

The Secretary  
Senate Employment, Workplace Relations  
and Education References Committee  
Suite S1.61, Parliament House  
CANBERRA ACT 2600

**SUBMISSION TO THE INQUIRY INTO SMALL BUSINESS EMPLOYMENT**

Enclosed is a submission to the Inquiry into Small Business Employment. This submission has been prepared by the Small Business Development Corporation, an agency within the Ministerial portfolio of the Hon Clive Brown MLA, Minister for Small Business. The submission has been provided in both hard-copy and in an acceptable electronic format.

Should the Senate Employment, Workplace Relations and Education References Committee require expansion on any of the points raised in the submission, please feel free to contact my office.



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Small Business  
Development  
Corporation



*Building your future*

Submission to

Senate Employment, Workplace Relations  
and Education References Committee

# Inquiry into Small Business Employment

Prepared by

SMALL BUSINESS DEVELOPMENT CORPORATION



**FIRST TERM OF REFERENCE:**

**The effect of government regulation on employment in small business, specifically including the areas of workplace relations, taxation, superannuation, occupational health and safety, local government, planning and tenancy laws.**

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Government regulation will always have a more significant impact on the small business sector than on medium and large businesses. Unlike larger companies, small businesses rarely have the capacity to employ staff specifically to deal with compliance workloads. Instead, regulatory obligations are more commonly dealt with by the owner/operator of the business. This has a number of flow-on effects:

**1) Erosion of time spent on core business**

Time spent by a business proprietor on regulatory compliance is time not available for core business activities and time not available for pursuit of business growth opportunities. Where a small business owner/operator cannot put their full efforts into nurturing and developing their business, less than optimum business growth results. Creating opportunities for business growth and expansion is vital if small businesses are to be in a position to employ additional staff.

**2) Uncertainty**

Small business owners are rarely expert in the area of regulatory compliance. Consequently they are often inadequately informed about regulatory matters and can find government requirements confusing and intimidating. This makes small business operators wary of committing their time and resources to projects that involve additional regulatory compliance, including employing staff.

Small businesses are also wary of inadvertently breaching regulatory requirements and being prosecuted for honest oversights.

Government regulation therefore has a negative impact on the mindset of small business operators and can impede their willingness to take risks of various kinds, including pursuing business expansion and the employment of staff.

While government regulation can detract from core business activities, it should also be noted that such regulation performs an important role in protecting the small business sector. The proper regulation of financial services, tenancy laws and various types of legal reporting requirements can protect small business operators from the activities of unprincipled competitors. Government regulation should therefore not be seen as wholly undesirable, but rather a process that should seek to balance the need for adequate protection of the community as a whole, without unnecessarily detracting from the core activities of small business operators. To achieve such a balance, government regulation must be easy to understand, not unnecessarily onerous or time consuming, and the need for regulation justified and communicated.

## Workplace Relations

The field of workplace relations encompasses a number of diverse areas including systems for wage fixation, use of industrial instruments, labour market deregulation and unfair dismissal. While all these areas have an impact on employment in the small business sector, it is unfair dismissal that attracts the most attention in the small business community.

The Western Australian Government recognises there has been significant debate on the general issue of unfair dismissal including the appropriate process for unfair dismissal claims and whether existing laws provide an appropriate balance between the rights and interests of employers and employees. The Western Australian Government believes that changes to the laws governing unfair dismissal in Western Australia can be made to make the system fairer and more efficient for both parties.

In reforming the State's unfair dismissal laws the Government is guided by its underlying policy commitment to balance the rights and interests of both employers and employees. Accordingly, an efficient and effective unfair dismissal system should reflect the following key features:

- a) a simple process, which provides as much scope as possible for agreed outcomes without resort to arbitration;
- b) appropriate mechanisms to discourage unmeritorious claims;
- c) expeditious processing and resolution of claims; and
- d) appropriate remedies which reflect the intent and purpose of unfair dismissal protection.

Some of the key changes which will be made to Western Australia's unfair dismissal system include:

- a) using reinstatement as the primary remedy regardless of whether the employer agrees to pay compensation;
- b) requiring the Western Australian Industrial Relations Commission (WAIRC) to take into account a properly constituted probationary period of up to three months when determining the merits of an unfair dismissal claim;
- c) increasing the filing fee for unfair dismissal claims to \$50.00, bringing it into line with other jurisdictions and discouraging unmeritorious claims; and
- d) having preliminary matters handled by the Registrar of the WAIRC to reduce the time taken for applications to be heard and enhance the scope for agreed outcomes.

The Western Australian Government believes that reform of the unfair dismissal laws will achieve its aim of balancing the rights and interests of both employers and employees.

### Superannuation

The payment of compulsory superannuation by employers has been part of the Australian business landscape for the past 10 years. Over this period, employers have faced a gradual increase in the minimum superannuation contribution they are required to contribute on behalf of employees from the original rate of 3% of an employee's earnings base to 9% from 1 July 2002. To many small business employers, funding an employee's future retirement is seen as an additional impost on their business.

In addition to the quantum amount of the compulsory superannuation contributions they are required to make, the cost and time spent on administrative aspects such as completing necessary paperwork and ensuring appropriate records are maintained, represent a considerable burden for small business employers. Few small business operators, in the absence of specialist administrative and accounting staff, can afford this.

Recent changes announced in the 2002-03 Federal Government Budget are likely to exacerbate this. For example, compelling employers to allow employees to choose the superannuation fund into which their compulsory superannuation contributions are made has the potential to greatly increase the administrative workload of small businesses, as has the requirement to pay superannuation guarantee contributions quarterly rather than annually.

Accordingly, it is important that the Federal Government exercise due care whenever changing superannuation rules or regulations. It is vital that the impact of changes to superannuation on small businesses be thoroughly examined prior to implementation to ensure the system is effective, easy to administer and that the resulting compliance burden on employers is minimised.

### Local Government

Local government regulation has a significant impact on the operations of small businesses. Small business operators need to meet local government planning and zoning requirements, as well as obtain appropriate business licences where applicable.

Different rules and regulations between local government jurisdictions are problematic. The small business community would benefit from greater harmonisation between local government jurisdictions, especially between jurisdictions that are similarly located.

Furthermore, many local government authorities do not, at present, have policies that are friendly to the operation of home-based businesses. Home-based business is a sector experiencing strong growth. Latest Australian Bureau of Statistics figures show that, nationally, home-based businesses comprise some 67% of all small businesses, with their numbers increasing by an annual average rate of 19% between November 1999 and June 2001. Local governments need to encourage that growth.

It should also be noted that the owner/operator of a small or home-based business obtains employment through that business. Specifically, there are currently just under one million home-based business operators across Australia. In addition, consistent local government policies that encourage home-based businesses will improve the capacity for the small business sector to provide employment. In Western Australia, for example, a model scheme text was introduced in 1999 to set general provisions for district zoning schemes including the number of people, other than family members, that can be employed in a home-based business. Notwithstanding this, there continues to be differing rules among local governments with regard to how many non-family members can be employed, with some not allowing any employment.

It is considered that, provided home-based business employment arrangements do not disturb the general amenity of the residential area, there should be no local government limit on the number of employees permitted to work in a home-based business.

#### Occupational Safety and Health (OSH)

In early 2001, the WorkSafe Division of the Department of Consumer and Employment Protection commissioned a survey of Western Australian small to medium sized businesses with regard to the knowledge, perceptions and attitudes toward OSH in general and WorkSafe itself. There were 400 respondents to the survey, with 87% of the respondents being small business employers. Industry representation was broad and fairly evenly spread, with the largest industry group surveyed coming from the retail trade industry (25%).

The following were some of the main conclusions from the survey:

- a) The majority of respondents knew of the existence of OSH legislation and almost half said that they knew the parts relevant to their business. However, there was no way of quantifying how well perceived knowledge correlates with actual knowledge.
- b) General support was shown for OSH legislation, with the majority of respondents acknowledging an improvement in OSH as a result of OSH legislation (77% overall - 31% some improvement and 46% quite a lot of improvement).
- c) Fifty-one percent of respondents agreed that OSH legislation requirements are easy to implement.
- d) Overall, most respondents viewed the level of risk to which they were exposed in their workplaces as low. Only 4% said that the risk of injury in their workplace was high or extremely high, while 3% said that there were no hazards present in their workplace. This indicates that, while respondents acknowledged that hazards exist in the majority of workplaces, the relative risk of being injured as a result of those hazards is considered very low.

The impact of OSH compliance is not as burdensome on small business as it has been in the past. Western Australia has consolidated OSH requirements

into a single, flexible piece of legislation with accompanying regulations. Western Australian legislation is also compliant with the model standards and codes of practice developed through the National Occupational Health and Safety Commission (NOHSC). This has ensured that Western Australia's OSH regime is contributing towards national uniformity in OSH regulation, thereby reducing complexity.

Western Australia focuses on a general duty of care style of legislation. One of the advantages of this approach is that it is not dependent upon any particular workplace structure or set of technologies and is generally able to encompass changes to the work environment, including the growth in the number of self-employed and those employed in small business in Western Australia. It is recognised that, while taking such an approach does offer many benefits to the small business sector, it may also have the potential to give rise to a "one size fits all" dilemma whereby small businesses are required to comply with provisions which should most appropriately be directed at large businesses.

It is also noted that small and medium size employers occasionally require assistance to fulfil their duties and that there is a need to develop and implement strategies to achieve this assistance. An example of the types of assistance that can be provided is through insurers providing early involvement with their small business clients to assist them prevent injuries and thereby reduce the costs that would otherwise be incurred (including insurance premiums).

### Taxation

The range of regulatory areas being considered by the Senate Inquiry all present challenges to the small business community to varying degrees. However, by far the most onerous regulatory burdens have been placed on the small business sector by taxation requirements and, in particular, GST reporting. These imposts have been identified by a number of investigations into regulatory issues by the Small Business Development Corporation (SBDC) including:

- a) A current examination of regulatory requirements in the motor trades industries. This study indicates that GST reporting and other taxation requirements are the most significant regulatory burden for business operators in these industries.
- b) Feedback from the SBDC's Ready Response Network. This feedback indicated that 54% of respondents believed improvements could be made to GST reporting options (as opposed to 23% who thought no improvement could be made and 23% who were unsure).

This data suggests that GST reporting is the most notable regulatory impediment to the small business sector. The further streamlining of GST reporting will reduce administration costs and permit small businesses to spend more time on core business activities leading to improved opportunities for small business growth and employment.

GST is, of course, not the only taxation issue faced by small business operators. The act of employing creates employment specific taxation responsibilities for employers and these act as a disincentive for small businesses to take on staff.

Small business operators, as with other employers, are required to administer the collection and payment of Pay As You Go (PAYG) tax on behalf of their employees. This requires small businesses to determine the appropriate amount of withholding tax, ensure the required paperwork is completed and make regular PAYG payments to the Australian Tax Office (ATO). Each of these activities takes time and effort, which can amount to a significant drain on a small business operator.

In addition, small business operators are responsible for ensuring they comply with *Withholding Declarations* from employees on a case by case basis. Such declarations allow for the variation of standard PAYG withholding amounts and add to the administrative burden of tax compliance.

Fringe Benefits Tax (FBT) is another employment related tax that increases the administrative workload on small businesses. Small business operators are required to monitor the taxable value of certain fringe benefits and make, when necessary, decisions on what benefits are considered fringe benefits. As with other employment related taxes, FBT adds to the time and effort small businesses spend on administrative and regulatory paperwork and detracts from time spent on core business activities. This invariably acts as a disincentive to employ.

### Workers' Compensation

Worker's compensation, while an essential protection for employees against work related injury and disease, needs to be recognised as a major cost impost and source of administrative activity for small business employers. While it would be inappropriate to consider removing workers' compensation obligations from the small business sector, decision-makers need to recognise the existing administrative burdens faced by small business operators when considering further regulatory regimes.

### Separation Certificates

The requirement for small business employers to provide ex-staff with separation certificates needs to be recognised as an administrative task required by government.

### Child Maintenance

In certain circumstances small business employers are required to make deductions for the purposes of the Child Support Scheme. In these circumstances the administration of employment related taxation is extended beyond just PAYG payments to the ATO, but includes child support payments to the Child Support Agency.



## **SECOND TERM OF REFERENCE:**

**The special needs and circumstances of small business, and the key factors that have an effect on the capacity of small business to employ more people.**

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While the small business sector encompasses a diversity of business types and activities, as a result of their size and circumstances, small businesses share a range of needs and characteristics not common to their larger counterparts. These include lack of resources (including time and finances), limited access to expertise and information, reduced tolerance to sudden environmental shifts (including major economic and regulatory changes), and limited ability to protect themselves from the activities of unscrupulous competitors.

Recognising this, there are four key areas that decision makers should focus on when addressing the special needs of the small business sector in an attempt to enhance its capacity to employ. These areas are 1) awareness, information and understanding; 2) flexibility in employment arrangements; 3) fair employment arrangements; 4) time to adapt to change.

### **1) Awareness, information and understanding**

As was discussed in the first term of reference, small businesses tend not to employ specialist staff to deal with legal and regulatory requirements and this is particularly true in the area of workplace relations. Invariably this means workplace relations issues are dealt with by either the proprietor, or a general administrative assistant, neither of whom tend to have a strong understanding of this field.

Inadequate understanding of labour relations issues and imperatives has a number of negative impacts on employment in the small business sector. Lack of understanding can lead to inadvertent breaches of industrial laws, resulting in prosecution and the creation of a negative view of the employment process. Less than satisfactory experiences in employing staff will invariably deter small business operators from employing again and create the perception that employment is too difficult.

In addition, ignorance of industrial laws can lead to the proliferation of “urban myths”. Such myths often portray the process of employing staff as one sided and can lead to small business operators developing the belief that by employing staff they open themselves up to interference by third parties and a subsequent loss of control within their own business. This is a key issue for small business operators who have a tendency toward fierce independence.

The area of unfair dismissal is one where “urban myths” have flourished and where poor understanding has had an extremely negative impact on the willingness of small business operators to become employers. Examples of urban myths that even today are not uncommon amongst small business operators include:

*“If I employ someone I can’t sack them even if they are useless”*

*“When employing someone make sure you give them two written warnings as soon as possible, that way they can be instantly sacked later on”*

Both misconceptions have evolved because of a poor understanding of unfair dismissal laws and have a negative impact on employment in the small business sector. The first instils a sense of fear about being burdened with inadequate or less than capable employees that reduce the productivity of the business. Such fears lead to the perception that employing staff is overly risky and deters small business operators from taking on staff and expanding their business.

The second exemplifies how businesses can, through misconception, adopt unsuitable processes when dealing with staff, resulting in the employer breaching due process and becoming the subject of an unfair dismissal case. Such experiences also invariably reinforce perceptions that unfair dismissal laws are a hindrance to small business and that employing staff is too difficult. Indeed such experiences can further reinforce the *“If I employ someone I can’t sack them even if they are useless”* myth.

The manner in which the Western Australian government is dealing with unfair dismissal is covered under the first term of reference.

To prevent poor understanding of regulation from impinging on the capacity for small businesses to employ, decision makers must ensure that:

- 1) small business operators are **aware** of regulatory requirements;
- 2) small business operators have easy access to adequate **information** on complying with regulatory requirements and;
- 3) information is provided in a form that gives small business operators the best opportunity to **understand** the regulatory requirements.

This approach is being used successfully in the Occupational Safety and Health area by the WorkSafe Division of the Department of Consumer and Employment Protection. The strategies used by WorkSafe include prioritising education in industries where there is a high presence of priority hazards, the ThinkSafe education campaign and the increased use of electronic communication / information.

### Priority Approach

WorkSafe has developed an approach to providing education and enforcement activities focussed on the proactive targeting of industries based on the presence of priority hazards. To provide assistance to businesses, WorkSafe has prepared a fact sheet and checklist for each priority area to assist each workplace to meet basic safety standards in these areas.

This priority approach is working to achieve a greater level of understanding and compliance with basic safety requirements of OSH regulation, particularly for small business operators.

### ThinkSafe Campaign

In 2001 WorkSafe launched a new direction to its well known ThinkSafe Campaign - with a call to action to employers. The new campaign particularly targets small business and aims to motivate them to actively manage OSH hazards in their workplace. To support the Campaign, WorkSafe has developed two information products designed to provide practical and easy to use advice on how to manage common OSH hazards, and some basic tools to get started.

WorkSafe has taken a dual approach to its role in administering the *Occupational Safety and Health Act 1984* and Regulations, focussing on both enforcement and education, to achieve improved outcomes in occupational safety and health in the workplace. This recognition of WorkSafe's role in education is particularly important for the small business sector.

### Use of Electronic Communication/Information

WorkSafe also uses the internet and electronic communication to distribute practical information to small business. Studies conducted by KPMG<sup>1</sup> and NFO Donovan Research<sup>2</sup> have found a significant take up rate of electronic communication amongst small business in Western Australia.

## **2) Flexible employment arrangements**

Small businesses are not in a position to exercise the same economies of scale large businesses enjoy. As a result, small businesses tend to have higher input costs, putting them under pressure to be price competitive with larger businesses.

Critical in a small firm's ability to compete against larger firms, is their capacity to provide greater flexibility and levels of responsiveness, higher levels of service or some other form of value adding. This requires flexible work practices. Small businesses must have access to an industrial system that allows such practices so they can respond quickly to changes and opportunities in the market place.

Without the ability to access flexible working arrangements, small businesses will have their ability to compete with larger businesses significantly impaired.

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<sup>1</sup> KPMG Consulting. (February 2001). *Key management motivators in Occupational Health and Safety, Volume 1: Main Report*. Report to the National Occupational Health and Safety Commission.

<sup>2</sup> NFO Donovan Research was commissioned in early 2001 by the WorkSafe Division of the Department of Consumer and Employment Protection to survey Western Australian chief executives and managing directors of small to medium sized businesses with regards to the knowledge, perceptions and attitudes toward OSH in general and WorkSafe itself..

### **3) Fair employment environment**

Small businesses also require an industrial relations system that provides fairness for both employers and employees. This includes ensuring that small businesses are not disadvantaged by other employers who adopt exploitative employment practices to gain a competitive advantage. This leads to undesirable outcomes for employees whose wages have diminished, as well as employers that choose not to engage in similar practices.<sup>3</sup>

The Labour Relations Reform Bill presently before the Western Australian Parliament will remedy this particular issue and provide small business operators with a level playing field in employment. This fairness will be achieved without losing the flexibility small businesses require in labour relations. The introduction of Employer-Employee Agreements will provide small business employers with the flexibility they require, while the use of an award-based no disadvantage test, will work to eliminate the problem of exploitative employment practices.

### **4) Time to adjust to change**

Time constraints are a major limitation for small business operators. The need to properly manage a business, and lack of staff, leaves small business operators with inadequate time to come to terms with changes in regulatory requirements and adjust non-core business activities quickly.

Small businesses require adequate notice whenever major regulatory changes are made by decision makers. They must be provided with adequate time to acquaint themselves with impending changes and implement processes to conform with new regulatory requirements.

The lack of in-house expertise already discussed means that small business operators also require assistance in making a transition to any new regulatory framework. The negative impact of major regulatory changes can also be reduced through proper phase-in periods.

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<sup>3</sup> See Commissioner of Workplace Agreements 2002, *Summary Statistical and Other Information – Volume 11*.

**THIRD TERM OF REFERENCE:**

**The extent to which the complexity and duplication of regulation by commonwealth, state and territory governments inhibits growth or performance in the small business sector.**

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The complexity and duplication of regulation is a problem throughout Australia and affects all business sectors, particularly small business. As has already been stated, regulatory compliance presents a greater burden for small businesses in comparison to large businesses and therefore overcoming complexity and duplication in regulation represents a more significant problem for the small business community.

The sheer amount of regulation is equally of concern for small business. From the vast array of commonwealth taxation obligations, to state labour relations, occupational safety and health and environmental protection regulations, to local government laws dealing with the erection of signs, building and home occupation permits, to name just a few examples, all require additional paperwork and impose compliance obligations which have the potential to inhibit small business growth.

From a small business perspective government regulation is government regulation – small business operators draw little distinction between the arms of government (local, state or federal) that enforce regulatory requirements. It is neither fair nor reasonable to expect small businesses to determine which government jurisdiction or agency they must deal with in relation to regulatory issues. In this respect efforts to facilitate seamlessness in government deserve genuine support by all jurisdictions.

While the complexities of multiple governments with multiple responsibilities are in themselves daunting, instances where jurisdictional responsibilities become blurred, and where different layers of regulations are imposed by different layers of government in relation to the same business activity, are especially problematic. Genuine co-operation between jurisdictions is required if these problems are to be overcome. To alleviate regulatory duplication the various arms of government must co-ordinate their activities in a more cohesive manner. There are already excellent examples of what greater co-ordination can achieve.

The Business Licence Information Service (BLIS) in Western Australia provides the public with an online one-stop-shop for obtaining business licence information. It provides information on over 7,000 commonwealth, state and local government business licences and includes many common application forms which can be downloaded to provide easy and quick access. The establishment of the BLIS is the result of a concerted effort by the Western Australian and Commonwealth governments to simplify the dissemination of information to the small business community. The BLIS system can be accessed at <http://licence.sbdc.com.au>.

An initiative with similar aims has been undertaken by Western Australia's Small Business Development Corporation which has developed an online

Program Information Sharing Mechanism to facilitate sharing of information on the development of small business program initiatives across all state, territory and commonwealth jurisdictions.

In the area of labour relations, while there are separate state and federal jurisdictions, duplication of regulation is not a significant problem for the small business sector. Most small businesses are covered exclusively by their state jurisdiction. However the Western Australian Government, through the Labour Relations Reform Bill 2002, is endeavouring to bring certain administrative tasks, such as the keeping of time and wages records, into line with other Australian jurisdictions.

#### **FOURTH TERM OF REFERENCE:**

#### **Measures that would enhance the capacity of small business to employ more people.**

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Small business considers itself not only to be over regulated, but to be regulated by governments that do not adequately understand its needs or circumstances. Few small business operators begrudge the government undertaking its community responsibilities, which include taxing and regulating businesses. They object however when the implementation of these activities does not take into account the potential impact on small business – when unidentified and unintended consequences arise for small business as a result of regulatory changes, when processes associated with regulatory compliance are unnecessarily complex or onerous, when insufficient lead time is provided in the face of regulatory change, or insufficient support is available to assist the sector manage that change.

The role of government in enhancing the capacity of small business to employ is essentially one of facilitating an environment conducive to economic growth. A significant part of this involves ensuring its own activities do not place unnecessary or insurmountable barriers in front of the business community as it pursues the same goal.

#### **Holistic approach to user friendly regulation**

It has already been discussed that regulatory compliance is both a necessary protection for the small business sector, as well as a distraction from core business activities and a potential impediment to business growth. To ensure that the small business sector receives the maximum possible benefits from regulatory protection, without being restricted by the burdens of red tape, decision makers must implement policies and regulation with care.

To achieve this aim it is critical that the potential impact of regulations be assessed with sufficient rigour to ensure that only the minimum essential level of regulatory control is imposed, that compliance requirements are not unnecessarily onerous and that regulatory costs are kept to a minimum. The requirement for adequate impact analysis should facilitate the development of better proposals for Cabinet consideration, as agencies that undertake adequate impact analysis will better understand the consequences of proposals put forward and have better assessed the range of alternative options.

Decision makers must also consider the potential for unintended consequences of policy decisions on the small business sector. It is often the case that policies are implemented without a proper examination of how such regimes will affect the small business sector, resulting in unnecessary time spent on compliance issues or unforeseen restrictions on business practices. Proper consideration of such impacts may assist in identifying unnecessary regulatory duplication before it is implemented, alleviating these burdens from the small business sector.

It is important however, that decision-makers avoid being preoccupied with their own area of responsibility. There is a tendency, when evaluating the impact of a regulatory change, to consider only the impact of that change in isolation. While this is conceptually easier from a decision-making point of view, such an approach will not provide a realistic picture of how regulatory changes impact on the small business sector.

Small businesses are affected, to greater and lesser degrees, by a large array of government regulation. The introduction of regulatory requirements each has a cumulative effect on the small business sector. While the imposition of a single regulatory requirement may in itself have only a minor impact on a small business, the cumulative effect of many such regulatory requirements can bog down a small business operator with excessive paperwork and result in a negative impact on the business.

For this reason decision makers must consider the holistic impact of government regulation on the small business sector. Regulatory compliance cannot be thought of in terms of discrete requirements, but rather an overall requirement.

The Western Australian Government has taken a proactive approach to striking an appropriate balance between regulatory requirements and small business convenience. All Cabinet submissions will be required to contain a Small Business Impact Statement assessing the potential impact of government policy implementation on the small business sector. This statement will require agencies to consider:

- Potential small business impacts and the types of small businesses affected;
- The level of consultation with small business (and the general level of support or disagreement);
- Direct and indirect costs associated with the proposal; and
- What other alternatives have been considered.

The Small Business Impact Statement will require government departments to consider the broader impact of policies **before** they are implemented. Unintended consequences can be identified and remedied without causing unnecessary work for the small business community.

The key to creating a regulatory regime that meets the requirements of both government and the small business sector is cooperation. Government agencies need to ensure that they properly consider and consult with the small business sector before making decisions. The small business community needs to be included in the decision making process and small business operators need to feel that their views, needs and opinions are being considered by government.



## **Time and support with workplace relations compliance**

It has already been discussed that “urban myths” and poor information can act as an impediment to small business employment. This is particularly true in the area of workplace relations where misunderstandings can actively discourage small businesses from employing staff.

To address this situation, governments must make small businesses aware of workplace relations issues and employer obligations. It must also provide easy access to appropriate information on such issues and this information must be in a form that maximises the understanding of these issues by small business operators.

It is only by ensuring awareness, providing information and maximising understanding that governments will be able to allay fears about workplace relations and the employment process. This will limit the spread of inaccurate and damaging urban myths and assist employers to make informed decisions about employing staff.

Governments must put time and effort into proper education and awareness in the area of workplace relations if this is to occur.

## **Apprenticeships & Traineeships**

Strategies that encourage small business operators to employ apprentices and trainees have a two-fold benefit. First, small businesses are presented with an opportunity to employ staff, train employees and invest in the future. At the same time apprenticeships and traineeships provide a valuable pathway for Australia’s youth to obtain vocational training and enter the workforce.

Recent canvassing of Western Australian small business operators by the Small Business Development Corporation revealed a number of concerns and disincentives to employing apprentices and trainees. These included paperwork, ongoing monitoring requirements, disruption to work for study release, the length of the obligation, difficulty removing a poor performer once employed and difficulty providing enough work or a wide enough range of skill development.

To overcome many of the obvious barriers and disincentives small businesses perceive with employing apprentices and trainees, greater promotion of group training to the sector is urgently required. Small businesses need to be made aware of the capacity to share apprentices, overcoming situations where a single business does not have adequate work for an apprentice but two or more businesses combined do. In addition, small businesses need to be aware that the administration of apprentices and trainees is taken care of by the group training provider, reducing the administrative load on participating small businesses. By raising awareness of these benefits more small businesses will take greater advantage of the opportunity to enrich their business through the use of apprentices and trainees.