

Government strangles red tape promise

John Kehoe

The Rudd government has broken a key election promise designed to ease the red tape burden on business, by failing to adhere to its "one in, one out" regulation policy.

Office of Legislative Drafting and Publishing figures obtained by *The Australian Financial Review* show ministers and agencies introduced 3335 legislative instruments last year and removed only 1845 regulations.

Regulations were made in relation to industrial relations, tariffs, accounting, aviation, health insurance, agriculture, petroleum, renewable energy, water and export inspections.

Separate figures from the Rule of Law Association Australia showed more than 50,000 pages of law and regulation were passed by federal and state parliaments last year.

The blow-out has prompted speculation the government has quietly shelved its "one in, one out" promise to "ensure no net increase in the regulatory burden".

In June 2008, Lindsay Tanner said the "one in, one out" principle would require a minister seeking to impose regulation to find offsetting reductions in the regulatory burden.

Experts said Labor had realised achieving its "one in, one out" goal was virtually impossible. One source said the policy had been "dropped like a hot potato".

In its report, *Australia 2010: Towards a Seamless National Economy*, which the government released in February, the Organisation for Economic Co-operation and Development found the one-in one-out rule might not be effective.

"The requirement for regulatory offsets and the 'one in one out' principle is not of its own likely to have a material effect on the growth of regulation," the OECD report said. "Technical constraints may prevent the one-in one-out rule ... from being fully effective."

KEY POINTS

- The federal government has introduced much more regulation than it has taken away.
- Business is seriously concerned about its compliance burden.

However, Australian Chamber of Commerce and Industry director Greg Evans strongly backed the "one in, one out" policy to curb red tape, which the ACCI estimated cost the economy about \$86 billion a year.

"We think it's a sound principle and the government should adhere to that," Mr Evans said. "We're particularly concerned about business-related regulation."

The former chairman of the Australian Competition and Consumer Commission, Allan Fels, said that "despite the ideology of deregulation, the fact is regulation has been increasing for the last 70 years".

A spokeswoman for Mr Tanner said simple tallies of regulation, while useful indicators of regulatory activity, provided only a partial insight into trends.

She said many legislative instruments, while classed as regulation, related to the administration or operation of government and did not have a substantive economic impact.

Opposition Leader Tony Abbott claimed in his budget reply that Labor introduced 9997 new or amended regulations and withdrew just 52.

Rule of Law Association Australia chief executive Richard Gilbert said the regulatory burden "posed a threat" to individuals' understanding of the law and increased delegation of power to enforcement agencies.

A government taskforce to identify options to alleviate the compliance burden concluded a "one in, one out" policy wasn't desirable as it was too blunt and may have bad consequences.

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