

paper choking

business

... of paperwork

... and taxes

CASE STUDY 2: Real estate

Sophie Foster

ROB Honeycombe's reward for creating more jobs is a 4.75 per cent payroll tax and higher regulatory costs.

The biggest costs stem from the Property Dealers and Motor Agents Act, designed to protect consumers, which resulted in a minefield of costs.

In a business of nine staff, the managing director of Bees Nee City Realty has one person working solely on paperwork, clearing a path through a maze of taxes, fees and charges.

"It's hours of work for compliance," he said. "Our industry is not just heavily taxed... it's also heavily regulated."

"There are a lot of costs around employment and they're not around wages. In our industry, we're required to register, employment agreements with a property registry which requires a payment per agreement per staff member."

All our team have to be licensed to work in real estate, so we've got licensing fees - not just for the office itself but for each individual staff member. "All that before we get to

wages, and potentially - if we grow the team - payroll tax.

"There are a lot of disincentives to grow that's for sure."

Mr Honeycombe said insurance was a growing cost for the industry because lawsuits were making property management "a very high risk-taking area."

With Bees Nee having to pay about \$10,000 a year in regulatory costs for a "reasonably small" business of nine staff, Mr Honeycombe sees licensing as a simple money grab by the State Government.

"It's several hundred dollars for every employee, and in the thousands for the office each year, and that applies whether you've got one employee or 20," he said.

"Things like government licensing are simply bottom-line revenue as far as I can see."

Mr Honeycombe said it was ironic that one of the State Government's biggest funding streams depended on the performance of real estate agents.

"If we don't sell real estate, the Government doesn't get transfer duty which is one of its biggest sources of revenue," he said.

It's par for the course unfortunately. It certainly does deter some businesses from innovating and developing, that's for sure

Paul Lewin

We've gone from being the leader to being the cellar dweller

CCIO president David Goodwin

It's hours of work for compliance. There are a lot of costs around employment and they're not around wages

Rob Honeycombe



... and taxes

CASE STUDY 3: Construction

Anthony Marx

BUREAUCRATIC hurdles and delays in Queensland have become so onerous that Wapac boss Greg Kempton told shareholders last month that his company was restructuring its workload so it could focus on smaller projects which required fewer government approvals.

Mr Kempton said his Brisbane-based construction company routinely encountered a "committee-type mentality" when dealing with gov-



business cycle will have changed and the product may no longer be optimum for the current market. Plans for a unit tower can still be changed to an office block, but that will require a fresh round of approvals, documentation and design work.

"That all creates uncertainty and lifts the risk profile," Mr Kempton said. "Most developers don't understand why it has to take so long."

"The economic cycle ahead,