



Victorian
Chamber of Commerce
and Industry



Review of Regulation Impacting Small Business Retailers

Victorian Chamber of Commerce and
Industry Submission

September 2016

Introduction

The Victorian Chamber of Commerce and Industry has been a strong and consistent supporter of the Government's red tape reform agenda. The current Review of Regulation Impacting Small Business Retailers provides an important opportunity to identify and address key regulatory impediments faced by small business across the state.

The retail industry is Victoria's largest employer and fourth highest contributor to the state economy. With small business making up 95 per cent of the retail sector, the current review provides a good starting point for the planned program of three targeted sectoral reviews.

The Victorian Chamber has encouraged its retail members to take part in the review survey and consultation workshops. We anticipate that direct feedback from members to the review will address many of the specific business focused questions canvassed in the issues paper. We were also pleased to meet with and provide guidance to the consultant facilitating the Melbourne consultation workshops.

Our submission responds to a number of the specific questions raised in the issues paper around small business experience employing staff, priorities for reform and regulator engagement with business.

We also reference other reviews relevant to small business retailers and our related recommendations. Finally, our submission provides high level feedback on the review's approach and the Government's red tape reform agenda.

Issues specific to the review

Employing staff

The discussion paper asks about business experience with regulation relating to the employment of staff.

The Victorian Chamber has long advocated for a workplace relations system that is more flexible and responsive to business needs.

Drawing on the Victorian Chamber's experience as a trusted workplace relations advisor to Victorian business, we provided an extensive submission to the 2015 Productivity Commission review of Australia's workplace relations framework.

We consider the implementation of a number of key recommendations contained in the Productivity Commission's final report would benefit the retail sector. These include:

- Aligning Sunday penalty rates with Saturday rates in the hospitality, entertainment, retail, restaurant and cafe industries.
- Reducing the cost impost of additional state based public holidays, imposed on top of national public holidays.
- Placing greater emphasis on substance rather process in unfair dismissal claims.
- Not expanding existing portable long service leave schemes. To do so would impose additional costs on business with no associated benefit.

The Victorian Chamber recommends that the Victorian Government works with the Commonwealth Government to implement the findings of the Productivity Commission review of Australia's workplace relations framework.

Priority areas for reform

The Victorian Chamber receives regular input from members on red tape through our program of business events, our quarterly Survey of Business Trends and Prospects, our Workplace Helpline, regular Policy Taskforces and business consultation sessions hosted on behalf of the Victorian Red Tape Commissioner.

The Victorian Chamber recommends the review prioritise the following areas of regulation for reform. Feedback from our members indicates these areas are the most complex, costly and difficult for small business to comply with:

- **Planning.**
- **Administration of state taxes.**
- **Environmental regulation.**
- **Occupational health and safety regulation.**
- **Food safety regulation.**

With regard to food safety regulation, we have received specific feedback from businesses regarding PrimeSafe's regulation of the production and retail sale of smallgoods. This feedback includes:

- The regulatory regime favoring large producers with small start-ups finding it almost impossible to comply.
- Reports of bullying and intimidating behavior by the regulator towards small business.
- A lack of guidance and information for businesses on how to comply with the regulations.

Regulator engagement with business

As highlighted by the Productivity Commission in its 2013 Research Report, *Regulator Engagement with Small Business*, small businesses are disproportionately affected by regulation compared to larger businesses and how they 'experience' regulation has as much to do with the engagement approaches of regulators as it does with the regulations themselves.

The Victorian Chamber considers that improving regulator performance needs to be a key component of the Government's red tape reduction strategy. The current practice of issuing statements of expectation for regulators is a useful tool for achieving this.

The Victorian Chamber considers that the program of Regulatory Improvement Studies undertaken by the former Victorian Competition and Efficiency Commission should be reinstated. This would allow central agency officials to work in conjunction with regulators to identify practical actions to improve regulatory efficiency and effectiveness and to cut unnecessary regulatory burdens.

Recent reviews relevant to small business retailers

The Victorian Chamber has provided submissions to a number of recent regulatory reviews undertaken by the Victorian Government.

We have been involved in these reviews due to concern over the impact of existing regulations and risk of additional costs through new regulation.

The key recommendations contained in our submissions that relate to small business retailers are outlined overleaf.

Occupational Health and Safety

The Victorian Chamber's submission on the proposed Occupational Health and Safety Regulations 2017 suggests more can and should be done to reduce costs associated with the regulations. For example, by reducing prescription, reducing record keeping requirements and removing references to costly Australian Standards.

The Victorian Chamber's submission to the *Independent Review of Occupational Health and Safety Compliance and Enforcement* highlights the need for WorkSafe to streamline and update its website, ensure inspectors are providing constructive assistance to businesses, engage with stakeholders on policy and program decisions and ensure that communications campaigns are balanced and factual.

Long Service Leave

The Victorian Chamber's submission to the review of the *Long Service Leave Act 1992* raises concern at a number of proposed options that would increase the cost and complexity of long service leave and negatively impact jobs growth. While supporting the objective of modernising long service leave legislation, the submission argues that the review must not be used as a pretext for increasing employee entitlements without any corresponding benefits to employers.

The Victorian Chamber's submission to the Victorian Parliament's Economic, Education, Jobs and Skills Committee *Inquiry into portability of long service leave entitlements* warns that the extension of portable long service leave would threaten Victorian jobs and put employers under strain from rising costs. The Victorian Chamber opposes the inquiry's recommendation that the government explore the feasibility of introducing portable long service schemes in the contract cleaning and security industries. Both of these sectors are key suppliers to small business retailers.

Labour Hire

The Victorian Chamber's submission to the *Victorian Inquiry into the Labour Hire Industry and Insecure Work* argues that there is already more than sufficient workplace relations regulation and opposes the introduction of an additional state or federal regulatory scheme for labour hire operators. To do so would impose additional costs on small business retailers that require the flexibility to engage labour hire workers to respond to peaks and troughs in customer demand.

New Public Holidays

The Victorian Chamber's Submission to the Regulatory Impact Statement (RIS) on Proposed New Public Holidays strongly opposes the introduction of new public holidays on Easter Sunday and Grand Final Eve.

The RIS categorically demonstrates that the introduction of the new public holidays will cost the Victorian economy up to \$898 million per year in lost production while also increasing wage costs by up to \$286 million per year due to the payment of penalty rates. A significant proportion of these costs, especially penalty rate costs, are borne by small business retailers.

Further details on each of these submissions are available on the Victorian Chamber website.

Broader red tape reduction issues

Cumulative impact of regulation

The Victorian Chamber welcomes the focus of the review on the cumulative impact of multiple regulations on small business retailers.

Feedback from our members indicates business is often impacted by the burden of multiple but comparatively minor regulatory imposts. The end-to-end approach being taken in this review will assist in tackling the cumulative burden of regulation on Victorian business.

Reductions in the cumulative impact of multiple regulations can be achieved by rationalising and reducing individual regulatory burdens as well as by streamlining the way in which businesses interact with multiple regulators.

The Victorian Chamber seeks a comprehensive independent review of the number, size, purpose and effectiveness of Victorian regulators that commonly interact with small business.

Importance of red tape reduction targets

The Victorian Chamber welcomed the Government's pre-election commitment to reintroduce and enforce the 25 per cent red tape reduction target and to make sure all Government agencies report on progress in reducing red tape. We were pleased to see this commitment reaffirmed in the 2016-17 Victorian Budget.

The Victorian Chamber anticipates that the current program of reviews will make a significant contribution to the regulation reform task.

The Victorian Chamber recommends that the Government release by the end of 2016 a public report on progress towards meeting the red tape reduction target.

An ambitious red tape reform target is important to drive continuous improvements in how the government, its agencies and departments, interacts with business. For this reason, the Victorian Chamber calls on the Victorian Government to raise the existing 25 per cent regulatory reform target to a 30 per cent minimum reduction by 2018, ensuring half of the identified reforms directly benefit small business.

Resourcing the Red Tape Commissioner

The Victorian Chamber has been a consistent and long standing supporter of the role of the Red Tape Commissioner and works closely with Dr Matthew Butlin to facilitate engagement with Victorian business.

The Victorian Chamber recommends strengthening the powers and resources of the Red Tape Commissioner in order to broaden the depth and reach of the Commissioner's work.

Additional powers and resources would also assist the Red Tape Commissioner to oversee the implementation of red tape reduction initiatives and monitor progress in their achievement.

Continued engagement

The Victorian Chamber looks forward to continuing to engage with Small Business Victoria and Government on this review and the implementation of its findings. For further information regarding this submission, please contact Steven Wojtkiw, Executive Manager Policy, Victorian Chamber of Commerce and Industry on 03 8662 5357.