



Media Release

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BUSINESS STILL TIED UP BY STATE AND TERRITORY RED TAPE

Australian businesses are being shackled by the failure of state and territory governments to get their continuing red tape blow-out under control, a Business Council of Australia (BCA) report has found.

The BCA's red tape 'scorecard', which analysed the red tape reform progress of each state and territory government, found overall they have not met many of their repeated commitments to put in place effective processes to cut business red tape.

"While commitments have been made by the states and territories to respond to business and community concerns about the growing red tape burden, our scorecard has found so far there is limited progress," BCA Chief Executive Katie Lahey said.

"We acknowledge varying efforts are being made to deal with unnecessary red tape in some states. However, where reforms are being made, there is little consistency in improvements across states and in turn, this is impeding the creation of a national approach to fixing the problem.

"Until business sees a nationally consistent approach to reform and real reductions in the red tape burden, there will be little cause for celebration.

"Business continues to be shackled by a growing red tape burden around the country, at a state level, which is holding the economy back," Ms Lahey said.

The BCA scorecard assesses the performance of states and territories in putting in place reforms to date – including developing sound principles on red tape making, timely review processes and proper consultation – aimed at cutting red tape at the source.

The states made a number of commitments to reform their red tape making processes at the Council of Australian Governments (COAG) meeting on 13 April, however, a number of significant problems remain.

The scorecard found that only Victoria has consistently achieved 'good' ratings in the way it has implemented reforms of its regulation-making regime, and that New South Wales has begun a process of review that has the potential to improve its systems.

In contrast, Western Australia – which to date has failed to put in place basic regulation-making and monitoring procedures – achieved an overall 'poor' rating.

Other jurisdictions rated 'poor' on at least one of the scorecard's four benchmarks, highlighting that more needs to be done, particularly in the areas of transparency and accountability of red tape making.

"A number of jurisdictions have yet to establish a standalone agency to measure the effectiveness of red tape reform or carry out ongoing reviews to pinpoint where their red tape making process might be falling down," Ms Lahey said.

“Even with the COAG commitments to implement reforms of their own red tape processes, there is significant inconsistency in the structures and processes that are being used and a lack of emphasis on key priorities like consultation mechanisms and accountability processes.

“The scorecard shows it’s now time to draw a line on all the rhetoric on bringing Australia’s red tape blow-out under control, and for governments to get serious about following up with real national action,” Ms Lahey said.

The BCA’s assessment was based on written responses to questions put to states and territories on progress on red tape reform, and by the BCA’s own review of red tape processes within those jurisdictions.

In May 2005, the BCA released a report on business regulation which found the volume of red tape was growing in Australia at three times the rate of economic growth, and that Commonwealth and state governments added more than 30,000 pages of new laws and regulations in 2003 alone. Recent IPA figures show that there has been no abatement in the growth of red tape across Australian jurisdictions.

Ms Lahey said business remained concerned that these excessive levels of red tape were resulting in a significant drain on the resources of business and stifling innovation, while potentially acting as a brake on the economy’s overall competitiveness.

She said states should take a lead from the Commonwealth, which last year reviewed its red tape making processes and put in place equally far-reaching reforms on how it develops, implements and reviews its red tape regime.

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SUMMARY OF THE BCA SCORECARD OF STATE RED TAPE REFORM

1. Assessing Performance

The BCA's red tape scorecard assesses the performance on red tape reform among individual states and territories based on four benchmarks:

- Principles of regulation making.
- Accountability.
- Transparency.
- Review.

2. Overall Assessment

State/Territory	Overall Assessment
Australian Capital Territory	Adequate – but with clear room for improvement
New South Wales	Unable to assess at this stage ¹
Northern Territory	Adequate – but with clear room for improvement
Queensland	Adequate – but with clear room for improvement
South Australia	Adequate/Good
Tasmania	Adequate – but with clear room for improvement
Victoria	Good
Western Australia	Poor

¹ Note: The BCA considers that it would be misleading to undertake an assessment of current regulatory processes in New South Wales. While there is clear and broad agreement that these processes have been poor to date, the New South Wales Government has recently committed to some significant reforms resulting from a review of red tape conducted by the Independent Pricing and Regulatory Tribunal (IPART). Those reforms are currently being implemented and cannot be assessed for their operational effectiveness. The BCA welcomes the efforts of the NSW Government to comprehensively review its regulatory regime and to improve its processes, and will be monitoring developments in the implementation stage of regulatory reforms in New South Wales.

Scorecard key

Excellent	All aspects of a sound system of regulation making are present, operational and there is no significant improvement required in those processes. A demonstrated reduction in the regulatory burden on business is evident.
Good	<p>A sound, systemic regulation-making process that includes (but with some possible scope for improvement in some areas):</p> <ul style="list-style-type: none"> A comprehensive framework of principles for good regulation making. Accountability mechanisms including independent review and public reporting on regulation-making processes. Mandatory regulatory impact statement (RIS) processes for proposals that will have a significant impact on business, and processes to ensure that consultation is conducted with all business in a timely and effective way. Processes of regular review of regulations (for example, sunset clauses and regular or annual red tape reviews) to ensure that regulations remain efficient and effective over time.
Adequate – but with clear room for improvement	<p>An adequate, systemic regulation-making process that incorporates some, but not all, of the requirements of good process and therefore requires review and improvement in the system.</p> <p>For example, there may be good guiding principles, but limited accountability or transparency mechanisms to ensure that those principles are implemented.</p>
Poor	<p>A poor regulation-making process that requires much to be done, in particular:</p> <ul style="list-style-type: none"> The establishment of comprehensive principles and RIS requirements supported by mandatory RIS processes and oversight mechanisms. Timely, active and effective stakeholder consultation which includes the opportunity for all relevant businesses to participate in the consultation. The establishment of review processes, for example through the use of formal reviews and sunset clauses.

3. Results in categories

Principles of good regulation making

State/Territory	Assessment
Australian Capital Territory	Good
New South Wales	Unable to assess at this stage
Northern Territory	Adequate/Good
Queensland	Adequate – but with clear room for improvement
South Australia	Good
Tasmania	Adequate/Good
Victoria	Good
Western Australia	Adequate – but with clear room for improvement

Accountability

State/Territory	Assessment
Australian Capital Territory	Adequate – but with clear room for improvement
New South Wales	Unable to assess at this stage ²
Northern Territory	Adequate – but with clear room for improvement
Queensland	Adequate – but with clear room for improvement
South Australia	Adequate/Good
Tasmania	Adequate/Good
Victoria	Good
Western Australia	Poor

² Note: The Better Regulation Office in NSW was only recently established with its full implementation to be effective by June 2007. Therefore, the effectiveness of that office's operations, and the 'Chinese walls' within the executive, remains to be seen. The BCA supports the proposal that the function of the BRO be reviewed after a period of time to ensure that the agency is effective.

Transparency

State/Territory	Assessment
Australian Capital Territory	Adequate/Good
New South Wales	Unable to assess at this stage
Northern Territory	Poor/Adequate
Queensland	Poor
South Australia	Adequate – but with clear room for improvement
Tasmania	Adequate – but with clear room for improvement
Victoria	Adequate/Good
Western Australia	Poor

Review processes

State/Territory	Assessment
Australian Capital Territory	Poor
New South Wales	Unable to assess at this stage
Northern Territory	Adequate – but with clear room for improvement
Queensland	Good
South Australia	Good
Tasmania	Adequate – but with clear room for improvement
Victoria	Good
Western Australia	Adequate – but with clear room for improvement