

Seamless economy is unravelling

James Bond

Australians can take some pride in the recent Honolulu Declaration of the Asia-Pacific Economic Co-operation group leaders - Towards a Seamless Regional Economy - given the phrase "seamless economy" is an Australian creation.

Unfortunately, Australians have proven better at spreading its use than delivering on its promise, despite bipartisan political support

The seamless economy refers to the range of rules and regulations that inhibit businesses operating outside their home jurisdictions. Australians are familiar with these issues because of the huge variety of state-based business regulations.

Recently, the Council of Australian Governments Reform Council chairman, Paul McIntock, said, in launching his annual report on COAG's reform agenda, that more commitment and leadership was required to realise the full potential of reform. At a round table discussion on the Productivity Commission's review on identifying and evaluating regulation reforms, business leaders expressed little confidence in the processes to identify reform priorities and follow through and deliver that reform.

For a country that prides itself on the quality of its institutions and the efficiency of its arrangements, there is no excuse for Australia to fall outside the ranks of the top 20 countries in the World Bank Ease of Doing Business indicators, yet there

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are five areas where this is the case: dealing with construction permits; registering property; protecting investors; paying taxes; and trading across borders.

The World Bank indicator identifies the construction permit issue as a problem in Australia, the total cost to Australia probably billions of dollars a year in lost economic opportunities.

There is no simple solution to this problem. Involved in this process are a multitude of local, state and federal regulators each one with a narrow, precisely defined remit.

The problem is that new developments cannot be assessed in their own right and as they intersect with the agencies' jurisdictions, but on how they affect broader systems such as transport, communication and energy systems, hydrological systems, ecosystems, social systems etc.

A problem for developers and regulators is that often no one seems to be responsible for collecting data and developing and maintaining the system models. Faced with uncertainty, no wonder regulators drag out the approval process in the hope developers will go away.

It is time to stop pretending that a part-time intergovernmental committee process can progress these complex reforms. We need to give a minister the resources and responsibility to deliver Australia from the ranks of the also-rans on the key Ease of Doing Business indicators and to hold him to account if he does not deliver.

■ *James Bond is President of the Australian Services Roundtable.* +

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