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Submission
to the
**Australian
Government
Regulation
Task Force**

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Contents

1. Formal Submission
2. Introduction
3. Businesses Represented
4. Responses Received
5. Unable/Unwilling to Participate
6. Formal Responses
7. Summary

Submission to the Australian Government Regulation Task Force

1. Formal Submission

Arising from this project, it is our submission that:

- This Taskforce review is conducted at a time of the year that is completely inappropriate for many small businesses. Any report arising from this Taskforce review should recognise that the scope and depth of submissions has been reduced by the program's timing.
- Some respondents felt cynical about the value of any input provided, because it takes time and produces little or no identifiable benefit. Accordingly, specific outcomes from the process ought to be clearly identifiable, and recognisably actionable, with concise timeliness for implementation
- Businesses which did respond, pointed to simplification of GST reporting and BAS lodgement as the most significant single change that the Australian Government could make to Business regulation. Cost of complying with GST regulations will be reduced by ensuring that reporting guidelines are rewritten in everyday business language, and restructured with a view to making lodgement substantially less complex than at present.
- A great part of the burden of regulation is attributable to state government legislation. Although outside the scope of this program, the impact of state legislation is dominant in creating confusion, and complexity without benefit. Accordingly, any report from the Taskforce should, as a minimum requirement, document and index the effect of differing state requirements as they create a cost and staffing burden on small business.
- The burden on business is substantially increased by its inconsistency between states. With this in mind, any report of the Taskforce will provide a substantial platform for real reform if it identifies, and highlights these inconsistencies.
- Even within one state jurisdiction, the burden on business is substantially increased by its inconsistency between local government bodies. As above, any report of the Taskforce will provide a substantial platform for real reform if it identifies, and highlights these inconsistencies between local Government authorities.

The Australian Government could make a significant contribution to reducing the burden of regulation generally, by creating a structure to work with the states to coordinate and refine codes and regulation, leading towards uniform codes and regulations created and applied by state and local government authorities where federal jurisdiction does not apply

Submission to the Australian Government Regulation Task Force

2. Introduction

In accordance with the Call for Submissions to the Australian Government Regulation Taskforce dated October 12, 2005, this submission is lodged by The Red Zebra Business Centre.

The Red Zebra Business Centre is a consultancy dedicated to providing high quality and high level management support and resources to small business, with an emphasis on family owned enterprises.

Notification of the Call for Submissions was circulated to a selected 300 businesses drawn from the accumulated mailing list of the The Red Zebra Business Centre, with an offer to collate the responses and compile a submission on the basis of the received responses. No fee was suggested or charged, as the submission is compiled as a part of the service for existing clients of The Red Zebra Business Centre.

Notification as provided to all respondents, was late in the cycle. This was because the establishment of the task force, the call for submissions, and its reporting deadlines, were signalled by an advertisement in the Australian Financial Review seen in early November.

The Red Zebra Business Centre provided a response form on its website (www.redzebra.biz) so that respondents could provide in simple text, and without any other involvement other than pressing "Submit", their contribution to this submission. Links to the Australian Government Regulation Taskforce website were provided in the notification to prospective respondents, so that both the terms of reference and the Issues Paper would be available to respondents with the minimum of time and effort.

A follow up email was distributed to encourage maximum participation, and some phone and face to face follow-up was undertaken.

3. Businesses Represented

Businesses targeted from the mailing list (as described above) fall into the following categories:

- Agricultural Equipment manufacturers
- Swimming Pool constructors
- Pool & Spa shop retailers
- Retail Advisors
- Four Wheel Drive Accessory retailers
- Window Covering manufacturers
- Window Covering retailers
- Air-conditioning retailers and installers

Submission to the Australian Government Regulation Task Force

4. Responses Received

Responses were received in two forms.

First, verbal responses were received to telephone and face to face contact. These responses generally indicated inability or unwillingness to participate.

Second, email responses were received.

5. Unable/Unwilling to Participate

Responses of this kind relied on three elements.

Timing: Many businesses reported that the present period is totally inappropriate for conducting such a taskforce review. For seasonal businesses the summer period is crucial to overall success in any financial year.

Air-conditioning, home improvements, window coverings and swimming pool industries are all in the swing of peak demand, and all resources are fully stretched meeting day to day demands.

At the same time, agricultural machinery manufacturers are dealing with the broadacre harvest season, and/or preparing for the imminent high demand period for tillage equipment immediately following harvest.

Four wheel drive accessory retailers are under time pressure, with the advent of warm weather and the approach of the summer holiday season. This period sees an increase in seasonal demand for both parts and labour. In turn, there is an increase in the management tasks of purchasing and stock control, and in the management of workshop labour to provide maximum customer service combined with high labour productivity.

The import of these "unwilling to participate" responses is that contributing to a government study is of low priority at this time of the year. For full support of the community of small business, such a project ought to be carried out mid year.

Cynicism: Some respondents genuinely doubt that the outcomes of such a taskforce can make a significant difference to the cost of doing business.

They point to the burgeoning regulation by state governments, in particular to recent changes in regulated working conditions for building and construction workers, and for retail staff, in New South Wales, Victoria and South Australia, as "evidence of "regulation out of control".

Faced with recent (within the last two years) extensive action by state government authorities, which appeared to be both needless and ill conceived, it is believed that no Government, neither state nor federal, is able to stem this tide of increasing, unproductive cost and complexity.

Submission to the Australian Government Regulation Task Force

6. Formal Responses

GST Reporting: GST reporting has been identified as a difficult, confusing, and time consuming requirement.

While implementation of the tax requirements as described by tax experts is not difficult, reporting by small business people in a way which is confidently known to be conforming, is seen as risky and complex.

Accounting services are provided by small business accountants to facilitate GST reporting and BAS lodgement. These services are provided on a "fee for service" basis", adding to the cost of doing business. In most cases, such expert assistance is not required, except to provide confidence to the business operator that compliance has been achieved.

Simpler reporting methods (New Zealand has been cited as an example) would provide this confidence, without the additional cost of accounting assistance.

Even for those businesses that neither seek nor need accounting assistance to be confident that their lodgement is compliant, simplified reporting would generally release one person day per month. This creates time for more productive activities, increasing profitability and growth

Occupational Health and Safety: This area of legislation and regulation is not new, but has recently been significantly extended in all state jurisdictions. While excluded from the terms of reference for this Taskforce, this has been a very significant element in the increasing cost of regulatory compliance by small businesses represented here.

No employer represented here is looking to jeopardize their employees' health and safety by requiring unsafe work practices. At the same time, some recently legislated requirements demonstrate that the drafters of the regulations have a poor understanding of the workplaces found in small businesses.

For example: It is now mandatory to fence off every construction site. This requirement is extremely difficult to implement in the construction of a swimming pool in a backyard of a house being occupied by the owner during the course of construction of a backyard swimming pool.

This is not an area of construction operations with a record of generating any significant injuries, but it has been caught up in the general drafting of broader regulations. The application of regulations that are required for, and work well on a large industrial construction site, have introduced great difficulty in the example given. In these cases, there have not been numerous or serious accidents, yet considerable cost and difficulty has been introduced to produce no identifiable benefit. The difficulties all relate to definitional matters concerning taking possession of the site, and practical completion of the project, along with issues arising from completing final payment and the owner resuming the site.

Generally a state responsibility, this subject is excluded from this Taskforce's terms of reference. Nevertheless, it is a significant regulatory burden, ventilated here because there is no other forum for respondents to highlight the issue.

Submission to the Australian Government Regulation Task Force

6. Formal Responses (cont'd.)

Uniformity by State: Almost by definition, the subject of “uniformity” relates to the inconsistencies arising between state jurisdictions, necessarily excluded from this Taskforce terms of reference.

It is topical, nonetheless, having regard to the passage of industrial law reforms in the federal parliament, to report that it is industrial relations regulation, especially mandated state awards, that provide the most fruitful source of frustration and confusion, and hence cost and burden for employers.

For example, recent changes to retail awards in South Australia, have resulted in rates of pay that are different as between employees working for an employer who trades beyond 12.30 pm on a Saturday (higher hourly rate before penalty rates apply), and those working for an employer who ceases trade at 12.30 pm on Saturday (lower hourly rate, no penalty rates apply).

The effect of such a provision is that:

- confusion arises for an employer operating in both South Australia and Victoria (or other adjoining states), and
- trading is closed down at 12.30pm resulting in the loss of penalties for the employees, and destruction of a competitive advantage (sometimes loss of competitive equity) for small employers

A further topical example, is the informed, expert advice provided to a client in New South Wales regarding construction workers in the swimming pool industry. The expert advice is that employees are required to be paid redundancy payments, even if voluntarily resigning their employment for personal reasons. This requirement is not uniformly applied across all state jurisdictions.

Such regulatory requirements are responsible for the comment by one respondent that the taskforce should aim to remove “IR laws that no body understands”.

Uniformity by Level of Government: In many cases, regulations promulgated by one level of Government are administered by a different tier. For example, industrial safety matters are generally a matter of state regulation, but are often administered by Local Government instrumentalities.

In this context, the one regulation is frequently applied differently from one case to another. A typical situation is a construction site in one municipality required to have different safety provisions, compared with a different site being worked on by the same employer in a different municipality in the same legislative jurisdiction.

It is recognised by the respondents here that such matters are not generally a function of the operation of federal laws or regulations, and so are excluded from this Taskforce terms of reference.

Despite this limitation, only federal leadership is capable of bringing about a change which would reduce the cost and distraction of compliance without adding anything to the safety and well-being of employees or consumers, or members of the general public.

Submission to the Australian Government Regulation Task Force

7. Summary

In this submission it has been shown that:

1. Many businesses approached to participate in this submission felt cynical about the value of any input provided, because it takes time and produces little or no identifiable benefit
2. Businesses which did respond pointed to simplification of GST reporting and BAS lodgement as the most significant single change that the Australian Government could make to business regulation
3. A great part of the burden of regulation is attributable to state government legislation
4. The burden of state legislation is substantially increased by its inconsistency between states
5. The burden of state legislation is made even more onerous by inconsistent administration by local Government bodies
6. The Australian Government could make a significant contribution to reducing the burden of regulation generally, by working towards the introduction of uniform codes created and applied by state and local government authorities where federal jurisdiction does not apply.

- SUBMISSION ENDS -

The matters contained in this submission are based on data and information provided by our clients. The accuracy of that data and/or information has not been independently verified.