



# TALK IS FINE, BUT MORE ACTION NEEDED

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Ask any business person how they expect today's Council of Australian Governments meeting will improve prospects for their business and you most probably will get a blank stare.

Those who have had time to consider COAG any further have a vague grasp that it is about Australian governments meeting to talk about grandiose plans to fix economic and social problems associated with a creaking federal system.

In other words, it is all about government processes, so images of slow-moving glaciers tend to become imprinted in the minds of business operators.

Since its inception in 1992, there is no doubt COAG co-operation has contributed to advancing living standards, but nowadays business wants more immediate and tangible results.

This may be impossible. Getting a decision out of one government can be harrowing enough, let alone nine governments and a representative of the country's 673 local councils.

However, from the business perspective, many items on COAG's national reform agenda are laudable and industry looks forward to reforms being implemented, notwithstanding the slow process, especially in the areas of transport, energy, infrastructure and building human capital through education and health improvements.

Other speculated reforms in the areas of environmental approvals, business name and ABN registration, product safety regulations, a personal property register and occupational health and safety seem sensible and should be adopted.

If the reforms are fully implemented, the Victorian Government, a strong supporter of reform, estimates that after 25 years these reforms could boost the national economy by between 9.4 per cent and 13.6 per cent. However, as has happened before, there is a danger that the focus will be on easy mechanical improvements that should happen in any case, and get heralded with much mutual backslapping, while more important reforms designed to halt the growth of anti-business regulations get sidelined.

Some of the most important work in this area has been undertaken by Gary Banks in *Rethinking Regulation*.

COAG picked up aspects of this in February and nominated the hot spots where overlapping and inconsistent regulations are impeding economic activity. We now look forward to the Federal Government's final response to the Banks Report, due later this month, which will deal with the underlying causes of over-regulation.

The exponential growth of regulation has gone unchecked in Australia for far too long. It has thrived under an illusion created by politicians that we can live in a near risk-free society, so long as we have the right regulations in place.

Regulation, especially where it has superficial political appeal, has become the most favoured immediate policy reaction of bureaucrats, ministerial advisers and their ministers. Dealing with this remains an underlying problem.

In the Australian Chamber of Commerce and Industry's policy on regulatory reform, practical proposals were put forward that will not only help stem the tide of red tape and reduce regulation, but also provide a system to improve the quality

of regulation.

At the moment, too much business regulation passes through our parliaments that has not been adequately tested. We consider that if it has not been properly tested, it should not proceed.

The other big issue that COAG needs to confront is Commonwealth/state roles and responsibilities. ACCI firmly believes that federalism, properly operated, is a strong form of government. The states have a vital role in our economy and that should be utilised.

In the US, they are sometimes referred to as laboratories of democracy, where diversity allows people to do things at a regional level in different ways, which in the end strengthens the nation. Recently, Treasurer Peter Costello sought to make this debate front and centre on the national agenda. He should be congratulated.

In the early to mid-1990s, soon after COAG was created, there was frenetic activity by Commonwealth and state governments to come to some sort of resolution on a better distribution of roles on issues such as education, health and economic regulation. There were some notable successes such as the national competition policy.

However, much of the good work has disappeared without trace. It is a sad reflection that 10 years later, the need for overarching reform is still being debated rather than implemented.

It is also imperative that the distribution of taxation receipts is done as efficiently as possible. The GST was heralded as a breakthrough in Commonwealth/state financial relations as it gave states access to a growth tax in return for their taking responsibility for the revenue. Unfortunately, the reality has been different and governments continue to argue over money. There is obviously a need for further changes at both levels of government.

It is not often that we see all the nation's leaders sit down together in one room. Too often these opportunities have been wasted. Let's hope today's meeting is different.