

Submission to
South Australian Productivity Commission
Tourism Regulation Review Draft Report

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I believe that this is a good review of Tourism Regulation as it applies to the specific industry sectors chosen. It asks the right questions. Some comments are as follows.

- One issue, which I believe is important, is discussed briefly on page 108. This concerns how regulation can affect competition. A good example of this comes with the regulation of taxis and ride share providers, and with traditional accommodation providers (e.g., hotels) and Air B and B. Different regulation, e.g., of taxis as compared to ride share operators, can give rise to problem of competitive neutrality. Ideally, regulation should not give rise to this. On the other hand, tightening regulations which apply to the less regulated sector, such as ride share and Air B and B will lessen the scope for innovation. It could be argued that having less regulation for these providers would be justified, at least for a time, to enable the innovators to get established. There is a trade-off. At some stage, the different providers should be on a similar regulatory basis.
- A related aspect, which is not mentioned in the Report, concerns the tax treatment of the different providers. It may be the case that the competing providers pay different taxes (I am not sure whether this is the case in South Australia). These taxes could be personal income taxes, or charges related to the business. Ideally, in the longer run, the different providers should face the same taxes.
- I agree with the view of industry stakeholders that regulators should be more flexible and proactive. One can understand the natural risk aversion of regulators, which has a cost in terms of time and lost opportunities. However, regulators can be benchmarked. There can be comparisons made of how expeditiously a task is done in South Australia compared to other states (and other jurisdictions, such as New Zealand or Canada if feasible). As with other regulatory problems, benchmarking can be of use in setting targets (something which is advocated in the Report). Another way of setting target is to undertake occasional reviews of performance (e.g., to determine how long it should take an agency to issue a permit).
- Unsolicited proposals do pose difficulties – they pose new issues which have to be resolved, for example. Thus, these will take more time to evaluate. There are some other aspects which need to be taken account of. In particular, they often involve confidentiality, which may be justified, but may also be a means of avoiding scrutiny. Unsolicited proposals are often also used as a means or reducing competition. In short, regulators need to be careful when dealing with them.
- Tourist signs – is all of this regulation necessary?
- The speed of gaining approvals can reflect the fact that some issues are problematic. This is inevitable, but the important point is that the processes are transparent and open to scrutiny.

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