

RED TAPE ARMY: HEADCOUNT AND COST OF THE FEDERAL REGULATORY WORKFORCE

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Summary of findings

- This year, the number of red tape enforcers—federal government employees engaged in regulatory roles— will be more than 98,800 people. This is an increase of more than 8,000 people (+9%) over the 2024 financial year (+18% increase since 2022).
- Annual staffing costs to employ red tape enforcers alone will be approximately \$13.1 billion this financial year.
- The number of red tape enforcers will increase in all government portfolios by an average of 11% this year.
- However, staffing at the Climate Change, Energy the Environment and Water portfolio will increase by 51% in the current financial year, which in percentage terms, is three times more than any other portfolio is expected to increase over the same period.
- Five federal regulatory agencies are expected to increase their staffing numbers by more than 30% this financial year. Four of these are concerned with environmental regulation.
- In 2023, there were approximately 304,000 people employed within the primary industries agriculture, forestry, and fishing sectors. This means that there was one regulator for every three farmers in Australia.

Methodology

The analysis measures the number of staff and the and staffing costs of people employed within the federal regulatory bodies and agencies.

Staffing numbers, or ‘average staffing levels’, is defined as the average number of employees receiving salary or wages over the financial year, with casual and part-time employees adjusted to a full-time equivalent. This information is derived from federal budget papers.¹

Actual staffing costs represents the total cost of employee benefits. This figure typically includes wages and salaries, superannuation costs, leave and other entitlements costs and separation and redundancies costs. Commonwealth entities and companies are required to report this information to parliament under the *Public Governance, Performance and Accountability Act 2013*, where the information subsequently is made available to the public on the Australian Government Transparency Portal. This analysis uses information from the 2022-23 annual reports published by each agency and department, and portfolio budget statements for 2023-24 data.²

All federal government bodies are listed on the Australian Government Organisations Register, that is updated quarterly. The most recent update is dated to 30 September 2023. Our analysis has considered a government body to be regulatory if they have a direct responsibility in regulating a particular industry or sector.

1 Commonwealth of Australia, *Budget 2023-24: Agency Resourcing* (Budget Paper No. 4, May 2023) 153. Average staffing levels for Reserve Bank of Australia and the National Heavy Vehicle Regulator for 2022-23 was obtained from agency annual reports, as it was not available in the federal budget papers, while average staffing levels data for 2023-24 was not publicly available at time of writing. An assumption has been made average staffing levels for these agencies in 2023-24 was the same as in 2022-23.

2 Actual cost data for the Reserve Bank of Australia and the National Heavy Vehicle Regulator for 2022-23 was obtained from agency annual reports, as it was not available from portfolio budget statements, while average staffing levels data for 2023-24 was not publicly available at time of writing. An assumption has been made that actual staffing costs for these agencies in 2023-24 was the same as in 2022-23.

For the purposes of this analysis, only those organisations that employ 30 or more people have been considered. There are 54 federal regulatory agencies and departments that meet this criteria.

The scope of this analysis is confined to federal government agencies and does not include state level regulators.

It is important to note that not all government bodies are regulatory. For example, the Attorney General's portfolio had a total average staffing level of 14,237 for the 2023 financial year,³ however we have calculated the number of regulatory staff in that portfolio for the 2023 financial year to be 2,646. The difference is due to the exclusion of federal agencies with the Attorney-General's portfolio that are deemed non-regulatory, such as the Australian Federal Police and the Federal Court of Australia. This method is applied to each portfolio, with the exception of the defence portfolio and the parliamentary departments portfolio, which we assume to be non-regulatory.

Discussion

In Australia, red tape is currently an unsolved and accelerating problem that is preventing the recovery, development, and expansion of the national economy.

Research published by the Institute of Public Affairs in November 2023 highlighted that Australians are currently required to comply with a historically unprecedented volume of regulations imposed by the federal government.⁴ Using 'Regdata', a regulatory measurement approach developed by the Mercatus Center at the George Mason University, the IPA found that within federal legislation and regulations, the number of restrictive clauses⁵ reached 371,514 in 2022, an 88 per cent increase since 2005.

Notably, the majority of the growth of regulation since 2005 has occurred through delegated legislation, which is laws and rules made by ministers and regulators, rather than those passed by the elected parliament. Since 2005, delegated legislation has accounted for almost 97 per cent of new regulatory restrictions added during that period.

Federal government departments, agencies, and their responsible minister, are responsible for creating and managing delegated legislation, meaning these departments and agencies are chiefly responsible for the growth of red tape in Australia.

Coinciding with this growth of regulatory responsibilities is, unsurprisingly, a growth in the government workforce, and in particularly the component of the government workforce involved in red tape enforcement.

This year, the average staffing level across the entire federal government (excluding military and reserves) will reach 191,861 people.⁶ This is a consistent increase from 2022 (173,142) and 2023 (181,122): total government staffing levels have increased by 18,719 people (approximately 11 per cent) since 2022.

The component of the federal workforce that is engaged in regulatory activity is estimated to have been 83,590 in 2022, 90,620 in 2023, and 98,814 in 2024. The regulatory workforce has therefore increased by 18 per cent between 2022 and 2024, compared to the 11 per cent growth in the overall federal workforce.

The analysis in this research note finds that of the net addition of 18,719 people to the federal government workforce since 2022, 15,214 of them are in regulatory roles. This means that over three quarters of new government employees are involved in regulatory activity.

Moreover, the findings in this analysis can be compared to employment levels in industries heavily affected by regulation. For instance, while this note has identified 90,620 employees engaged in regulatory roles in 2023, there were approximately 300,000 people employed within the entire agriculture, forestry, and fishing sector.⁷

By breaking down this analysis at a portfolio level, it can be seen which areas of policy making will be most affected by increasing regulatory activity.

3 Commonwealth of Australia, *Budget 2023-24: Agency Resourcing* (Budget Paper No. 4, May 2023) 156.

4 Lachlan Clark and Saxon Davidson, *The Growth of Red Tape: Causes and Solutions* (Institute of Public Affairs Research Report, November 2023).

5 Where words such as 'shall', 'must', 'should', 'prohibit' are used in legislation and regulations.

6 Commonwealth of Australia, *Budget 2023-24: Agency Resourcing* (Budget Paper No. 4, May 2023) 164

7 Australian Bureau of Statistics, 'Table 04: Employed persons by Industry division of main job (ANZSIC) - Trend, Seasonally adjusted, and Original' in *Labour Force, Australia, Detailed, December 2023* (25 January 2024).

Over the next year, all the federal government portfolio's (excluding the defence portfolio) are expected to increase their number of staff which are involved in regulatory activity. As a result, the actual cost for employing the regulatory employees within the federal government is expected to increase by \$867 million, or by 7 per cent. In the 2023 financial year, the actual cost was \$12.3 billion, which will increase to \$13.1 billion by the following year.

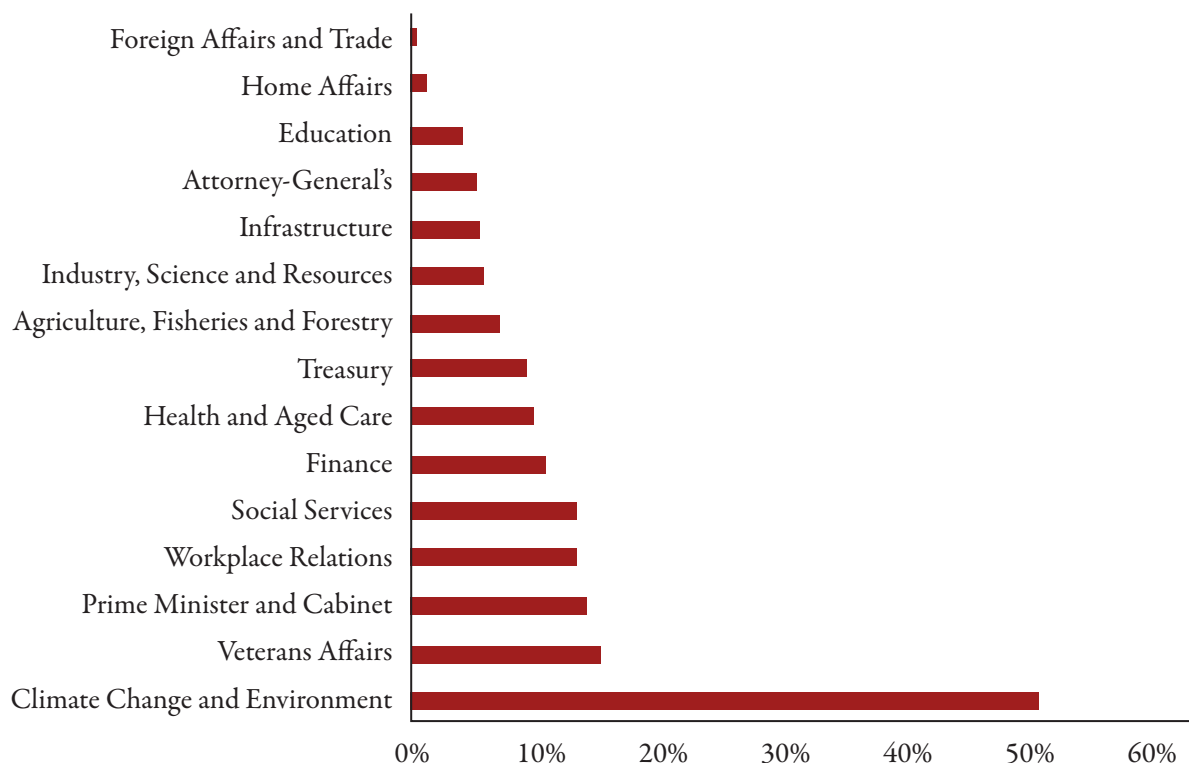
The Treasury portfolio is expected to experience the largest increase in the number of staff this year. The increase of 2,415 people is chiefly due to changes in staffing levels within The Australian Taxation Office, which is expected to increase its staffing levels by 2,372 people this year.

The Climate Change, Energy the Environment and Water portfolio is anticipated to experience the largest percentage increase in staffing levels this year. The 51 per cent increase from 2023 levels is more than three times higher than any other portfolio. As a result, the annual cost of employing the staff within the portfolio is expected to attract an addition cost of \$157 million. Specifically, the Department of Climate Change, Energy, the Environment and Water is expected to expand considerably, adding 1,481 employees, more than three times higher than the government-wide average increase.

Among the agencies, five are expected to increase their staffing numbers by more than 30 per cent this year. Of these five, four are concerned with environmental regulation: the Climate Change Authority (+71 per cent), the Department of Climate Change, Energy, the Environment and Water (+61 per cent), the Murray Darling Basin Authority (+38 per cent) and the National Offshore Petroleum Safety and Environmental Management Authority (+33 per cent).

While the regulatory network is expanding across all areas of government, it is clear that environmental regulators are a key driver in that growth.

Chart 1: Growth of regulatory workforce from 2023 to 2024, categorised by government portfolio



Federal environmental regulation is already acting as a significant hinderance to economic development in Australia. Environmental red tape such as renewable energy targets, the Net Zero emissions policy by 2050, and the Safeguard Mechanism, are currently discouraging development and deterring investment into critical resource projects that employ tens of thousands of Australians. The intention to expand the size of the environmental regulatory workforce specifically indicates the obstruction of economic development on green grounds can be expected to continue.

Recommendations

Reducing red tape means reducing the regulatory apparatus that creates and enforces the red tape. A reason why red tape, and the red tape army that enforces it, has grown is because past governments have lacked the tools and mechanisms required to address overregulation.

Below are three mechanisms which could be used which would support the continued reduction of the number of federal regulators.

One in two out rule

This rule requires that for every for every new regulation created, at least two prior regulations be removed. The proliferation of rule-making by ministers and agencies mean that more employees are required to administer the additional rules. A mechanism to incentivise deregulation will have the flow on effect of reducing the number of people needed to be employed by the government to administer and enforce regulations.

This model has been successfully implemented in the Canadian province of British Columbia, where, in 2001, the government adopted a plan to use the one in two out rule to reduce the number of regulatory restrictive clauses by one third over three years. The province exceeded the three-year goal stimulated economic growth to levels above the national average,⁸ and by 2017 had reduced the number of regulatory restrictiveness clauses by 48 per cent on 2001 levels.⁹

Sunset Commission

A sunset advisory commission would be a mechanism to ensure the number of regulators are kept to an efficiently minimal level by periodically reviewing the appropriateness of retaining government agencies. Actively reporting and evaluating the effectiveness of regulatory bodies ensures that agencies are only retained if they serve a purpose.

This policy has been successfully implemented in Texas for over 50 years, where the Texas Sunset Advisory Commission conducts periodic reviews on every state agency (aside from universities and courts). The commission undertakes extensive analysis and engagement with stakeholders and the public, before it makes recommendations for every agency under review to the state congress. Since 1977, 42 government agencies have been abolished and a further 52 agencies have been transferred or consolidated. The commission has conducted 570 review of state agencies, and since 2001, 80 per cent of the recommendations made by the sunset commission have been implemented. As the number of agencies have been reduced, so too have administrative costs: for every dollar appropriated to the Sunset Commission since 1985, \$18 has been returned to taxpayers through reduced spending in other areas.¹⁰

Sunset clauses in primary legislation

A sunset clause is a provision within a statute, regulation or rule which outlines that it will automatically be terminated after a specified period unless re-approved by parliament.

Given laws made by parliament do not require any form periodic review or re-approval once made, this means over time, laws can become outdated and irrelevant. In Australia, federal regulatory agencies are established in legislation. If federal parliament were to adopt sunset clauses in the drafting of all new laws, this would mean that laws which function to establish regulators would require elected legislators to reassess and be required to justify why agencies involved in regulatory activity are still necessary.

8 Laura Jones, *Cutting Red Tape in Canada: A Regulatory Reform Model for the United States?* (Mercatus Research, Mercatus Centre, November 2015) 3.

9 Bentley Coffey and Patrick McLaughlin, *Regulation and Economic Growth: Evidence from British Columbia's Experiment in Regulatory Budgeting* (Working Paper, Mercatus Centre, 2021).

10 Clark and Davidson (2023).

Appendix: Table of findings

PORTFOLIO	NUMBER OF REGULATORY STAFF		REGULATORY STAFFING COSTS	
	2022-23	2023-24	2022-23	2023-24
Treasury	25,453	27,868	\$3,451m	\$3,638m
Australian Taxation Office	18,402	20,774	\$2,236m	\$2,441m
Australian Securities and Investments Commission	1,846	1,810	\$313m	\$297m
Department of the Treasury	1,438	1,401	\$241m	\$220m
Reserve Bank of Australia	1,575	1,575	\$304m	\$304m
Australian Competition and Consumer Commission and the Australian Energy Regulator (reported jointly)	1,339	1,453	\$199m	\$205m
Australian Prudential Regulation Authority	853	855	\$158m	\$171m
Home Affairs	14,179	14,430	\$1,657m	\$1,778m
Department of Home Affairs	14,179	14,430	\$1,657m	\$1,778m
Foreign Affairs and Trade	6,475	6,482	\$1,016m	\$1,089m
Department of Foreign Affairs and Trade	6,475	6,482	\$1,016m	\$1,089m
Health and Aged Care	7,404	8,119	\$988m	\$1,062m
Department of Health and Aged Care	5,233	5,568	\$734m	\$721m
Aged Care Quality and Safety Commission	1,143	1,438	\$114m	\$183m
Australian Digital Health Agency	411	464	\$56m	\$66m
National Health and Medical Research Council	195	195	\$27m	\$27m
Sport Integrity Australia	156	156	\$20m	\$21m
Australian Radiation Protection and Nuclear Safety Agency	146	178	\$20m	\$26m
Food Standards Australia New Zealand	120	120	\$17m	\$18m
Agriculture, Fisheries and Forestry	5,802	6,215	\$770m	\$699m
Department of Agriculture, Fisheries and Forestry	5,387	5,795	\$711m	\$637m
Wine Australia	53	53	\$10m	\$9m
Australian Fisheries Management Authority	177	177	\$22m	\$25m
Australian Pesticides and Veterinary Medicines Authority	185	190	\$27m	\$28m
Infrastructure, Transport, Regional Development, Communications and the Arts	4,458	4,701	\$665m	\$734m
Department of Infrastructure, Transport, Regional Development, Communications and the Arts	1,818	2,004	\$267m	\$309m
Civil Aviation Safety Authority	852	832	\$141m	\$143m
Australian Communications and Media Authority	525	602	\$71m	\$94m
Australian Maritime Safety Authority	448	448	\$78m	\$80m
National Heavy Vehicle Regulator	815	815	\$108m	\$108m
Industry, Science and Resources	4,115	4,354	\$557m	\$595m
Department of Industry, Science and Resources	2,881	3,063	\$379m	\$399m
IP Australia	1,090	1,100	\$144m	\$151m
National Offshore Petroleum Safety and Environmental Management Authority	144	191	\$34m	\$45m

PORTFOLIO	NUMBER OF REGULATORY STAFF		REGULATORY STAFFING COSTS	
	2022-23	2023-24	2022-23	2023-24
Employment and Workplace Relations	5,179	5,860	\$672 m	\$707m
Department of Employment and Workplace Relations	3,016	3,593	\$387m	\$401m
Office of the Fair Work Ombudsman	901	938	\$116m	\$116m
Comcare	608	633	\$75m	\$85m
Fair Work Commission	361	396	\$54m	\$64m
Australian Skills Quality Authority (National Vocational Education and Training Regulator)	192	199	\$26m	\$27m
Safe Work Australia	101	101	\$14m	\$14m
Climate Change, Energy, the Environment and Water	3,311	4,988	\$488m	\$645m
Department of Climate Change, Energy, the Environment and Water	2,414	3,895	\$366m	\$487m
Clean Energy Regulator	337	388	\$45m	\$52m
Murray-Darling Basin Authority	267	368	\$42m	\$58m
Great Barrier Reef Marine Park Authority	255	272	\$29m	\$37m
Climate Change Authority	38	65	\$6m	\$11m
Social Services	3,054	3,459	\$398m	\$445m
Department of Social Services	2,623	2,776	\$344m	\$367m
NDIS Quality and Safeguards Commission	431	683	\$54m	\$78m
Attorney-General's	2,646	2,783	\$397m	\$373m
Attorney-General's Department	1,815	1,813	\$288m	\$250m
Australian Transaction Reports and Analysis Centre	471	508	\$64m	\$68m
Australian Financial Security Authority	360	462	\$45m	\$55m
Veterans Affairs	2,727	3,129	\$388m	\$425m
Department of Veterans' Affairs	2,727	3,129	\$388m	\$425m
Prime Minister and Cabinet	2,635	3,005	\$368m	\$428m
Department of the Prime Minister and Cabinet	1,136	1,373	\$161m	\$192m
National Indigenous Australians Agency	1,294	1,414	\$188m	\$206m
Torres Strait Regional Authority	154	159	\$19m	\$22m
Workplace Gender Equality Agency	51	59	NA	\$8m
Finance	1,687	1,871	\$237m	\$265m
Department of Finance	1,396	1,569	\$197m	\$221m
Digital Transformation Agency	226	250	\$33m	\$37m
Independent Parliamentary Expenses Authority	65	52	\$7m	\$7m
Education	1,495	1,550	\$210m	\$246m
Department of Education	1,292	1,431	\$184m	\$211m
Tertiary Education Quality and Standards Agency	102	107	\$13m	\$13m
Australian Curriculum, Assessment and Reporting Authority	101	102	\$13m	\$22m
Total	90,620	98,814	\$12,262m	\$13,129m

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