Australian Government

Australian Small Business and Family Enterprise Ombudsman

4 March 2021

Ms Sandra Roussel
Assistant Secretary, Regulatory Policy Branch
Department of the Prime Minister and Cabinet
1 National Circuit
Barton ACT 2600

via email: *deregulation@pmc.gov.au*

Sandra

Dear ~~Ms Roussel~~

Draft Commonwealth Performance Guide for regulatory functions

My Office broadly agrees with the draft guidance and the three performance principles it establishes. We strongly support the pilot 'survey of satisfaction with regulators' and the production of an index of stakeholder satisfaction. We will be happy to promote the survey when appropriate. We also support the two year review of the new principles and guidance to ensure they are fit for purpose.

Further to our letter of 16 December 2020, the following guidance should be strengthened:

1. **Communication and dispute resolution**. Specifically, regulators should be encouraged to provide to small business both tailored communication channels with appropriately trained staff and alternative dispute resolution channels (mediation and voluntary arbitration).
2. **Use of flexible or tiered regulatory options**. Small businesses experience a disproportionate regulatory burden compared to large businesses. NAB has found that the cost of hiring an employee is 5 times higher for the first employee of a small business than for a large business, and tax compliance costs for businesses with 0 to 4 employees are 225 times higher than for large businesses.[1] For this reason, best practice policy and regulation considers flexible or tiered regulatory options, which can include:
   - Complete or partial size-related exemptions;
   - Temporary reductions or exemptions, including longer transition periods;
   - Lighter legislative requirements applicable to SMEs; and
   - Simplified reporting obligations.

   Examples of tiered regulatory approaches in Australia include the the *Small Business Fair Dismissal Code* and the Small Business Exemption in the *Privacy Act 1988*.

We welcome the opportunity to provide further feedback on this matter. If you would like to discuss, please contact Ms Jac Frater on 02 6213 7434 or by email to jac.frater@asbfeo.gov.au.

Yours sincerely

Kate Carnell

Kate Carnell AO
Australian Small Business and Family Enterprise Ombudsman

[1] NAB, "Supporting Economic Recovery: What We Can Do For Small Business", 2020

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