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IPA REPORT: RED TAPE REACHES CRISIS POINT IN AUSTRALIA

Free market think tank the Institute of Public Affairs has today released a new landmark report, *Barriers to Prosperity: Red Tape and the Regulatory State in Australia*, authored by IPA research fellow Daniel Wild, which highlights the extent of the red tape crisis in Australia

"Red tape in Australia has reached a crisis point. Urgent action is needed from policy makers to reduce the burden of red tape on businesses, individuals, and community groups," said Mr. Wild.

This report is the first of its kind to provide comprehensive analysis of the five institutional and structural causes of red tape: the structure of the federation, a culture of complacency, a lack of deregulation, over-regulation of risk, and an inefficient tax system.

The report finds that red tape is imposing a series of costs across the economy, including reduced competition, declining rates of entrepreneurship, a higher risk of recession, less innovation, and greater uncertainty for business leading to lower levels of business investment and job creation.

The report also finds that Australia's democracy has been debased by the continued transfer of policy making functions from the Parliament to unelected regulators. The report argues that this is a serious threat to the proper function of Australia's democracy, and urgent action is needed to reverse this trend.

"IPA research has found that red tape reduces economic output by \$176 billion each year. This makes red tape Australia's biggest tax."

"Red tape is the key cause of low and declining business investment, which is currently lower as a percentage of GDP than under the Whitlam government. Low business investment is the central cause of low labour productivity and slow wages growth."

"Every year the red tape burden is growing. This is reducing entrepreneurship, competition, and economic freedom."

"Governments should aim to achieve minimal effective regulation, which means putting the fewest number of rules in place to achieve a given regulatory objective," said Mr Wild.

This is the first of three reports on the red tape problem in Australia. The second report will outline specific red tape items government should be eliminating, and the third report will recommend structural and institutional changes to achieve long term and sustainable reductions in red tape.

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