



Economic Development,
Jobs, Transport
and Resources

Small Business Regulation Review (Visitor Economy)

Detailed descriptions of the Action
Statement reforms

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Authorised by the Hon. Philip Dalidakis MP

Minister for Small Business

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Table of contents

Introduction	3
Scope of the review	3
Overview of the reforms.....	4
Benefits to small businesses	4
Reform area 1 Small events and festivals	5
Reform 1.1 Extending the scope of event permits	6
Reform 1.2 A centralised information portal for small event organisers.....	7
Reform area 2 Innovative new ventures.....	8
Reform 2.1 Supporting innovative new ventures through Victoria’s regulatory framework.....	9
Focus area 3 Tourist road signage.....	11
Reform 3.1 Showing businesses why road signage content is restricted.....	12
Reform 3.2 An online interactive form for tourist road signage applications	13
Focus Area 4 Tour operator licencing.....	14
Reform 4.1 Making it easier to get a longer tour operator licence	15
Reform 4.2 Simple standard rules and limits for an expression of interest process.....	15
Focus area 5 Small visitor accommodation providers	17
Reform 5.1 Ongoing public health registration for small visitor accommodation	18
Reform 5.2 Aligning public health registration thresholds with local planning thresholds	19

Introduction

The *Small Business Regulation Review (Visitor Economy)* is the second sector to be reviewed under the Small Business Regulation Review program. This review builds on the reforms identified during the *Small Business Regulation Review (Retail Sector)* and, in the same style as the first review, focuses on understanding regulation as experienced by small business in Victoria.

Similar to the retail sector action statement, the *Small Business Regulation Review (Visitor Economy) Action Statement* contains practical and implementable reforms that seek to reduce regulatory burden on small businesses operating in Victoria's visitor economy sector.

Active and open engagement with stakeholders, particularly small business, has been central to the development of the action statement. Around 200 representatives from small businesses, local government, regulators and expert advisers provided input to the review through the following:

- An industry forum comprising 10 industry groups, 4 local government representatives and Victorian Government agencies.
- Broad engagement with stakeholders, including meetings with small business and their representatives, councils, and several Victorian Government departments and agencies.
- Regional consultation and individual engagement with small businesses in Torquay, Daylesford, Phillip Island, the Mornington Peninsula and Heathcote.
- A survey of small businesses to gather evidence on the time and money spent by small businesses on particular regulations, through which approximately 90 responses were received.
- Review of written submissions from small businesses and industry associations.
- Targeted engagement with the Red Tape Commissioner, the Small Business Commissioner and the Small Business Ministerial Council.

Scope of the review

Around 70 per cent of businesses in the visitor economy undertake retail operations, comprising a wide range of business activities including restaurants, gift shops and food outlets. It is anticipated that these businesses will benefit greatly from the reforms identified in the *Small Business Regulation Review (Retail Sector) Action Statement*.

Intending to build on these reforms and implement reforms in a manner that will benefit small business in a timely manner, the Department of Economic Development Jobs Transport and Resources (DEDJTR) has undertaken this review over a six-month period, with the retail sector review informing the methodology, to streamline the process and maximise efficiency.

Rather than releasing an issues paper for consultation, relevant issues were identified through intensive stakeholder engagement, analysis of known issues and review of industry submissions and ministerial correspondence, with the intent to understand the areas of regulation that are the most burdensome for small businesses.

As the review focuses on identifying practical and implementable reform opportunities, some of the issues identified fell outside its scope. Some examples of these issues relate to planning, food safety and the regulation of new online short-stay accommodation models.

These issues have been acknowledged and are being forwarded to relevant areas of government, in order to inform ongoing and future regulation reform activities. An example of this future work is the review relating to the regulatory imbalance between the short-stay and traditional accommodation sectors, due to be undertaken by the Commissioner for Better Regulation.

The reforms were identified as being within the scope of the review on the basis of being:

- practical in nature and delivering significant benefit to small businesses
- implementable in concert with ongoing regulatory reform initiatives; or
- easily facilitated through processes where there is a clear pathway to delivery.

Overview of the reforms

Following desktop analysis and stakeholder engagement, issues that were identified as being within the scope of the review (i.e. offering opportunities to find practical and implementable reforms) were grouped into the following five reform areas:

1. Small events and festivals
2. Innovative new ventures
3. Tourist road signage
4. Tour operator licencing
5. Small visitor accommodation providers.

The development of the reforms included a rapid co-design process, which was centred around experiencing regulation from the perspective of small businesses. This user-centred approach brought together regulators, small businesses and expert advisers and facilitated effective consideration of the end-to-end experience of how small business owners interact with various levels of government. From this process, the following reforms were identified:

- 1.1 Extending the scope of event permits
- 1.2 A centralised information portal for small event organisers
- 2.1 Supporting innovative new ventures through Victoria's regulatory framework
- 3.1 Showing businesses why road signage content is restricted
- 3.2 An online interactive form for tourist road signage applications
- 4.1 Making it easier to get a longer tour operator licence
- 4.2 Simple standard rules and limits for an expression of interest process
- 5.1 Ongoing public health registration for small visitor accommodation
- 5.2 Aligning public health registration thresholds with local planning thresholds

Benefits to small businesses

Using the Department of Treasury and Finance's Regulatory Change Measurement calculations, which focus on cost benefits through reduced fees, compliance and administration activity, these initiatives are calculated to save small businesses between \$3.5 million and \$7.2 million per annum.

Broader benefits to the community and economy from these initiatives include:

- A more efficient process for getting approval to run events, which will give keen organisers scope to put on more events per year.
- Bringing forward the opening date of a new attraction, which will bring visitors earlier, creating demand for other nearby businesses.
- Councils and VicRoads will save time processing road signage applications with the new forms, which will free up resources for other related tasks, such as removing out of date and obsolete signage that contribute to clutter.
- Reducing regulation costs for small visitor accommodation can bring more people into the sector and broaden the offerings for visitors.
- With more certainty about their future, tour operators can come up with new and attractive offerings for customers.

Reform area 1 Small events and festivals

Making it easier for event and festival organisers

What is the problem?

Organisers of small events and festivals have reported a lack of guidance on regulatory requirements and inconsistency across regulators in terms of the advice provided. Organisers generally have to rely on their own research, and fragmented information obtained from regulators to identify their regulatory requirements; and sometimes feel it necessary to seek expensive professional expertise to improve the likelihood of a successful outcome during approvals processes.

Without clear, consistent and easily accessible information on regulatory requirements, event organisers often discover unexpected requirements during the application process, resulting in rejections or requests for further information, along with additional costs and delays.

Context of the issue

Event tourism is a booming industry in Victoria, representing 22 per cent of all international overnight visitors to Victoria, who attend around 500 festivals each year. Small events and festivals also contribute significantly to local communities, especially in regional and rural locations where they can improve liveability, deliver a significant economic boost to the local area and create employment opportunities.

Most small events and festivals in Victoria are organised by individuals, consortiums of local businesses, or community groups seeking to promote their industry or cause. As a result, organisers can be particularly exposed to regulatory burden as delays, additional expense and compliance issues can put the feasibility of an event at risk.

Information on running events in Victoria is decentralised and highly variable. This is partly due to the diverse nature of activities undertaken during events, variance in regulatory requirements across jurisdictions and council capabilities and resources. Understanding the scope of their regulatory obligations can present a significant challenge to prospective event organisers and act as a disincentive to follow through on delivering the event.

Furthermore, a typical event or festival held in Victoria can require up to ten different permits under various regulatory frameworks at local, state and federal levels, depending on the activities to be undertaken and the level of associated risk. Often these permits require the prospective organiser to submit the same information to multiple regulators for permits, which can be confusing, expensive and time consuming for prospective event organisers.

Compounding this issue, small events and festivals generally require various permits for activities that could be considered a logical extension of activities covered by the overall event permit. Many of these individual application processes require duplicated or similar information requirements, such as site plans, risk management plans, and event details, resulting in additional cost and frustration to event organisers.

What did small businesses say?

During stakeholder consultation, event organisers said that they struggle with the complexity of the permit process, the sheer number of permits required to undertake even a very small event. The length of time taken for approvals means that event permits are sometimes approved just days in advance of the event itself, making it difficult to advertise and ensure adequate attendance to make the event viable.

Some stakeholders informed us that, while several local councils have developed and published user-friendly event planning guides, guides can be up to 50 pages long and do little to clarify the complexity of the regulatory regime. Event organisers often resort to paying for expert advice to clarify their regulatory obligations. For example, one event organiser felt the need to hire a cheese

compliance expert to ensure their application met the regulatory requirements for an event that served cheese.

Another event organiser said that, when initially establishing their event, despite seeking assistance, they felt unsupported by government and had to “guess, apply and hope for the best”, when they were starting out. Others indicated that, if they had known how difficult it was going to be during the approvals process at the outset, they might not have gone to the effort of organising the event.

What are we doing?

Reform 1.1 Extending the scope of event permits

What is it?

The reform will extend the scope of event permits for eligible small, lower risk events and festivals to incorporate activities that are often associated with a wide range of events, such as permission to distribute flyers, put up temporary signage and photograph the event.

As a result, organisers will be able to apply to undertake the approved activities under a single permit, rather than having to submit multiple applications to various regulators.

What are the benefits to small business?

The reform will reduce the administrative burden on small business by reducing the number of permits required by small business to run an event, resulting in:

- decreased processing time
- decreased cost
- clarity about what activities can be undertaken under an event permit
- reduced siloed decisions in overall events process within council
- decreased administrative burden on councils and freed up resources to focus on larger more complex events that increase the profile of the municipality
- simple application process that increases the number of events and compliance.

The reform also has the potential to generate efficiencies in councils, allowing them to invest in the provision of other services for the benefit of their constituents.

The total savings to small businesses are estimated to be \$155,000 and \$311,000 per annum.

How will it happen?

The Small Business Victoria business unit within DEDJTR (SBV) is currently implementing the Better Approvals Project, which is a keystone reform of the SBRR Retail Review. This project includes a concierge service, intended to improve user experience and reduce delays during licence and permit approvals processes. This project presents an opportunity for integration with the implementation of this reform, which will benefit from work and infrastructure already established in this area.

Following an initial research phase, SBV will establish a working group comprising the Municipal Association of Victoria (MAV), local government, nominated industry representatives and relevant business units within the Department, to create a best practice permit.

The working group will draft a pro-forma permit to be progressively rolled-out with councils that are currently involved in the Better Approvals Project. The initial roll-out will include ongoing consultation, feedback and refinement, prior to a comprehensive roll-out to other councils.

Reform 1.2 A centralised information portal for small event organisers

What is it?

Currently, information on running events is decentralised and highly variable. Event organisers are expected to understand their regulatory responsibilities without much support from regulators. The information is structured to describe the regulations and doesn't help an event organiser know if it applies to their activity.

The reform focuses on the development of a centrally-maintained online hub of relevant, easily accessible information on setting up and running events, where the material is written with small event organisers in mind.

What are the benefits to small business?

Implementation of this reform will make it easier for small businesses to hold events, while also reducing the time and cost burden to the business. The reduced burden to regulators will result in more timely event approvals and a better customer experience for small business customers.

In addition to this, it is expected that improved access to information will encourage prospective event organisers to facilitate events, where they may have previously been discouraged to do so, resulting in increased economic activity and employment.

It is anticipated that this reform will deliver significant benefit to between 500 and 1000 events annually, with an average time saving to each event of 5 hours over 7 to 12 days.

The total cost savings to small businesses are estimated to be between \$2 million and \$4 million per annum, comprising a reduction in fees, and in time spent on compliance and administration activity.

How will it happen?

SBV will work with relevant stakeholders, including small business, MAV, local government and other regulators, to co-ordinate the development of concise, relevant information and checklists.

The information will be consolidated into a comprehensive, user-friendly resource by SBV, in ongoing collaboration with councils and regulators.

The portal will offer prospective event organisers a reliable source of information on their obligations, the material they will need to supply, and a logical sequence for permit applications taking into account dependencies on prior approvals.

Government will work to ensure that this resource is designed in such a way that it is easily located by small businesses and maintained with up-to-date information. Small business, councils and other regulators will be engaged during the development and roll-out of the portal, to ensure that appropriate information is being delivered to small businesses.

Reform area 2 Innovative new ventures

Guiding innovative business ideas through the regulatory journey

What is the problem?

The complexity of Victoria's regulatory framework means that even businesses intending to operate in established sectors and industries can find it challenging to navigate their regulatory requirements and responsibilities. During the Small Business Regulation Review (Retail Sector) business survey, 38 per cent of respondents stated that initial establishment poses the greatest regulatory burden.

This challenge can be amplified when individuals or businesses intend to undertake a venture that does not fit neatly into existing regulatory frameworks. A well-known interstate example of this is the Sydney Harbour Bridge Climb (NSW), which took ten years to come to fruition, primarily as a result of regulatory hurdles.

Sometimes the barriers posed by time delays or regulatory requirements can prove too frustrating or costly to prospective businesses, resulting in significant frustration, failure of the business, or the business taking their operations elsewhere. One example of this is Handlebar, an innovative mobile bar concept that was rejected by a council in Melbourne after 9 months of deliberation, which is now operating successfully in Adelaide.

While large businesses might have the resources and resilience to successfully negotiate significant regulatory hurdles, small businesses are at much greater risk of failure and may not have the capability or level of influence to enable them to succeed in complicated regulatory environments without significant assistance from government.

Context of the issue

The intent of robust regulation processes in this sphere is to ensure that the risks of innovative activities undertaken by businesses in the visitor economy are properly addressed and mitigated through appropriate regulatory mechanisms. However, these processes can result in significant delays to the commencement of business operations and pose a risk to small businesses.

Victoria has around sixty regulatory agencies¹ and units whose primary work is the administration of an area of regulation that affects business and not-for-profit organisations. It is important to acknowledge that each of these regulators has differing priorities, which can result in increased regulatory burden for business activities that operate across various regulatory areas; or which operate in areas where there is no clearly defined regulatory framework in place.

There are various examples of larger businesses successfully undertaking innovative activities in Victoria's visitor economy. However, these businesses often attribute their success to having adequate resources and, equally importantly, finding a 'champion' in government, who has been able to advocate on their behalf. Both of these are benefits that the majority of small business do not have.

Regulators often have limited appreciation of the commercial costs of delays and uncertainty, or of the risks that these pose to small businesses in particular. Small businesses have reported that they perceive that regulators often appear to seek opportunities to reject outright applications to undertake activities that do not immediately fit within the regulatory framework, rather than working with the business to identify a pathway to approval.

All regulators experience the challenges of working within time and budgetary constraints and this can result in delays to the processing of applications. Furthermore, disconnect between individual regulators can result in delays during the processing of complex applications for activities that do not

¹ VRS September 2013, Victorian Competition and Efficiency Commission (2013)

sit neatly within regulatory frameworks. These issues combined can result in significant delays which:

- cause significant risk to individual small businesses;
- result in a loss of economic activity generated by new businesses; and
- risk the reputation of Victoria as a state that welcomes innovative business.

What did small businesses say?

During stakeholder consultation, small businesses and innovative start-ups informed us that:

- they are unnecessarily delayed by regulatory decision-making, especially where the proposed activity does not fit a pre-existing category, resulting in significant cost and frustration and risking their business operations
- regulators will often look primarily for how the activity might contravene regulation, rather than identifying regulation that is appropriate for the activity or suggesting how the activity might be modified to fit within the regulations
- that regulators view regulation as a siloed process, seeing only the implication of the activity under their own regulation rather than taking a holistic view of the regulatory framework
- while some regulators do their best to help they feel regulators are constrained by the inflexibility of the regulation that they administer
- they feel they have no way of knowing how long they might have to wait for a determination on their applications; and no way of holding regulators accountable when there are significant delays to the process.

What are we doing?

Reform 2.1 Supporting innovative new ventures through Victoria's regulatory framework

What is it?

This reform seeks to implement a mechanism by which businesses seeking to undertake innovative visitor economy activities can be identified to receive facilitative support from a central point in government.

Although complex decisions will still take time, the initiative will engage with eligible businesses to identify a preliminary roadmap of their regulatory obligations and trigger a formal escalation mechanism if there are roadblocks that appear to be impeding progression toward final approval.

Depending on individual circumstances and the nature of the roadblock, this mechanism might comprise facilitating communication between relevant regulators, referring applications to relevant agencies, or escalating awareness of the issue to relevant senior government officials.

What are the benefits to small business?

- Businesses that are negotiating complex regulatory challenges will feel supported and heard by government, resulting in reduced frustration and lessened likelihood that the business will seek to take their operations to alternative jurisdictions
- Reduced approvals turnaround will result in increased chance of success for the business, while simultaneously expediting the delivery of associated economic benefits
- Sharing the burden of identifying and managing regulatory obligations will result in reduced stress and increased likelihood of a positive outcome during the approvals process
- Raising awareness of the regulatory issues faced by small businesses may provoke cultural change within regulators, resulting in a better approvals process in the future.

Total cost savings to small business are estimated to be between \$0.5 million and \$2.2 million per annum, comprising a reduction in fees, and in time spent on compliance and administration activity.

How will it happen?

DEDJTR will create a function within its Tourism Events and Visitor Economy Unit, which will work with stakeholders, including the Red Tape Commissioner and Small Business Victoria to develop a set of criteria to identify eligible businesses. The initiative will be aimed primarily at supporting businesses at the approvals stage, where their model will likely require non-standard assessment and process.

Eligible businesses that meet the criteria identified through the above process will be advised of the support options available to them. These might include access to resources within Regional Development Victoria units, regional tourism boards, and other relevant initiatives aimed at helping businesses in the establishment stage, as appropriate.

Using a case management approach, DEDJTR will maintain regular contact with the eligible business to assist them in the identification and appropriate management of roadblocks and potential problems as they arise.

Appropriate channels of communication between regulators will be developed, along with a mechanism for escalating these issues at a determined point where it is felt that the business will not be able to facilitate a positive outcome without additional support or advocacy. This might come from resources within government departments or, where appropriate, by escalating the issue to the relevant minister. The Small Business Victoria business unit within DEDJTR will provide ongoing guidance on available support as it becomes available.

The businesses will complete a short quarterly survey to keep track of how effectively regulators are facilitating new ideas and models. These collated reports will be provided to the Minister for Small Business and the Minister for Tourism and may facilitate the identification of future reform opportunities that will benefit other businesses.

Focus area 3 Tourist road signage

Simplifying tourist road signage applications

What is the problem?

Tourist signage is intended to direct visitors to tourist attractions, services and facilities. Although businesses may receive some promotional benefit as a result of tourist signage, this is ancillary to the primary objective of tourist signage guidelines (i.e. to facilitate road safety and reduce traffic congestion, particularly in areas with a significant visitor economy).

There is often a disconnect between regulators operating under the above objective and local businesses, which see tourist signage as an opportunity to promote their business. Larger businesses may have a better understanding of the purpose of tourism signage, whether through better resourcing or through stronger links with council. However, small business owners sometimes misunderstand the purpose of tourist signage and experience frustration when their application for a tourist signage permit is rejected or delayed for a significant period of time.

This misperception among businesses of the purpose of the guidelines, compounded with a lack of understanding of the regulatory frameworks around tourist and promotional signage, often results in inappropriate or incomplete applications for tourist signage permit, with unrealistic expectations of what is permissible and the limits of its advertising potential.

High numbers of incomplete applications can result in delays to what is already a complex approvals process, or rejection, which results in further frustration for applicants and tension between small business and regulators.

The issue is amplified in wine regions where there are large numbers of wineries that depend on cellar door visitation and related Agritourism attractions such as food trails, farm shops and other visitor attractions.

Context of the issue

Authorisation for tourist signage permits in Victoria is provided by the relevant coordinating road authority under the *Road Management Act 2004*. As a result, VicRoads is responsible for considering tourist signage permit applications for proposed signage on major and arterial roads, while municipal councils are responsible for signage on local roads.

In practice there is usually a combination of the two, meaning that an application needs to be considered by both regulators. To facilitate this, businesses wishing to erect tourist signage will submit their application to their local council, which will consider the application and, if necessary, forward to VicRoads for further consideration.

Under the *Road Management Act 2004*, the relevant road authority must notify the applicant of the outcome of their application for a permit within 14 days. However, an outcome can refer to the application being referred to other authorities for consideration; or a request for more information. At this point, timelines are entirely dependent on the capacity of VicRoads and the complexity and quality of the application. The applicant's expectations from this point are dependent on their understanding of the process; and the degree of interaction between the council and the applicant.

VicRoads works closely with councils and Regional/Local Tourism Signing Committees to ensure a consistent approach to tourist signage. However, councils may apply additional planning and other conditions. This is often the case in areas of high tourist activity and in areas where there may be considerations (e.g. residential, landscape, heritage etc.) specific to the area. This can further complicate an otherwise simple application and result in additional frustration for businesses if their expectations are not suitably managed.

What did small businesses say?

During stakeholder engagement, small businesses told us that they:

- are frustrated by the time it takes to get tourist signage approved, with determination taking up to 18 months at times
- don't understand why they can't get tourist signage when their nearby competitors have been successful in their application
- feel that council road signage engineers, planners and VicRoads don't understand their business needs, or appreciate how their business is beneficial to the local community
- find the process of tourist signage approvals frustrating and convoluted
- received conflicting information from different regulators about what information was required, what they could expect during the process and what they would or would not be able to get approved
- don't understand why it can take up to six months for obsolete signage to be removed after local businesses have moved or gone out of business.

What are we doing?

Reform 3.1 Showing businesses why road signage content is restricted

What is it?

An online video series that can be used as an educational tool to illustrate the purpose of the restrictions in the VicRoads guidelines. The primary purpose of the videos will be to better inform small businesses about the purpose of tourist signage and to increase understanding and buy-in of the tourist road signage guidelines and processes.

The videos will be hosted online, along with relevant information including the Tourist Signing Guidelines, and will link to the interactive application form outlined in Reform 3.2.

What are the benefits to small business?

- Better application outcomes through improved understanding of requirements
- Reduced requests for further information resulting in faster approvals, saved time and expense
- Reduced administrative burden on regulators resulting in better customer experiences and reduced delays
- Improved management of expectations around the scope and purpose of tourist signage, resulting in reduced frustration for small business operators.

The total cost savings to small business are estimated to be \$168,000 per annum, comprising a reduction in time spent on compliance and administration activity.

How will it happen?

DEDJTR's Tourism Events and Visitor Economy business unit (TEVE) will facilitate production of videos using current examples of acceptable and unacceptable tourist signage, highlighting the perspective of the visiting motorist. The videos will be maintained online, accessible in the same location as the dynamic online application form, and positioned to deliver the information in a less formal manner. (see Reform 3.2).

Reform 3.2 An online interactive form for tourist road signage applications

What is it?

A dynamic online application form that will improve user experience during the process of applying for tourism signage permit applications. The form will guide businesses through the relevant requirements and acceptable sign content, ensuring that all the information required to facilitate a final determination is collected at the outset.

By reducing the number of incomplete or inappropriate applications, the form will reduce further requests for information, minimising individual engagement, saving time for businesses and reducing administrative burden for regulators.

This will benefit small businesses by reducing the amount of time taken during the approvals process and improve the overall customer experience. Furthermore, improved access to information will help manage the expectations of small businesses relating to process timelines and help win buy-in and understanding of the primary purpose of tourism signage.

What are the benefits to small business?

- Improved general understanding of the purpose of road signage, and better management of expectations will result in time and cost savings to small businesses and better application outcomes.
- Improved relationship between small business and regulators, resulting in reduced stress and frustration for business owners

The total cost savings to small business are estimated to be \$279,000 per annum, comprising a reduction in time spent on compliance and administration activity.

How will it happen?

DEDJTR's Tourism Events and Visitor Economy business unit will develop and implement a centrally-maintained, dynamic online application form, in consultation with VicRoads, local government and other road managers. Councils will be able to direct all enquiries to an online information portal, which will provide small businesses with relevant and appropriate information relating to road signage, including tourism road signage guidelines, a video outlining the purpose of road signage; and the interactive application form.

TEVE will manage the development of the application form during the first half of 2018 in cooperation with small business, regional tourism boards, VicRoads, local government and Regional/Local Tourism Signing Committees. Through the consultative process, best practice and relevant previous work will be identified and utilised where possible.

The form will be based on VicRoads Tourist Signing Guidelines and written from a small business perspective. The form will be developed in concert with the educational videos (see Reform 3.1) and care will be taken to ensure that businesses fully understand the requirements and the primary purpose of tourist signage.

Focus Area 4 Tour operator licencing

Streamlining processes and recognising good performance

What is the problem?

Under legislation, anyone conducting organised tours or recreational activity for profit on public land must have a Tour Operator Licence. The regime is enacted through five acts that govern Crown Land in Victoria assigning the right to issue licences to the Secretary of the Department of Environment Land Water and Planning (DELWP).

This power has been delegated to the appointed land manager on each reserve. Most often this is Parks Victoria (i.e. within DELWP), but there are also other entities (councils, committees of management, alpine resort management boards) with responsibility for licensing under the regime.

Context of the issue

Standard tour operator licences are issued for a period of twelve months. Legislation allows licences to be issued for periods of up to 10 years, but DELWP guidelines specify that for a business to obtain a licence of more than a year, they must meet standards in accepted external accreditation programs (e.g. Ecotourism, Australian Tourism Accreditation Program). The policy is to use the certainty accompanied by a longer licence as an incentive to raise standards across the industry through increased take-up of accreditation programs.

There are no other criteria to be eligible for a longer licence. For some businesses the accepted accreditation programs are not relevant to their operation, or the cost of the process is not justified by other benefits aside from a longer licence. These businesses are required to re-apply for a new licence every year.

For safety, cultural or environmental reasons, it is sometimes necessary for land managers to limit the number of licenced tour operators who can operate on certain sites. In this case, the regulations allow the land manager to use a competitive process to allocate a number of licences for a given period. This is most common for beach based activities, such as surf schools where crowding can be an issue. The regulations do not specify how a land manager should run the allocation process. DELWP provides guidance to land managers on governance, and provides information on running an Expression of Interest (EOI) process for allocating licences.

What did small businesses say?

Tour operators expressed frustration with an inability to plan ahead when a licence has a short expiry date. The application process takes six to eight weeks, and requires filling in a form every time.

Some small operators who have been in business for a long time feel that there is no recognition of their experience and the value they bring to the region. This sentiment is exacerbated when they hear of unlicensed or non-compliant operators who are not sanctioned.

Small businesses have stated that this process is stressful and expensive, and a lack of transparency leaves them feeling at the mercy of the land manager. They also indicated that the lack of clarity around process and requirements gives them no confidence that the process will be run fairly.

Tour operators also said that they put their livelihood at stake when they have to apply for a competitively allocated licence, especially when they may have been operating their business for a significant period of time on site. Businesses noted that the EOI process is very stressful, and the consequences if it is run poorly can be significant.

What are we doing?

Reform 4.1 Making it easier to get a longer tour operator licence

What is it?

DELWP's Land Management Policy Division will revise relevant guidelines so land managers can provide longer licences to applicants who have made all their returns and paid invoices on time, and have a record of meeting all their compliance obligations under the licence.

Businesses with three years of full compliance will be eligible to apply for a three-year standard licence, through a clearly defined and transparent process. Maximum licence periods for businesses with accepted external accreditation will be extended from three to five years.

What are the benefits to small business?

Small businesses who take up longer licences will enjoy greater forward certainty and will have an easier annual renewal process, providing business owners with an incentive to invest in and further develop their business offering. This will likely result in increased economic benefit and employment growth.

Total savings to small business are estimated to be \$60,000 per annum, comprising a reduction in fees, and in time spent on compliance and administration activity. This figure does not take into account onward economic benefits of any resulting business growth.

How will it happen?

DELWP will revise its guidance and communicate the changes to land managers. Accreditation will still qualify businesses for longer licences if they do not have five years of history. Five and ten-year licences will still be dependent on meeting external accreditation standards.

This reform will be completed during the first half of 2018 as part of DELWP Land Management Group's ongoing program of work.

Reform 4.2 Simple standard rules and limits for an expression of interest process


What is it?

To ease the stress and lack of clarity surrounding competitive allocation processes, DELWP will provide land managers with specific guidance on running competitive allocation processes for tour operator licences. As a minimum, land managers will be required to:

- inform incumbent licensees of the upcoming process
- state the licence fee that will apply for successful applicants
- state how many licences will be issued
- state the timing for applications, consideration and decision making
- include process for appeals
- set a maximum page count for applications.

What are the benefits to small business?

Going through this can pose a risk to a business's future operations and is inherently stressful. These changes will remove some of the stress triggers for applicants by providing greater certainty wherever possible.



Capping the size of applications will significantly reduce the transaction costs for successful and unsuccessful applicants who can spend unnecessary time and money on glossy applications and consultancies.

Total savings to small business are estimated to be \$17,000 per annum, comprising a reduction in time spent on compliance and administration activity.

How will it happen?

DELWP is already working on guidance to land managers as part of its ongoing work program. This reform will ensure that guidance includes the information that businesses need to have confidence in the competitive allocation process.

Focus area 5 Small visitor accommodation providers

Reducing regulation for small visitor accommodation

What is the problem?

Small businesses providing visitor accommodation, such as bed and breakfasts, boutique guesthouses and farm-stays, are a vital part of Victoria's visitor economy. There are an estimated 480 businesses in the sector providing accommodation to thousands of international and interstate visitors each year.

These small businesses are particularly valuable to smaller communities in rural and regional areas with burgeoning visitor economies and limited visitor accommodation options. Increased availability of accommodation in these areas encourages overnight visitor stays, and communities benefit from the associated positive economic flow-on effects.

However, despite their small size - often comprising a single person or a couple renting out spare bedrooms in a residential property - small visitor accommodation providers are subject to many of the same regulations as their larger counterparts. Along with other regulatory burden that is outside the scope of this review, this includes a requirement to register as prescribed accommodation above a certain guest threshold.

These businesses are particularly sensitive to regulatory burden that might seem insignificant to their larger counterparts. The low size threshold to register as prescribed accommodation registration, along with the requirement for annual registration renewal, has been identified by small business as a barrier to growth.

Context of the issue

Under the *Public Health and Wellbeing Act 2008*, the majority of accommodation providers are required to register as prescribed accommodation, which is administered by their local council through the *Public Health and Wellbeing Regulations 2009*. The primary purpose of this regulation is the prevention of communicable disease and the protection of vulnerable people who are living in rooming house accommodation by ensuring minimum health and hygiene standards, including requirements for room size, running water, toilet facilities etc.

Small visitor accommodation providers fall within the prescribed accommodation registration threshold if hosting more than five guests (other than the family of the proprietor). This threshold is inconsistent with guest thresholds under local government planning requirements for bed and breakfast businesses, and with registration requirements for similar businesses in other states.

Registration requires annual submission of an application costing between \$250 and \$440, depending on the jurisdiction; an approved plan of the premises, with one-off plan approval fees costing between \$180 and \$200²; and an annual site visit, which small business operators have said can take up an afternoon of their time, resulting in lost income and time.

What did small businesses say?

During stakeholder engagement, small visitor accommodation providers said that they:

- did not understand why they had to submit the same information to council each year and pay the associated renewal and plan approval costs;
- resented having to make time and/or lose income to facilitate an annual site visit during business hours, to show the inspector the same thing each year;

² <https://ablis.business.gov.au/service/vic/registration-of-prescribed-accommodation/26749>

- did not understand why, even if they had three appropriately-sized bedrooms to rent out, they could only accommodate five guests without needing to register (as a significant majority of visitors travel in couples); and
- understand the need to prevent communicable disease but feel that market-driven quality standards do not require the same level of regulation as rooming houses etc. (where people tend to stay out of necessity, rather than out of choice).

Although outside of the scope of this review, small businesses also expressed concern about:

- the requirement to register as a Class 3 food premises (i.e. the same registration requirement as a café) if they wished to provide a cooked breakfast for their guests; and
- the rise of new online share-economy short-stay accommodation models which are not considered to face the same level of regulatory scrutiny as traditional accommodation providers.

There may be opportunities to address these issues through work to be undertaken at a later date, such as through the review of the regulatory imbalance between the short-stay and traditional accommodation sectors, which will be undertaken by the Commissioner for Better Regulation.

What are we doing?

Reform 5.1 Ongoing public health registration for small visitor accommodation

What is it?

Amendments will be prepared to the *Public Health and Wellbeing Act 2008* to enable eligible small visitor accommodation providers to register with their local council as prescribed accommodation at the commencement of their business for a one-off or 'ongoing' registration.

Businesses that remain eligible will no longer be required to renew their registration on an annual basis and will remain eligible so long as:

- the business remains at the same premises and is conducted by the same person; and
- the business continues to comply with the minimum standards under the *Public Health and Wellbeing Regulations 2009*.

Councils will retain powers to monitor and enforce minimum public health standards, for example in relation to cleanliness, sewage disposal, provision of adequate hygiene facilities, and to investigate complaints.

What are the benefits to small business?

Eligible business owners will only be required to register their premises and be inspected by council once, on establishment, and will pay a single registration fee. Annual renewal and inspection will not be required.

Cost savings to small business have been estimated to be \$215,000 per annum, comprising a reduction in fees, and in time spent on compliance and administration activity.

How will it happen?

Following public health risk assessment and consultation with stakeholders, including small business and local government, the Department of Health and Human Services (DHHS) will prepare amendments to the *Public Health and Wellbeing Act 2008* for consideration by Government.

This work will be undertaken and progressed in concert with other proposed health-related amendments and introduced to Parliament for consideration.

Reform 5.2 Aligning public health registration thresholds with local planning thresholds

What is it?

This reform seeks to align registration requirements for small visitor accommodation providers under the *Public Health and Wellbeing Act* with local government planning requirements for bed and breakfast operators.

What are the benefits to small business?

Reforms 5.1 and 5.2, when combined, will help differentiate between a very small operator, offering accommodation in a private home (often part-time), and a commercial operator.

While taking into account the reduced scope for public health risk with these small businesses, the reforms will reduce regulatory burden for the smallest businesses in this sector and is anticipated to encourage growth in the sector, while not compromising public health outcomes.

Cost savings to small business have been estimated to be \$51,000 per annum, comprising a reduction in fees, and in time spent on compliance and administration activity.

How will it happen?

The *Public Health and Wellbeing Regulations 2009*, which regulate prescribed accommodation, will expire after 10 years of operation at the end of 2019. DHHS is in the process of reviewing Prescribed Accommodation regulations in 2018 and changes to the definitions of classes of accommodation prescribed to be regulated under the Act will be considered.

The review will consider measures to align requirements for registration of hosted “bed and breakfast” accommodation with local planning requirements so that premises that can operate without planning permission will no longer be required to register under the Act.