

# The Australian

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## Economic reform an ongoing agenda

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### **The removal of regulatory obstacles is proceeding apace under Labor**

BY keeping the economy out of recession, Labor has extended to 19 years the recession-free run for Australia.

But as with all success, this brings challenges. And one of those is gaining support for economic reform.

A defining feature of reform is that it entails costs to narrower sections of the community in the short term but potentially large benefits to the whole community down the track. The costs tend to be concentrated in time and space, creating short-term political problems for a reforming government, while the benefits are delayed and more dispersed.

Yet the Rudd and Gillard Labor governments are connected with the great reforming traditions of the Hawke and Keating Labor governments. And Julia Gillard has already achieved reforms in education and business regulation that have eluded previous governments. Australia's future prosperity in an ageing population will depend crucially on our ability to revive productivity growth.

Phase one of economic reform was the Hawke government's repositioning of the Australian economy from a closed, inward-looking economy operating in a small, fragmented domestic market to an open, competitive economy operating in global markets.

Phase two of reform was the implementation of the national competition policy by the Keating government to facilitate greater competition within the economy by removing inefficient government-owned enterprises and exposing the remaining ones to competition from the private sector.

Phase two also involved a historic shift to a decentralised wage-fixing system based on enterprise bargaining and the spreading of superannuation through a compulsory superannuation guarantee of 9 per cent.

That reform alone has generated national savings of \$1 trillion -- about the size of our annual gross domestic product.

Phase three of reform involves the removal of internal regulatory obstacles to private business, moving Australia towards a seamless national economy. Phase three also involves reforms to the education, health and innovation systems, tax reform and increasing the superannuation guarantee to 12 per cent.

Now, 27 years after phase one began with the floating of the currency, Australia has one of the world's most open markets. Import quotas have been abolished, tariff rates are at or close to zero, the financial system has been liberalised and unwarranted restrictions on foreign investment have been removed. Yet our economy still has up to eight markets. .

In the middle of 2010, we have achieved 12 of the 27 regulatory reforms. By July 1 next year a further seven of the 27 reforms are scheduled for completion and the entire reform program is due to be finished by 2013. When the regulatory reform program is complete, we will have replaced 160 separate pieces of legislation

with 10.

Though it has rarely commanded headlines, reform of 27 areas of business regulation, further competition policy reforms, a single national industrial relations and award system and a single national school curriculum connect this government with the Hawke and Keating governments. I am not seeking to airbrush the Howard government's economic reform program from the history pages.

Rather, I have struggled to identify any coherent economic reform program during the Howard era.

Labor has embraced economic reform to lift productivity growth out of the doldrums where the Howard government left it.

*Craig Emerson is the federal Minister for Competition Policy, Small Business and Independent Contractors.*

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