

23 July 2013

Regulator Engagement with Small Business
Productivity Commission
PO Box 1428
Canberra City ACT 2601

Dear Commissioner,

I write to you in relation to the Productivity Commission's Draft Report Regulator Engagement with Small Business.

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 SA was pleased to be involved in the initial consultations regarding the drafting of the Productivity Commission's paper on regulator interaction with small business. During this consultation and our subsequent submission Business SA raised concerns about the impact that regulations and regulators have on business, particularly small business.

Since our initial submission Business SA conducted a survey of our small business members as part of our "Small Business is Too Big to Ignore" campaign. This survey, once again, highlighted the impact that regulations and regulators can have on small business. Of the business survey, 39 per cent indicated that government regulations were chosen as one of the biggest obstacles for the growth and development of the business. In addition, 72 per cent of businesses indicated that lack of regulators' consideration of small business capacity to comply with regulation was a major concern in their business. As can be seen, the current review by the Productivity Commission is very timely, as small business does have numerous concerns about regulations and regulators.

In our initial submission in February, Business SA highlighted that in a nation-wide survey undertaken by the Australian Chamber of Commerce and Industry almost three quarters of businesses reported an increase in regulation over the last two years.

Business SA also highlighted the need for regulators to give special consideration to small business due to the greater burden that regulations impose on them and that business often prefers to receive information about changes to regulations from industry groups as opposed to receiving it from the regulator.

In addition the varied definition of "small business" for different situations was something that Business SA viewed as a positive rather than a negative, as it is impossible to apply a "one size fits all" approach to small business.

It is pleasing that all of these issues are reflected in the draft report and that the Productivity Commission has not recommended a standard definition be adopted for small business and notes the recommendation in the report that states:

Government's should not impose a single definition as it may lead to inflexibility and higher costs for some business and the community more generally.

Business SA is also supportive of the recommendation 4.1 with regards to increasing voluntary compliance and reducing compliance costs for small business through an educative and co-operative approach by regulators. Business SA also notes that this recommendation focuses on the importance of industry groups in assisting with this recommendation.

Overall Business SA believes that this report accurately captures the concerns and issues that small business is likely to face when dealing with the regulators. It also importantly notes that regulator culture and the way that they interact with small business also has as much, if not more, impact on small business.

Small business is vitally important to the Australian and South Australian economy and it is essential that necessary regulations are clear and easy to comply with as small business rarely has the resources for a dedicated compliance team or team member like many bigger businesses.

Business SA looks forward to the final report and to continuing to be involved in this process. In the meantime, if you have any further issues, please do not hesitate to contact Mr Rick Cairney, Director of Policy, Business SA,

Yours sincerely

Rick Cairney
Director of Policy