

# Drowning in regulation

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Businesses constantly experience frustrations with government regulations.

But few areas of government are trying to do something about it.

One that is is the Federal Government's Productivity Commission.

The PC has issued a handbook for regulatory agencies on best practice regulation.

This sets hurdles over which new regulatory proposals must leap before they are even considered by governments.

Similar provisions have been introduced at the state level in Victoria.

But in neither case is there evidence of fewer new regulations, let alone a rollback.

The problem of regulations is compounded by over-resourced regulatory agencies like the Australian Competition and Consumer Commission (ACCC).

These agencies' self-interest makes them predisposed to amplify the reach of regulation.

At the state and local government levels some of the worst regulatory excesses concern planning.

Victoria has less restrictive land use policies than other states but zoning rules still add \$100,000 to the cost of a new house in Melbourne.

Building regulations add thousands more dollars to the burden.

Zoning rules also devalue the worth of non-residential land, undermining its owners' property rights.

Commonwealth regulations (other than the tax code) mainly have an impact on larger businesses.

But the effect eventually hits smaller businesses, workers and consumers by adding to costs and reducing employment and business opportunities.

Take for instance the regulations on Telstra.

The ACCC refuses to allow Telstra to control the prices it charges for its planned new services and is holding existing line charges below costs.

While a short-term benefit to customers, this discourages new investment. It has already led to the shelving of a new fibre optic network, meaning our telecommunications services are falling behind those of our overseas competitors and partners.

Businesses and consumers pay the price for this. Sadly, Communications Minister Helen Coonan is focused only on trumpeting the immediate consumer upside.

She cannot understand the repercussions of governments taking control of private assets and forcing down prices.

Government regulation can always compel companies to cut their prices or offer more services than they are able to charge for.

But as Telstra is demonstrating, business cannot be required to invest in projects that regulations have made unprofitable.

Regrettably, some ministers have little understanding of the damage caused by regulations on investment.

This week saw a surge in greenhouse gas hysteria.

John Howard inadvertently contributed to this hysteria by picking a committee that chose Tim Flannery as Australian of the Year.

Mr Flannery is a greenhouse alarmist whose popularised work is well outside his area of scientific expertise.

The Prime Minister's Task Force on Emissions Trading foreshadows a new national carbon trading scheme. This will build on the existing and costly array of federal and state government greenhouse gas regulations.

Interested parties claim that these regulations are good for us. Some say they will bring benefits in stimulating the growth of new industries.

Others point to benefits in new jobs for commodity traders.

This is all propaganda -- such regulations will cost business and households plenty.

The only benefits will be increases in the numbers of bureaucrats and those trading in government-created greenhouse gas rights.

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