

From the desk of Saxon Davidson, Research Fellow

17 October 2025

Joint Standing Committee on Trade and Investment Growth
PO Box 6021
Parliament House
Canberra ACT 2600

Dear Committee Secretary

Cut red tape, address worker shortages, and abandon net zero to support businesses in regional and rural Australia

The purpose of this letter is to share research and analysis conducted by the Institute of Public Affairs (IPA) with the Joint Standing Committee on Trade and Investment Growth (the committee) as it conducts its inquiry into Creating Sustainable Economic Growth in Rural and Regional Australia.

This submission addresses specifically the term of reference regarding the ‘*opportunities to promote and support Australian rural and regional small and medium businesses in domestic and international markets through enhanced branding, labelling and certification of products and services*’.

The tight parameters of the terms of reference provided by the committee means that there are many initiatives that would meaningfully create and expand economic growth in rural and regional Australia but are not likely to be considered by the committee. In addition, there are many policies currently in place that restrict the economic potential of regional and rural Australia that will likely not be scrutinised by the committee due to the narrow nature of the terms of reference.

Alongside the IPA’s analysis of potential branding, labelling and certification changes, this submission contains analysis of broader issues facing regional and rural Australia, and of issues that should be considered by the committee when exploring ways to create sustainable economic growth in those areas of the country.

The IPA suggests that to achieve this goal, the federal government should look into ways to cut red tape, address acute and persistent worker shortages, and abandon the policy of net zero emissions by 2050.

Cut red tape

Red tape can be defined as laws and regulations that go beyond minimally effective regulation. Often they are out of date, not fit for purpose, and sometimes exceed the minimally required regulation to achieve a legitimate governmental objective. As a measure of red tape, the IPA has utilised the RegData methodology (in collaboration with researchers at the Mercatus Center at George Mason University) to analyse the volume of restrictive content in state and federal legislation and regulations.

The research found that regulatory restrictions in federal laws, and in laws in every state, are currently at a record high in Australia.¹

An example of regulation that is fit for purpose is the ‘Australian Made’ branding for products which are genuinely and sufficiently made in Australia. The committee should reject any push made in the process of this inquiry to add more requirements to earn the ‘Australian Made’ label. Not because it

¹ Lachlan Clark and Saxon Davidson, *The Growth of Red Tape: Causes and Solutions* (Institute of Public Affairs Research Report, November 2023)

shouldn't be regulated, but because it is already sufficiently regulated, and any further requirements added would turn the 'Australian Made' branding from ideal regulation into a form of red tape.

Given there is currently a record amount of red tape at the federal level and across every state in Australia, any mechanism to support businesses in regional and rural Australia, whether they be SMEs, or involved in tourism and/or agriculture, must involve a targeted and substantial reduction in red tape.

Ways to cut red tape at the federal level include:²

- Scheduling parliamentary repeal days;
- Implementing a one-in-two-out rule for all new pieces of regulation;
- Adding sunset clauses to delegated regulations; and
- Adding sunset clauses to government agencies.

Fix the worker shortage crisis

Whilst Australia is currently experiencing a persistent national worker shortage crisis, the effects are being disproportionately felt in regional Australia, particularly in Northern Australia, the most rural part of the country.

Previous research by the Institute of Public Affairs measured the 'Job Vacancy Crunch Rate' of 35 geographic zones in Australia. The 'Job Vacancy Crunch Rate' is the ratio of job openings to working age Australians not in the labour force. Northern Australia as a whole has a job vacancy crunch rate above seven per cent, and five of the six regions in the country most affected by worker shortages lie partly or entirely within Northern Australia.³

The elevated level of worker shortages, and the way it is most acutely felt in the most rural regions of the country, means that any economic plan regarding regional and rural Australia must address the persistent worker shortage crisis that Australia has been experiencing since May 2021.

The IPA has repeatedly found that the best way to address worker shortages at the national level is to adopt the New Zealand pension tax model, and apply it to Australian pensioners, veterans on the services pension, and students on the youth allowance. Currently these Australians are taxed at an effective marginal tax rate of 66 per cent (students at times at an even higher rate) should they work a day and a half on minimum wage, due to a 50 cent on the dollar clawback on their benefits after that point, combined with the typical income tax rate.⁴

In New Zealand, pensioners are allowed to work and have their combined benefits and income taxed at the typical income tax bracket rate without the clawback. This is why 25 per cent of pensioners work in New Zealand, compared to 3 per cent in Australia.⁵

Alternatively, to target worker shortages in rural areas such as Northern Australia, the government could turn it into a Special Economic Zone (SEZ).

SEZs are zones within countries with special regulatory arrangements to promote economic development and growth. Successful SEZs attract domestic firms and multinational companies, which contribute to business investment, local employment, and economic growth.

² Ibid

³ Saxon Davidson, *Unprecedented Nationwide Jobs Crunch: Geographic Analysis of Worker Shortages in Australia* (Institute of Public Affairs Research Report, September 2023)

⁴ Saxon Davidson, *How New Zealand Solved It's Worker Shortage Crisis* (Institute of Public Affairs Research Report, February 2024)

⁵ Ibid

A key component of an SEZ is the granting of tax concessions to entities and individuals operating in the region. These tax concessions incentivise entities and people to remain in or move to the zone, support the creation of jobs, and help build and maintain critical infrastructure.

Turning our most rural areas into an SEZ would promote the retention of people, create a more flexible labour market in regional and rural Australia, and create a more prosperous economy.⁶

Abandon the policy of net zero to support the agriculture sector

One of the most significant barriers to economic prosperity in regional and rural Australia is the policy of net zero emissions by 2050. Analysis by the Institute of Public Affairs has revealed that the net zero policy will put up to 631,800 jobs across Australia at risk.⁷

The IPA's analysis judged a job as being at risk based on the industries in which emissions per job are above the economy wide average.⁸ Many of the industries with an above average emissions per job figure are industries largely operated in regional and rural Australia.

The industry that has the highest number of jobs at risk is the agriculture sector, with 261,000 jobs at risk.⁹ If the government were truly serious about supporting the agriculture sector, as this inquiry contends, it would abandon the policy of net zero emissions by 2050.

The other industries heavily impacted are also concentrated in regional and rural Australia, including forestry and logging, oil and gas extraction, and coal mining.

There can be no credible discussion about creating sustained and prolonged economic prosperity for regional and rural Australia while net zero, a policy which risks hundreds of thousands of regional jobs, remains legislated.

Recommendations

The IPA recommends that the federal government cut red tape, address the worker shortage crisis, and abandon net zero in order to enable regional and rural communities to achieve sustained economic prosperity.

I thank the committee for the opportunity to provide this submission. Please do not hesitate to contact me at [REDACTED] for further consultation or discussion.

Kind regards,

Saxon Davidson
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⁶ Saxon Davidson, *Adopt a special economic zone for Northern Australia to address worker shortages and unleash prosperity and opportunity* (Institute of Public Affairs Submission, May 2024)

⁷ Cian Hussey, *Analysis of potential job losses from the policy of net zero emissions by 2050* (Institute of Public Affairs Research Note, July 2025)

⁸ Ibid

⁹ Ibid