

Chapter 1

Introduction

Establishment

1.1 On 11 October 2016, the Senate established the Select Committee on Red Tape (committee) to inquire into and report on the effect of restrictions and prohibitions on business (red tape) on the economy and community, by 1 December 2017, with particular reference to:

- a. the effects on compliance costs (in hours and money), economic output, employment and government revenue, with particular attention to industries, such as mining, manufacturing, tourism and agriculture, and small business;
- b. any specific areas of red tape that are particularly burdensome, complex, redundant or duplicated across jurisdictions;
- c. the impact on health, safety and economic opportunity, particularly for the low-skilled and disadvantaged;
- d. the effectiveness of the Abbott, Turnbull and previous governments' efforts to reduce red tape;
- e. the adequacy of current institutional structures (such as Regulation Impact Statements, the Office of Best Practice Regulation and red tape repeal days) for achieving genuine and permanent reductions to red tape;
- f. alternative institutional arrangements to reduce red tape, including providing subsidies or tax concessions to businesses to achieve outcomes currently achieved through regulation;
- g. how different jurisdictions in Australia and internationally have attempted to reduce red tape; and
- h. any related matters.¹

1.2 The committee decided to conduct the inquiry by focusing on specific areas. In 2017, the committee tabled three interim reports about the effect of red tape on: the sale, supply and taxation of alcohol; tobacco retail; and environmental assessment and approvals.

1.3 On 28 November 2017, the Senate extended the reporting date to 3 December 2018.² Since then, the committee tabled a further five interim reports about the effect of red tape on: pharmacy rules; health services; childcare; occupational licensing; and private education.

1 *Journals of the Senate*, No. 9–11 October 2016, pp. 290–291.

2 *Journals of the Senate*, No. 73–28 November 2017, p. 2314.

1.4 The interim reports presented the committee's findings, conclusions and recommendations, which are referred to as necessary throughout this report. The interim reports can be accessed online at the committee's website.³

1.5 This is the ninth and final report for the committee, and examines the policy and process to limit and reduce red tape (policy and process inquiry).

Conduct of the policy and process inquiry

1.6 The committee advertised the policy and process inquiry on its website and wrote to a number of organisations, inviting submissions by 19 October 2018.⁴ The committee continued to accept submissions received after this date. In total, the committee received 15 submissions, which are listed at Appendix 1. The committee held a public hearing in Sydney on 2 November 2018 and the witnesses who appeared before the committee are listed at Appendix 2. The committee thanks the individuals and organisations, who made submissions and gave evidence to assist the committee with its policy and process inquiry.

Scope of the report

1.7 Chapter one provides information on establishment and conduct of the policy and process inquiry, and key objectives of the Deregulation Agenda. Chapter two then examines some of the information presented to the committee, before presenting the committee's findings and recommendations.

Background

Deregulation Agenda and its key objectives

1.8 In 2013, the Australian Government introduced its Deregulation Agenda, a policy aimed at reducing red tape, boosting productivity and strengthening the economy.⁵ The Coalition's Red Tape Reduction Taskforce explained:

Excessive regulation or 'red tape' stifles job creation, reduces investment, lowers innovation and lessens productivity. Red tape refers to the counterproductive restrictions or reporting requirements placed on individuals, businesses and organisations that deliver less public benefit

3 Parliament of Australia, 'Red Tape Committee', https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Red_Tape (accessed 30 November 2018).

4 Parliament of Australia, 'Policy and process to limit and reduce red tape', https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Red_Tape/Policyandprocess (accessed 30 November 2018).

5 Hon. Tony Abbott MHR, Leader of the Opposition, and Senator the Hon. Arthur Sinodinos AO, *transcript of joint doorstep interview*, 8 July 2013, p. 1, <https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22media%2Fpressrel%2F2579057%22> (accessed 30 November 2018).

than the costs of complying with and enforcing those restrictions or reporting requirements.⁶

1.9 The Hon. Josh Frydenberg MP, then Parliamentary Secretary to the Prime Minister (Parliamentary Secretary), emphasised the urgent need for deregulation, describing an increased level of regulation, decline in productivity and a fall in global competitiveness rankings since 2007. In 2013–2014, Australia ranked 21st on the World Economic Forum's Global Competitiveness Index and 128th for burden of government regulation.⁷ The Parliamentary Secretary stated:

[The] scandalous culture of piling on new regulations without assessing the consequences for productivity, and the costs involved, must now come to an end. We need a new approach.⁸

Key objectives of the Deregulation Agenda

1.10 The Deregulation Agenda comprises five levels of reform:

- reduction in the volume of regulation;
- elimination of duplication/overlap between different levels of government;
- improved quality of consultations between government and stakeholders;
- rigorous and mandatory post implementation reviews; and
- transparency, accountability and efficiency in administration of regulations.⁹

1.11 According to the Parliamentary Secretary, successful reform will deliver significant cost savings for the Australian economy:

The Productivity Commission has estimated that regulatory compliance costs could be as high as four per cent of [Gross Domestic Product, GDP] and by removing inefficient regulation savings could be up to 1.6 per cent of GDP. In terms of Australia's current GDP, of around 1.5 trillion, the benefit to the economy from reducing regulation could be anywhere between 12 billion and 24 billion a year.¹⁰

6 Liberal Party of Australia, *The Coalition's Deregulation Reform Discussion Paper*, November 2012, p. 2, https://parlinfo.aph.gov.au/parlInfo/download/library/partypol/2019073/upload_binary/2019073.PDF;fileType=application%2Fpdf#search=%22library/partypol/2019073%22 (accessed 30 November 2018).

7 World Economic Forum, *The Global Competitiveness Report, 2013–2014, Full Data Edition*, 2013, pp. 15 and 111.

8 Hon. Josh Frydenberg MP, Parliamentary Secretary to the Prime Minister, 'The Abbott Government's Deregulation Agenda: Priorities and Strategies', *speech*, 28 October 2013, <https://joshfrydenberg.com.au/latest-news/the-abbott-governments-deregulation-agenda-priorities-and-strategies/> (accessed 30 November 2018).

9 Hon. Josh Frydenberg MP, Parliamentary Secretary to the Prime Minister, 'The Abbott Government's Deregulation Agenda: Priorities and Strategies', *speech*, 28 October 2013.

10 Hon. Josh Frydenberg MP, Parliamentary Secretary to the Prime Minister, 'The Abbott Government's Deregulation Agenda: Priorities and Strategies', *speech*, 28 October 2013.

