

12 August 2013

Regulator Engagement with Small Business
Productivity Commission
PO Box 1428
CANBERRA CITY ACT 2601

Sent via email to: small.business@pc.gov.au

Dear Sir/Madam,

Master Electricians Australia is grateful for the opportunity to provide a response to the Productivity Commission's release of the *Regulator Engagement with Small Business – Draft Report*.

Master Electricians Australia (MEA) is a dynamic and modern trade association representing electrical contractors. Originating as the Electrical Contractors Association in 1937, we are the leading voice of the electrical and communications industry throughout Australia. The organisation's website is: <http://www.masterelectricians.com.au>

Overall, the recommendations in the draft report indicate an understanding by the Productivity Commission of the obstacles faced by small business in the current regulatory environment. While we certainly agree with the recommendations, we believe that some issues warrant further attention to ensure optimal outcomes for small business.

Consultation

MEA is pleased to see a recurrent theme throughout the draft report of communication and consultation as key strategies in improving regulator engagement with small business. We would, however, like to add that any kind of consultation on regulatory changes must be genuine in nature and not simply a case of "going through the motions". This would necessitate detailed regulatory impact/assessment statements being widely distributed with appropriate response time frames in place. Regulators must also make a concerted effort to connect with effected industry groups and professional bodies as they can act as a vital conduit to distribute relevant information in a targeted manner and consolidate responses to proposed new regulation.

Education

Education and communication with small business is another feature evident in the draft report that is welcomed by MEA. Again, we believe that regulators must consider utilising industry groups and professional bodies to assist in educational measures. We would also advocate for information on regulatory requirements to be made available in a range of formats, both online and hard copy and to always be supplemented by access to a "real person" who can answer any questions and clarify requirements for small business as needed.

Enforcement Tools

MEA supports draft recommendation 4.2 that would require regulators to have the tools to respond to compliance breaches in a flexible manner. However, we also believe that there must be an element of consistency when it comes to regulators taking enforcement action. It is vital to effective engagement with small business that the rules set out by regulators be interpreted uniformly by those undertaking the enforcement. Small businesses need to know what to expect and what any associated penalties would be. Applying different penalties for the same breach with no justification has the potential to cause both confusion and frustration amongst small business owners.

Definition of small business

As indicated in MEA's original submission to the Issues Paper, we are opposed to the use of a uniform definition of small business for use by all regulators. As such, we would agree with recommendation 1.1 of the draft report. With the growth in internet commerce, businesses can now comprise any number of forms that no single definition could capture for every regulatory purpose. However, we would again like to stress the importance of regulators effectively communicating what they consider to be a small business for the purposes of their requirements.

Micro business

A further suggestion for inclusion in the Productivity Commission's final report is a recommendation for regulators to acknowledge the unique position of micro businesses, a small business sub-category. Micro businesses, according to the Australian Bureau of Statistics, are those employing 1-4 employees. These micro-businesses are in particular need of support, guidance and coaching from regulators in order to understand and meet requirements. Many of these micro businesses are also in the start up stage of running a business, making them particularly vulnerable to the regulatory burden. The first few years of running a business is challenging enough for a host of reasons, the least of which being able to remain in operation. These "mum and dad" businesses are crying out for more support and these in particular require a facilitative approach from regulators.

MEA greatly appreciates the opportunity to further contribute to the discussion on improving regulator engagement with small business. As an advocate for small business in the electrical industry, we would be eager to participate in any future discussions on this critical issue.

Yours sincerely

Malcolm Richards
CEO