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COAG Reform Agenda Study
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

Dear Sir/Madam,



I write to you in relation to the Productivity Commission's Discussion Draft:
Impacts of COAG Reforms: Business Regulation and VET.

Business SA is South Australia's leading business membership organisation, representing thousands of businesses through direct membership and affiliated industry associations. We represent businesses across all industry sectors, ranging in size from micro-business to multi-national companies. Business SA advocates on behalf of business to propose legislative, regulatory and policy reforms and programs for sustainable economic growth in South Australia.

Business Regulation

Regulations and particularly red tape associated with unnecessary regulations or timely and costly paperwork are significant issues for the business community.

It is vital that the potential benefits of regulatory reform are, in the first instance, realised and then maintained over time. Current processes undertaken by the Productivity Commission, particularly the regulation benchmarking studies, are supported.

Post-implementation assessments and mechanisms associated with best practice and ensuring consistency are also important in guaranteeing the benefits from reforms are sustained.

Equally as important, processes need to be put in place while reforms are being debated and implemented to ensure they are successful. A telling case recently is the new Work, Health and Safety (WHS) legislation, regulations and codes of practice. These are intended to harmonise WHS requirements across Australia, but there are different clauses in legislation that is being passed by different States, reducing the extent to which harmonisation will be achieved and also reducing the benefits to business of such harmonisation. Consultation has also been rushed, which may reduce the benefits of reform.

Another factor that could help to maximise the benefits of reform is simply to write legislation and regulations using common English. This will make it easier for businesses and other affected stakeholders to understand and reduce complexity and confusion.

It is concerning that a number of major pieces of legislation and regulations have not been subject to regulation impact statements in recent years, including those that affect all businesses, such as industrial relations legislation. Business SA thus supports the Productivity Commission's view that post implementation reviews of such legislation and regulations assess the costs and benefits of them and recommend any necessary modifications. Business SA also supports the view that these reviews be conducted at arms-length from the responsible policy department. Ideally, such reviews would be conducted independently of Government and have broad terms of reference which would take account of the concerns of all stakeholders.

Only in cases where regulations need to be rushed through as a matter of urgency should regulatory impact statements not be mandatory.

Another key issue when reforming regulations and legislation is consultation. Stakeholders need to be given adequate time to respond to discussion papers, draft legislation and regulations. A number of recent consultation processes have been inadequate. For example, the consultation period for the carbon pricing mechanism inquiry by the Department of Climate Change and Energy Efficiency was less than three weeks. For a reform that will impact on the entire economy, this was highly inappropriate. The current consultation process on the Work, Health and Safety regulations and codes of practice has been rushed, with little time given to stakeholders to consider literally hundreds of pages of sometimes very detailed information. It is appearing likely that efforts to reform or harmonise workers compensation systems around Australia will follow a similarly flawed consultation process. This needs to be avoided.

Inadequate consultation processes are likely to reduce the potential benefits from any reforms that are implemented.

Vocational Education and Training

As acknowledged, the Vocational Education and Training (VET) reform agenda is still in the early stages of design and operation. Strong increases in VET enrolments are not necessarily equating to strong increases in the attainment of the highest qualifications.

South Australia is in the process of implementing *Skills for All*, a strategy identified to support industry productivity through a VET reform agenda.

Business SA supports the opportunity for industry to work with identified skill set training, understanding that full accreditation of programs is not necessarily required or desired by either employee or employer. *Skills for All* will aim to support this notion, but the difficulty as acknowledged is to quantify increases in productivity through VET training models. It is also acknowledged that skills sets training does not meet the identified assumptions made by the Productivity Commission in this document.

Ongoing increases in public funding for industry to support VET training is supported across all industry sectors. A key challenge is ensuring a balance of skilled staff is maintained, not just in focus industry sectors.

The Productivity Commission has identified opportunities for improvement within the VET sector. Business SA supports the identified opportunities for improvement along with ensuring a user friendly VET environment for employers, with clear reductions in red tape and increased flexibility through a demand driven system.

Should you require any further information or have any questions, please contact Rick Cairney, Director of Policy, Business SA on (08) 8300 0060 or rickc@business-sa.com.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Vaughan', with a stylized, cursive script.

Peter Vaughan

Chief Executive Officer