Small Business
Development Corporation

GOVERNMENT OF
WESTERN AUSTRALIA

Our ref: D25/9142

Productivity Commission
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Dear Commissioners

CREATING A MORE DYNAMIC AND RESILIENT ECONOMY – INTERIM REPORT

The Small Business Development Corporation (**SBDC**) welcomes the opportunity to provide feedback on the Productivity Commission's interim report *Creating a more dynamic and resilient economy* ('**the Report**').

Background

The SBDC is an independent statutory authority of the Government of Western Australia (**WA**), established to support and facilitate the growth and development of small businesses in the State.[1]

Under the leadership of the WA Small Business Commissioner, one of the agency's key strategic objectives is to influence the policies and regulations affecting the small business sector in WA and advocate for a fair operating environment. In this regard, the SBDC regularly engages with policymakers at all levels of government to promote a deeper understanding of the unique challenges small businesses face, the cumulative impact of regulation, and the importance of considering small business needs in the design of legislation, development of programs, and communication with the broader community.

The SBDC has a longstanding history of advocating to regulatory agencies to reduce the administrative burden placed on small business operators and streamline processes wherever possible. Examples of red tape reduction initiatives the SBDC has been involved in include:

- membership of the 2009 WA Red Tape Reduction Group, which was established to identify and report on opportunities to reduce the burden of existing State regulation and red tape on businesses and consumers

[1] The views presented here are those of the SBDC and not necessarily those of the Western Australian Government.

- a designated role in WA's former Regulatory Impact Assessment process whereby Preliminary Impact Assessments of new regulatory proposals were referred to the SBDC for review of small business impacts prior to submission to Cabinet
- launching the *Small Business Friendly Local Governments* initiative in 2016 to help establish a small business friendly mindset at the local government level, including a focus on red tape reduction
- providing a small business lens to the WA Government's *Streamline WA* initiative, which aims to encourage more investment in the State by changing the way government interacts with private and community sectors and creating better ways of applying regulation
- delivery of the *Small Business Friendly Approvals Program* ('**Approvals Program**') with local and state government partners to proactively identify opportunities to streamline small business approvals processes and improve the customer journey.

With this context in mind, the SBDC has focused its comments on Section Two of the report – Regulating to Promote Business Dynamism.

Regulating to Promote Business Dynamism

The Productivity Commission outlines a variety of burdens that poor regulation imposes on businesses (Box 2.1, page 32), including:

- band aid regulation that does not address the underlying cause of the problem
- duplicate or inconsistent regulation that can manifest as multiple regulations affecting businesses in a geographic area or sector
- overly prescriptive and rigid regulation that leaves little room for adaptation
- overly risk averse regulation that pushes too hard to address all harms or eliminate all risk, creating a disproportionate regulatory burden
- regulatory delay when regulatory bodies fail to make timely decisions or provide necessary approvals or permits within a reasonable time frame
- cumulative burden of multiple overlapping or conflicting regulations which is often overlooked when assessing individual regulations in isolation.

Building on this list, the SBDC reiterates feedback from its 2013 submission to the Productivity Commission's *Inquiry into Regulator Engagement with Small Business*, that small business frustration can arise from:

- government typically having an attitude of strict compliance rather than assistance
- government generally having a risk averse culture
- there is often a lack of coordination between agencies
- there is generally a lack of clarity about the government's objectives, processes and timeframes
- there is often a lack of transparency in decision-making processes
- there can be inconsistent interpretation of rules by government officers
- there is often a disconnect between the regulator and the business
- there can be a lack of clear accountability and ownership of decision-making.

Despite the passage of 12 years, these challenges continue to exist for small business operators. While the SBDC acknowledges the considerable effort made by governments at all levels to address the causes of regulatory burden, substantial opportunity for further reform still exists.

Regulation represents only one facet of the broader set of burdens that government places on small businesses; in particular, there continues to be a need to consider how information and forms can be lodged, including whether these can be done electronically, digital signatures are accepted, and duplicate information has been already provided to government. In this regard, the SBDC notes that the 'Tell Us Once' concept was raised at the Australian Government's recent Economic Reform Roundtable. How regulators communicate with small business customers more broadly is explored further below.

How regulators communicate with small businesses

Regulatory agencies engage with small business customers through multiple touchpoints, including website content and guidance materials, form design, and direct interactions with officers. However, critical information is often difficult to locate, buried deep within websites, and presented in overly legalistic or bureaucratic language. It may also lack accessibility – frequently unavailable in diverse formats such as plain text, infographics, visual journey maps, or instructional videos, and rarely offered in multiple languages.

Moreover, due to typically siloed structures across departments and even within teams, regulatory officers tend to focus narrowly on their specific legislated approval pathway. This fragmented approach can leave small businesses without a clear understanding of the full spectrum of regulatory obligations relevant to their business type or location. In this regard, to help support prospective small business operators understand their licensing and regulatory requirements, the SBDC maintains a Business Licence Finder and continues to work with agencies to improve how they communicate with small business customers.

Through its Approvals Program, the SBDC partnered with over 20 local governments throughout the State to help local government officers understand the full approvals journey for small businesses beyond their 'patch', build empathy for the small business customer, and identify ways to streamline processes and remove administrative barriers. Examples of successful initiatives that have subsequently been developed include:

- City of Vincent step-by-step business guide
- City of Wanneroo Business Approvals Self-Assessment Tool
- Shire of Nannup Small Business Portal
- City of Stirling Planning Wizard Tool

Another example that demonstrates collaboration and a commitment to reducing administrative barriers at the local community level is the Simplified Trading Partnership Permit. Established in 2020 by the City of Canning, Town of Victoria Park and the City of Gosnells in Perth's east metropolitan area, the initiative allows food businesses to obtain one permit to trade at approved events in all three local government areas, instead of applying to each local government.[2]

[2] https://www.perthnow.com.au/wa/perth/south/canning/canning-gosnells-and-victoria-park-cut-red-tape-for-mobile-food-vendors-c-11728870

Since then, the initiative has been further refined, with the City of Canning now removing the requirement for a trading permit altogether – only requiring a food registration for attendance at community events and markets. The City of Canning estimated that this removed the need for around 100 permit applications in 2024-25.

In a similar vein, the SBDC notes that the New South Wales Government recently introduced a Mutual Recognition Scheme that allows local governments to acknowledge each other's approvals for mobile businesses. This means operators such as food trucks, market stalls, buskers and fitness trainers no longer need to navigate separate application processes for each local government area, significantly reducing red tape and improving business mobility.[3]

In delivering the Approvals Program to local governments, the SBDC observed that across all geographical areas, small business customers had experienced similar challenges that could typically be addressed through a focus on the following actions:

- Provision of better information, including through upfront guidance about what licences are needed, the timeframes that could be expected, and how to apply; as well as approval journey maps showing the full process a business may need to go through.
    - Better information reforms apply to the information provided by officers as well as that published on local government websites.
- A business support/concierge function, either through the creation of a specific role to assist small businesses with their application process, or by changing operational processes to enhance the customer service approach adopted by local government staff.
- Automated/fast-tracked approvals for selected low-risk applications.
- Streamlined processes to improve the customer experience, including through web enhancements to accommodate online lodgements and payments and online approvals tracking.

To quantify the benefits of improving information and streamlining processes, the SBDC engaged ACIL Allen Consulting to measure expected economic gains. The cost-benefit analysis estimated that across the 499 reforms identified by local governments participating in the Approvals Program, there was a return on State Government investment of nearly nine dollars ($8.94) for every dollar spent and a projected total net benefit over 10 years of $73.8 million to the State.

In line with the SBDC's observations about what actions can improve a small business operator's experience when dealing with a regulator, the progress presently being made by the Australian Securities and Investments Commission (**ASIC**) to simplify regulation and ease regulatory burden (refer Regulatory Simplification Report September 2025) is commendable. ASIC outlines that its current focus is improving access to regulatory information, reducing complexity in regulatory instruments, making it easier to interact with the regulator, and simplification through law reform.

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[3] https://www.nsw.gov.au/business-and-economy/office-of-24-hour-economy-commissioner/news/cutting-red-tape-for-mobile-businesses-working-across-lgas#:~:text=Under%20the%20new%20Mutual%20Recognition,for%20each%20new%20council%20area.

Support for Report recommendations

The SBDC welcomes the Productivity Commission highlighting the growing regulatory burden faced by businesses and for proposing reforms that aim to streamline regulatory processes, improve scrutiny of new regulations, and embed a growth-oriented mindset within the Australian public service.

The SBDC offers its support for the draft recommendations, as follows.

Draft recommendation 2.1: Set a clear agenda for regulatory reform

The Australian Government should adopt a whole-of-government statement that commits to new principles and processes to drive regulation that supports economic dynamism.

The statement should identify immediate concrete reductions in regulatory burden (including in areas the Productivity Commission has identified in this report and in other pillar reports), and it should set out quantitative targets for government to achieve. Additional schedules to the statement should be issued periodically to update these targets and specify new reductions in regulatory burdens.

The SBDC supports a whole-of-government statement to guide the necessary mindset and behavioural change across the public sector (equally at the State level). Without such a top-down directive to guide regulatory reform, the SBDC is concerned this will unfortunately not be a focus for departments that are already under considerable pressure and quite often resource-constrained.

In addition to a directive and targets, the SBDC sees considerable value in establishing overarching best practice principles that regulators should strive to model. The SBDC suggests the following ten key principles:

1. Actively try to limit the administrative burdens and costs you impose on small businesses.
2. Actively engage and communicate with small business operators, provide clear explanations designed to assist them in meeting compliance requirements, and make it easy for complaints or appeals to be submitted.
3. Adopt a risk-based approach to regulation and show flexibility in meeting obligations.
4. Collect information only once, and if permitted, share information with other regulators.
5. Provide advice and guidance focused on assisting small business operators to understand their obligations and meet their compliance requirements.
6. Provide information and guidance in plain, easy to understand formats, in a media best suited to the audience.
7. Create an environment in which small business operators have confidence in the advice they receive and feel able to seek advice without fear of triggering enforcement action.
8. Work collaboratively with other regulators to understand the cumulative regulatory burden on small business customers and identify opportunities to better align information and advice.

9. Aim to be as transparent as possible through publishing service standards, outlining what you expect from small business operators, how you can be contacted, your compliance approach, enforcement policy, fees and charges, and dispute resolution processes.
10. Ensure regulatory officers act in accordance with the service standards.

Draft recommendation 2.2: Bolster high-level scrutiny of regulations

The Australian Government should scrutinise regulation to ensure that its impact on growth and dynamism is more fully considered. The government should:

- strengthen Cabinet's scrutiny of regulatory proposals by applying similar methods used to scrutinise budget proposals
- appoint an independent statutory commissioner to oversee the Office of Impact Analysis and raise the standards for impact analyses
- expand the terms of reference of Commonwealth parliamentary scrutiny committees to allow them to provide stronger scrutiny of new regulations
- make greater use of external sectoral reviews to reduce cumulative regulatory burdens.

The SBDC strongly supports strengthened scrutiny of regulatory proposals by Cabinet. At the State Government level, this could be achieved through the reintroduction of Preliminary Impact Assessments or the addition of a Small Business Impact Statement with all Cabinet Submissions; a similar approach should also apply at the federal level. By applying rigorous, budget-style analysis to new regulations, businesses can be better protected from unintended compliance burdens that stifle innovation and growth.

The introduction of an independent statutory commissioner to oversee the Office of Impact Analysis and to drive enhanced impact assessment throughout the public service is also supported. As indicated by the Productivity Commission, there can be a tendency for regulators to provide only a high-level consideration of compliance impacts, whereas additional detail would enable enhanced decision-making and a more thorough understanding of impacts in the long term.

The final report of the recently finalised Independent Review of the Australian Small Business and Family Enterprise Ombudsman (**ASBFEO**) noted that there may be value in the Office of Impact Analysis and Treasury working with the ASBFEO to develop and publish a practical guide on small business impact analysis.[4] The SBDC supports this approach, acknowledging that the ASBFEO has a robust understanding of the economic impacts of regulation on small businesses. To be able to prioritise this important task, the SBDC strongly supports the ASBFEO receiving additional resourcing.

As the SBDC has seen in WA, there is significant value in examining the full regulatory journey for specific business types. The power of mapping the customer journey means that all the costs, forms, time delays and interdependencies facing business customers can be uncovered and not be constrained by departmental silos. Furthermore, when examining the processes from both the small business perspective and that of the regulator, it can help identify improvements to benefit customers as well as efficiencies for government. By way of example, the SBDC found that when a

[4] https://treasury.gov.au/publication/p2025-691947

regulator improves upfront information, this can result in better quality applications (i.e. no additional information requests or back-and-forth with regulatory officers), resulting in quicker approval times and less work for approvals and compliance staff.

The SBDC believes that the reputation and independence of the Small Business Commissioner has contributed to the success of the Approvals Program in WA and the willingness for regulators to participate. In line with this successful approach, the Productivity Commission should consider whether the ASBFEO may be well placed to undertake sectoral reviews/mapping to identify cumulative burdens (regulatory and otherwise) for businesses.

The ASBFEO is a strong advocate for small businesses at the Commonwealth level, and it has the required level of expertise regarding the challenges and layers of regulatory burden placed on small business operators. Additional funding, however, would be required if the ASBFEO's role was to be extended to undertake such activity.

Draft recommendation 2.3: Enhance regulatory practice to deliver growth, competition and innovation

The Australian Government should enhance the expectations placed on public servants, making them accountable for delivering growth, competition and innovation through regulatory systems.

It should do so through ministerial statements of expectation, which should indicate (among other things) how much risk they should tolerate in pursuit of business dynamism.

Central agencies should give public servants more guidance and provide capability building to help them become regulatory stewards, and hold them to account through key performance indicators and an assessment of the costs their activities impose on businesses.

The SBDC strongly supports recommendation 2.3, noting that it seeks to drive enhanced accountability and systemic cultural change throughout the Australian public sector. Essential to turning around the prescriptiveness of the public sector is giving regulators permission to be flexible and take a more risk-based approach to assessment and compliance, which will enhance the small business customer experience and support the growth of the sector and the broader economy.

Taking a risk-based approach to regulating businesses would involve streamlining the process for low-risk applications and making it easier to revoke licences if needed. This then releases departmental resources to focus on:

- Providing information, education and more targeted support to small business customers; and
- Increased scrutiny of high-risk applications and enforcement.

In addition to recommendations 2.1, 2.2 and 2.3, the SBDC urges the Productivity Commission to consider broadening its scope to more than just the number of regulations themselves, in line with ASIC's current focus on improving access to regulatory information, reducing complexity in regulatory instruments, making it easier for customers to interact with government, and regulatory simplification.

Concluding remarks

The SBDC thanks the Productivity Commission for the opportunity to comment on the interim report *Creating a more dynamic and resilient economy.* The cumulative regulatory obligations imposed upon small business operators during the establishment or expansion of their enterprises can substantially constrain productivity and pose a significant impediment to economic advancement. For this reason, it is critical that government policymakers recognise the current regulatory and compliance burden and understand the implications of additional regulation on small businesses.

Further consideration also needs to be given to how regulators communicate information to small business customers, and how easy it is for these customers to interact with government, both online and in person, as well as the risk appetite government is willing to take.

If you would like to discuss this submission further, please liaise with Lauren Westcott, Assistant Director Policy and Advocacy, [redacted]

Yours sincerely

[redacted]

Saj Abdoolakhan
Small Business Commissioner

18 September 2025