

Trading away the red tape blues

John Kehoe

Governments have tried for decades to curtail business red tape, and the current Labor administration promised a "one in, one out" approach to new regulation.

Now, a conservative think tank is putting forward a provocative solution: a "cap and trade" system in which government departments would trade the right to regulate.

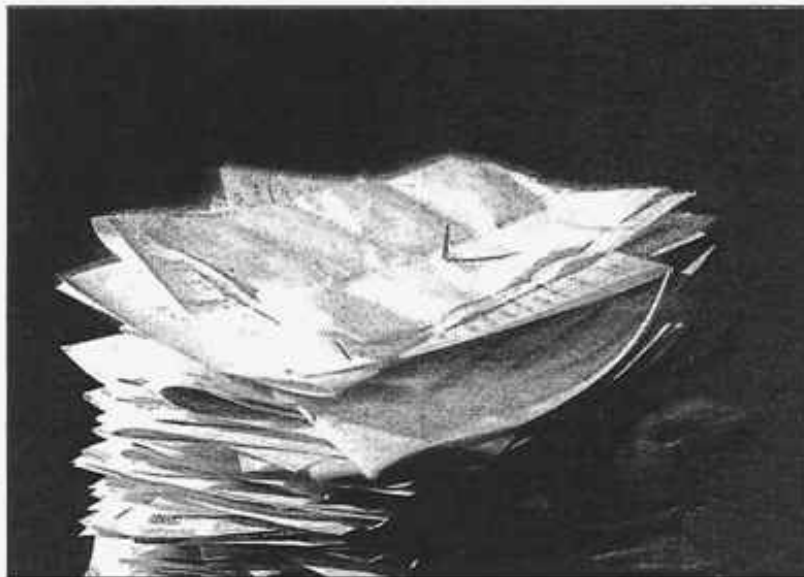
The Sydney-based Centre for Independent Studies is due to publish a report today arguing the federal government would be able to introduce the system if it began measuring the regulatory costs on the economy.

Under the plan, once Australia had an official measure of total regulatory burden, the government would set a 5 per cent reduction target.

Government departments would be issued with "regulation certificates" for 95 per cent of their regulatory burdens. They would be able to trade the certificates with other departments if they cut the regulatory burden by more than 5 per cent, in effect forcing departments to pay for the right to regulate. The government proposed a similar plan to cut carbon emissions, the emissions trading scheme.

While the unusual approach to regulation appears to have little chance of being embraced by either of the major political parties, it highlights how it is much easier for governments to introduce rules than remove them.

The Rudd government promised



A study has called for a red tape reduction scheme.

Photo: TAMARA VONINSKI

when it was elected to ensure there was "no net increase in the regulatory burden".

The government doesn't appear to have lived up to its promise. Figures from the Office of Legislative Drafting and Publishing, a division of the Attorney-General's Department, suggested 3335 legislative instruments were introduced in parliament last year and 1845 regulations removed.

The opposition says the figures understate what's happened. "Based on the figures from the government's own ComLaw register, 9997 new or

amended regulations have been introduced under Rudd with just 52 repeals," the opposition spokesman for deregulation, Bruce Billson, said in a statement yesterday.

"Rather than waving goodbye to red tape as was promised, the Australian economy is drowning under Rudd government regulation."

A spokeswoman for the Minister for Finance and Deregulation, Lindsay Tanner, said the disparity was that a single piece of legislation could repeal multiple regulations.

The government had adopted a

suite of policies to improve the quality of regulation in those areas where they are likely to have a significant impact on business, she said.

"These include a substantive strengthening of Australia's regulatory-impact assessment framework to enhance capacity to manage the quality of new regulation, and in terms of the existing stock, measures to address unnecessary or poorly designed regulation," the spokeswoman said.

She wouldn't comment on whether the "one in, one out" policy remained a government aim.

"Red tape clogs up the system, harming economic growth, much like pollution can harm our natural environment," CIS research fellow Oliver Marc Hartwich said.

"So, if regulatory burdens are a form of pollution, one ambitious way to seek to minimise their effect on productivity and economic growth would be to consider a 'red tape trading scheme' based on some of the basic principals as an emissions trading scheme."

A government taskforce to identify practical options for alleviating the compliance burden on business from government regulation, headed by Productivity Commission chairman Gary Banks in 2006, concluded a "one in, one out" policy was not desirable.

"While the simplicity of such a rule has some attractions, in the taskforce's view it would be too blunt an instrument and could have some perverse consequences," the report said.

School work defended

Sam McKeith

The top NSW education bureaucrat has denied billions of dollars in federal government money was wasted in the commonwealth's school building program but admits mistakes were made.

Claims of rorting, secret fees and cost blowouts have plagued the \$16.2 billion program.

The NSW Teachers Federation estimates more than \$6 billion may have been wasted by the state government.

Appearing before a Senate inquiry yesterday, NSW Education Department director-general Michael Coutts-Trotter defended the delivery of the program and said that "the idea that someone is just scooping up the money and doing nothing for it is absolutely wrong".

"Within a huge program there are going to be mistakes made and problems to be fixed," he said.

Some school principals had raised concerns and a taskforce had been set up to audit projects.

The department had done its best to deliver projects in time. "The Commonwealth was deadly serious about getting money out quickly."

To deliver the projects, the NSW government worked with seven construction firms, including Bovis Lend Lease, Brookfield Multiplex and Abigroup.