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Small business is sinking!

All business in Australia is sinking, sinking under a ton of red tape, un-necessary procedures and extended waiting times. Red tape remains the big issue for business today and will be a key election topic.

I'm not just talking about the forms we have to fill out for the Government, Federal, State or Local, it now goes much further than that, it's become part of this country's business culture and it is slowly becoming accepted, "that's just what you've got to do in business today".

The Howard Government dedicated itself to halving red tape in 1997. The Bell Report addressed many issues concerning the sector in 1999, however the result has seen some modest savings in some areas and dramatic increases in others. This is what happens when Governments introduce new initiatives, there are a new plethora of new procedures introduced by Government Agencies in order to administer the new legislation; the greatest example was the GST. Since then though, there has been the privacy legislation, financial services regulations, occupational health and safety, superannuation and many more.

Regardless of the good intentions, business has been swamped and the effect is compounded on small business for two main reasons:

First, is the obvious, procedures are the same whether it is for a big business or small business but the cost as a percentage to revenue is much greater for Small and Medium Enterprises, (SME's).

Second, and less obvious, is the pass on affect, legislation and regulation is introduced across the board for all business, but often these new procedures impact on customers, and of course customers of big business are often small businesses. Insurance, banking, telecommunications, everywhere we turn we find a supplier (big business) saying, "There's a new form to fill out".

Small business needs governments at all levels to acknowledge there are problems with red tape, not only directly but also indirectly, the procedures that have to be followed, the time and cost of compliance and the delays that occur when dealing with government agencies and big business.

There are particular concerns with taxation, superannuation, government procurement practices, Centrelink, ABS demands for data, financial regulations and many others.

Opening a bank account, moving a telephone number, applying for innumerable licences - all of these take time and cost money and divert business owners from developing their business and serving their customers.

In some cases, technology has made matters worse - for example, telephone menus and queuing tie up small business owners when they could be doing something else.

The Council of Small Business Organisations of Australia at its recent National Small Business Summit in Sydney reiterated this as the major issue for the sector. Immediately after the summit the Council called for a national audit of red tape. This audit would be a starting point for reform, also the compliance burden on small business should be considered with every piece of new regulation.

Once an extensive database of arduous procedures and forms has been developed there will need to be a new task force set up to address the issues one by one, taking into account the flow on affect. a point not considered in the past.

Red tape impacts disproportionately on small businesses because they do not have the money or staff to devote to compliance tasks. There is a physical limit to how much compliance a small business can do and stay afloat.

COSBOA now calls on all political parties in the lead up to the federal election to spell out what they intend to do to reduce red tape, starting with a full audit of the present regulatory compliance cost burden, both direct and indirect.

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