

Appendix 5A

Further Accounts of Regulatory Costs Associated with Australia's Current Government Structures

Appendix 5A has four sections which extend on the discussion in Chapter 5 on the costs of regulation in Australia. The first further examines the economy-wide impact of incompetent or excessive regulation. The second examines the extent of overlapping, duplicated and generally inefficient regulation in Australia. The third then presents seven specific examples of excessive regulatory and compliance burdens arising due to the legal and regulatory requirements of multiple governments, as raised by the Business Council of Australia (BCA 2005b) in its December 2005 submission to the Commonwealth Government Taskforce on Reducing the Regulatory Burden on Business. The fourth then presents a compilation of 19 recent media reports describing costs of regulation and red tape which are at least partly attributable to Australia's current government structures.

Economy-Wide Impact of Incompetent or Excessive Regulation

The Productivity Commission (2005c: 1) observes that "regulations are an essential component of modern society", and that "when regulations work well, they enhance governance and promote stability, progress and prosperity". But it is also acknowledged that "ill conceived or poor quality regulations can create barriers to trade and commerce, impede innovation and increase business costs and consumer prices" (Productivity Commission 2005c: 1). The ACCI (2004: 8, as cited in Access Economics 2005a: 20) notes that "in dealing with government regulation, the greatest concern to business is the complexity of regulation, followed by the costs of compliance". The BCA (2005d: 1) makes the following general observations about business regulation:

Business regulation and other laws that affect trade and commerce can have a significant impact on the competitiveness of an economy. Poorly conceived, inefficient and redundant regulation can add unnecessarily to the costs of running a business, reduce productivity, stifle innovation and hamper business growth. The costs of poor regulation not only result in less competitive businesses, but can also be passed on to customers or shareholders, or have to be offset by cost reductions in other areas, such as employment costs.

"Excessive and poorly executed regulation", according to the BCA (2005b: ii), "adds a significant deadweight to the economy, sapping the strength of Australian businesses and

undermining their competitiveness". Lahey (2005: 8) further emphasises the gravity of this matter when she states that:

As an economy and a nation we clearly can't afford to continue creating regulation at the current rate. Other countries — notably many of our competitors — have already recognised they have a similar problem and have acknowledged its potential threat. What's more, they are actively reviewing their existing regulation-making systems and culling unnecessary or outdated regulation. For Australia to stay competitive, we need to address the red tape deluge now.

According to Australian Industry Group chief executive Heather Ridout (as quoted in Lewis and Murphy 2005), "there is no doubt that improving the efficiency of regulation would provide a substantial boost to the national economy".

The Australian Chamber of Commerce and Industry (ACCI 2005b: 9), in a recent report titled *Holding Back the Red Tape Avalanche: A Regulatory Reform Agenda for Australia*, further laments the gridlock that is hampering regulatory reform in Australia and allowing the regulation "avalanche" to continue:

Despite the plethora of papers and commentary detailing the detrimental effects of excessive regulation and the deficiencies of the current regulatory system, little has been achieved to improve the system. A non-exhaustive list of major regulatory reviews [31 Australian reviews since 1990] is provided on page [12] of this report.

Banks (2005: 6) also offers the following explanation for the "exponential growth" in regulation that has been observed in recent years:

... there is a tendency for regulation to build on itself, rather than be rationalised over time, as changing needs are identified and new regulations implemented. This is partly because regulations typically emanate from separate government silos, with each focused on the regulations for which it is responsible, without being aware of the cumulative impact on other regulations or their interaction. ... But it may also reflect a natural tendency to focus on what's new, rather than reviewing measures already in place. ... Some of this growth no doubt reflects necessary additional detail, but it also illustrates the tendency for regulation to feed off itself as one measure invites an unanticipated response that requires a counter measure, and so on. ... The net result of all of these forces has been what appears to be exponential growth in the stock of regulation, including during the more recent period of deregulation and regulatory reform.

In response to the observed growth in regulation, "the BCA has nominated the regulatory blow-out as one of its four major targets for reform to make sure Australia locks in its current prosperity for the long term", and has developed a "three-step plan for action to help combat Australia's red tape blow-out", as follows (Lahey 2005: 8; see also BCA 2005a: ii; 2005c: 10):

First, the current systems must be overhauled to make sure all new regulation fully takes account of costs to business and avoids costly and undesirable overlap and duplication. The system must allow for a regular review of red tape to adjust, modernise and streamline it to meet the needs of its business and community consumers. Second, we must do a massive spring-clean of all existing regulation to improve or eliminate regulation that is unnecessary, duplicated or outdated. Third, and perhaps most difficult, we must tackle the broader problem of overlap and lack of co-

ordination between the Commonwealth and states, and between the states themselves. The fractious nature of our federalist system discourages uniformity and scotches debate on sensible streamlining and rationalisation.

Regulatory Duplication, Overlap and Inefficiency in Australia

As noted in Chapter 5, numerous recent reports have continually referred to and lamented the costs, confusion and adverse effects generally of regulatory overlap, duplication, inconsistency, complexity, conflict and inefficiency generally in Australia. The Business Council of Australia (BCA 2005a; 2005b; 2005d), in several recent reports, claims that:

- Both the Commonwealth and State Governments should increase their efforts to remove regulatory overlap and duplication and to update regulatory regimes to enhance Australia's competitive environment. ... Inefficiencies, duplication and lack of simplicity still exist in Australia's regulatory management system. (BCA 2005a: A1-4)
- One of the major contributors to the compliance burden of larger corporations is the interaction between different laws, which can result in conflicting, inconsistent or overlapping legal obligations. Perverse outcomes can arise from interaction between laws at one level of Government, between different levels of Government or between Australian and international requirements. (BCA 2005b: 11)
- Conflicting, inconsistent or overlapping legal obligations arise because regulation is typically developed in isolation, without a full appreciation of existing laws in other areas. For example, new regulations may be developed that require companies to report certain information to a regulator or Government agency without any appreciation that companies are already reporting similar information to another Government agency for different purposes. This results in overlapping reporting requirements for companies. (BCA 2005b: 11)
- Overlapping laws mean companies may be required to report similar information to different Governments, duplicate their compliance efforts or face unnecessary complexity because of lack of alignment between different laws. (BCA 2005b: 11)
- One of the most significant contributions to the compliance burden of any company operating in a number of Australian jurisdictions is the multitude of different regulatory regimes aiming at the same policy objective. In particular, companies cite as a major contributor to their compliance costs the need to deal with, for example, multiple regimes covering workplace relations, occupational health and safety, workers' compensation, payroll tax and stamp duty calculations. (BCA 2005b: 11)
- A major contributor to the compliance burden of larger corporations in Australia arises from duplicated and overlapping regulation between States and between the Commonwealth and States. Businesses that operate across Australia face, for example, eight occupational health and safety systems, eight ways of calculating payroll tax and eight sets of environmental approvals. In many areas of regulation, Australia's 20 million people face greater regulatory diversity, overlap and duplication than Europe's 457 million. (BCA 2005b: 34)
- Australia is at particular risk from the costs of poor regulation. With over 700 Local governments, plus the Commonwealth, States and Territories, there is considerable scope for duplication, inconsistency and overlapping legislation. (BCA 2005d: 1)
- One of the greatest frustrations for business in Australia is dealing with multiple layers of law. Most businesses have to deal with laws and regulations imposed by Local, State and Commonwealth Governments. There is typically little co-ordination between these levels of Government, resulting in unnecessary compliance costs for business. (BCA 2005d: 2)
- There are also many areas where responsibility for regulation is shared between a number of different jurisdictions. This often results in different laws in different jurisdictions, despite each jurisdiction having the same policy objectives. The increase in compliance costs, particularly for

national firms, can be considerable, even though there is no additional legal or social benefit from having a multitude of different regulations. (BCA 2005d: 2)

The ACCI (2005b) also makes repeated reference to the additional costs of regulation that arise in Australia due to overlap and duplication among Commonwealth, State, Territory and local government regulations and regulators, and related issues, including as follows:

- Needless complexity has been added to regulation due to the states developing legislation in isolation from other jurisdictions, while businesses readily operate across such boundaries. (ACCI 2005b: 8)
- Conflicting and overlapping regulation can to some extent evolve when there are a large number of disjointed and quarantined regulatory bodies. A large number of regulators also increases the compliance cost to business by increasing the number of compliance activities required each year. To facilitate the simplification of regulations it is necessary to investigate the options for reducing not just the stock of regulations but the also the stock of regulators (ACCI 2005b: 8).
- Overlapping federal, state, territory and local government regulations present a significant burden. This illustrates that regulatory reform is not only the preserve of one tier of government. It also illustrates that, a cooperative approach between governments is necessary if Australia is to have a world leading regulation system and framework (ACCI 2005b: 15).
- Increasing mobility and flow of Australian businesses and workers has raised concerns about separate, overlapping and conflicting regulation between state jurisdictions. This ad hoc regime increases the costs of complying with regulation without any associated increase or change in economic activity (ACCI 2005b: 33).
- ... the large number of regulators can also lead to greater overlapping, inconsistent regulation and higher business compliance costs (ACCI 2005b: 35).
- Highly fragmented regimes can lead to conflicting advice for business while the duplication of government frameworks increases the administrative costs to taxpayers. Multiple regulators can increase the amount of paperwork having to be filed by business, as knowledge of business information already stored by other agencies is often unknown. Furthermore, this leads to the duplication of information requests by agencies and reduces the use of pre-populating forms (ACCI 2005b: 35).
- There is a need for greater coordination across all levels of government - Commonwealth, state, territory, regional and local. Frequently the lack of coordination has lead to duplication of policies, delivery systems, controls and the like, or, just as divisively, differences and clashes resulting in even worse outcomes. This whole area has been made more complicated by the delicate issue of State's rights (ACCI 2005b: 37).
- The approach to regulation taken by government agencies is as critical as the regulatory framework itself. This is particularly the case for small and medium sized enterprises which bear a disproportionate burden of the costs of meeting regulatory obligations, primarily due to the differential impact of the costs involved with improvements and administrative requirements resulting from the fixed-cost nature of compliance (ACCI 2005b: 37).

It is acknowledged that federal systems have their benefits, but that their costs appear to outweigh their benefits under current Australian arrangements (BCA 2005b: 34):

Supporters of multiple regulatory regimes argue that a strength of this system is that it fosters competition between Governments and regulators and encourages innovation. Where innovations fail, only one jurisdiction bears the cost. Concerns are also voiced about centralising power, which is often seen as the necessary response to multiple regulatory regimes. While, these arguments have merit we also have to be sure that the benefits that multiple regulatory regimes bring clearly outweigh their costs. Those corporations that have to comply with and implement multiple regulatory regimes are skeptical that these additional costs bring adequate benefits.

Collins (1987: 52) similarly asserts that:

The federal aspect of our political system is too often neglected in general discussions of Australian government. Yet federalism has a double significance: the interpenetration of public and private is occurring at different levels simultaneously; and the interdependence of these levels creates opportunities for conflict and collaboration across the system. The regulatory complexity of federal systems is notorious, as is their propensity for breeding bureaucracy. Paradoxically, a constitutional form often adapted to protect local domains of privacy proves ultimately to complicate and extend the realm of public activity. Australia has not escaped these consequences of its constitutional form.

Groenewegen (1988: 23) provides further insights into the compliance costs associated with Australia's multiple Commonwealth and State taxation systems:

It is a notorious "fact" that horizontal tax overlapping creates major compliance cost problems for taxpayers doing business in more than one jurisdiction. ... A noted consultant on public sector efficiency in Australia argued before the Advisory Committee to the Constitutional Commission (1987, p. 153) that Australia's existing state tax situation was "confusing and costly" and continued:

... I find it an inordinate strain on my time that every single piece of paper that ever crosses my desk goes through months and months of haggling about State stamp duties and the like. I would far prefer that taxation was surrendered to the central government.

The BCA (2005d: 1) declares that it has "a strong interest in seeing the costs and inefficiencies that arise from multiple, overlapping and duplicated laws being reduced", and that there is a "need to harmonise laws in Australia, and as far as possible to replace multiple laws across multiple jurisdictions with nationally consistent laws" (BCA 2005d: 4). Specifically, the following "areas of multiple regulation" should be "the priorities for reform", according to the BCA (2005b: 34):

- occupational health and safety law;
- workers' compensation;
- State tax calculations (particularly payroll and stamp duty);
- product standards;
- equal opportunity and anti-discrimination;
- trade and professional licensing;
- personal securities; and
- environmental laws.

The BCA (2005d: 4) concludes that "overall, there are significant productivity gains and cost reductions to be made from removing duplicative, overlapping and inconsistent laws within Australia", and that "there are also gains to be made in trans-Tasman trade through greater harmonisation of the laws of Australia and New Zealand".

Further on Workers' Compensation and Occupational Health and Safety Regulations

The Productivity Commission (PC 2004c: 27) Inquiry into National Workers' Compensation and Occupational Health & Safety Frameworks, as described in Chapter 5, found that greater Australia-wide standardisation in OHS "is seen by all parties as desirable". The Commission (PC 2004c: 27) observes, for example, that "NatRoad Limited (the National Association of Road Freight Operators)", in their submission to the inquiry, "highlighted particular difficulties for their members who regularly operate in multiple jurisdictions":

Operators contact NatRoad on a daily basis regarding interjurisdictional OHS issues, many of whom express their frustration about the additional burden that having to be aware of so many different regimes creates. Despite their genuine desire to provide a safe workplace for their employees, many operators are simply overwhelmed by the unnecessary duplication that exists.

A minority of submissions to this PC inquiry defended State and Territory arrangements, however, on the basis of States' rights arguments, the need "for individual jurisdictions to tailor arrangements" to their particular requirements (PC 2004c: 27), and the claimed benefits of competitive federalism, local innovation and flexibility (PC 2004c: 27-33). Whilst acknowledging the advantages of competition, innovation, and flexibility in responding to diverse local needs and preferences, the PC (2004c: 29) also notes, significantly, that significant differences generally arise "at the local, industry or even individual firm level" rather than State and Territory levels.

The Commission (PC 2004c: 31) acknowledges that "moves to greater national consistency carry the risk of reducing the scope for regulatory innovation", but makes the important additional points that "there is also the ability to learn from the experience of other countries in their application of OHS and workers' compensation arrangements", and that "because Australia is a small relatively open economy, there are strong incentives to move towards best-practice arrangements". Access Economics (2005a: 42) similarly observes that:

While there are potential benefits from multiple arrangements, including tailoring arrangements to local preferences, or competing and learning between jurisdictions, the Productivity Commission does not appear to have found these benefits to be notable, or that they could only be obtained through the current fragmented system.

The Commission (2004c: 35) concludes on balance that "a national framework would provide a suitable vehicle for achieving a reduction in compliance burdens and costs, while continuing to promote organisational innovation and associated improvements in competitiveness".

Seven Examples of Excessive Regulatory and Compliance Burdens Arising Due to the Legal and Regulatory Requirements of Multiple Governments

The Business Council of Australia (BCA 2005b), in its December 2005 submission to the Commonwealth Government Taskforce on Reducing the Regulatory Burden on Business, provided 25 examples which draw attention to the excessive regulatory and compliance burdens faced by Australian businesses. Examples 5, 11, 12, and 22-25 from this submission (among others) specifically relate to the cost burdens arising due to the legal and regulatory requirements of multiple governments, and are reproduced below.

Example 5: Payroll and Fringe Benefits Tax [BCA 2005b: 13]

Each of the States and Territories relies on the *Fringe Benefits Tax Assessment Act 1986* (Cth) to bring various employment benefits to tax as salary and wages for payroll tax liability purposes; but they each do it in slightly different way. Consequently, for any national employer, the payroll department is obliged to maintain different data to comply with each particular requirement.

In addition, with multiple payroll systems, no sooner does one jurisdiction complete a company's payroll tax audit / review than the next one commences. Costs of regulation include compliance with each of the relevant Acts, maintaining systems, reporting to each agency and attending to audits carried out by each jurisdiction. A set of consistent legislation is required, with administration shared across jurisdictions to reduce duplication.

Example 10: Environmental Approvals [BCA 2005b: 17]

Legislation on environmental issues, while improving, is still not yet consistent, nor are standard national practices adopted on issues such as assessment of risk, clean up of contaminated land, contaminated land audit schemes and the measurement and management of emissions. For companies operating across State boundaries, these variations add considerable cost.

Local Government regulatory requirements are also imposing costs such as the variation between Local Government bodies in, for example, their application of national or state guidelines or codes of practice which results in significant variations in the requirements on businesses operating across these intrastate boundaries. This is particularly apparent in New South Wales and Queensland where there is significant difference in the level of attention some councils place on environmental management.

Example 11: Licensing Anomalies [BCA 2005b: 17-18]

Licensing requirements for those permitted to install steel roofs are controlled by State Governments. In Victoria, unlike every other State in Australia, you need to be a licensed plumber to install a steel roof; you do not need to be a licensed plumber to install a tile roof. This anomaly is largely historical, but it has the effect of restricting the supply of skilled labour to install steel roofs in Victoria, pushing up installation costs for home owners, and in some instances, discriminating against some products compared with competitor roofing materials. This is primarily a State issue, but greater consistency could be brought about through a co-operative Commonwealth-State scheme of trades training and regulatory standards.

Example 12: Commonwealth-State Environmental Regulation Overlap [BCA 2005b: 18]

When the Commonwealth Government introduced the *Environmental Protection and Biodiversity Conservation Act 1999*, one of its primary objectives was to rationalise when Commonwealth or State environmental impact assessment and approval was necessary, with the Commonwealth limited to involvement in only those matters that raised environmental issues of national importance. This was to be achieved through bilateral agreements between the Commonwealth and States and Territories.

However, since the Act was introduced six years ago few agreements have been entered into, meaning that in many cases, project developers are still subject to environmental assessment and approval at a number of levels of Government.

Example 22: The Costs of Multiple Regulatory Regimes²³ [BCA 2005b: 35]

BCA Member company:

"We have a direct cost of employment, legal costs, consultancy and senior management time generated by inconsistent laws and regulations around occupational health and safety, payroll tax, workers' compensation, environmental regulation, property transfer laws, tax laws, company law (particularly its inconsistency with globally accepted regulations) and consumer protection laws. We estimated that, if each of these areas was consistent across Australia and, where appropriate, consistent with our international obligations, we could reduce our costs in this area by 20 per cent. This would equate to approximately 0.75 per cent of our revenue and increase our company tax contribution to the economy by \$1-2 million per annum and provide an additional \$2-4 million per annum for investment. We have opportunity costs of many times that amount. The distraction to our organisation by this regulatory complexity should not be underestimated. If our regulatory framework were rationalised and simplified, our competitiveness would dramatically increase, particularly into export markets. Too many of our managers are spending time distracted by regulatory complexities. Our company has expanded at a rate of 15 per cent per annum for the last four years. Given simple, consistent and sensible regulation we would have been able to increase that growth rate by at least 50 per cent. Apart from the benefits to employment and our balance of trade, it would also have put an additional \$8-10 million into the Treasurer's coffers over that period of time and produced an additional \$24-30 million for further investment."

23 Further examples are provided in Business Council of Australia, *Business Regulation Action Plan for Future Prosperity* (23 May 2005) pp. 51-52.

Example 23: Workers' Compensation [BCA 2005b: 35-37]

National employers are required to comply with a variety of State and Territory workers' compensation laws. These laws differ according to:

- the calculation of weekly benefits and step down rates for eligible employees;
- the documentation required to be provided to employees outlining mutual rights and responsibilities;
- the financial and prudential requirements required by employers by each State authority to safeguard obligations;
- the reporting requirements of employers (eg. headcount information, remuneration levels, workers' compensation claims and other statistical data);
- the audit requirements of each state authority, requiring multiple jurisdiction specific process manuals, information collection protocols and documentation;

- the definition of a worker for the purposes of workers' compensation;
- access to common law thresholds vary and, within some jurisdictions, different access rules apply depending on date of injury, assessment of impairment and proof of negligence;
- quantum for damages varies widely between jurisdictions;
- access to recess and journey claims vary in each jurisdiction;
- the principle of early Return to Work following workplace injury is widely endorsed, however, variations between jurisdictions in relation to employer and worker responsibilities result in the inability to set a national best practice model across national companies;
- mandatory reporting of accidents and incidents varies greatly between jurisdictions; some States only require workers' injuries to be reported, while others also require injuries of contractors, customers and visitors to be reported, resulting in confusion over what is a 'reportable incident' and delays in the reporting process; and
- the definition of wages for renewal of workers' compensation insurance varies widely between jurisdictions; national employers are required to interpret wage definitions in each State to enable renewal of insurance.

A national employer may be required to pay workers' compensation premium instalments in different months of the year (for example, in each State, the date of payment is different), to maintain valid insurance across the country. This creates an enormous administrative burden for a company.

This patchwork of State-based legislation means companies are often unable to centralise their management of workers' compensation issues and benefit from a more efficient allocation of resources. Instead, they may be required to retain staff in a number of States in Australia to ensure compliance with the State-specific reporting and financial obligations, even where the company may only employ a relatively small number of staff in those States and even though the workers' compensation claims may also only number as few as one or two at any given time.

Variations in reporting and the documentation required to support return to work continually need modification as legislation changes, which in turn makes national co-ordination of workers' compensation claims complex. The preferred approach to achieving consistency is to agree a best practice model and amend legislation accordingly, delivering the best possible outcome for injured employees.

Example 24: Equal Opportunity and Anti-Discrimination [BCA 2005b: 37]

Businesses are required to comply with legislation at both the State and Commonwealth level in relation to equal opportunity and anti-discrimination. It is difficult for business conducted across borders to keep abreast of the various requirements. Quite often, action can be a breach in one jurisdiction whilst being in compliance in another.

There are various overlapping and inconsistent laws, including:

- *Anti-Discrimination Act 1977*(NSW)
- *Equal Opportunity Act 1995* (Vic)
- *Racial and Religious Tolerance Act 2001* (Vic)
- *Anti-Discrimination Act 1991* (Qld)
- *Equal Opportunity Act 1984* (SA)
- *Racial Vilification Act 1996* (SA)
- *Equal Opportunity Act 1984* (WA)
- *Anti-Discrimination Act 1998* (Tas)
- *Discrimination Act 1991* (ACT)
- *Anti-Discrimination Act 1992* (NT)

Example 25: Occupational Health and Safety [BCA 2005b: 37]

The Commonwealth and each State and Territory have separate and distinct legislation setting out minimum standards for employers in relation to occupational health and safety. While these laws are broadly similar in scope, there are several differences which add to the costs of companies. For instance, the Queensland law requires each workplace with 20 or more employees to have a trained Work Health and Safety Officer.²⁴ The legislation in South Australia requires the appointment of senior executive officers as 'responsible officers' who must reside in South Australia and take reasonable steps to ensure the employer organisation complies with the law in South Australia.²⁵ These requirements are particular to the regimes in Queensland and South Australia, meaning that a national organisation must make special arrangements in those States.

Other areas that have been identified as problematic are the variations in the classification and labelling of hazardous substances and dangerous goods, standards for major hazard facilities and plant standards.

24 Workplace Health and Safety Act 1995 (QLD), sections 93-97

25 Occupational Health, Safety and Welfare Act 1986 (SA), section 61

Selected Recent (1995 to 2006) Media Reports on Red Tape Costs Associated with Australia's Current Government Structures

Table 5A-1 below contains extracts from 19 recent media reports which describe costs of regulation and red tape which can be attributed to Australia's current government structures and systems.

Table 5A-1: Recent Media Reports on the Costs of Regulation and Red Tape

Publication and Date of Report	Heading and Reporter(s) or Author(s) if Known	Extracts from Report
<i>Daily Telegraph</i> , 18 Aug 1995, p. 10	Editorial: 'NZ shows the way to reform'	The overlap between State and Federal administrations continues to impose undue costs, and undue red tape.
<i>Daily Telegraph</i> , 29 Feb 1996, p. 10	Editorial: 'Clear the decks for prosperity'	<p>Yesterday, The Daily Telegraph argued the need for a fundamental overhaul of the taxation system early in the life of the next government. A comprehensive review of the extent of unnecessary government involvement in business and in the broad dynamics of social intercourse should be conducted synchronously. Such a review should investigate the extent to which government regulations are replicated in separate departments, the extent to which State and federal statutes overlap, the extent to which regulatory codes act as a damaging spoke in the wheel of much needed enterprise.</p> <p>...</p> <p>Since the 1970s – despite the protestations of successive governments that spending has pared to the bone – adjusted Commonwealth spending has risen from about 22 per cent of GDP to close to 28 per cent of GDP. Further, some estimates suggest the Commonwealth Public Service labour force of more than 144,000 could sustain a cut of about 18 per cent without affecting the delivery of service.</p> <p>The crucial point to be kept in mind is that any increase in expenditure on maintaining public service staff levels reduces the public funds available for capital spending. That mean money for infrastructure development and for business investment has to be found elsewhere.</p>

Table 5A-1 (Continued)

Publication and Date of Report	Heading and Reporter(s) or Author(s) if Known	Extracts from Report
<p><i>Foodweek</i> 21 Jul 1998</p>	<p>'Over-burdened by regulation', by Neil Frankland</p>	<p>Small food companies face many thousands of dollars a year in costs associated with complying with food regulations, according to a new government study. A largely unrecognised factor cited as contributing towards the food regulation burden are food industry customers. Many of the surveyed firms in the study argued that their customers create an additional cost burden by interacting with regulatory authorities to encourage multiple inspections of premises and process, particularly in the dairy and seafood sectors. The study also found that many supermarkets and fast food chains insist on product requirements which differ from the regulator's. NEIL FRANKLAND has prepared these reports on the study.</p> <p>A new Federal Government study has revealed the troubling extent to which small food producers and distributors are hindered by food regulations.</p> <p>Overcooked: A Study of Food Compliance Costs for Small Business, commissioned by the Department of Small Business, was compiled after face to face interviews with a sample of 37 food companies from in and around Melbourne, Sydney, Brisbane, Canberra, the Gold Coast, Hobart and Launceston.</p> <p>Of the companies surveyed, 28 were involved in manufacture and nine in retail. The survey results revealed similar patterns across the various geographic regions, but the burden borne by the different companies varied considerably by their size, industry sector and involvement in export activity. The average cost burden of food regulation on the firms was just over \$13,700, which represented 0.3% of the average turnover of \$4.8 million. This burden varied greatly, depending on the size of the company ranging from an average compliance cost of \$3960 for a firm with an annual turnover of \$1 million or less, to costs of more than \$40,000 for businesses with a turnover of \$10 million to \$15 million. The main components of this cost are the owner's/firm's time (44%); capital expenditure (26%); inspection fees and charges (14%); licence fees (9%); and test fees (7%).</p> <p>In general terms, exporters face a higher than average proportion of licence fees, inspection fees and test fees, as well as the highest level of "opportunity costs", or failure to realise export market potential.</p> <p>Many of the food regulatory compliance burdens originate from inconsistencies and duplication between and within the different regulatory agencies.</p> <p>Firms complained of non-uniform coverage and application of food regulations, including the more rigorous and costly compliance regime associated with exports, as opposed to production for the domestic market. These inconsistencies were described as a disincentive to exploring business opportunities overseas.</p> <p>In Australia, food regulations are currently implemented and policed by local government, state governments, the Federal Government, and industry specific authorities. In most cases, regulatory activity at the local level includes the licensing and inspection of food premises to ensure health and safety standards and licence conditions are maintained. At the state level, health and agricultural departments or agencies are mainly responsible for industry, and product specific, food manufacturing and processing licences, and their related inspections and reporting requirements. Bigger, well established primary product food sectors, such as the dairy and meat industries, are closely linked to statutory authorities for food health and safety. State governments also impose regulatory restrictions through water authorities and environmental protection agencies such as in water quality and waste management. The Federal Government is traditionally seen as the ultimate source of policies and standards that underpin almost all food specific laws and regulations. The Australian Quarantine and Inspection Service is seen by most food producers as the chief regulator and "enforcer" of compliance costs to small food businesses, particularly those involved in the production of smallgoods, dairy products, fish and fresh fruit and vegetables - whether for domestic or export markets.</p> <p>Industry specific authorities include licensing and certification authorities encompassed in state government jurisdiction. But they are also agents for the Commonwealth, particularly AQIS, in terms of food establishment certification for both domestic and export production.</p>

Table 5A-1 (Continued)

Publication and Date of Report	Heading and Reporter(s) or Author(s) if Known	Extracts from Report
<p><i>'Australian Financial Review</i> 19 Feb 2004 p. 6</p>	<p>'Charity Proceeds Wasted on Red Tape', by Annabel Day</p>	<p>Red tape, differing laws and lack of expertise have forced charities to waste too much of the \$2.8 billion in donations they receive each year, according to a University of Melbourne report that urges federal regulation and standardised accounting for the sector. Charity-watch group Givewell estimates about 10 ¢ in every dollar given to Australian charities could be saved if there was a single federal regulatory regime. Researcher Susan Woodward from the University of Melbourne Centre for Corporate Law and Securities Regulation says a dedicated regulator, as suggested by the government's 2001 Charity Definition Inquiry, may be desirable, but at the very least there should be a specialist not-for-profit unit in the Australian Securities and Investments Commission. Her report on a study of 1700 not-for-profit companies also suggests a special accounting standard be developed for the sector to cater to the needs of donors and stakeholders. A similar recommendation was made last year by the Institute of Chartered Accountants in Australia.</p> <p>YMCA of Australia is incorporated in separate states and has to produce separate accounts for each one. Its national chief executive, Bob Nicholson, said he would support any new regime that enabled organisations such as the YMCA to focus on their program and service provision rather than divert scarce resources into complex legal compliance.</p> <p>The Royal Flying Doctors Service is also thought of as a national organisation but has a different legal structure and boards of directors in different states. All charities, whether they fall under the Commonwealth Corporations Act or state laws, must register separately in each state in which they want to raise funds and the states' registration processes are different.</p> <p>Greenpeace chief executive Peter Mullins cited a fair amount of "duplication" that took up a "reasonable amount of resources to just keep the operation running".</p> <p>Mr Mullins said most not-for-profit organisations would support a common standard for reporting how money was spent and Mr Nicholson said such a standard would give corporate Australia more confidence in the NFP sector.</p> <p>Givewell executive director Michael Walsh said donors and stakeholders wanted to see expenses broken down into "the costs of getting money in, administration and delivering services" so they could put their money where it was doing the most good.</p>
<p>Herald-Sun 13 Mar 2004 p. 15</p>	<p>'\$100 mil 'spent on red tape' ', by Peter Mickelborough</p>	<p>THE Bracks Government has spent more than \$100 million creating or renaming 50 commissions, authorities, advisory boards and committees. The explosion in red tape includes 34 new bodies and six new commissioners and another ombudsman. A further 13 agencies have been rebadged, one -- the Law Reform Commission -- has been reinstated, and a Legal Services Commission has been proposed. The new and renamed groups cover an array of sectors from the Aquatic Signage Steering Committee to the Terrorism and Multi-Jurisdictional Crime Unit, from Racing Victoria Ltd to Dairy Food Safety Victoria. Victoria now has an Environmental Sustainability Commissioner, an Emergency Services Commissioner, an Insurance Commissioner, a Privacy Commissioner, a Retail Industry Commissioner and a Small Business Commissioner. The Government has spent \$37.5 million to set up just 10 of the 32 new entities, putting the full cost of the 49 new and renamed groups at more than \$100 million.</p> <p>National Party leader Peter Ryan said the expansion in bureaucratic bodies was a breach of Premier Steve Bracks' 1999 commitment to stop government waste.</p> <p>A spokesman for Acting Premier John Thwaites said the Liberal and National parties opposed everything and stood for nothing. "Would they abolish organisations set up to fight crime, combat terrorism, manage forests, help small business and prepare for the Commonwealth Games?"</p> <p>Victorian Employers Chamber of Commerce and Industry head Neil Coulson said the growth in red tape came on top of existing duplication between state and federal services that had caused disillusionment to business.</p> <p>Mr Ryan said the changes had been accompanied by the employment of 9000 extra public servants. "One has to wonder, what are all these new people doing? Perhaps the answer is that the new bodies have been formed to create work for the 9000 extra staff," he said.</p>

Table 5A-1 (Continued)

Publication and Date of Report	Heading and Reporter(s) or Author(s) if Known	Extracts from Report
<p><i>Australian Financial Review</i> 7 Sep 2004 p. 49</p>	<p>'SMEs' wish list: less red tape', by Mark Fenton-Jones</p>	<p>Small business wants the next federal government to slash red tape, cut regulatory compliance costs and implement competition reform. "Red tape is the prime concern," the chief executive officer of the Council of Small Business Organisations of Australia (COSBOA), Tony Steven, said. The feedback from his constituents was that the compliance burden imposed in the dealings with either government or big business needed to be cut, he said. "The pain of just getting anything done in this country now is becoming ridiculous because of all the regulations and procedures," he said. Small businesses is not only taking aim at the compliance burden imposed by government. "Nowadays it's big business, it's suppliers, it's the procedure we have to go through when we deal with anybody," he said. He singled out privacy legislation that all businesses, irrespective of their size, must adhere to. "The impact is so much bigger on a small company," Mr Steven said.</p> <p>Concern about the time required to complete the business activity statement was no longer the main compliance issue. "It's still a pain in the neck and we understand we have to do it, but it's not the main issue", unless small businesses were still doing it manually, he said. He believed most small businesses had invested in the necessary computer software about the time of the introduction of GST. "I'm not getting the same feedback that tax is the biggest imposition any more. The feedback I'm getting is that it's right across the board now because of all the different legislation that's put in place." However, that does not mean GST is off the agenda. "When you're talking about BAS, it's not just filling in the form but the underlying cost as well," said Alan McKenzie, a director with the National Association of Retail Grocers of Australia (NARGA), who believes the government can do more in the area of compliance.</p> <p>Another concern is the Trade Practices Act. Though the government had adopted a number of recommendations from the Senate inquiry into the TPA, COSBOA wants it to adopt all the points from the inquiry. Likewise, NARGA wants all political parties to ensure that section 46 (misuse of market power) of the TPA is an effective deterrent against abuses of market power by large and powerful corporations.</p> <p>Last week, the National party reaffirmed last year's federal conference decision to support reform of section 46 if the party is re-elected to government. Small business wants section 50 of the TPA to be effective in preventing the growing market concentration of key industry sectors. It says that section 51AC, dealing with unconscionable conduct, should be strengthened.</p> <p>Also worrying small business is the possible abolition of Australian workplace agreements by a Labor government, allowing casual employees to become permanent. "We've had dialogue with the Labor party but it's still an issue for us," Mr Steven said.</p> <p>The NSW State Chamber of Commerce wants a commitment by the Liberal party and the ALP to conducting a full audit of red tape issues, with a view to reducing the cost of compliance for small business. "The issue of red tape is one that is continually raised by our members and it doesn't just relate to GST compliance but to almost every aspect of running a business," the chamber's CEO, Margy Osmond, said. "There is still a lot of needless duplication of information required across government departments. Whoever wins the election needs to take a close look at ways of avoiding this duplication through the use of technology and information-sharing." The chamber is also seeking a commitment from both parties that they will consider the full implications of any more regulatory requirements for small business before they are implemented. "The chamber has real concerns about Labor's plan to abolish Australian workplace agreements. The abolition of AWAs would remove the ability of employers to offer flexibility and conditions to employees that match their workplace and their needs," she said.</p>
<p><i>The Australian</i> 5 Oct 2004 p. 25</p>	<p>'Little on offer for a large sector', by Peter Switzer</p>	<p>TONY Steven, who heads the peak small business body, the Council of Small Business Organisations of Australia (COSBOA), is flabbergasted that political parties have paid so little regard to small business owners on the specifics of their promises. "There are 1.1 million small businesses and each one on average employs three workers," he calculates out loud. "And if only one family member voted in sympathy, then there would be 6 million voters out of 12 or 13 million voters."</p> <p>With four days to the federal poll neither party has won the undivided loyalty of the small business sector. Small business associations are split over the offerings from the main parties, while business policy initiatives are getting little attention. But the lack of traction in small business could play into the Coalition's hands, with their economic track record likely to be a vote catcher. "I couldn't confidently tell you what either party is offering for small business," says a Sydney delicatessen owner, who asked not to be named. "None of the policy promises have meant that much to me -- they haven't stuck -- I need a summary of what's on offer."</p> <p>Sandy Chong, who owns two hairdressing businesses called Suki in Newcastle and Sydney's Paddington, employing 33 people, has not been grabbed by any of the pre-election promises either.</p>

	<p>"I have been so busy I haven't had time to think about what's on offer," she says. "No one is talking about the black economy and I am always facing workers who want to work for cash, so others must be paying cash." Her partner Greig Hardman, who's responsible for the administration of the expanding operation, says the last five years has seen no let up in the red tape work for the business, which has meant they now have a dedicated bookkeeper. He too couldn't recall an election offering that "grabbed" him, and would make his voting decision on economic credentials. "Howard's economic record has been good," he says. "Latham has made a few good offers but on the economy I have my concerns."</p> <p>Two of the hottest issues that have been pushing the buttons of the small business leaders have been red tape and the reforms to the Trade Practices Act (TPA).</p> <p>...</p> <p>Margy Osmond, the chief executive of the State Chamber of Commerce (NSW), decries both parties going soft on the big issue for small business. "It is disappointing that neither party has announced any significant measure to tackle the No1 concern of small business -- red tape," she says. "The State Chamber's 2004 Red Tape Register of almost 600 businesses across NSW found that more than a third of businesses would prefer a reduction in red tape to a reduction in business tax." To understand the time-cost impact of conforming to government regulations, 37 per cent of respondents say they will be happy to forgo cuts tax cuts in return for lower compliance costs.</p> <p>Osmond ponders why vote-chasing parties can't see the obvious waste associated with governments chasing information. "There is still a lot of needless duplication of information required across government departments and whoever wins the election needs to take a close look at ways of avoiding this duplication through the use of technology and information sharing," she says. "Our Red Tape Register found that two-thirds of businesses would support the sharing of information across departments and between state and federal agencies -- an initiative often dismissed because of privacy issues."</p> <p>...</p> <p>WHAT'S ON THE TABLE?</p> <p>Labor</p> <ul style="list-style-type: none"> * 10-point plan to help small business stop unfair big business practices * A Red Tape Reduction Office to evaluate, remove and streamline government rules and regulations. * A simpler Business Activity Statement * Late payments legislation to penalise late big business payers * A Small Business Advocate * Reform the Franchise Code to make it pro-franchisee * Small businesses will retain the right to have individual contracts with employees * Invest \$88.4 million to expand access to TAFE and create an additional 20,000 places to address skills shortages <p>Coalition</p> <ul style="list-style-type: none"> * Productivity Commission to look into the smash repair industry and insurers to assist the smash repairers * A 25 per cent tax discount for businesses with turnover of \$50,000 or less * Simplified Tax System to be made more accessible * Tax audits to be cut back from four to two years for businesses with turnover of \$1million or less * A Regulation Reduction Incentive Fund to encourage local councils to reduce restrictions on home-based businesses * An extensive apprenticeship expansion program
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Table 5A-1 (Continued)

Publication and Date of Report	Heading and Reporter(s) or Author(s) if Known	Extracts from Report
<p><i>Sydney Morning Herald</i> 13 Apr 2005</p>	<p>Editorial: 'IR starting point, not the finish line'</p>	<p>While holding the GST gun to the head of NSW is hardly consistent with John Howard's pledge to co-operative federalism, it does not diminish the central issue of the Prime Minister's ground-marking speech on Monday questioning the relevance of a government structure designed in the 19th century to challenges of the 21st century. His was a timely focus on limitations of the division of powers and responsibilities between the government he runs and those of states and territories.</p> <p>As Mr Howard says, but too infrequently practises, prosperity depends on continuous reform. Too often, however, necessary change has been stymied or strangled by inter-jurisdictional bickering precipitated by points scoring, blame-shifting and a fierce, irrational resistance by states to important and sensible efforts to harmonise rules and services across state boundaries. The consequence has been a governmental mish-mash, characterised at its extreme by (thankfully reformed) incompatible rail gauges.</p> <p>State-based agencies regulating different industrial relations systems is hardly more sensible. The result is business struggling in a multi-layered welter of red tape and inflexibility, stifling productivity gain and individual choice. Clearly, the nation would benefit from a single system and clearly, it is best achieved through federal-state co-operation of the sort pioneered by Jeff Kennett's referral of Victoria's industrial relations powers to the Federal Government in 1996 and the continuing endorsement of that move by his Labor successor, Steve Bracks. In NSW, the Opposition Leader, John Brogden, has drawn a key battleline with the Carr Government by pledging to hand this state's industrial relations control to Canberra if elected in 2007. Mr Brogden got this priority right; now the Howard Government must get the details right.</p> <p>Mr Howard's chances of comprehensive reform, unfortunately, are diminished so long as he cherry picks those state responsibilities that suit him but turns his back on those that would suit the nation. Mr Howard pinpoints the "underwhelming performance" of states as the key source of discontent with the federal system but shows great reluctance to embrace responsibility for two state functions scoring poor report cards - public hospitals and education. That is as much because of the financial costs of the Federal Government taking on board these duties as Mr Howard's insistence that Australia's hospitals and schools are "among the best in the world". Demand for hospital services, and their inexhaustible escalation in cost, is the key reason why any GST windfall is quickly absorbed. Any move that lessens duplication and clears bottlenecks between state and federal health responsibilities deserves fuller consideration.</p>

Table 5A-1 (Continued)

Publication and Date of Report	Heading and Reporter(s) or Author(s) if Known	Extracts from Report
<p><i>Australian Financial Review</i> 14 Apr 2005 p. 1.</p>	<p>'Red tape the next target of competition reforms', by Mark Davis</p>	<p>The federal government is considering streamlining business regulations to increase national productivity and competitiveness, and may offer financial incentives to the states and territories to take part in the changes. Prime Minister John Howard and senior ministers are preparing proposals for a new reform agenda to replace the decade-old national competition policy agreement between the commonwealth and the states. The move comes as the states were yesterday divided over whether to accept Treasurer Peter Costello's demand that they abolish \$8 billion worth of business taxes as part of the GST agreement.</p> <p>One area being examined by the federal government is the scope for significantly streamlining business regulation by all levels of government. Areas targeted include infrastructure regulation, occupational health and safety laws, development planning controls and consumer protection standards.</p> <p>Separately, the government has asked a federal parliamentary committee to consider the scope for harmonising state and federal business laws to reduce costs and duplication in areas including partnerships, product standards, legal procedures and the laws of evidence as they relate to contracts.</p> <p>While relations between the states and the commonwealth are fraying because of the fight over taxes and the coalition's plans for a national industrial-relations system, Mr Howard is expected to raise the goal of rewriting national competition policy with the Labor premiers at the next Council of Australian Governments meeting, expected in June.</p> <p>Under the national competition policy agreements signed in 1995, state governments have introduced a series of reforms to sectors like electricity, gas, transport and water as well as dismantling a raft of anti-competitive legislation in return for payments of about \$700 million a year from the commonwealth. But most of those reforms have run their course and COAG decided in 2002 that federal and state governments would review the future of national competition policy by the end of this year. Mr Howard is expected to discuss the issue with state premiers at this year's COAG meeting expected in June. A senior federal government official said one approach under consideration was to broaden competition policy into a national productivity agenda that included a broader array of issues extending beyond strict matters of competition policy.</p> <p>A recent Productivity Commission report suggesting competition policy be extended to cover government services such as health, education and aged care was one input into the policy debate going on inside the government about the reform agenda. But business organisations were also lobbying the government heavily on the cost of compliance with local, state and federal government regulation and this might emerge as a significant element of the new agenda. "Business is concerned at the cascading effect of business regulation occurring across different government jurisdictions and would like to see less duplication and less costly forms of regulation," the official said. A federal government source said: "There is a big push from business to look at this in a co-ordinated way, so the issue is whether that becomes another item for the COAG agenda."</p> <p>But a critical issue for the federal government will be whether to offer the states payments for taking part in any new reform push that focused on overhauling business regulation or boosting efficiency in state-dominated sectors such as health care and education. During the last federal election, the government said it would halt national competition policy payments to the states after 2005-06 and redirect the funds towards its national water policy initiative, a move that the states have denounced.</p> <p>Some ministers are believed to be sympathetic to the idea that resuming some form of payments might be appropriate as long as the states agreed to a new reform agenda and went ahead and made the changes targeted under the reform drive. But other ministers argue that the introduction of the GST in 2000 has given the states a growth tax allowing them to share fairly in the economic benefits of improved productivity, so no further payments would be justified.</p> <p>When the original competition policy deals were negotiated, the agreement by the commonwealth to make payments to the states reflected the expectation that competition reforms would hit state revenues by reducing dividend payments by monopoly utilities in areas like electricity while they would boost commonwealth income tax receipts by improving productivity and profitability in the economy.</p>

Table 5A-1 (Continued)

Publication and Date of Report	Heading and Reporter(s) or Author(s) if Known	Extracts from Report
AM Program, ABC radio and online, 23 May 2005	'Business wants Govt to reduce red tape', by Liz Foschia	<p>TONY EASTLEY: Businesses not only want to see changes to industrial relations laws, they want Government to reduce the amount of red tape which they say confronts them at every turn. A study by the Business Council of Australia and Access Economics has found the number of laws regulating businesses at Federal, State and local council levels has doubled since the 1980s. And the cost to governments of just looking after their own rules is estimated to run into the billions of dollars every year. Business leaders want, what they describe, as a "lighter touch" from lawmakers, and they want measures brought in to make it harder to introduce new regulations, at least until their impact can be fully assessed. The Business Council's Katie Lahey is speaking here to our reporter Liz Foschia.</p> <p>KATIE LAHEY: Business regulation, red tape, is a very big cost to business. We know it's growing at about 10 per cent per annum. We don't know the total cost to business, but we know it's not just a business cost, it's a government cost. The Commonwealth Government spent about \$5-billion a year of taxpayers' money just administering red tape on business. There's terrific figures in the report that we've produced showing that? well they're not terrific figures but horrific figures. You know, 33,000 pages of new rules and regulations produced in 2003 by the Commonwealth and State parliaments. All that an extra burden on business.</p> <p>LIZ FOSCHIA: How's it come to this? Why are we at this situation now?</p> <p>KATIE LAHEY: Well, I think we've got into this mindset of regulate first, ask questions later. Politicians are under enormous pressure often if there's a problem in the business community to respond very, very quickly to that pressure and regulation is the answer in the politicians' kitbag of solutions. But what we'd like to see happen is for politicians to say stop, let's have a look if there's regulation already there that we can use to prosecute the HIAKs for instance. Let's have a look if there is another alternative to another mound of red tape overburdening business.</p> <p>LIZ FOSCHIA: Has any particular level of Government come up the worst?</p> <p>KATIE LAHEY: Well we focussed on the Commonwealth, but I have to say, it isn't the Commonwealth that's the worst, it's just that it's easiest to get the information on the Commonwealth. But the State parliaments are in there in the thick of it. I mean, the New South Wales Parliament produces an average of 300 pages of new laws for every week it sits. In Victoria there were 69 State business regulators controlling 26,000 pages of red tape.</p> <p>LIZ FOSCHIA: I understand that the BCA's proposing three new federal bodies to improve the way new laws are made. Can you tell me a bit about what you're seeking?</p> <p>KATIE LAHEY: Well what we'd like to do first of all is fix the system that currently creates this mess. So, let's have really good cost benefit analyses when we put new regulation into parliament. And then we must look at the existing regulations, start to clean that up, does some of that need to be off the books, does some of it need to be eliminated? And the third thing that we're looking at is to really focus in on this duplication between the Commonwealth and State regulations.</p> <p>LIZ FOSCHIA: And what are the costs of not doing anything?</p> <p>KATIE LAHEY: Well, we know that regulation is being produced at about 10 per cent per annum. We would expect that to grow.</p> <p>LIZ FOSCHIA: The report calls it a tide of regulation. Are you afraid it may become a tsunami?</p> <p>KATIE LAHEY: Yes, I think that's a very graphic way of painting it, but yes, that's what it feels like.</p>
<i>The Australian</i> 4 Jun 2005	'Premiers back competition reform', by Steve Lewis	<p>THE Labor states have signed an accord with John Howard to renew the national competition reform agenda as part of a "new federalism" pact. In what the Prime Minister hailed as the most harmonious Council of Australian Governments meeting in a decade, leaders backed plans to fast-track apprenticeships as part of an assault on the nation's skills shortage. Skills qualifications are also likely to be recognised across Australia, not just in the state where the qualifications are gained, in an effort to address labour shortages.</p> <p>A more concerted national effort to stamp out child pornography was endorsed. This is being done to ensure that pedophiles are not able to use lax laws in some states to avoid heavy penalties.</p> <p>... Cutting business regulation and red tape is likely to be a priority. But the reforms will also focus on improving the efficiency of transport, infrastructure and energy.</p> <p>... "We've reached agreement on a number of areas of long-term importance to Australia," Mr Howard, flanked by the premiers, told reporters. He said the community wanted "outcomes and solutions ... and a minimum of blame-shifting" between Canberra and the states.</p>

Table 5A-1 (Continued)

Publication and Date of Report	Heading and Reporter(s) or Author(s) if Known	Extracts from Report
<p><i>Sunday Program</i> 14 Aug 2005</p>	<p>Interview of Victorian Premier Steve Bracks, by Laurie Oakes</p>	<p>... today Victorian Premier Steve Bracks is calling for a new wave of national reform, and unveiling a 50-page blueprint to show how it can be done. He says health and education must be part of the reform agenda, and argues that \$65 billion can be added to Australia's annual GDP over the next ten years if Prime Minister John Howard and other premiers sign up to the plan.</p> <p>... STEVE BRACKS: Well this is consistent with the approach that I took to the last COAG meeting. ... One of those proposals was to look at the next wave of reform, and this is consistent with the approach that I took to COAG to say well, here's the contribution. We've had significant reform opening up the economy through the late 80s and early 90s, reducing tariffs, bringing in foreign banks, floating the dollar. We had the internal reform agenda on National Competition Policy for the last 10 years. But gee, all that's run out, and the reality is if we stand still then the relentless competition internationally, coupled with the ageing of the workforce will mean that standing still means going backwards. That's the reality for us in Australia. We have to do better to compete internationally and to capture the talents of our people.</p> <p>LAURIE OAKES: Well let's start with what your treasury department says that your plan would achieve. According to your experts, how much would your plan add to GDP over 10 years?</p> <p>STEVE BRACKS: Well the estimates from the modelling which has been undertaken from the Department of Treasury and Finance shows that it's about \$65 billion extra per year, per annum, by 2015. And that's about \$3,000 per person extra, which will be going into the pockets of ordinary Victorians and ordinary Australians. That's a pretty significant amount. And that's due to reforming business regulation, cutting business regulation by about 25%, reforming infrastructure regulation, making sure we've got a healthier workforce — that people who are out because they're of ill-health, we can get them back in, we can get more of them back in participating as the workforce ages, and making sure we can increase the skill base of our workforce as well.</p> <p>... LAURIE OAKES: And 65 billion over 10 years, that's I think about 6.1% added to GDP. That's huge. You're not being too ambitious, are you?</p> <p>STEVE BRACKS: Well that's 6.1% greater on the growth figures eventually when we get to 2015, once you have the reforms running through the system, 10 years of reform, eventually you'll get to \$65 billion extra, 6.1% extra on gross domestic product. These are realistic figures and it can be achieved, and you know, you think what would have happened — just imagine this. Imagine what would have happened if we still had a fixed currency, fixed against the gold price. Imagine if we didn't have foreign banks competing on our shores in the financial markets. Imagine if we just kept building and building the tariff walls, imagine what the economy would be like now. The reality is we're more productive than we have been, but it's all run out. There's nothing left in the tank. We've got no new agenda. This is really saying, to be more productive with a population that's ageing, with the competition from China and India which is going to just continue and continue, we've got to actually do better on skills, we've got to do better on business regulation, we've got to have much better productivity in the economy.</p> <p>LAURIE OAKES: ... You mentioned the need to strip away unnecessary rules and regulations that hamper business. Now how much red tape is there, and how would you get rid of it?</p> <p>STEVE BRACKS: Well the goal on target here is really to try and reduce business regulation by about 25%. Now, that's achievable. We've got different regulations which operate in different parts of Australia, even within our states we have different sorts of regulatory environments that have in common positions between the states and territories. ... international or national companies don't operate on the basis that they stop at the border and therefore they can change their company arrangements when they come to a different state, they operate across the whole of the country. So consistency across the country is very important. Reducing the regulation by saying that levels of government could work together and have almost a one-stop shop in some arrangements, rather than the sequential arrangements which occur now at local authority or state or federal authority levels. These things can change, so let's fix the duplication, let's fix the different systems. In doing that you can take about a quarter off regulation, and that's pretty useful for our productivity.</p> <p>LAURIE OAKES: Well if you're fair dinkum, why don't you support the Federal Government's IR package, which aims at eliminating duplication and wiping out a whole lot of regulation that slows down business and in some cases keeps people out of the labour force? ... But Mr Bracks, you're talking about the need to eliminate unnecessary regulation. In 1996, you said there should be one industrial relations system precisely for that reason. So why won't you back John Howard now?</p> <p>STEVE BRACKS: Oh look, indeed, a unitary system is a sensible system, one industrial relations system has always been something the Victoria supported and I still support it. But what we don't support is an unfair unitary system, a unitary system which effectively says that the protections — you know, a growing economy which can deliver for working families, that's the key. Why do we want a growing economy? So we can deliver for working families across the country.</p> <p>... STEVE BRACKS: ... If we don't address this, as I mentioned, standing still is going backwards. We've got relentless international competition and we've got an ageing workforce.</p>

Table 5A-1 (Continued)

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<p><i>The Age</i> 30 Aug 2005 p. 8. (nearly identical article appeared in the Sydney Morning Herald on 2 Sep 2005)</p>	<p>'Red tape on a roll . . . and it must stop', by Katie Lahey, the chief executive of the Business Council of Australia</p>	<p>BUSINESS concern over red tape is a perennial issue - a bit like farmers complaining about the weather. But Australian businesses large and small have been hit by such a cloudburst of red tape in recent years that it deserves far greater attention - and action - than ever before. Statistics compiled by the Business Council of Australia tell a story of regulation growing at an unprecedented rate and posing long-term threats to our economy. They also highlight the need for an urgent rethink by governments at all tiers of the purpose of red tape and how it gets made.</p> <p>Regulation is truly Australia's growth industry. Our parliaments have become regulation factories, producing more laws and red tape than at any time in our history. Regulation is now growing at 10 per cent a year - three times the economic growth rate. More pages of legislation have passed the Commonwealth Parliament in the 14 years between 1990 and 2004 than in the preceding 90 years. The federal and state parliaments added 33,000 pages of new law to the statute and rule books in 2003. In 2003, the state with the greatest volume of new legislation, Queensland, added another 8700 pages of laws and rules. And in Victoria there are 69 state business regulators policing 26,000 pages of rules and regulations.</p> <p>Increasing amounts of business time and resources that would otherwise be directed to growth plans, innovation and improving competitiveness are being diverted into costly paperwork and box-ticking. OECD estimates say the Australian small business sector is groaning under compliance costs of more than \$17 billion a year. Manufacturers are shouldering some \$680 million of costs every year just to meet regulatory compliance obligations. Overseas experience suggests that a figure of 8 per cent of Australia's GDP soaked up by red tape and compliance costs is not an unreasonable estimate. Regulation costs and burdens are not just confined to business. They have direct costs for the community. The vast majority of tax returns are lodged through tax agents, while federal tax legislation has grown from 3000 to 10,000 pages in a decade. A recent Victorian Competition and Efficiency Commission found that red tape was adding \$1500 to the cost of building homes in Victoria and these costs were being passed on to the consumer. Even volunteer organisations are losing personnel because of the endless form-filling and liability requirements, according to a recent survey in Newcastle.</p> <p>All this is not an argument against regulation per se. Quality regulation is essential to a sophisticated, globally competitive economy and a fair and just society like Australia. The BCA's concern is that the sheer weight of regulation-making is overwhelming the quality controls that should ensure regulation is a means to an end, not an end in itself. Much of the regulation manufactured by governments in Australia ignores or overlooks the economic and community costs of new red tape, or whether regulation already in place can do the job. When business complains, politicians typically respond with promises to dump this or that piece of red tape - this is like chopping off the top of a weed but not removing its roots.</p> <p>WHY has red tape become such a problem now? Ironically, the more prosperous a society, the more it seeks to be shielded from risk. As Tony Blair recently noted in a speech in which he committed Britain to systematically tackling its own regulatory blow-out, Western societies have become increasingly risk-averse, demanding regulation to anticipate each and every unforeseen contingency. In business, let alone life, that is just not realistic. Economic prosperity also makes it easy to mask the true impacts and costs of the red tape blow-out. It is much easier for our political leaders, when faced with political or community pressure when things go wrong, to revert to a modus operandi of "regulate first, ask questions later" without needing to be overly concerned with the true cost of a proposal. Little thought is given by governments to how the regulation blow-out also drains their own - read taxpayers' - resources in regulation administration and policing.</p> <p>The BCA has nominated the regulatory blow-out as one of its four major targets for reform to make sure Australia locks in its current prosperity for the long term. We have proposed to governments a three-step plan for action to help combat Australia's red tape blow-out. First, the current systems must be overhauled to make sure all new regulation fully takes account of costs to business and avoids costly and undesirable overlap and duplication. The system must allow for a regular review of red tape to adjust, modernise and streamline it to meet the needs of its business and community consumers. Second, we must do a massive spring-clean of all existing regulation to improve or eliminate regulation that is unnecessary, duplicated or outdated. Third, and perhaps most difficult, we must tackle the broader problem of overlap and lack of co-ordination between the Commonwealth and states, and between the states themselves. The fractious nature of our federalist system discourages uniformity and scotches debate on sensible streamlining and rationalisation.</p> <p>As an economy and a nation we clearly can't afford to continue creating regulation at the current rate. Other countries - notably many of our competitors - have already recognised they have a similar problem and have acknowledged its potential threat. What's more, they are actively reviewing their existing regulation-making systems and culling unnecessary or outdated regulation. For Australia to stay competitive, we need to address the red tape deluge now.</p>

Table 5A-1 (Continued)

Publication and Date of Report	Heading and Reporter(s) or Author(s) if Known	Extracts from Report
ABC radio and online, 12 Oct 2005	'PM announces moves to cut red tape'	The Federal Government has appointed a task force to identify options for reducing Commonwealth red tape for businesses. The Prime Minister says the task force will examine and report on areas where regulatory reform can provide significant and immediate gains for productivity and business. John Howard says regulation is necessary but it can become too burdensome. He says the task force, headed by the Productivity Commission's Gary Banks, will report back to the Government by the end of January next year. "The task force will be asked to identify particular areas of Commonwealth Government regulation which are unnecessarily burdensome, indicate some areas where regulation can be removed and examine some non-regulatory options including business self-regulation, which might be adopted in lieu of regulation to achieve certain outcomes," he said.
<i>Canberra Times</i> 13 Oct 2005 p. 13	'Task force to help cut industry red tape', by Danielle Cronin	<p>A new task force would come up with ways to cut red tape that reportedly cost the economy up to \$90 billion annually, the Federal Government announced yesterday. Prime Minister John Howard and Treasurer Peter Costello said Productivity Commission chairman Gary Banks would head the four-member team to devise ways to reduce the regulatory burden on business. Mr Costello said this could lead to a 1600-page trim to 15,000 pages of tax laws, greater self-regulation in the business sector and rewriting legislation previously passed in the Senate. Mr Costello said one reason that unnecessary burdens had been introduced was that in order to secure legislation through the Senate, the Government had been forced to accept amendments, often resulting in increased regulation. "The opportunity to reconsider those matters, which have been forced on the Government by the Senate in years gone by, will also be very important to this review."</p> <p>Business Council of Australia acting chief executive Steven Munchenberg said this was the first step to rein-in red tape, and urged states and territories to follow suit. In reports issued earlier this year, the council estimated red tape was costing the economy up to \$90billion a year in lost productivity. New laws and regulations were increasing at 10 per cent a year - three times as fast as Australia's rate of economic growth. "The task force is certainly a step towards stemming the tide of regulation that is threatening to swamp Australia," he said. Opposition treasury spokesman Wayne Swan said the Government's failure to deal with burgeoning red tape had finally caught up with it. "... we will keep a critical eye on the process, and seek to engage in a constructive way throughout," he said. Mr Banks will chair the committee and the members are former Australian Stock Exchange managing director Dick Humphry, Clayton Utz corporate law specialist Rod Halstead and Independent Contractors' Association of Australia chairwoman Angela MacRae. The task force will report by January 31.</p>
<i>The Australian</i> , 13 Oct 2005, p. 4.	'Taskforce to take scissors to red tape', by Steve Lewis and Katharine Murphy	<p>THE danger of red tape strangling the economy has forced the Howard Government to establish a high-level taskforce to strip back corporate regulation. Layers of rules and regulation covering environmental and taxation laws are expected to be pared back under plans to streamline a system estimated to cost \$8billion a year in compliance. Productivity Commission chairman Gary Banks will head up the taskforce which has been asked to report back by January 31 on practical measures to cut the regulatory burden. Business leaders last night called on the taskforce to examine the layers of environmental regulation and the proliferation of tax rules and regulations. Peter Costello said a review of tax legislation had identified 1600 pages of laws that were never used, suggesting these could be repealed by parliament as part of the assault on regulation overload.</p> <p>While business welcomed the review, Mr Banks last night cautioned against hopes that self-regulation could deliver better outcomes. "The main focus is to look at the sore thumbs of regulation," he said of the short review. Self-regulation, he said, was not the panacea. "It sounds good ... but it's not always obvious that self-regulation does the job."</p> <p>John Howard also promised a moderate approach towards self-regulation, and would not allow it to undermine consumer confidence following the spate of high-profile corporate scandals of recent times. "There is no way we are going to extend (self-regulation) too far, but all of these things are a balance, and the balance is perhaps not there at the moment and we need to find some ways of reducing the burden of regulation," the Prime Minister said. "We are not going to walk away from proper regulation, but every time you impose regulation on business, you add to cost."</p> <p>The taskforce, which also comprises former Australian Stock Exchange head Dick Humphry, corporate law expert Rod Halstead and small-business consultant Angela MacRae, has been asked to identify "practical options" for alleviating the compliance burden on business. It will pursue both commonwealth and state legislation, targeting areas of duplication or where laws are redundant.</p> <p>Business groups welcomed the push to "put a rocket under red tape". "There is no doubt that improving the efficiency of regulation would provide a substantial boost to the national economy," Australian Industry Group chief executive Heather Ridout said.</p>

Table 5A-1 (Continued)

Publication and Date of Report	Heading and Reporter(s) or Author(s) if Known	Extracts from Report
AM Program, ABC Radio and Online, 31 Oct 2005	Red tape costs the economy billions: ACCI, by Andrew Geoghegan	<p>TONY EASTLEY: Any business, large or small, will tell you that government red tape is a curse. Business complains that it's already over-regulated and that it's forced to pass on the costs of compliance to consumers in the form of higher prices. Well, a report just released by the Productivity Commission finds that Federal Government regulations increased by 55 per cent last financial year to an all time high. Peter Hendy, Chief Executive of the Australian Chamber of Commerce and Industry, has been telling AM's Andrew Geoghegan that increasing red tape is costing the economy tens of billions of dollars each year.</p> <p>PETER HENDY: Anywhere between 5 and 10 per cent of GDP is subject to a regulatory burden, put that in dollar figures, that's anywhere between 45 to 80 billion dollars that regulation imposes an administrative burden on the Australian economy.</p> <p>ANDREW GEOGHEGAN: You're saying \$80-billion is lost in regulations?</p> <p>PETER HENDY: Could be up to that in terms of the administrative inefficiencies that occur in countries like Australia.</p> <p>ANDREW GEOGHEGAN: Well the Federal Government has vowed to cut red tape, but in fact, as you've just mentioned, it is increasing. That must be very disappointing for you.</p> <p>PETER HENDY: Well, there's an avalanche of red tape. It's good that the Government's put out a decision to have a red tape taskforce, so that's very good. If you really want to reduce regulation burden in this country, you've got to reduce the size of government. We put out a paper in May this year that showed you could cut two percentage points off GDP in this country. It's hard call, you've got to slash the federal budget, but if you really have a purpose to reduce red tape in this country, you've got to look at reducing the size of government.</p> <p>ANDREW GEOGHEGAN: And are you satisfied the Government is trying to do that?</p> <p>PETER HENDY: Well, we're sat? I mean, the fact they've announced the red tape taskforce is very, very good. We called for that, and they're now doing that. But it's a big job, and one of the important things they're going to have to do, which is what the Productivity Commission has emphasised, is you've got to make the processes you've got today, in cost benefit analysis and things like that, actually work.</p> <p>ANDREW GEOGHEGAN: Obviously the Government is in the process of introducing a raft of legislation into Parliament, which one would assume the amount of regulations coming out of that is only going to increase. That must be a concern to you.</p> <p>PETER HENDY: Well, sometimes it's inevitable that there'll be regulatory increases in some areas. National security concerns obviously are much more significant than they were five or ten years ago, well ten years ago, and so the fact is that you've got to accept that in some areas. In other areas, like industrial relations, there's going to be a reduction of regulation because of the changes the Government announced, and that's a good thing. But overall, regulation still increases and increases year upon year, and the thing is that we need to stop that.</p> <p>ANDREW GEOGHEGAN: Should governments, both federal and state, be making more use of voluntary codes of practice, for instance?</p> <p>PETER HENDY: Voluntary codes of practice is one way to look at it. Across the whole of the regulatory landscape, the biggest area for business is taxation law. There is a lot of regulation that could be paired back, and that's where small business in particular is crying out for change.</p> <p>TONY EASTLEY: Peter Hendy, Chief Executive of the Australian Chamber of Commerce and Industry, speaking with Andrew Geoghegan.</p>

Table 5A-1 (Continued)

Publication and Date of Report	Heading and Reporter(s) or Author(s) if Known	Extracts from Report
<p><i>The Australian</i> 10 Feb 2006 pp. 1-2.</p>	<p>'Costello sets sights on state regulators', by Katharine Murphy and Samantha Maiden</p>	<p>PETER Costello has challenged the premiers to abolish as many as eight state regulators and sign on to a single national regulator for ports and other critical export infrastructure. Ahead of today's Council of Australian Governments meeting, billed as an opportunity to chart a new decade of economic reform, the Treasurer insisted a single national regulator would boost the economy, encourage business to invest and improve Australia's export performance. "A big part of improving economic and export performance is to make sure our infrastructure works at capacity, that it sends the right pricing signals, that it encourages investment," Mr Costello told <i>The Australian</i>.</p> <p>Mr Costello's challenge to the states goes further than the draft COAG agreement -- expected to be endorsed by John Howard, premiers and chief ministers -- which only commits the nation's governments to adopting a "simpler and consistent national approach". "Australia would be better served if it could get a uniform system of regulation in relation to ports and port access, in relation to access regimes generally, and in relation to utilities," Mr Costello said yesterday. "I think in relation to access, particularly where it affects export industries, our aim ought to be a national regulator," he said. "We can't afford regulatory delay, which can arise from overlapping regulators."</p> <p>Mr Costello has been championing wide-ranging reform ever since Queensland regulators took more than 20 months to deliberate over the operation of the world's largest coal export terminal -- a delay that highlighted the worsening bottlenecks in the nation's export infrastructure. At a time when demand for resources is booming and the budget is relying on the tax receipts from successful mining companies, the need to overcome bottlenecks had become urgent. "If I had one fear, it would be that we haven't moved quickly enough to exploit the opportunities that are now emerging, particularly with China," Mr Costello said during a visit to Dalrymple Bay last year. "You would have to ask yourself the question, are we a big enough country to have six or seven or eight competition authorities, do we have the expertise to man six or seven or eight competition bodies? "Wouldn't it be better maybe if we had a harmonised system where the best people were available for the biggest projects, particularly in relation to export?"</p> <p>But while Mr Costello was talking about a single regulator, Mr Howard established a task force that called for better co-ordination between existing regulators. Today's COAG gathering will also discuss a range of new measures including energy, transport, early childhood education, mutual recognition of trades across state borders, health and climate change. Documents obtained by <i>The Australian</i> reveal state and commonwealth agreements also want to declare five "hot spots" where other forms of regulation and red tape should be reduced. They include national trade measurements, chemicals and plastics and local government. Annual reviews may also be established to clamp down on unnecessary red tape and compliance costs in priority industries.</p> <p>The premiers have been pushing Canberra for a funding deal worth \$3-\$5billion in return for implementing reforms such as price parity between road and rail, a national strategy for early childhood, and smart meters to reduce electricity demand. But Mr Howard has warned that state governments will not be "paid in advance" to undertake necessary reforms, describing the premiers' proposal as "absurd."</p> <p>On the eve of today's talks, business urged Mr Howard to use the gathering to achieve genuine reform. "As the representatives of Australia's 100 leading companies, we strongly urge you to make the most of this opportunity and distinguish it with the level of co-operation and agreement needed to achieve national policy reform for continued growth and prosperity," Business Council of Australia president Michael Chaney said in a letter to Mr Howard.</p>

Table 5A-1 (Continued)

Publication and Date of Report	Heading and Reporter(s) or Author(s) if Known	Extracts from Report
<p><i>The Australian</i> 29 May 2006 p. 6</p>	<p>'Brumby budget to cut through red tape', by Rick Wallace</p>	<p>A \$40 MILLION plan to cut government regulations for businesses and charities will be unveiled by Victorian Treasurer John Brumby in tomorrow's state budget. The plan is aimed at cutting administration -- including forms and paperwork -- by 5 per cent a year over three years, and includes a system of reward payments for government departments that meet the target. It was devised as part of the Bracks Government's National Reform Initiative, a 10-year wish-list of major state and federal reforms designed to boost economic growth, which was released by Premier Steve Bracks in August last year and embraced in part at the previous COAG meeting in February. The Bracks Government believes the national economy could be \$65 billion bigger -- a 1.5 per cent rise in gross domestic product -- if red tape is slashed by 25 per cent by 2015, and aims to start in its own backyard.</p> <p>Under the red-tape busting plan, the Victorian Competition and Efficiency Commission will identify and review areas where regulations are stifling business, and drive changes through the incentive payments. Departments will be expected to allow businesses to complete paperwork online, and any new regulation must be balanced by the withdrawal of an existing one in the same area. Under the plan, departments will assess the cost to businesses of any new regulations before implementing them.</p> <p>The Government has drawn flak for its regulation in the housing sector where, for example, all new dwellings must have a five-star energy rating. As a result, it recently moved to cut red tape in this area, although it has kept the energy rating requirement, and claims its changes reduce the price of building a home by \$1500 -- a figure disputed by the Opposition.</p> <p>Mr Bracks hopes to drive other states and the commonwealth to cut red tape and adopt the rest of his plans on health, skills and infrastructure under his National Reform Initiative.</p> <p>Mr Brumby has promised a big-spending budget for the suburbs -- with new schools, roads and police stations for outer Melbourne, along with a \$650million hospital at east-suburban Box Hill, expected to be announced tomorrow. The Treasurer has pledged to plough the proceeds of booming property and payroll tax revenues into much-needed new infrastructure in health, education and public transport. But he has remained tight-lipped on business calls for cuts to land tax and WorkCover premiums. He is also under pressure to extend the Government's \$3000 first-home buyers' grant, due to expire in mid-2007, and revamp a stamp-duty concession for low-income homebuyers that has been rendered almost useless by rising property prices.</p> <p>Mr Bracks hinted yesterday that social services may be set for a boost in tomorrow's budget. "There will be significant new investment in a fairer Victoria," he said. "That is, looking at addressing disadvantage and giving people access to services."</p>

Bibliography

References cited in this appendix, besides those shown in Table 5A-1, are listed in the main bibliography of this thesis.