



## Regulatory Reform & Red Tape Reduction

### Policy Background

- Regulation has and will continue to be a feature of Australia's legal, social and economic landscape.
- Regulations impose costs, barriers and administrative burdens on business and in particular, the delivery of an adequate supply of new and affordable housing.
- The appropriate use of regulation to address a defined market failure and in order to protect or enhance (as the case may be) the interests of consumers, business and/or government is an accepted role of governments.
- However, while regulations may exist around the interaction between business and consumers, business and government and to a lesser extent business to business, the residential building industry remains highly regulated and in many cases the administrative burden associated with that regulation is unnecessarily complex.
- The majority of regulations impacting on the residential building industry are state based and differ from state to state.

### Policy Issues

- Regulatory reform of state laws may involve eliminating, re-crafting or consolidating existing regulation to achieve the policy objectives of the respective state governments.
- Changing regulations does not always lead to reduced administrative burden.
- The collective nationally coordinated effort of states/territories to reform their regulations to achieve a consistent outcome can have merit. Yet approaches over the last decade that have sought to harmonise state regulations, generally through COAG, have led to higher stringencies, increased administrative requirements and little if any tangible improvement in the day to day operation of residential building businesses and reduction in red tape.
- The Federal Government has historically committed funding, such as national competition incentive payment to the state/territories for the achievement of harmonisation milestones. Yet there is no mechanism in place to gauge the actual reduction in regulation or red tape that arises when one state adopts a nationally agreed regulation.
- There is clearly a risk that harmonisation comes at the cost of effective state-based regulatory reform outcomes and existing state policy objectives that may be preferred by the majority of businesses that only operate in one jurisdiction.

### **HIA's Policy Position on Regulatory Reform and Red Tape Reduction**

1. HIA supports regulatory reforms that eliminate unnecessary regulation, reduce red tape and the administrative burden on business, facilitate the orderly operation of the residential building industry and improve conditions so as to facilitate more efficient and effective delivery of housing across Australia.
2. HIA supports a coordinated approach to regulatory reform that seeks to deliver improvements in the coordination of Commonwealth, state and local government administrative requirements within a region.
3. HIA does not support harmonisation where it aims to achieve a nationally consistent outcome at the expense of genuine, positive regulatory reform for the residential building industry.
4. HIA does not support national harmonisation where it mandates one or more states to unjustifiably increase regulation stringency in those states.
5. Where national harmonisation is proposed, it should be established through an agreement of the Council of Australia Government's (COAG) and provide for all parties to make a contribution (financial or similar) to the delivery of the agreed outcome.
6. State and Commonwealth governments (including COAG) should not consider any further proposal for harmonisation without first conducting a cost benefit analysis that considers the impact of the reforms on housing affordability and small businesses that do not operate outside of their state's jurisdiction.