGULATOR

Terms of reference

Productivity Commission Act 1998

I, Bill Shorten, Assistant Treasurer, pursuant to Parts 2 and 4 of the *Productivity Commission Act 1998* hereby request that the Productivity Commission undertake a research study to benchmark the extent to which particular approaches to the exercise of regulatory responsibilities by local government authorities, affect costs incurred by business, both within and between jurisdictions.

The responsibilities of local government authorities in Australia can be wide-ranging, covering areas such as food safety, planning and zoning, development and environmental assessment. In addition to requirements to enforce certain powers delegated to them by state and territory governments, local governments in most jurisdictions have the ability to make and enforce local regulations.

In undertaking this study, the Commission is to:

1. Identify the nature and extent of regulatory responsibilities exercised by local government authorities (including on behalf of other levels of government) where these responsibilities are likely to impose material costs on business, and significant variations in the distribution of these responsibilities between jurisdictions;
2. Clarify to what extent local governments implement and enforce national and state/territory policies (sometimes differently), and to what extent they apply additional policies of their own.
3. Identify indicators and use them to assess whether different regulatory responsibilities, and the approach to the exercise of those responsibilities, have a material effect on costs experienced by business; and
4. Identify whether particular approaches to the exercise of regulatory roles by local government have the capacity to reduce unnecessary costs incurred by business while sustaining good regulatory outcomes, and could therefore be described as best practice.

To reduce the consultation requirements for local governments, the Commission: may draw on previous evidence from benchmarking approaches to business registration, food safety, and planning, zoning and development approvals; may employ a range of approaches (including sampling and roundtables) to establish local governments' practices, including with respect to the objectives of the regulation concerned; and may wish also to draw on good overseas practices of regulation by sub-national governments.

A report is to be completed within 12 months of the receipt of this Terms of Reference. The Commission is to provide both a draft and final report, and the reports will be published.

BILL SHORTEN