

Tasmanian Government's submission

Productivity Commission review of barriers to business entries and exits in the Australian economy

February 2015



Tasmania
Explore the possibilities

Table of Contents

1	Introduction	2
2	Regulatory context for Tasmanian businesses	2
3	Tasmanian Government assistance to small business	3
4	Red tape reduction.....	4
5	Industry requirements	6
6	Access to markets	7
7	Investment.....	8
8	Attitudes to risk and innovation	8

1 Introduction

The Tasmanian Government welcomes the opportunity to contribute to the Productivity Commission's review of barriers to business entries and exits in the Australian economy.

While the process of registering, monitoring and closing businesses is largely managed through Commonwealth legislation and agencies, the Tasmanian Government recognises it has an important role in supporting new and existing businesses to enter the market, innovate, grow, transfer and where appropriate, close.

The Tasmanian Government has implemented a number of tools, services and programs to support the nearly 40 000 businesses operating across the State in a range of industry sectors. This includes a package of programs such as the *Digital Ready for Business*, *Enterprise Centres Tasmania*, the *New Market Expansion Program* and *Business Tasmania* service, to name a few.

The Tasmanian Government is also committed to reducing the regulatory burden faced by businesses in Tasmania and is progressing a number of initiatives aimed at reducing red and green tape.

In addition to its work within the State, the Tasmanian Government is also highly supportive of measures to delivery nationally coordinated and consistent arrangements that streamline and simply businesses' interactions with government agencies.

2 Regulatory context for Tasmanian businesses

Through the Council of Australian Government's (COAG) *National Seamless Economy* reforms, the Business Online Services (BOS) program was agreed. The BOS program sought to deliver a nationally-coordinated system through which businesses could:

- access information and services;
- manage their regulatory responsibilities (including entry, transfer, exit and ongoing reporting); and
- interact with all tiers of government.

The proposed BOS included three components:

- the consolidation of licensing and permit registers into a single national register – the Australian Business Licence and Information Service (ABLIS);
- the Australian Business Account – a single account to manage all registration and reporting requirements; and
- Smart Form platforms – online forms that can be used to streamline reporting. For example, by pre filing data already provided, field validation, supporting submission outside of business hours, and providing submission receipts.

Australian Business Licence and Information Service (ABLIS)

The Tasmanian Government actively supported the establishment of ABLIS. This service provides businesses with a single portal to determine the government licenses, permits, registrations, codes of practice, standards and guidelines they require to operate, and to meet their compliance responsibilities.

Australian Business Account

Using the guidance from ABLIS, when entering the market, most businesses will require a number of new accounts. For example:

- an account with the Australian Taxation Office – to register an Australian Business Number, and later to manage tax based reporting requirements; and
- an account with the Australian Securities and Investment Commission – to register, renew, cancel and/or update business names.

The Australian Business Account (ABA) was created to provide a central repository for business information; a notification tool to gain quick access to grants, business development opportunities and changes to legislation; and to remove duplication and provide a single point of access for businesses to interact and report to government.

However, a recent evaluation of the work completed to date highlighted that uptake of ABAs by businesses has been lower than expected. This appeared to be a result of a lack of integration between services, and in the absence of which, lack of appetite in the business community to establish additional government-based accounts.

The Tasmanian Government continues to support and advocate for continued efforts to consolidate the Commonwealth business-based accounts to be centralised through ABAs. Full implementation of the ABA project has the potential to streamline business interactions with governments and to reduce the regulatory and administrative burden placed on businesses in regard to market entry, transfer, exit and ongoing reporting requirements. A move away from the agreed project is likely to have the opposite effect and increase the regulatory and administrative burden on businesses.

The Tasmanian Government supports the continued implementation of all three BOS projects. As well as reducing the burden on businesses, full implementation is also likely to support continued engagement in the process by all jurisdictions and drive their continued investment and involvement in the program.

3 Tasmanian Government assistance to small business

A lack of knowledge and support can create barriers to new businesses entering the market. It can also be a barrier to recognising when and how to transfer or exit. This is particularly the case for small businesses. Small businesses represent 95 per cent of all businesses and have the highest rates of exits and entries. However, with limited resources and capacity to invest, they are also the least likely to understand their options, finance requirements, markets or be aware of procedural requirements.

The Tasmanian Government operates a number of programs to link small businesses with the support and information they need to start, grow, innovate, transition and close. These include:

- **Business Tasmania Service** – a business focused whole-of-government approach to service delivery providing the means to reach small businesses in Tasmania.

Business Tasmania helps connect businesses with information and tools through a purpose specific website (business.tas.gov.au). The online presence is supported by a call centre and email facility. Social media is also used to improve the reach and accessibility of the service.

- **Enterprise Centres Tasmania and Mentoring Services Tasmania** – a state-wide network of business advisors and mentors who provide confidential and practical advice to Tasmanian businesses, including mentoring, referrals and the latest business information.
- **Tasmanian Retailer Development Program** – a new program that will utilise existing and new services to provide retailers with the information and tools they require to innovate, lift productivity and remain profitable in a competitive market.
- **Digital Ready for Business** – a program providing targeted knowledge, skills and advice to enhance business participation in the digital economy.

As part of it's Getting Behind, and Backing, Small Business initiative, the Tasmanian Government has committed \$800 000 over four years to enhance the Digital Ready program and to aggressively target Tasmanian businesses that want to understand and find out more about how to operate online.

To help businesses take advantage of existing business opportunities, the Tasmanian Government is also supporting the development of the *Your Purchase Has Power: Buy Local* campaign; and the *Winning Government Work Program* to build awareness and encourage participation in Government procurement processes.

The Tasmanian Government is also working to ensure Tasmanians are equipped with skills for employment. Through Skills Tasmania, we are investing in vocational education and training to make businesses and industries more productive, innovative and responsive to changing conditions. This will help Tasmanian businesses to continue to enter the market and harness innovative market opportunities.

4 Red tape reduction

Increasing regulation and its growing complexity can act as a barrier to business entry. Regulation can also stifle entrepreneurship, innovation and impede the growth of businesses.

The Tasmanian Government recognises the burden regulatory requirements place on businesses and is working to reduce Tasmanian-based red and green tape by 20 per cent in its first term.

The Tasmanian Government has recently completed a comprehensive *Regulation Reduction Audit*, which identified all State based regulations specifically impacting on businesses. The

audit found that the industries that are carrying the heaviest regulatory burden in Tasmania are:

- agriculture;
- forestry;
- fishing;
- retail trade transport; and
- manufacturing.

The audit will be used as a base to move forward and consult with businesses to distinguish between good regulation and that which is truly red tape, posing both a burden on businesses and barrier to entry.

The Tasmanian Government has also committed to introducing Legislative Impact Assessments for new legislation to ensure there is a net benefit to the State and avoid poorly designed regulation, which may result in unintended barriers to entry for businesses.

To drive the necessary reforms and regulation reductions, while supporting new investment and business entries, the Tasmanian Government has established three critical leadership roles. These are:

- **Executive Chair to the Planning Reform Taskforce** – to oversee the replacement of the State's 29 planning schemes with a Single Statewide Planning Scheme;
- **Coordinator-General** – to actively seek out and attract investment opportunities; and
- **Regulation Reduction Coordinator.**

Following the appointment of the Executive Chair, Ms Mary Massina, in May 2014, the work to implement the Single Statewide Planning Scheme is well advanced and once declared will be the first scheme of its kind in Australia.

Part of the work program completed to date includes consultation on the first phase of the legislative reforms and the critical structural and implementation elements required to create the Single Statewide Planning Scheme.

The establishment of a Single Statewide Planning Scheme is a priority for the Tasmanian Government and a reform, which is expected to significantly reduce regulatory burden on business and encourage new investment and business entries in the State.

In January 2015, Mr John Perry commenced in the role of Coordinator General who will lead investment opportunities in 2015.

Reporting to the Coordinator-General, the Regulation Reduction Coordinator, Mr Stuart Clues, was appointed in December 2014 and will lead the Tasmanian Government's deregulation agenda.

In addition to the audit work which has already commenced, the Regulator Reduction Coordinator will:

- develop a framework to measure, monitor and report on red tape reduction initiatives;
- undertake an extensive consultation process with business and industry areas to identify areas of the greatest compliance burden, and develop a priority list to respond; and
- actively work with regulators to identify opportunities to reduce red and green tape that relates to business and industry.

In addition, the Government has commenced a number of initiatives across various agencies to address the red and green tape affecting the Tasmanian economy. These initiatives include:

- establishing the Planning Reform Taskforce;
- a review of the Tasmanian Building Regulatory Framework;
- a commitment to improving the model Work Health and Safety laws;
- a review of the Primary Industry Activities Protection Act 1995;
- a review of Biosecurity legislation; and
- a draft bilateral agreement with the Commonwealth to establish a one stop shop to streamline Tasmanian environmental assessments and approvals.

5 Industry requirements

The licenses, permits, registrations, codes of practice, standards and guidelines businesses require vary, with some industries bearing greater regulatory burden than others. As part of the Tasmanian Government's broader work program to reduce red and green tape, the agricultural and building industries have recently been reviewed.

Agricultural Industry

As part of the broader deregulation agenda, COAG agreed in December 2013 that each jurisdiction would map end-to-end regulations in a small business sector to identify areas of duplication and opportunities to streamline requirements and services.

Given the importance of the primary industry sector to the Tasmanian economy, the agriculture sector – particularly the Tasmanian beef, cropping and dairying enterprises – were mapped from paddock to factory gate.

This process identified a number of instances of cross-overs between Commonwealth and State requirements, however, many of these had previously been identified and work has already commenced to improve those processes. For example a draft bilateral agreement was released for public comment to manage the potential cross-over between the

Commonwealth's *Environment Protection and Biodiversity Conservation Act 1999* and the Tasmanian Government's *Environmental Management and Pollution Control Act 1994* (Tas).

A number of State-based regulatory requirements were also identified in addition to the work that has already been undertaken by the project team leading this process. The findings of this project will also inform work to achieve the Tasmanian Government's target of reducing red and green tape by 20 per cent.

Building industry

The Tasmanian Government is currently reviewing the building regulatory framework to ensure it meets the expectations and needs of the community, consumers and industry. The industry currently has a number of regulatory requirements dictated by a variety of building specific legislation, regulations and codes. It also has interactions with planning, environmental and heritage legislation. The individual and cumulative impact of all of these regulatory requirements will be considered as part of the review of Tasmania's building regulatory framework, as well as being a fundamental component in the Tasmanian Government's planning reform agenda.

It is expected that this review will contribute to the Tasmanian Government's red tape reduction target.

6 Access to markets

Uncertainty around gaining access to markets can be a barrier to establishing a new business. The Tasmanian Government is working to assist businesses to identify and connect with potential markets through the New Market Expansion Program.

This new program seeks to support innovation and assist business to expand their markets. It is designed to assist Tasmanian enterprises plan and implement their national and international marketing activities. Examples of activities where assistance may be available through the program include:

- commissioning market research and business matching services;
- promotional activities including advertising;
- developing promotional materials;
- attending trade exhibitions and promotions;
- assisting with inbound buyers' visits to Tasmania; and
- for travel to undertake marketing activities.

In addition, the Tasmanian Government is working to facilitate access to Asian markets through a direct shipping service. This work is well advanced with a Memorandum of Understanding being recently signed with a preferred proponent, Swire Shipping. An annual investment of up to \$11 million will be available over a three year period. This subsidy is being provided to support the reintroduction of a shipping service that links Tasmania to

key Asian ports, and provide Tasmanian businesses with direct access to markets and sources for input materials.

7 Investment

The Tasmanian Government is actively pursuing and fostering investment in the State to support new, and progress existing, business development opportunities. This has been demonstrated in recent times by the TasInvest 2014 Summit and the Chinese President's recent visit to the State.

Attracting foreign investment is a competitive process, where Australia's tax arrangements and foreign investment policy are pitted against those offered by other countries.

Tasmania's capacity for growth and the range of business opportunities available make it an attractive place for foreign investors. However, to be viable and secure investment, these opportunities must be supported by competitive tax and policy arrangements.

Australia's current foreign policy and taxation arrangements are not necessarily considered to be a deterrent – noting Tasmania continues to attract and secure foreign investment opportunities – however, the range of projects and business opportunities available to foreign investors may increase with more favourable tax arrangements.

The Tasmanian Government would support discussions into the opportunities to foster and support foreign investment to continue to grow Tasmania's economy and support business opportunities and jobs growth.

8 Attitudes to risk and innovation

The *2013 Tasmanian Innovation Census*, conducted by the University of Tasmania's Australian Innovation Research Centre, tracked the development of new or improved goods and services in local businesses. This report noted:

- 76 per cent of all Tasmanian companies surveyed reported a product or process innovation during the three years to July 2013;
- 10 per cent of total sales in FY 2012-13 were from innovative products, an increase from eight per cent in FY 2009-2010.
- High innovative capability is linked to better economic performance, as measured by the average sales growth per employee over the three years from July 2010 and June 2013.

The Tasmanian Government is working to continue to support innovative products and approaches in business. This includes through the:

- **New Market Expansion Program** – running alongside existing businesses support services, this program will be directed at ensuring Tasmania is at the forefront of exciting new opportunities, as well as encouraging young Tasmanian entrepreneurs to fulfil their ambition of starting a business; and

- **Entrepreneurial Pathways Program** – the Tasmanian Government is currently developing an Entrepreneurial Pathways Program, which will provide mentoring, education and training on the pathway from ideas to market for potential start-ups.

In addition to these State-based programs, the Tasmanian Government would support discussions into additional incentives, support, grants and tax arrangements which foster innovation.