



Australian Government
Productivity Commission

Regulator Engagement with Small Business

Productivity Commission
Issues Paper

January 2013

The Issues Paper

The Commission has released this issues paper to assist individuals and organisations to prepare submissions to the study. It contains and outlines:

- the scope of the study
- the Commission's procedures
- matters about which the Commission is seeking comment and information, and
- how to make a submission.

Participants should not feel that they are restricted to comment only on matters raised in the issues paper. The Commission wishes to receive information and comment on issues which participants consider relevant to the study's terms of reference.

Key dates

Receipt of terms of reference	7 December 2012
Due date for submissions	15 March 2013
Release of draft report	June 2013
Due date for draft report submissions	End July 2013
Final report to Government	September 2013

Submissions can be made

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The Productivity Commission

The Productivity Commission is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long term interest of the Australian community.

The Commission's independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

Further information on the Productivity Commission can be obtained from the Commission's website (www.pc.gov.au) or by contacting Media and Publications on (03) 9653 2244 or email: maps@pc.gov.au.

Terms of reference

BENCHMARKING STUDY ON REGULATOR ENGAGEMENT WITH SMALL BUSINESS TERMS OF REFERENCE

Productivity Commission Act 1998

I, David Bradbury, Assistant Treasurer, pursuant to Parts 2 and 4 of the *Productivity Commission Act 1998* hereby request that the Productivity Commission undertake a research study to benchmark the extent to which the different approaches to regulator engagement with small business have the potential to affect the costs (including time and effort) incurred by these businesses. This request follows agreement by COAG's Business Regulation and Competition Working Group that the Productivity Commission undertake a study of this type.

Small business stakeholders consistently raise with Governments their view that compliance approaches and the regulatory posture adopted by regulators with respect to small business, and the degree to which regulators recognise and accommodate the particular circumstances of small business, can have a significant impact on regulatory burden.

Approaches to the regulation of small business can be wide ranging, with some regulators adopting a facilitative role, assisting small businesses to meet their compliance responsibilities, recognising that regulatory compliance activities impose a disproportionate cost on smaller firms. Other regulators adopt a more traditional compliance based regulatory posture.

In undertaking this study, the Productivity Commission is asked to:

- identify the nature of the regulatory posture of Commonwealth and state and territory regulators with respect to small business, including the extent to which facilitative and educative approaches are appropriately combined with compliance based approaches, and the extent to which approaches vary according to the nature and objectives of the regulations;
 - In doing so, the Commission should draw where appropriate on examples of the various approaches that are used in shaping regulatory culture (including by incorporating regulatory objectives into legislative instruments).
- identify the levels of assistance and education that jurisdictions provide to small business and consider whether this could be better targeted;

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- identify the extent to which regulators apply a risk based approach to enforcement and compliance, including the mandating of information requirements, in regulating small business;
 - clarify the extent to which regulators consider the size and nature of a business when undertaking compliance and enforcement and compliance based information-gathering activities;
 - identify whether particular approaches to the exercise of regulatory roles have the capacity to reduce unnecessary compliance costs incurred by small business, while sustaining good regulatory outcomes, and could therefore be described as best practice; and
 - have regard to leading practices in overseas jurisdictions.

In order to undertake this study, the Commission will also need to consider and determine a definition of what constitutes a small business, noting that different regulators and jurisdictions use different definitions. As a starting point, the Commission may wish to consider whether there would be benefit in broader adoption of the Australian Bureau of Statistics (ABS) definition of a small business to provide for ease of comparison with ABS data.

A report is to be completed within nine months of the receipt of this Terms of Reference. The Commission is to provide both a draft and final report, and the reports will be published.

DAVID BRADBURY

ASSISTANT TREASURER

[received 7 December 2012]

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1 What has the Commission been asked to do?

The Productivity Commission has been asked to undertake a study to benchmark regulator approaches to engagement with small business. The quality of regulator engagement with business is a major determinant of success in achieving regulatory policy objectives and minimising the administrative and compliance costs imposed on regulated entities, taxpayers and the Australian community (ANAO 2007). Regulators' actions and their day-to-day, ongoing engagement are the primary way through which businesses, in particular small businesses, 'experience' regulation. Regulator behaviour is critical, as in many cases it is difficult to change the underlying regulations, so the ability to improve the way regulations are administered and enforced, in practice, matters.

The term 'regulator' is used throughout this issues paper to denote officials, departmental units and independent statutory agencies that ensure the compliance of business or other groups in the community within an area of the law by drawing on their authority to undertake inspections, licensing and accreditation, or other enforcement activities. There are roughly 1100 regulatory bodies across Australia's federation (including more than 560 local governments), with around 75 regulators operating nationally. Regulators operate in a vast array of regulatory areas including:

- health and safety
- labour markets
- consumer protection
- environment, building and construction
- transport
- fair trading and competition
- financial services, superannuation and revenue collection.

There are three distinct phases of regulation — design, operation and review. The Commission has recently undertaken studies into the review and design phases of regulation (PC 2011a, 2012a). The focus of this study is on the administration and enforcement of regulation by regulators at the Commonwealth, state and local government level. The full terms of reference for the study are included at the front of this issues paper.

This study will aim to identify and assess regulator engagement strategies that seek to improve the delivery of regulatory objectives and reduce unnecessary compliance costs to small business, while sustaining good regulatory outcomes.

2 Small businesses and their significance

The Australian Bureau of Statistics (ABS) currently defines small businesses as those employing fewer than 20 people. There are also sub-categories of small business such as micro businesses, which have fewer than five employees (ABS 2000). Some small businesses have employees; some have only an owner-manager.

As outlined by Lattimore et al. (1998), typically, small businesses differ in a number of respects from larger firms. For example:

- only a small number of individuals, often members of the same family, own the business
- the owners, rather than professional managers, manage the business
- most have rudimentary management structures, with few specialised management functions
- most operate in only one location and sell to nearby customers (although this is changing with the rise of online service provision and shopping)
- they tend to have limited market power.

Using the ABS definition of small business, the vast majority of Australian businesses are small. They comprise nearly 96 per cent of private businesses (table 1). In 2010-11, small businesses:

- produced around one-third of GDP
- accounted for 46 per cent of employment
- accounted for 30 per cent of total wages and salaries
- operated predominantly in construction; professional, scientific and technical services; rental, hiring and real estate services; or in aquaculture, fruit growing, mixed grain and sheep farming (ABS 2012a)
- primarily produced non-traded goods and services, with about 14 per cent of small firms engaging in exporting, compared to 48 per cent of other businesses (ABS 2012b, 2012c).

Table 1 **Businesses in Australia**
June 2011

	Number of employees	Number of businesses		Employment Per cent of total ^a	Value added	
		'000	Per cent of total		\$ billion ^a	Per cent of total ^a
Small	0-19	2046	96	46	313	34
of which:	0	1306	61			
	1-4	509	24			
	5-19	231	11			
Medium	20-199	81	4	24	217	23
Large	200+	6	0*	30	399	43
Total		2133	100	100	929	100

^a Excludes financial and insurance services. * Rounded to zero.

Source: ABS (2012a, 2012b).

The small business share of total employment has been increasing since the 1980s. This reflects broader structural changes, such as growth in the services sector where smaller businesses predominate and the growth of contracting out by larger firms.

There is no consistently used small business definition in Australia. Rather, small business definitions used to determine regulatory applicability and compliance tend to be based on either the number of employees or annual revenue (table 2).

Recently, the Parliamentary Joint Committee on Corporations and Financial Services (PJCCFS), in its inquiry into access to finance for small and medium business, recommended that the Australian Government assess the value of developing uniform definitions of 'micro', 'small' and 'medium' businesses for data collection, analysis and policy development by state and federal government agencies. The Committee was of the view that consistent definitions would assist the analysis of the small business sector and promote more informed policy making by governments (PJCCFS 2012). The terms of reference for this study similarly suggests that the Commission may consider the merits of broader adoption of a single definition (that of the ABS) for small business.

What, if any, regulatory problems arise from the absence of a consistent definition of small business?

If a single definition of small business was considered appropriate, what factors would need to be taken into account in its development? If such a definition is appropriate, should it be based on a measure of firm size or the organisational characteristics of the business?

Are there any benefits from having definitions of small business that are specific to particular regulatory purposes?

Table 2 **Examples of small business definitions used by Commonwealth agencies**

<i>Metric</i>	<i>Threshold</i>	<i>Institution/legislation</i>	<i>Purpose</i>
Employees	<15	Fair Work Australia	Unfair dismissal laws
	<20	Australian Bureau of Statistics	Business surveys
	<20	Reserve Bank of Australia	Business liaison
	<50 ^a	Australian Security and Investments Commission	Annual financial reports
	<100	<i>Workplace Gender Equality Act 2012</i>	Equal opportunity laws
Legal structure	Unincorporated	Reserve Bank of Australia	Analysis of financing conditions
Revenue	<\$2 million	Australian Taxation Office	Taxation
	<\$3 million	<i>Privacy Act 1988</i>	Privacy laws
Assets	<\$50 million	Australian Prudential Regulation Authority	Prudential supervision
Individual loan size	<\$1 million	Australian Prudential Regulation Authority	Prudential supervision
	<\$2 million	Reserve Bank of Australia	Analysis of financing conditions

^a Used in conjunction with thresholds on assets and revenues.

Source: RBA (2012) and Commonwealth legislation.

3 What key characteristics of regulators influence their posture toward small business?

Regulators have diverse institutional and governance arrangements and differing degrees of flexibility and responsiveness, which can affect the way they administer and enforce regulation and their posture towards small business. Key characteristics influencing posture include:

- the scope of regulation for which the regulator is responsible — the extent to which a regulator is a ‘one stop shop’ or one of a number of regulators in a particular field of regulation:
 - a single regulator, such as the Civil Aviation Safety Authority, is unlikely to require much time developing coordination mechanisms (with other regulators) to alleviate problems of overlap, duplication or inconsistency
- the extent to which a regulator has responsibility for developing regulation (or policy making) in addition to administering and enforcing regulation:

-
- separation of policy and regulatory responsibilities reduces the risk of regulators becoming ‘too close’ to industry (‘regulatory capture’) and the propensity of regulators to broaden the coverage of regulation over time (‘regulatory creep’) but it may also delay a government’s response to regulatory problems and policy makers may not concern themselves as much about the implementation of policy
 - the range of enforcement tools and sanctions at a regulator’s disposal — some regulators have access to a wide range of tools to tailor their responses to breaches of regulation in a proportionate way and adapt to changes in the regulatory environment
 - the level of risk aversion exhibited by a regulator — this is influenced by the size and scope of the risks the regulator deals with (for example, whether risks are catastrophic, such as in aviation safety) and also whether the regulator perceives adverse consequences from the occurrence of events it is seeking to eliminate or mitigate
 - capacity for discretion — all regulators have discretion, but some regulators are able to use more discretion than others:
 - too little use of discretion produces legalistic, overbearing behaviour and denies regulators the means to tailor their responses to local or particular circumstances, too much use of discretion creates opportunities for corruption and discrimination and opens regulators to capture by regulated entities (Sparrow 2000)
 - the extent and type of resourcing of a regulator — some regulators are wholly government-funded, while others are wholly or partially funded through cost recovery charges levied on regulated entities:
 - inadequate resourcing of regulators can lead to a less efficient utilisation of enforcement tools and/or a focus on strategies that shift costs or place heavier burdens on regulated entities
 - how regulators are funded may also influence their behaviour and create perverse incentives in relation to the choice of their sanctioning response — particularly if regulators were to retain revenue from monetary penalties, or exercise any control over how that revenue is spent (UK Government 2006).

While these factors all impact on regulator posture toward small business, they sometimes lie outside the control of regulators themselves. This study will focus on what regulators can control, with the above factors providing the framework within which regulators are able to engage. That is, the focus will be on how regulators discharge their responsibilities and how they use their powers, resources, tools and available discretion. However, where the Commission identifies factors beyond a

regulator's control that are obviously having a deleterious effect on their performance, the Commission will bring this to the attention of governments.

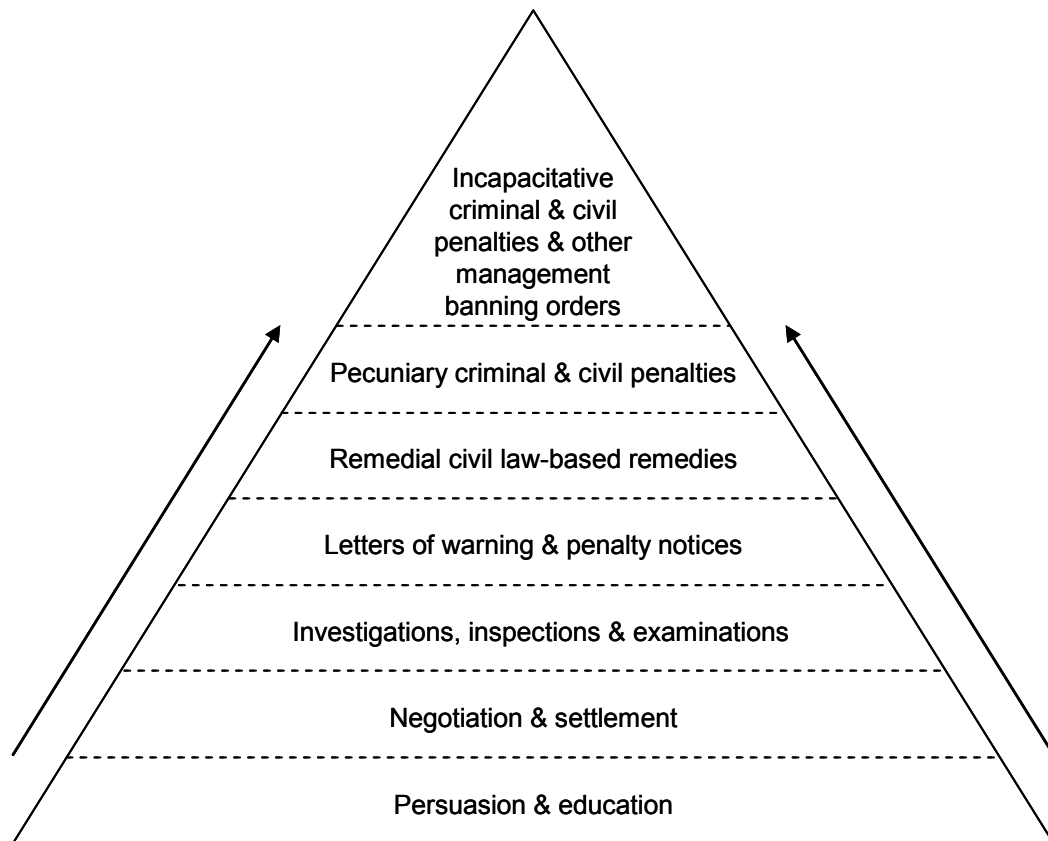
What are the key factors that influence how regulators engage with small business and in what manner are individual factors influential?

4 Which regulator practices affect engagement with small business?

Given the key characteristics of regulators that influence their overall regulatory posture described above, there are a range of practices that can affect regulator engagement with small business.

- *Advice and guidance on regulatory requirements* — accessible advice and guidance (including compliance and enforcement manuals) can reduce the time spent by small businesses understanding regulations and lead to better compliance outcomes. In certain circumstances regulators may need to tailor advice to acknowledge differences in businesses that are regulated. For example, indigenous and non-English speaking business owners/managers may have difficulties in comprehending regulatory requirements and additional resources may need to be devoted in order to aid these businesses to comply.
- *Compliance and enforcement strategies* — the extent to which cooperative and educative approaches are combined with penalty-based approaches can impact on costs for businesses and regulators and/or facilitate greater achievement of the underlying objectives of the regulation.
 - Use by regulators of a mix of approaches — whereby a cooperative approach is initially employed and is gradually ratcheted up for those firms that continue to fail to comply — this is sometimes called graduated enforcement or escalation and has been depicted in the so-called ‘enforcement pyramid’ (figure 1). The balance of approaches to enforcement will be contingent on characteristics of the regulator and regulatory area (discussed in the previous section) but may also vary with the features of the industry being regulated (such as the uptake of technological innovations).
- *Business reporting requirements* — regulators need to be mindful of the compliance cost burden that reporting requirements are likely to place on regulated entities. Improving the design of reporting requirements and the ongoing information required for licensing and the issuing of permits can minimise compliance costs, without undermining the regulator's capacity to ensure that regulations are being met.

Figure 1 **A regulatory enforcement pyramid**



Data sources: Gilligan, Bird and Ramsay (1999); Ayres and Braithwaite (1992).

- *Consultation and feedback mechanisms* — small businesses may be disadvantaged if consultation which shapes regulatory formulation, administration and enforcement sidelines their interests, compared to larger businesses. This disadvantage may be magnified if regulators see compliance through the lens of large or well-resourced organisations. For most regulators, it may also be necessary to adapt consultation approaches (such as through provision of additional online resources) to the needs of small business owners/managers, particularly in regional and remote areas.
- *Transparency and accountability of regulator functions* — monitoring of regulatory performance against set standards helps businesses understand and comprehend what constitutes compliance and ensures they have greater certainty about their regulatory responsibilities, reducing unnecessary costs.

Principles and guidelines to improve the governance and practices of regulators have been published in recent years by a number of Australian (and overseas) governments and business groups (for example, ANAO 2007; Queensland Ombudsman 2009; Victorian Government 2010; UK Government 2005). As part of

its study, the Commission may draw on these principles and guidelines to determine and highlight leading practices of regulators.

What are leading regulator practices in relation to:

- *monitoring of business awareness and understanding of regulations?*
- *ensuring regulatory decisions and advice are clear, accessible, consistent and timely?*
- *addressing the information needs of small businesses including those located in regional areas or those with owners/managers of a non-English speaking or Indigenous background?*
- *ensuring the information businesses provide is necessary and that feedback about the impact of such requirements is taken into account?*

Do compliance and enforcement approaches and the decisions of regulators appropriately reflect the likelihood and consequences of non-compliance?

- *What systems and approaches do regulators use to inform themselves about risks, including emerging risks? Do regulators have a good knowledge of the areas they regulate that are high risk?*
- *Do regulators respond proportionately to compliance breaches? Do they have enough flexibility in terms of how they respond?*
- *Which regulators most effectively manage risks and what particular strategies have worked well?*

What factors cause individual officers to diverge from appropriate behaviours?

What are the relative risks presented by small business compared to larger businesses? How does this relationship vary between regulatory areas?

What coordination occurs between and within regulators to share business data and avoid overlap and duplication in forms and data requirements?

To what extent do regulators use emerging technologies, such as online tools, to improve access to information and increase compliance?

Which regulators have appropriate mechanisms for handling complaints and resolving disputes? Are they tailored for small business?

5 How does regulator engagement impact on small business costs?

The quality of regulatory engagement with business can be a major determinant of regulatory compliance costs (ANAO 2007). However, business complaints about compliance costs and regulatory burdens are often not well specified. Are the regulations themselves overbearing? Or is it the conduct of the regulator? Sparrow (2000) comments, even when the fault lies with the law, the blame is usually borne by regulators:

To the public, and especially to industry, regulators seem all too often nitpicky, unreasonable, unnecessarily adversarial, rigidly bureaucratic, incapable of applying discretion sensibly, and (worst of all, since regulation costs so much) ineffective in achieving their missions. (p. 18)

Some business concerns with regulator approaches were outlined by the Regulation Taskforce (2006) — box 1. Issues commonly identified include heavy-handedness and undue legalism; failure to use risk assessment when determining how stringently or widely to enforce a regulation; poor and ineffective communication; and a lack of certainty and guidance to business about compliance requirements.

Box 1 Business concerns with regulator approaches

The Regulation Taskforce identified the following business concerns:

- excessive prescriptiveness in interpreting statutes
- lack of risk-based strategies in enforcement
- harsh or rigid enforcement actions
- misuse of the media to publicise pending actions or perceived misdemeanours
- micro-management in overseeing compliance, including excessive or inappropriate demands for information
- an adversarial attitude to or general distrust of business people
- lack of effective communication with business about proposed regulatory changes, interpretations or investigations
- lack of informal guidance about what constitutes adequate compliance
- over-reach or undue ambition in seeking to avoid undesirable outcomes such as corporate failure, consumer losses or other adverse events
- going beyond implementing or administering policy to what amounts to de facto policy making.

Source: Regulation Taskforce (2006).

Nature of cost impacts

In this study the Commission will seek to identify particular regulator practices that minimise the cost of compliance for small business — that is, the costs incurred in meeting requirements are only those necessary to achieve regulatory outcomes.

Compliance costs for business can usually be divided into two broad categories:

- one-off costs, such as businesses acquiring sufficient knowledge to meet their regulatory obligations, purchasing/leasing additional equipment and buildings, legal/consultancy fees and training expenses
- recurring and ongoing costs, such as staff costs, consumable materials, inspection fees/licences and costs arising from the need to devote additional time and resources to satisfying regulatory requirements.

For example, in relation to inspections, compliance costs may include: time expended on administrative tasks to prepare for the inspection (including time to retrieve or prepare specific documentation); staff time spent with the inspectors and away from normal work duties; and following up inspectors' requests (gathering information, form filling, visiting government offices).

In addition to compliance costs for business, there are also potential economic costs of regulatory enforcement — such as higher input prices, changed work practices, restricted access to markets, reduced incentives for creation/expansion, efficiency, entrepreneurship and innovation. However, examining compliance costs are instructive as they indicate potential areas where regulatory simplification and better delivery may produce lower overall costs without compromising regulatory objectives. Unnecessary compliance costs also explain why small businesses are particularly disenchanted with some regulations or enforcement approaches.

In previous studies and in preliminary consultations for this study, the Commission was advised that many of the concerns of small business with regulations relate to the way regulations are implemented, enforced or delivered to businesses (PC 2009, 2010, 2011b, 2012b). For example:

- the paperwork burden
- the level of prescription
- uncertainty about the purpose, scope and timing of regulatory requirements
- confusion between legislative requirements and voluntary guidelines
- inconsistent interpretation/application of regulatory requirements by regulators
- the way in which enforcement is achieved by regulators.

How do regulators' engagement approaches affect the nature and impact of compliance costs on business? What are some examples of regulators' engagement approaches that impose excessive or unnecessary costs on business?

Which regulators monitor and/or seek to measure the regulatory compliance costs their administration and enforcement practices impose on business? Which regulators do this most effectively?

In what ways can regulators improve their current engagement approaches and compliance practices to better achieve regulatory objectives and reduce unnecessary compliance costs on business?

Is there a rationale for treating small business differently?

In principle, measures to ease compliance burdens should be broad-based and aimed at eliminating arbitrary, ineffective or badly designed features of regulations — irrespective of whether this affects small or large businesses. A well-structured risk-based approach to regulation (by deploying resources based on an evidence-based assessment of risk) should lead to an appropriate framework for a regulator to deal with small businesses. The challenge for a regulator is developing a culture and attitude within its organisation that delivers in practice.

Given the vast majority of businesses are small, if such businesses were for example, exempted from a regulation, the regulation would be unlikely to achieve its objective. It is thus important when considering any tailoring of regulatory requirements to strike the right balance between reducing the compliance burden for small business and achieving the regulatory objective.

Compliance with regulations *can* impose proportionally greater administrative burdens on small businesses than on larger ones. In part, this reflects the existence of substantial fixed costs in establishing systems for compliance — for larger businesses, these costs are usually spread over much greater turnover. Filling in a form takes a certain amount of time, and it makes little difference that a larger business might have to fill in larger numbers. For larger businesses, investment in information technology and rationalisation of regulatory obligations will often be worthwhile because of the larger number of cases to be dealt with, improving efficiency. In addition, unlike larger businesses, small firms generally do not have specialised staff to handle regulatory matters and will often find that compliance diverts managers from other important tasks in running the business.

There may be a justification in tailoring the regulatory requirements for small business, for example, by providing alternative (often more lenient) regulatory

treatment or exemptions, particularly where regulators are following a risk-based approach:

- exemptions — for example, smaller businesses may be exempted from the substantive requirements of a regulation, from record keeping requirements, or from inspection regimes
- lighter regulatory requirements — for example, these may involve less onerous reporting/record keeping requirements, or reduced enforcement, monitoring, and auditing efforts for smaller businesses (Bickerdyke and Lattimore 1997).

The critical aspect — from an economic efficiency perspective — is whether any change in a regulatory approach to take account of firm size differences can produce net gains for the community (not just for small businesses). Such net gains will likely depend on a range of factors including: the costs of obtaining the information necessary for a variable approach; the costs of administration and enforcement; the costs associated with non-compliance; and the risks of incorrect targeting, leading to adverse regulatory outcomes. Over time, a tailored approach may help facilitate innovation and entrepreneurship in existing firms and assist the creation of new firms.

Internationally, some jurisdictions have moved beyond developing processes and have begun taking action to produce small business friendly regulatory proposals. For example, the European Union have been focused on creating a regulatory environment that is consistent with a ‘Think Small First’ principle to avoid unnecessary burdens on small business. More recently, the European Commission’s preparation of regulatory proposals has been based on the premise that micro businesses (those businesses with less than ten employees and turnover equal to or less than €2 million) should be excluded from proposed regulation unless justification for their inclusion can be demonstrated. In those cases where it is demonstrated that micro businesses must be covered to achieve public policy objectives, recourse to adapted solutions and lighter regimes is still sought (EC 2011).

While differential regulatory treatment of small business may have some limited applications, such a focus raises the possibility that broader regulatory reforms of benefit to *all* businesses will be overlooked.

In what ways do regulators currently provide special assistance or employ a different engagement approach for small business?

Under what circumstances, if any, is it appropriate for regulators to adopt a different engagement approach for small business?

How might regulators reduce compliance burdens on small business?

As a first step to reduce regulatory compliance burdens, governments should be receptive to proposals from regulators to reduce/remove any arbitrary, ineffective, or other badly designed features of a regulation — regardless of where the burden is felt. However, there may be circumstances where improved regulatory outcomes can be achieved by varying some aspects of the delivery of regulations to small business, in particular, such as through:

- designing different forms and paperwork for different sized businesses so that businesses do not have to provide unnecessary information
- tailoring assistance and educative approaches (such as through workshops or on-site business advice) to facilitate understanding of regulatory requirements
- developing improved communication tools and software to ease compliance.

It has been suggested that compared to large businesses, some small businesses may prefer prescriptive regulation as they lack the skills or resources to develop their own compliance methods. One potential way of meeting the wishes of both larger and smaller businesses is to have performance-based or principle-based regulations, accompanied by a set of voluntary prescriptive requirements which meet the performance standards. This can provide certainty for those firms that wish to avail themselves of these requirements, while providing opportunities for others to adopt alternative solutions (Lattimore et al. 1998).

By lowering compliance costs, flexibility in the way regulations are delivered to small business may increase actual compliance and increase social benefits (Bickerdyke and Lattimore 1997). It should be noted, however, that such flexibility would involve some costs on government, since there are administrative costs in tailoring information or other attributes of the delivery of a regulation. It is therefore important that the resources expended by government can be justified by the benefits gained.

In recent years a number of jurisdictions have also introduced mechanisms that seek to ensure small business interests are better taken into account, including the appointment of small business commissioners. The governments of New South Wales, Western Australia and South Australia, following Victoria's earlier lead, have established or are in the process of establishing such commissioners. The Australian Government has also recently appointed an Australian Small Business Commissioner. Through the Commissioner, small business owners will be able to access information, advice and referral to services including business advisory and dispute resolution services (O'Connor 2012). The Commission's recent local

government study suggested expanding the role of small business commissioners to include investigatory and information gathering powers (PC 2012b).

What aspects of a regulator's performance and, in particular, their engagement practices, should be monitored and/or subject to review? What key aspects of regulators' performance might it be possible and informative to measure and compare?

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Attachment A: How to make a submission

This is a public study and the Commission invites interested people and organisations to make a written submission.

Each submission, except for any information supplied in confidence (see below), will be published on the Commission's website shortly after receipt, and will remain there indefinitely as a public document. Copyright in submissions sent to the Commission resides with the author(s), not with the Commission.

How to prepare a submission

Submissions may range from a short letter outlining your views on a particular topic to a much more substantial document covering a range of issues. Where possible, you should provide evidence, such as relevant data and documentation, to support your views.

This is a public review and all submissions should be provided as public documents that can be placed on the Commission's website for others to read and comment on. However, under certain circumstances the Commission can accept sensitive material in confidence, for example, if it was of a personal or commercial nature, and publishing the material would be potentially damaging. You are encouraged to contact the Commission for further information and advice before submitting such material. Material supplied in confidence should be provided under separate cover and clearly marked 'IN CONFIDENCE'.

How to make a submission

Each submission should be accompanied by a cover sheet. The submission cover sheet is available on the study webpage and a copy is included with this issues paper (Attachment B). For submissions received from individuals, all personal details (for example, home and email address, phone and fax number) will be removed before publication on the website for privacy reasons.

The Commission prefers to receive submissions as a Word (.doc) file attachment to an email (see address below). PDF files are acceptable. To ensure your PDF is as electronically readable as possible, the Commission recommends that it is derived from word processing software (eg Microsoft Word or Lotus notes) and not from a scanner, fax or photocopying machine.

Track changes, editing marks, hidden text and internal links should be removed from submissions before sending to the Commission. To ensure hyperlinks work in your submission, the Commission recommends that you type the full web address (eg <http://www.referred-website.com/folder/file-name.html>).

Submissions can also be accepted by fax or post (see address below).

By email*: small.business@pc.gov.au

By fax: 02 6240 3311

By post: Small Business Study
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

* If you do not receive notification of receipt of an email message you have sent to the Commission within two working days of sending, please contact the Administrative Officer.

Due date for submissions

Please send submissions to the Commission by **Friday 15 March 2013**.

Attachment B: Submission cover sheet

Productivity Commission SUBMISSION COVER SHEET (not for publication)



Australian Government
Productivity Commission

Please complete and submit this form with your submission to:

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

OR By facsimile (fax) to: (02) 6240 3311
Christine Underwood: (02) 6240 3377
By email: small.business@pc.gov.au

Name (first name and surname):

If submitting on behalf of a company or organisation:

Name of organisation:

Position in organisation:

Phone:

Mobile:

Email address:

Street address:

Suburb/City:

State:

P'code:

Postal address:

Suburb/City:

State:

P'code:

Please note:

- Copyright in submissions resides with the author(s), not with the Productivity Commission.
- Following processing, public submissions will be placed on the Commission's website. **Submissions will remain on the Commission's website as public documents indefinitely.**
- As this is a public study, 'in confidence' material can be accepted only under special circumstances. **You should contact the Commission before submitting this material.**
- For submissions made by individuals, only your name and the state or territory in which you reside will be published on the Commission's website. All other contact details will be removed from your submission.

Please indicate if your submission:

- ☐ Is a public submission, it does NOT contain 'in confidence' material and can be placed on the Commission's website.
- ☐ Contains SOME material supplied 'in confidence' (provided under separate cover and clearly marked IN CONFIDENCE).

The Final Report will be available for viewing from the Commission's website – would you like to receive a hardcopy?

- ☐ No (view online)
- ☐ Yes (post)