



Policy and process to limit and reduce red tape

Submission to the Red Tape Committee inquiry into policy and process to limit and reduce red tape October 29, 2018

Introduction

The Australian Chamber of Commerce and Industry welcomes the opportunity to respond to the Red Tape Committee, on policy and process to limit and reduce red tape.

The Australian Chamber notes that there has been a large number of inquiries into red tape, but disappointingly, efforts to actually reduce red tape have been insufficient.

In more retail language – there has been a lot of talk, but not enough action.

With that in mind, this submission will be brief and will address select questions the Committee posed (in bold below). We otherwise refer to the submission made by the Victorian Chamber of Commerce and Industry.

The effects on compliance costs (in hours and money), economic output, employment and government revenue;

It's important to discuss what red tape refers to. The mere existence of regulation does not imply red tape. Regulation is necessary. Red tape is that part of a regulatory framework that is unnecessary or is needlessly difficult for a business owner to comply with.

The costs of red tape are difficult to measure accurately. That said, a 2014 study by Deloitte¹ estimated the cost of red tape imposed by the Commonwealth Government at just under \$100 billion per year, while the Institute of Public Affairs² puts the figure in 2017 at under \$180 billion per year.

Whatever the case, the cost is clearly significant and supported by surveys conducted by a number of state chambers of commerce. The New South Wales Chamber, for instance, estimates that the average cost of regulatory compliance for respondents was \$58,000. Individual business owners spent a further 14 hours per week, on average, on red tape in addition to the costs of employing accountants and solicitors etc.

Note that there are over 2 million small and medium sized businesses. If these averages are extended, that's a significant cost to the broader economy and a huge expense. Simply to deal with

¹ Get out of your own way, Unleashing productivity, 2014

² Barriers to prosperity: Red tape and the regulatory state in Australia, 2017

red tape. Recall that this isn't regulation per se, but that part of regulation or of complying with regulation that is burdensome or unnecessary – duplication of forms etc.

This represents a substantial misallocation of resources which affects national productivity wealth and well-being – and the ability of government to raise tax revenue.

Specific areas of red tape that are particularly burdensome, complex, redundant or duplicated across jurisdictions

The membership of the Australian Chamber comes from a diverse number of industries, including the retail, construction, manufacturing and health industries. All are affected by regulation and all offer numerous examples of where red tape is harming business and national productivity. Some examples include zoning and planning regulations, food safety, environmental regulations, workplace relations – the list is extensive.

Too little has been done to address these issues.

More examples have been provided by our members' or submissions made by the Australian Chamber. This includes:

1. Australian Dental Association, Australian Dental Industry Association, Medical Technology Association of Australia and Medicines Australia submissions to the Senate Red Tape Committee's inquiry into the effect of red tape on health services.³
2. Our submission to the Senate Red Tape Committee inquiry into the effect of red tape on environmental assessment and approvals.⁴
3. Australian Chamber, Housing Industry Association, Australian Mines and Metals Association and Australian Trucking Association submissions to the Productivity Commission's inquiry into Australia's productivity performance.⁵

Generally, in reducing red tape there are a number of common themes offered up by our members.

1. **Harmonisation.** Regulations should be harmonised across the state and territories where relevant. This should be addressed through the COAG process as a matter of urgency.
2. **Regulation must be fit for purpose.** This should be determined through industry liaison. Our members report instances where they have to comply with regulations that are not relevant to their industry. As part of the COAG process a national audit should be conducted.
3. **Regulation must be easy to read and follow:** This can be better achieved by the use of retail language, plain to read forms, short documents, and consistent definitions. For example there are more numerous definitions of the "small businesses" for the purposes of regulation.
4. **Regulation must be nimble, agile and adaptable:** Regulations and those who administer them must be able to change rapidly as circumstances demand.
5. **Technology should be utilised to reduce red tape:** Single touch payroll is a good example of how technology can be used to reduce red tape.

We are available and look forward to discussing these issues further, on behalf of our members, with the committee.

³ https://www.apf.gov.au/Parliamentary_Business/Committees/Senate/Red_Tape/HealthServices/Submissions

⁴ https://www.apf.gov.au/Parliamentary_Business/Committees/Senate/Red_Tape/Environment/Submissions

⁵ <https://www.pc.gov.au/inquiries/completed/productivity-review/submissions>



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About the Australian Chamber

The Australian Chamber of Commerce and Industry speaks on behalf of Australian Businesses at home and abroad.

We represent more than 300,000 businesses of all sizes, across all industries and all parts of the country, making us Australia's most representative business organisation.

Telephone | 02 6270 8000 Email | info@australianchamber.com.au
Website | www.australianchamber.com.au

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