

INDUSTRY REGULATION

BACKGROUND

- The tourism industry recognises the important role that regulation plays in helping achieve social, economic and environmental policy objectives. Regulation helps provide confidence and certainty to business and consumers. By improving economic stability and operating and governance arrangements, regulation can help create an attractive environment for innovation, investment and trade.
- The cost of regulation on the economy is significant. Regulation affects all facets of business including inputs, prices and output. Unnecessary, complex and poorly designed regulation contributes to the administrative burden and constrains the ability of business to provide the best product or service at the lowest cost. Similarly, the effects of numerous changes to regulations - or the prospect of changes - can also be damaging, leading to lost confidence, lost markets and a disincentive to risk-taking and entrepreneurship.
- Getting better regulation is as much about addressing the underlying causes of regulation as it is about trying to improve the quality of regulation. Regulation should be thought of as a 'last resort' that sets the minima in terms of required behaviour and standards of conduct and/or reporting, where clear evidence of market failure or net public interest is found to exist.
- Where appropriate non-regulatory approaches should also be considered. Strong and effective consultation with, and education of, stakeholders has a critical role to play in engendering behavioral changes that do not require new or strengthened regulation.
- Where regulation is necessary, it should aim to facilitate compliance through better risk management and the adoption of systematic and methodical approaches to business planning and management. Regulation should also have a strong focus on encouraging – even rewarding – good behaviour, as part of an overall system of fair and effective enforcement.
- Regular and ongoing regulatory review and reform is necessary, and must be carried out by Governments at all levels with input from stakeholders. Regulations with the most significant impact on the economy, and industry, should be given priority.
- It is important that regulations across all States be reduced, and/or simplified, to help overcome the problems faced by businesses operating across State boundaries and their need to deal with multiple and often inconsistent regulatory approaches.
- While there have been many achievements to-date, VTIC encourages continued improvements in this area.

VTIC supports six principles of good regulatory process:

1. 'Problems' should not be addressed through regulation unless a case for action has been clearly established. This needs to include explaining why existing measures are not sufficient to deal with the issue.
2. A range of feasible policy options — including self-regulatory and co-regulatory approaches — need to be assessed within a cost-benefit framework.
3. Only the option that generates the greatest net benefit for the community, taking into account all the impacts, should be adopted.
4. Regulators and regulated parties should be well aware of the policy intent of the regulation, as well as what is needed to be compliant.

5. Mechanisms such as sunset clauses or periodic reviews need to be built into legislation to ensure that regulation remains relevant and effective over time.
6. There needs to be effective consultation with regulated parties at the key stages of regulation making and administration.

KEY ISSUES

- Tourism is a highly competitive domestic and international market. Regulation must not compromise the competitive advantage of this important sector.
- Public land and waterways are major tourism assets. Changes to regulations, to allow for the availability of 50 -100 year leases on carefully selected public land and waterways, would stimulate greater private sector investment.
- Appropriate regulatory reform is required to enable industry to overcome the skills and labour shortage, including the use of migrants and visa recipients.
- There is a need to ensure regulations affecting air transport encourages industry growth by providing more direct international flights to Melbourne and greater regional air access.
- Ongoing regulatory review and reform should have special regard to the impact on tourism industry SMEs.
- To avoid greater regulation in the future, it is important that the tourism industry takes action now to lead the development of voluntary environmentally sustainable business practices and investment.
- The planning and development approvals process must be streamlined in order to reduce unnecessary development costs and avoid delays. This is particularly important where multiple licences are needed for single activities or events and where repeat licences are needed for regular events or activities. In such cases, the use of a series licence may be applicable. There is currently a considerable gap between tourism policy objectives and Victoria's planning system. Not only must the regulations be appropriately aligned, but they must also be effectively implemented and interpreted to ensure clarity. Uncertainty around regulations and timeframes for approval is discouraging investment in Victoria.
- Regulatory review and reform must continue in the area of the remittance of state taxes and charges. Improvements could include; the introduction of a single payment return that includes most State financial obligations (e.g. payroll tax and land tax payments, WorkCover payments and TAC premiums) and greater alignment of the payment frequency of the taxes, premiums and charges to be included in the single payment return.

POLICY POSITION

- VTIC is supportive of ongoing regulatory review and reform, and efforts to provide a more simplified and efficient operating and investment environment within the tourism industry.
- VTIC stands ready to work with Governments at all levels to provide real world advice and feedback on practical ways of reforming existing regulations and encouraging greater use of non-regulatory practices.