

30 January 2017

Committee Secretary
Red Tape Committee
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

The effect of red tape on the sale, supply and taxation of alcohol

Committee Secretary,

I refer to the above inquiry and provide a submission on behalf of the Institute of Public Affairs ('IPA') in the form of an enclosed paper: *Liquor licensing red tape on Australian businesses*. Our submission concerns the following terms of reference:

- "a. the effects on compliance costs (in hours and money), economic output, employment and government revenue"
- "b. any specific areas of red tape that are particularly burdensome, complex, redundant or duplicated across jurisdictions"; and
- "f. how different jurisdictions in Australia and internationally have attempted to reduce red tape"

The central theme of the attached paper is that liquor sales by Australian businesses face an unnecessary red tape burden, and that these burdens can be lifted through regulatory reform. In the paper we survey liquor licensing regulation across a number of major Australian jurisdictions with a particular focus on the number of licenses and the scope and range of fees. We provide several broad recommendations for cutting red tape:

- Streamline and reduce the range of types of liquor licenses (e.g. on premises, off premises) to the minimum number of viable categories;
- Lower, flatten and index the application and annual renewal fees in order to reduce uncertainty over the cost for businesses; and
- Shift regulatory resources away from licensing prior to the sale of liquor towards policing defections from established regulations after an offense is committed.

From the desk of Darcy Allen, Research Fellow

Unfortunately, liquor licensing red tape is only a small facet of a broader Australian red tape problem, an area in which the IPA has been advocating for reform. At the Commonwealth level alone there are now over 100,000 pages of legislation, with 4,094 pages passing through the parliament in 2016 alone. IPA research recently calculated that red tape costs the Australian economy at least \$176 billion in foregone economic output each year. That means red tape costs us more than we pay in income tax, and is the equivalent of Australia's largest industry.

While the present paper focuses on only one area of regulatory reform, governments at all levels must redouble efforts to cut red tape across all industries and regulatory areas. For instance, the IPA has been a strong advocate for cutting red tape in workplace relations, environmental law, and transportation – all of which will form the basis of further submissions into this welcome Senate Inquiry into Red Tape.

The IPA trusts that our contributions will be of assistance to the Committee. We would be pleased to answer any questions.

Regards,

Darcy Allen

Research Fellow, Institute of Public Affairs.

Encl.