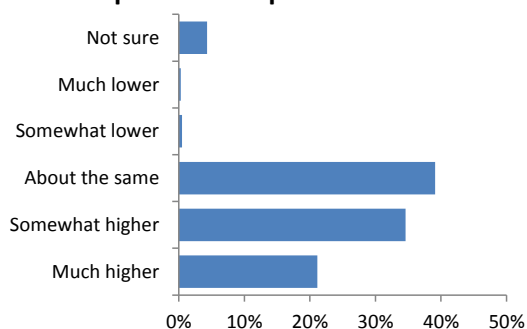


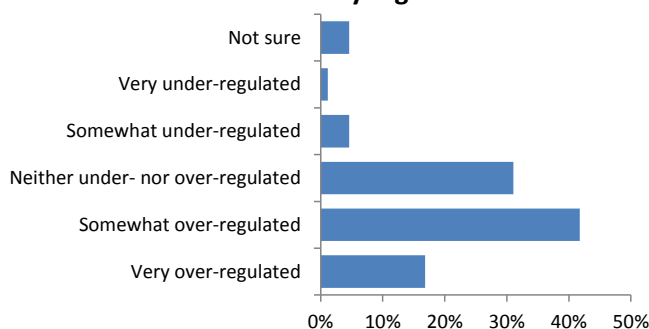
Businesses' perceptions of red tape

NSW businesses continue to report increases in regulatory burden with a majority of businesses regarding their industry as over-regulated. Around 56 per cent of respondents indicated that they thought the overall burden of regulation had increased over the past year while 59 per cent indicated they considered their industry to be over-regulated. Respondents also expressed concern at the number of regulations that they must comply with, implying dissatisfaction with the overall burden of regulation rather than the impact of any specific regulatory requirement.

Perception of compliance burdenⁱ



Assessment of industry regulationⁱⁱ



"...to operate our business within the law must have RSA, FSS certificate, council approval to plant gardens, council approval for all events, council approval for a mountain bike track [in] operation, tag electrical leads, filling in grape grower and wine maker fee figures certificate [and] too many more to think of."

Survey Respondent, Tourism and Agriculture, Mid North Coast

Businesses are also reporting that they must absorb the costs of regulation and that regulation is preventing business growth. Around 84 per cent of respondents indicated that the costs of regulation could not be passed onto their customers or only a small portion at most. One third of respondents answered that regulations have prevented business growth.

"I simply do not have enough time to grow the business when I have to focus my energies on compliance, on keeping up with "regulatory changes", with new standards, with changing training packages (purely cosmetic not real or useful), new HR laws etc."

Survey Respondent, Education and Training, Northern Rivers

"Employment of in-house specialists simply add to the overheads of my business and hence they add cost to the delivery of our services."

Survey Respondent, Professional Scientific and Technical Services, Illawarra and South Coast

The costs of regulation

On average, respondents reported the direct costs of complying with government regulatory requirements as being more than \$58,000. This represents direct cost of around \$10.6bn to the NSW economy.

NSW businesses clearly remain concerned about the impact of red tape. However, **some optimism can be taken from respondents estimates of the cost of regulation which are down from the previous survey held in 2014.** Respondents are reporting that compliance costs are lower than in 2014 while they are spending fewer hours dealing with red tape.

Despite this, **businesses aren't convinced of the value of regulation**, with many respondents questioning whether regulation achieves what it is meant to or is even needed at all. Businesses also complained about circumstances where changes in regulatory processes shifted administration burden on business.

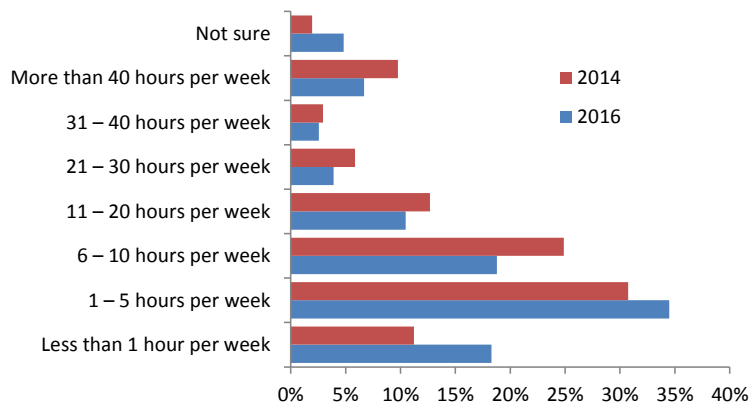
"...the government overreacts to social and conventional media and introduces new legislation/regulations to manage minor issues...but with no real change to the problem - in other words, window dressing."

Survey Respondent, Arts and Recreation Services, Eastern Sydney

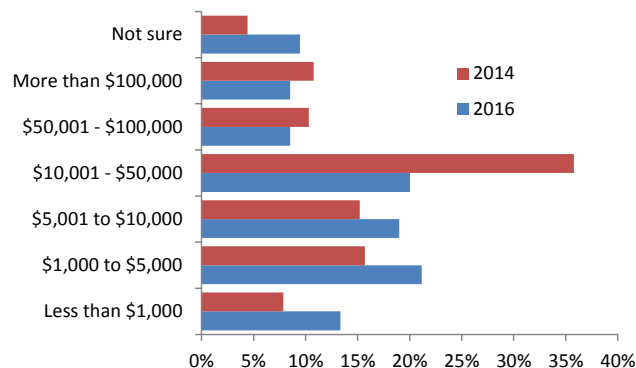
"...seems to me to be an unfair use of small business to do the administration work of the government without any compensation for our time."

Survey Respondent, Professional Scientific and Technical Services, Central Coast

Time spent on regulatory complianceⁱⁱⁱ

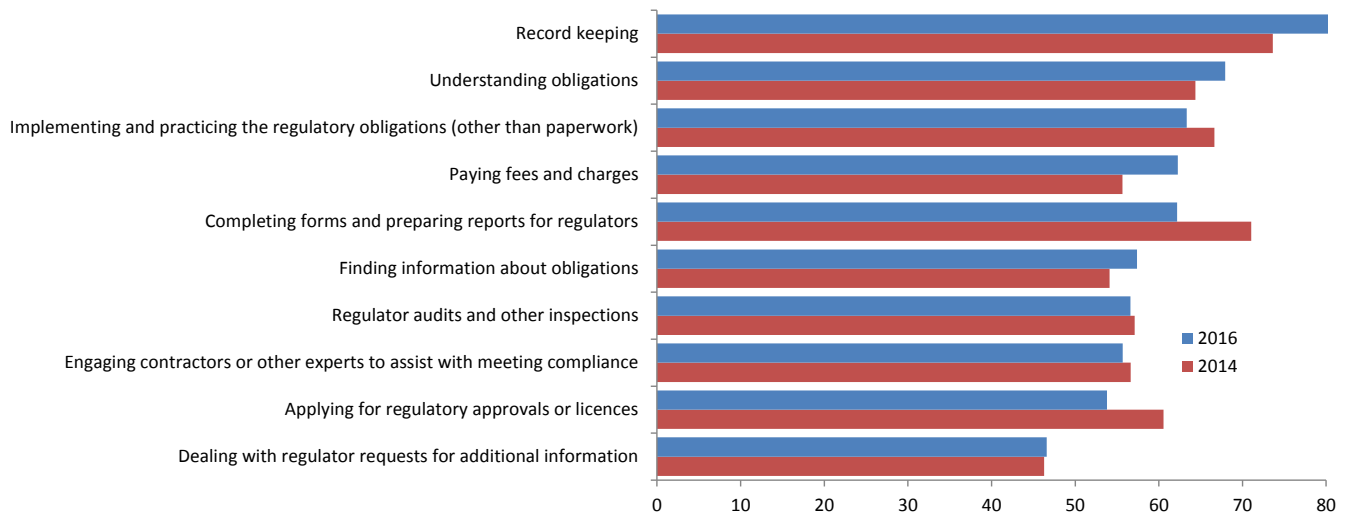


Annual estimated cost of complying with regulation^{iv}



Dealing with regulation

Burden of compliance activities*^v

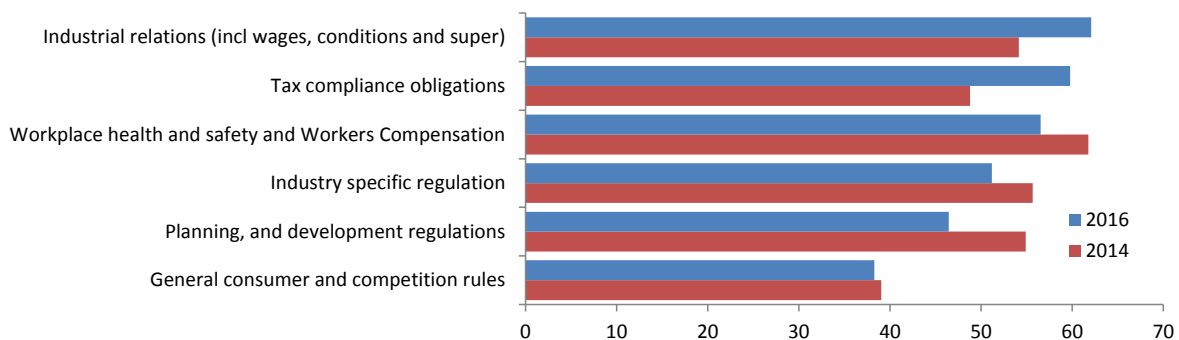


*Normalised score (based on 2014 percentages) of respondents who rated as 'Very large' or 'Somewhat large'

The top three complained about compliance activities included *'record keeping'*, *'understanding obligations'* and *'implementing and practicing regulatory obligations'*. **Respondents indicated increasing concern with *'record keeping'* and *'understanding obligations'* relative to the concerns raised by respondents in 2014.** However, respondents regard *'completing forms and preparing reports for regulators'* and *'applying for regulatory approvals or licenses'* as less burdensome than they did in 2014.

The top three areas of compliance regarded as complex by respondents are *'industrial relations, wages and conditions'*, *'Tax compliance'* and *'workplace health and safety and workers compensation'*. **Respondents indicated increasing concern with *'industrial relations, wages and conditions'* and *'Tax compliance'* relative to the concerns raised by respondents in 2014.**

Area of compliance*^{vi}

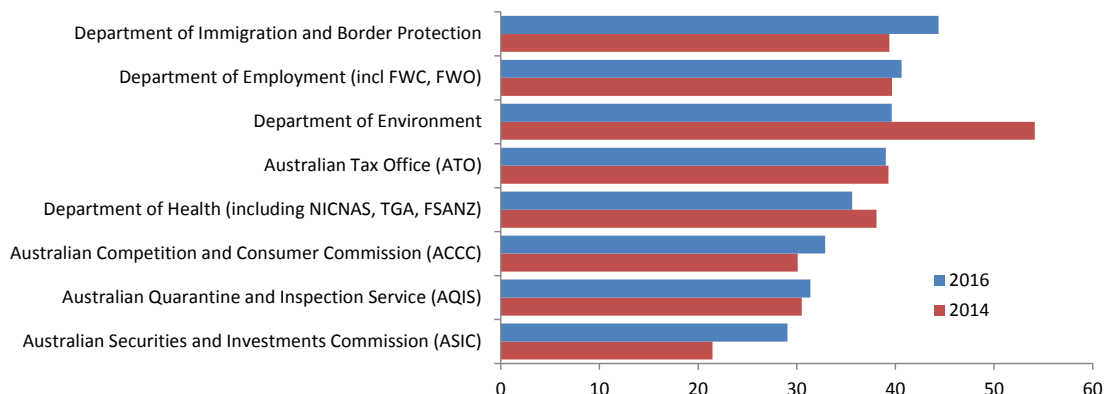


*Normalised score (based on 2014 percentages) of respondents who rated as 'Extremely complex' or 'Very complex'

Agencies in focus

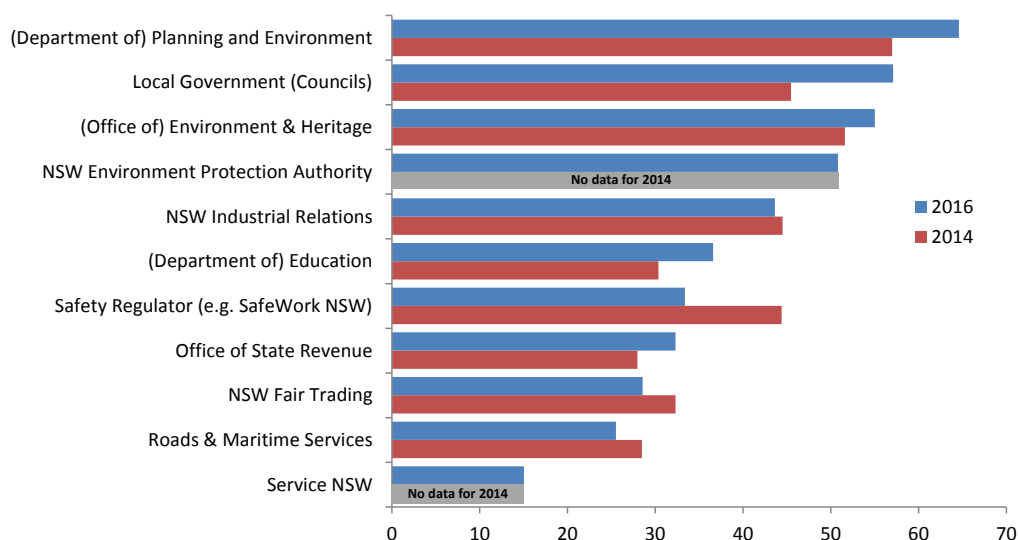
At the Commonwealth level, respondents reported mixed results for agencies regarded as the least and most complicated. While the Australian Securities and Investment Commission (ASIC) retains its position as being regarded as the least complex by respondents that engage with them, ASIC's position relative to other agencies has deteriorated significantly since 2014. This is reversed for the Department of Environment, which has lost its ranking as the most complex Commonwealth agency in 2014, now that significantly fewer respondents report the agency as being 'very' or 'extremely' complicated to deal with.

How complicated is it dealing with Commonwealth agencies*^{vii}



*Normalised score (based on 2014 percentages) of respondents that rated as 'Extremely complicated' or 'Very complicated' (excluding those that do not deal with the agency)

How complicated is it dealing with NSW agencies*^{viii}



*Normalised score (based on 2014 percentages) of respondents that rated as 'Extremely complicated' or 'Very complicated' (excluding those that do not deal with the agency)

Note: NSW Environmental Protection Authority and Service NSW not rated in 2014

Service NSW is regarded as being the least complex agency among government bodies at all levels. Agencies with functions delivered through Service NSW (including NSW Fair Trading and Roads and Maritime Services) have also improved relative to the 2014 survey. Safety regulators (e.g. SafeWork NSW) were also reported as being less complex than in 2014. The Department of Planning and Environment as well Local Councils are regarded by respondents as the most complex. In addition, **these agencies are regarded as relatively more complex than in 2014.**

Respondents were also invited to indicate agencies that they felt had made improvements over the past 12 months in terms of how they deal with them as a business. After adjusting for business engagement, **the top three performers were the Australian Taxation Office, Roads and Maritime Services and NSW Fair Trading** (the latter two with functions delivered through Service NSW).

Respondents reported that they found it frustrating when it was difficult to contact agencies or get consistent and clear advice on their obligations. Respondents valued it when agencies could provide solutions and actively work with them to resolve issues.

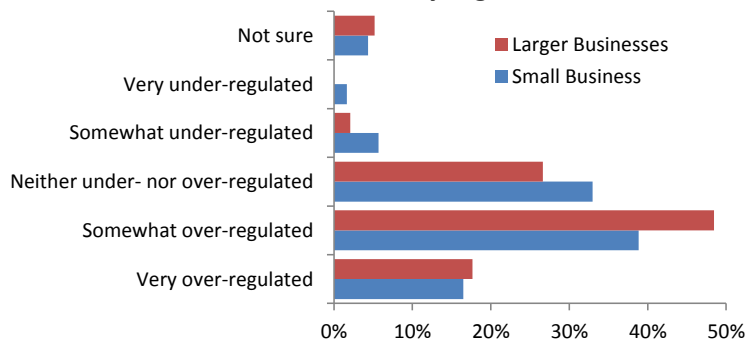
“Contact is impossible. There is no single point of contact and I spend half my working hours waiting on phones, pressing buttons and leaving messages that are not returned. My desk is covered with queries not finalised. I have to obey the rules, why shouldn't the top guys have to?”

Survey Respondent, Other Services, Illawarra and South Coast

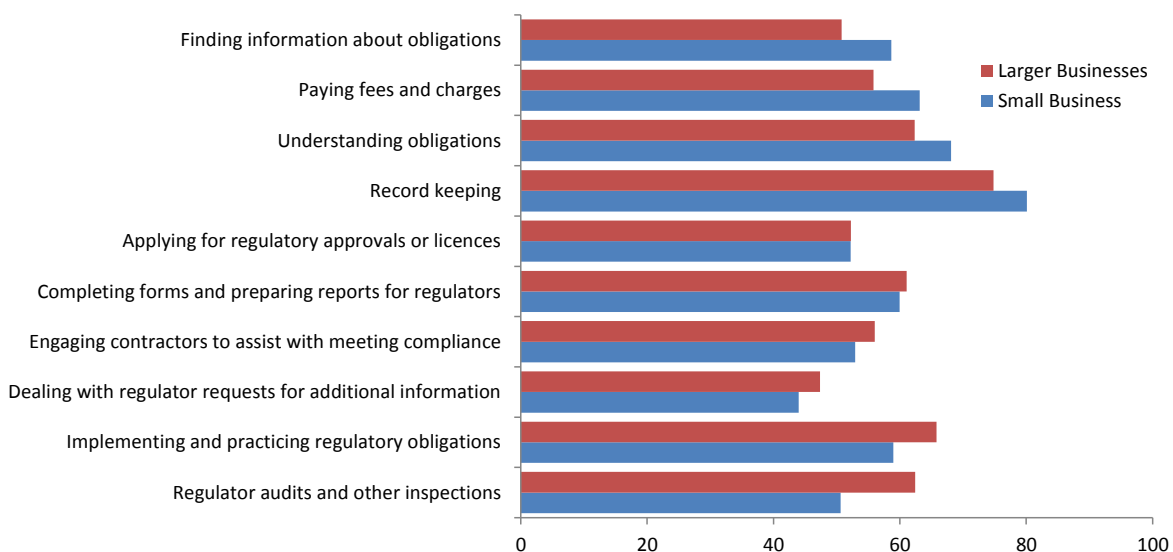
Small business in focus

While more than half (52 per cent) of small business respondents (turnover of less than \$2m or no more than 20 employees) reported that the burden of regulations had increased, they were **more optimistic than larger business respondents** (64 per cent of which reported increasing burden). Similarly, 55 per cent of small businesses reported that their industries were over regulated compared with 66 per cent of larger businesses.

Assessment of industry regulation^{ix}



Burden of compliance activities^{**}



^{**}Normalised score (based on 'Larger Businesses' percentages) of respondents who rated as 'Very large' or 'Somewhat large'

Small business respondents also have different challenges. Key areas where small business respondents found compliance to be harder than their larger business counterparts include 'Record keeping', 'understanding obligations', 'paying fees and charges' and 'finding information about obligations'.

"Even though we researched fully what our obligations were the reality of implementation was a different matter. Starting up a small business is so time demanding and complex that even though we knew we had obligations, we were not sure so engaged professionals. They have cost us greatly in dollars, lost efficiency, legal cases, legal fees and a delay in rolling out our HR, accounting and legal frameworks. It was challenging to find the right professional help despite recommendations!"

Survey Respondent, Hunter, Accommodation and Food Services

Respondents that had recently started a business were also asked about their experiences. When asked about the ease of starting a business, 32 per cent indicated that it took more time and was harder than they expected (compared with 29 per cent that indicated it took less time and was easier). A number of respondents commented that they were initially unaware of their obligations and had to invest considerable time and money researching and engaging external experts in ensuring compliance.

"It's hard to know what you don't know. So much time is spent trying to find out what approvals you need and then you get different advice from different people within an agency or whatever. It can be frustrating."

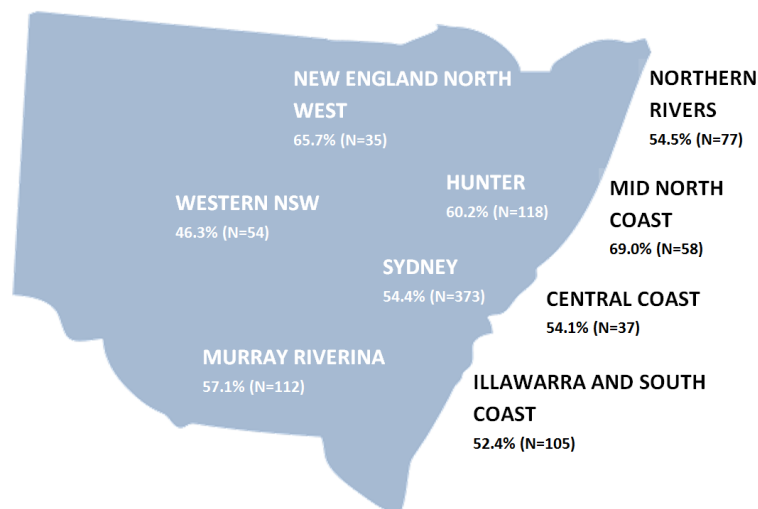
Survey Respondent, Illawarra and South Coast, Arts and Recreation Services

Respondents that had started a business in the last 5 years were also asked about their experiences in starting a business with 32 per cent indicating that it took more time and was harder than they had expected. This compares with 29 per cent that indicated it took less time and was easier than they had expected and 39 per cent that indicated their experience was in line with expectations.

Regions in focus

Concern about regulatory burden was evenly matched between Sydney and the rest of NSW with 54 and 57 per cent of respondents (respectively) indicating that they perceived increasing compliance burden. Respondents from the Mid North Coast and New England North West were the most concerned about increasing compliance burdens.

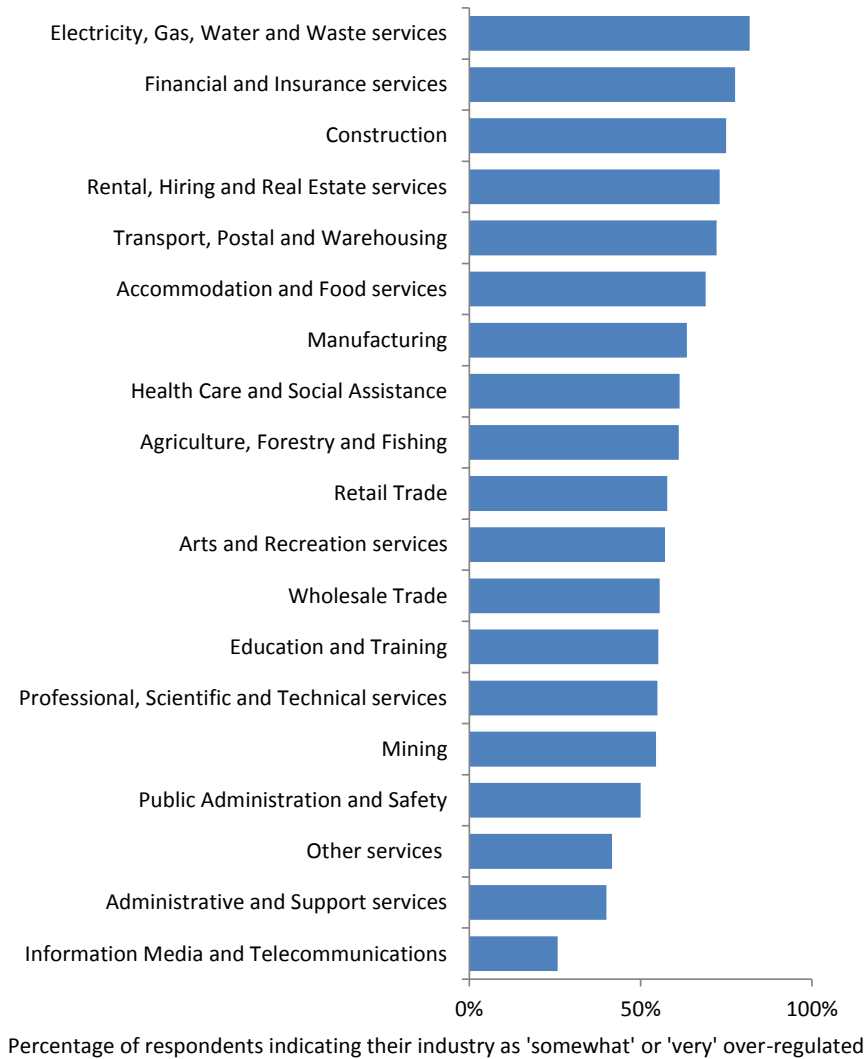
Per cent indicating increasing burden of compliance



Industries in focus

Respondents were invited to indicate the extent to which they saw their industries as being over-regulated. Electricity, gas, water and waste services respondents reported their industry as the most over-regulated (82 per cent indicating very or somewhat over-regulated) while information media and telecommunications had the fewest respondents reporting their industry as over-regulated (26 per cent). At least half of respondents indicated their industry as being over-regulated in all but three of the 19 industries assessed.

Over-regulated industries^{xi}



Data tables

<i>Time spent on regulatory compliance</i>	<i>N=974</i>
1 – 5 hours per week	34%
6 – 10 hours per week	19%
11 – 20 hours per week	10%
21 – 30 hours per week	4%
31 – 40 hours per week	3%
More than 40 hours per week	7%
Not sure	5%

<i>Perception of compliance burden</i>	<i>N=974</i>
Much higher	21%
Somewhat higher	35%
About the same	39%
Somewhat lower	1%
Much lower	0%
Not sure	4%

<i>Annual estimated cost of complying with regulation</i>	<i>N=974</i>
Less than \$1,000	13%
\$1,000 to \$5,000	21%
\$5,001 to \$10,000	19%
\$10,001 - \$50,000	20%
\$50,001 - \$100,000	9%
More than \$100,000	9%
Not sure	9%

<i>Proportion of cost that can be passed onto consumers</i>	<i>N=974</i>
None of it	54%
A small portion of it	29%
A large portion of it	6%
All of it	4%
Not sure	7%

<i>Have regulations prevented business growth</i>	<i>N=968</i>
Yes	33%
No	46%
Not sure	20%

<i>Assessment of industry regulation</i>	<i>N=956</i>
Very over-regulated	17%
Somewhat over-regulated	42%
Neither under- nor over-regulated	31%
Somewhat under-regulated	5%
Very under-regulated	1%
Not sure	5%

<i>Ease of starting a business</i>	<i>N=244</i>
It took more time and was harder than expected	32%
It took as long and was as difficult as expected	39%
It took less time and was easier than expected	29%

<i>The burden of compliance activities</i>	Finding information about obligations (N=891)	Understanding obligations (N=888)	Applying for regulatory approvals or licences (N=891)	Record keeping (N=891)	Completing forms and preparing reports for regulators (other than applications for approvals of licences) (N=892)	Implementing and practicing the regulatory obligations (other than paperwork) (N=892)	Paying fees and charges (N=893)	Regulator audits and other inspections (N=892)	Dealing with regulator requests for additional information (N=892)	Engaging contractors or other experts to assist with meeting compliance (N=893)
Very Large	10%	15%	11%	21%	12%	13%	11%	12%	8%	12%
Somewhat Large	35%	38%	31%	42%	37%	36%	38%	33%	29%	32%
Neither Large Nor Small	33%	28%	30%	23%	26%	29%	30%	28%	33%	25%
Somewhat Small	10%	9%	9%	7%	10%	8%	10%	10%	11%	11%
Very Small	9%	6%	12%	5%	10%	9%	7%	13%	14%	14%
Not Sure	4%	3%	6%	2%	5%	5%	4%	5%	5%	7%

<i>Area of compliance</i>	Tax compliance obligations (N=880)	Industrial relations, Employee wages, conditions and superannuation (N=879)	Workplace health and safety and Workers Compensation (N=879)	General consumer and competition rules (N=877)	Planning, and development regulations (N=879)	Industry specific regulation (N=878)
Extremely complex	13%	17%	12%	7%	13%	13%
Very complex	32%	30%	30%	22%	22%	26%
Somewhat complex	32%	27%	30%	29%	23%	26%
Slightly complex	13%	12%	14%	18%	13%	13%
Not at all complex	5%	6%	7%	9%	6%	6%
N/A or Not sure	5%	8%	6%	14%	22%	16%

<i>Dealing with NSW agencies</i>	Office of State Revenue (N=837)	NSW Fair Trading (N=839)	NSW Industrial Relations (N=841)	Safety Regulator (e.g. SafeWork NSW) (N=838)	Roads & Maritime Services (N=843)	(Department of) Planning and Environment (N=835)	(Office of) Environment & Heritage (N=843)	(Department of) Education (N=840)	Local Government (Councils) (N=842)	Service NSW (N=834)	NSW Environment Protection Authority (N=840)
Extremely complicated	4%	3%	4%	5%	5%	5%	4%	2%	13%	2%	4%
Very complicated	9%	9%	12%	10%	8%	10%	7%	5%	17%	4%	7%
Somewhat complicated	18%	18%	17%	20%	19%	10%	9%	12%	21%	15%	9%
Slightly complicated	16%	17%	15%	19%	19%	6%	5%	7%	17%	16%	8%
Not at all complicated	12%	18%	9%	13%	23%	4%	5%	6%	12%	22%	5%
Do not deal with / not sure	42%	34%	42%	34%	26%	64%	70%	67%	19%	n/a	n/a

<i>Dealing with Commonwealth agencies</i>	Australian Competition and Consumer Commission (ACCC) (N=862)	Australian Securities and Investments Commission (ASIC) (N=862)	Australian Tax Office (ATO) (N=864)	Australian Quarantine and Inspection Service (AQIS) (N=861)	Department of Employment (including Fair Work Commission, Fair Work Ombudsman) (N=864)	Department of Immigration and Border Protection (N=860)	Department of Health (including NICNAS, TGA, FSANZ) (N=858)	Department of Environment (N=861)
Extremely complicated	3%	5%	8%	2%	7%	4%	3%	4%
Very complicated	8%	12%	21%	4%	17%	5%	7%	8%
Somewhat complicated	15%	22%	35%	8%	23%	7%	12%	11%
Slightly complicated	11%	17%	20%	5%	16%	4%	7%	9%
Not at all complicated	8%	16%	10%	5%	11%	5%	7%	6%
Do not deal with / not sure	54%	28%	5%	76%	27%	74%	65%	62%

Demographics

Region	Responses	Per cent of total
Central Coast	37	4%
Western NSW	54	6%
Hunter	118	12%
Illawarra & South Coast	105	11%
Mid North Coast	58	6%
Murray Riverina	112	11%
New England North West	35	4%
Northern Rivers	77	8%
Outside of NSW	5	1%
Sydney	373	38%

Business size	Responses	Per cent of total
Small businesses (20 employees or less or <\$2m turnover)	680	70%
Larger businesses (>20 employees and >\$2m turnover)	294	30%

Industry	Responses	Per cent of total
Accommodation and Food services	74	8%
Administrative and Support services	21	2%
Agriculture, Forestry and Fishing	36	4%
Arts and Recreation services	35	4%
Construction	53	5%
Education and Training	58	6%
Electricity, Gas, Water and Waste services	11	1%
Financial and Insurance services	58	6%
Health Care and Social Assistance	70	7%
Information Media and Telecommunications	31	3%
Manufacturing	96	10%
Mining	11	1%
Other services	123	13%
Professional, Scientific and Technical services	126	13%
Public Administration and Safety	4	0%
Rental, Hiring and Real Estate services	27	3%
Retail Trade	93	10%
Transport, Postal and Warehousing	19	2%
Wholesale Trade	28	3%

Questions

- i Question: *How has the overall burden of regulations on your business changed over the past year?*
- ii/ix Question: *Do you believe your industry is: [options as per chart]*
- iii Question: *Approximately how much time does your business spend per week on complying with government (Federal, State or Local) regulatory requirements (e.g. filling out forms, applying for permits, reporting business activity, complying with safety standard, etc.)? [options as per chart]*
- iv Question: *What is your estimated overall annual cost of complying with government (Federal, State or Local) regulatory requirements (e.g. filling out forms, applying for permits, reporting business activity, complying with safety standard, etc.)? [options as per chart]*
- v Question: *Please rate the COST of the following compliance activities: [options as per chart]*
- vi Question: *Please rate the level of red tape (compliance costs and complexity) in each of the following areas of regulation. [options as per chart]*
- vii/viii Question: *How complicated is it to deal with the following Commonwealth/NSW regulatory authorities? [options as per chart]*
- x Question: *Do you believe your industry is: [options as per chart]*