



Our ref: D13/5206

Mr Lyndon Rowe
Chair, Economic Regulation Authority
Inquiry into Microeconomic Reform in Western Australia
PO Box 8469
PERTH BC WA 6849

Dear Mr Rowe

**Submission to the Inquiry into Microeconomic Reform in Western Australia –
Response to the Discussion Paper**

The Small Business Development Corporation ("SBDC") welcomes the opportunity to provide a follow-up submission to the Economic Regulation Authority's ("ERA") Inquiry into Microeconomic Reform in Western Australia.

As you are aware, the focus of the SBDC's initial submission was about reducing the burden of red tape on small businesses and to this end a number of recommendations were put forward to remove existing regulations, improve new regulations, streamline compliance processes and transform the culture of government agencies.

The SBDC's second submission, which follows, addresses questions in the Discussion Paper relevant to the small business sector in Western Australia, namely Taxation and Government Revenue (with an emphasis on pay-roll tax), Reducing the Cost of Complying with Red Tape, and Legislation as a Constraint on Competition.

Once again, I appreciate being able to offer further insights into the impacts of possible microeconomic reforms on small businesses and the economy more generally. I am keen to assist the ERA where I can to ensure that the sector positively benefits from the Government's reform agenda.

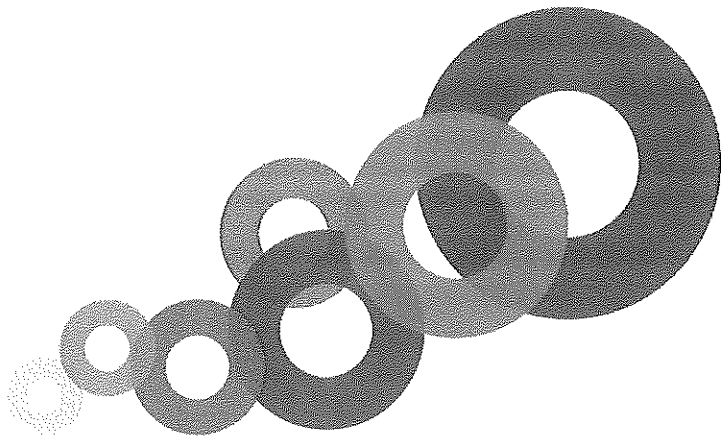
Please contact Ms Darcy Bosch (Senior Policy and Advocacy Officer) on or 01273 336444 should you wish to discuss the submission in more detail or to arrange a meeting with me to talk about how our organisations can collaborate to achieve better outcomes for small businesses.

Yours sincerely

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SMALL BUSINESS COMMISSIONER

13 December 2013

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Small Business Development Corporation

**Submission to the
Economic Regulation Authority's Inquiry into
Microeconomic Reform in Western Australia –
Response to the Discussion Paper**

December 2013

About the Small Business Development Corporation

The Small Business Development Corporation ("SBDC") welcomes the opportunity to make a second submission to the Economic Regulation Authority's ("ERA") Inquiry into Microeconomic Reform in Western Australia ("the Inquiry").

In its first submission, the SBDC outlined:

1. The role and function of the Corporation in assisting small businesses and informing the small business policy agenda;
2. The importance of microeconomic reform to the small business sector; and
3. The impact of red tape on small business in Western Australia ("WA").

The focus of the SBDC's initial submission was about reducing the red tape burden on small businesses. To this end, the SBDC recommended that this be achieved by undertaking activities in the following areas:

1. Removal of existing regulations;
2. Ensuring new regulations are appropriate and efficient;
3. Streamlining existing compliance processes to minimise duplication and unnecessary burden on small business; and
4. Transforming the culture of government agencies conducting compliance to a customer focused model.

The focus of the SBDC's second submission

The SBDC will address relevant questions posed in the Discussion Paper, namely question 4 from *Taxation and Government Revenue*, questions 1-3 from *Reducing the Cost of Complying with Red Tape*, and question 2 from *Legislation as a Constraint on Competition*.

Taxation and Government Revenue

Question 4: Would broadening the pay-roll tax in order to decrease the rates of transfer duty result in a more efficient and easier to implement tax system in Western Australia?

The question ponders the redistribution of tax liability from one tax stream (transfer duty) to another (pay-roll tax), which in effect results in two tax streams remaining open but the amounts collected being varied from current levels. In the SBDC's opinion, a more efficient tax system from a small business perspective would be one with a minimal number of tax streams (e.g. pay-roll tax, transfer duty). This would in effect reduce the compliance costs to liable tax payers (e.g. businesses or individuals who would have fewer taxes to comply with), as well as the costs incurred by government in establishing and administering various tax collection systems. If reducing the number of taxes is not possible, then an alternative consideration should be the streamlining of the tax collection mechanism, if appropriate.

Pay-roll tax is currently self-assessed by the employer who is responsible for paying the relevant amount to the Office of State Revenue monthly, quarterly or annually. If the employer has an annual liability of over \$100,000, they must pay lodge and pay via Revenue Online. Assessment is made via the electronic lodgement of pay-roll tax returns and payment using 'BPay', a 'Customer Initiated Payment Account' or 'Electronic Funds Transfer'.

The SBDC does not collect information about small business experiences when assessing and paying their pay-roll tax. Perhaps this is something the ERA could investigate if it chooses to explore ways to improve the mechanisms used to collect pay-roll tax (e.g. the forms used, number of contact points, ease of use of online platforms, etc).

Whilst the SBDC believes that better efficiencies can be achieved through the reduction in tax streams or streamlining of collection mechanisms, it realises that this might not be a realistic outcome in the prevailing economic climate. This may be the reason why the Discussion Paper ponders the redistribution of tax liability from transfer duty to pay-roll tax.

The SBDC does not agree with the concept of broadening the pay-roll tax regime in order to decrease transfer duty. Such a broadening would likely result in more small businesses having to pay this tax, which in effect will slow the productivity and growth of a greater cohort of the small business sector who now fall under the regime.

As mentioned in the SBDC's first submission, the small business sector contributes significantly to the State economy, as both an income and employment generator. Any impact on the productivity of this sector would therefore flow directly onto the State's economy and community.¹

The Discussion Paper states that pay-roll tax is often thought of as a tax on employment. This is an opinion voiced by many small business operators, especially those operating in labour intensive industries, those in high wage industries or those that have long opening hours (e.g. 24 hour pharmacies, security firms). It is these small businesses that are inequitably impacted by pay-roll tax as it does not discriminate against their ability to afford the impost. Pay-roll tax can therefore have a significant impact on the productivity and growth of many small businesses.

Whilst the Discussion Paper does not explicitly mention how pay-roll tax may be broadened, it would appear that this would be achieved either through lowering the exemption threshold or by reducing the number of exemptions available.

The SBDC strongly opposes broadening the pay-roll tax base through a decrease of the threshold. Small business operators and their representatives frequently call for

¹ The Small Business Development Corporation 2013, *Submission to the Economic Regulation Authority's 2013 Inquiry into Microeconomic Reform in WA*, Available from the Small Business Development Corporation [5 December 2013]

the pay-roll tax system to be reviewed, particularly the level of the exemption threshold, which has not kept pace with the escalating costs of the labour market. Indeed, the SBDC has for a long time called for the pay-roll tax exemption threshold to be increased to at least \$1 million, and for this amount to be indexed to inflation to limit the impact of bracket creep. The SBDC has calculated that a small business employing just 10 staff on the 'Average weekly ordinary time earnings' ("AWOTE") of \$1420.90² would exceed the current threshold and incur pay-roll tax.³ This clearly goes against the object of the tax, which was never intended to apply to small businesses when it was first introduced.

The SBDC notes that the State Government has recently committed to reducing the pay-roll tax liability of small businesses through a welcome program of increases to the threshold. The impact of this initiative is actually a narrowing of the pay-roll tax base, which the SBDC wholeheartedly supports (although further increases to the threshold are still required).

In this regard, the State Government has committed to increase the pay-roll tax threshold from \$750,000 to \$800,000 in 2014-15, and further increase it to \$850,000 in 2016-17. As a result, an estimated further 16,000 employers will be exempted from pay-roll tax over the next four years, representing a saving of \$121 million to these employers. This is in addition to the one-off \$128 million pay-roll tax rebate announced in the 2012-13 State Budget.

Whilst this is generally positive for small businesses impacted by the tax, the reforms do not go far enough to sufficiently reduce the pressure of pay-roll tax on the sector. The SBDC understands that the existing tax-free exemption threshold of \$750,000 has not increased since 1 July 2003, despite the significant increase in labour costs over this period which has pushed more and more small businesses into the pay-roll tax system (i.e. bracket creep). The SBDC is aware of various instances of the tax actually acting as a stopper to new employment generation, as some employers have made the decision to not grow their business at the expense of taking on new staff and incurring the additional tax impost.

The rate of pay-roll tax is currently 5.5% of the annual wages exceeding \$750,000.⁴ Overall, the low pay-roll tax exemption threshold and relatively high rate of tax reduces WA's competitiveness relative to other States and Territories. In a recent comparison by accounting firm Pitcher Partners, WA ranked third highest in terms of pay-roll tax liability amongst the five largest States in Australia.⁵

² The Australian Tax Office 2013, *Average weekly ordinary time earnings (AWOTE)*, Available from: <http://www.ato.gov.au/rates/key-superannuation-rates-and-thresholds/?default=&page=35> [5 December 2013]

³ This statement is based on a calculation of total wages paid by the business exceeding \$750,001 using the AWOTE figure for June 2013.

⁴ Department of Finance 2013, *Pay-roll Tax* <http://www.finance.wa.gov.au/cms/content.aspx?id=177> [5 December 2013]

⁵ Pitcher Partners 2013, *State Tax Review 2013-2014*, Available from: <http://www.pitcher.com.au/Sydney/Documents/Pitcher%20Partners%20State%20Tax%20Review%202013-2014.pdf> [5 December 2013]

The SBDC is concerned that the high tax rate applied in WA stymies not only existing business growth but also new investment into the State. New investment is particularly important to WA in order to diversify our economy and attract new business entrants.

The SBDC delivers, on behalf of the State Government, the WA Business Migration Program, which seeks to attract international investment into WA through the establishment of new businesses or purchase of existing businesses. The contribution that business migrants make to the State's economy is significant, including via business establishment costs, export income and employment generation, and represents a leading source of new capital investment in WA.

For example, 136 business migrants finalised their investments in WA in 2012-13, bringing \$260,502,656 into the State's economy through business establishment, treasury bond investment, personal expenditure and settlement costs (including transfer duties on the purchase of homes, motor vehicles, etc). This investment also generated 90 new jobs and 13 new exporting businesses in WA.

Consequently, a prospective business migrant deciding where to invest in Australia may consider their pay-roll tax liability – and the comparatively high rate compared to other States and Territories – a disincentive to setting up business in WA. The result of which is a reduction in the number of businesses in WA, a reduction in the number of employment opportunities for WA residents, a reduction in the amount of taxes collected, and ultimately a reduction in the amount of money being spent in the WA economy. The overarching impact of this would be a reduction in productivity and competition in WA, which further diminishes the State's ability to attract new investment.

The other reform option to increase the pay-roll tax base would be to reduce the range of exemptions available. As highlighted in the Discussion Paper, religious organisations, hospitals and schools are presently exempt from pay-roll tax. The Discussion Paper also points out that in addition to these exemptions, a number of rebates are also levied on wages paid by small businesses.⁶

The SBDC would not support this option if the impact of it was to increase the amount of pay-roll tax paid by small business, or if it broadened the pay-roll tax base by capturing more small businesses in the system.

Given the fact that the current pay-roll tax regime already significantly impacts on the sector, the SBDC does not support any reforms that would result in more small businesses being subject to the tax. In the SBDC's opinion, the existing pay-roll tax system needs to be further reformed to *reduce* its impact on small business. The reform options being considered in the Discussion Paper would have the opposite effect of what is desirable – i.e. a weakening of the productivity and growth in the

⁶ Economic Regulation Authority 2013, *Inquiry into Microeconomic Reform in Western Australia Discussion Paper*, Available from the Economic Regulation Authority [5 December 2013]

small business sector, which would lead to a decrease in the overall productivity of the WA economy.

Summary – Taxation and Government Revenue

- 1. The SBDC strongly disagrees with the notion that the tax system could be made more efficient by redistributing liability from transfer duty to pay-roll tax. The SBDC believes a better approach would be reducing the number of tax streams.*
- 2. The current pay-roll tax system has a significant and negative impact on small business growth and productivity in WA, impacting on the State's overall competitiveness in comparison to other jurisdictions.*
- 3. Inequity exists in the pay-roll tax system as it heavily impacts those businesses involved in labour intensive industries and does not take into consideration a business's ability to pay. This reinforces the point that pay-roll tax is a tax on employment.*
- 4. In the 2012-13 State Budget, the Government committed to reducing small business liability in the pay-roll tax system through incremental increases to the threshold.*
- 5. The commitments announced by the Government to decrease the impact of pay-roll tax are welcome; however the SBDC believes that further reforms are needed in this area given the disparity in the planned increase to the threshold and the escalation of labour costs seen over the last decade.*
- 6. The SBDC does not support any reform to widen the pay-roll tax base if this resulted in more small businesses becoming liable for the tax. Conversely, the SBDC believes there is a need to reduce the number of small businesses currently liable for pay-roll tax in order to stimulate growth in this sector and therefore boost the WA economy.*

Reducing the Cost of Complying with Red Tape

Question 1: Which outstanding recommendations of the 2009 *Reducing the Burden* report are the most important ones yet to be implemented?

The status of the recommendations made in the *Reducing the Burden* ("RTB") report is not publicly available and therefore, respondents to this Inquiry may experience difficulty in answering this question. It may also be the case that those uninformed of their implementation status may underestimate the progress that has actually been made to date.

The SBDC understands that almost half of the 107 recommendations from the RTB report have been implemented thus far. Whilst there is still some way to go in terms of progressing the remaining RTB report recommendations, the SBDC applauds the WA Government for its achievements to date.

The SBDC also recognises the difficulties in implementing some of the RTB recommendations, as those that require significant time or effort to introduce may not have the support of Government. Greater traction and higher level imprimatur is hence needed to get these recommendations underway; as it is often those reforms that are difficult to implement which generate the biggest benefit to the business sector and community. For example, as highlighted in its earlier submission, the SBDC believes that 'easy wins' can be achieved for small business by streamlining processes and the documentation required by regulators, as well as encouraging agencies to adopt a more facilitative and customer focused attitude.

The SBDC generally supports most of the recommendations made in the RTB report, however for brevity has only identified those recommendations that:

1. Will have the biggest impact on the small business sector; and
2. Require less time and effort to implement, relative to other recommendations.

Please refer to Attachment A for a summary of those RTB recommendations that in the SBDC's opinion should be given highest priority to implement.

Question 2: What other major red tape problems not addressed in the *Reducing the Burden* report need to be addressed?

As a part of its ongoing commitment to identifying and reducing red tape, the SBDC has identified the following areas that, if reformed, could reduce the impact of red tape over the short to medium term:

a) Renewable Energy Buyback Scheme – Synergy and Western Power

The Renewable Energy Buyback Scheme ('REBS') offers eligible customers of government-owned energy retailers the opportunity to sell their excess energy back to the grid. The Public Utilities Office approves the terms and conditions of the retailers' buyback schemes, however, they are operated by the retailers.

The SBDC has identified a number of inefficiencies with the REBS approval process which, if improved, will reduce red tape for those involved in the process. For example, the SBDC believes there is capacity to improve the timeframes for approval and remove the duplication of information between Western Power and Synergy. The overall result of these changes will be improved customer engagement.

b) Government Procurement – Department of Finance

Government Procurement, in the Department of Finance, is responsible for the whole-of-government approach to procurement. Its function includes providing advice to WA public sector agencies in relation to all procurement issues, administering and awarding Common Use Arrangements ('CUA') and assisting with the development and awarding of procurement contracts. Government Procurement also manages the common templates used by agencies when they undertake procurement.

In the SBDC's opinion, there are a number of areas for improvement in the procurement process and in this regard the Corporation recommends:

- A review of current contract documentation for low risk procurements valued under \$200,000. The purpose of such a review would be to remove the duplication and make it simpler for suppliers to understand their obligations under the contract;
- The use of colour coding to identify the respective responsibilities of the supplier and the customer under the contract; and
- Providing enhanced guidance information to suppliers in relation to tender documentation.

By implementing these recommendations, the SBDC believes that the outcomes would be:

- A streamlined suite of contract documents that contain simple to understand language and remove unnecessary duplication of information; and
- Improved opportunity for small business operators to supply goods and services to the WA Government.

c) Disposal of Uncollected Goods Act 1970 – Department of Commerce

The SBDC believes that changes to the *Disposal of Uncollected Goods Act 1970* ("the DUG Act") are required in order to modernise its provisions and reduce the compliance burden that it creates. In the SBDC's opinion, the DUG Act needs to be amended to remove unnecessary administration associated with public notices and improved timeframes for the disposal of uncollected goods. Changes to the current legislation are necessary to make it reflective of current technology and communication methodologies.

The SBDC has identified the following issues with the DUG Act:

- It refers to various prescribed goods which have been superseded by technology (e.g. tape recorders, typewriters, etc);
- It does not reflect modern means of communication (e.g. email, internet);
- It creates unnecessary compliance burdens as it has:
 - a requirement for businesses to hold onto uncollected goods for a period of up to 6 months;
 - a requirement for businesses to notify the Police Commissioner and issue a public notice of intent to dispose of uncollected goods;
 - costs associated with the storage and disposal of goods which must be pursued through the Magistrates Court; and
 - penalties associated with non-compliance with the legislation may exceed the value of the uncollected goods.

Question 3: What process improvements could be made to ensure that Government red tape is kept to a minimum?

The SBDC believes that there are two critical areas for process improvement that should be considered by the Government to reduce and minimise red tape for small businesses, specifically the Regulatory Impact Assessment ("RIA") process of government and the streamlining of administrative processes.

1. The RIA Process

The RIA framework of government consists of two processes: the Preliminary Impact Assessment ("PIA") process identifies new or amended regulatory proposals with a significant negative impact on businesses, the community or the economy; and a Consultation Regulatory Impact Statement ("RIS") followed by a Decision RIS for those proposals that have a significant negative impact.

The SBDC recently met with the Economic Reform Division ("ERD") of the Department of Finance to discuss the RIA framework. The impetus for this meeting was the SBDC's concern that too many negatively impacting PIAs were being approved without adequate scrutiny by the Regulatory Gatekeeping Unit ("RGU") of the ERD or were bypassing the RGU altogether.

The SBDC suggested a greater involvement of its officers in the RIA process, in particular working with the ERD to assist government agencies in the preparation of PIAs to ensure that small businesses are not inadvertently impacted by regulatory proposals. At the meeting, the SBDC also made a number of suggestions to redesign the documentation associated with the RIA framework.

In the SBDC's opinion, outcomes from the RIA process (i.e. reducing the creation of additional compliance burdens) can be improved in three ways:

- a) Extending its coverage,
- b) Refining and tightening the process, and

- c) Amending the PIA form to ensure all relevant proposals are subject to a Consultation and Decision RIS.

a) Extending the coverage of the RIA process

From a small business perspective, the SBDC believes that the application of the RIA process should be extended to cover all quasi-regulations and subordinate legislation, including local government laws and departmental policies that relate to approval guidelines and processes. The Productivity Commission defines quasi-regulations as “the range of rules, instruments and standards whereby government influences business to comply, but which do not form part of explicit government regulation”.⁷ This includes local laws.

Currently, the RIA process only applies to regulatory proposals that go to Cabinet and subordinate legislation made by the Governor in Executive Council. Extending the coverage of the RIA process to quasi-regulations and subordinate legislation would result in the completion of a PIA for all proposals of a regulatory nature. The impact of these proposals would then be assessed and those with a ‘significant’ impact would require the completion of Consultation and Decision RIS’s.

Whilst the RIA Guidelines (published in July 2010) stated that RIA will apply to the “remaining forms of subordinate legislation and quasi regulatory instruments” from 1 June 2011, this requirement was never implemented (and the reasons why this did not eventuate were never publicly detailed) and as such is not reflected in the formal process used by local government to create local laws (which is graphically displayed in the attached flow chart developed by the Department of Local Government⁸).

In the SBDC’s experience, local government laws generally create a large red tape burden on small business (in particular home based businesses) and given the sheer number of local governments in the State – with each responsible for their own local laws – the lack of an appropriate gatekeeper in the creation and amendment process further compounds this situation.

b) Refine and tighten the RIA process

In its Discussion Paper⁹, the ERA contemplates reforming the RIA framework to make it a requirement that all legislation goes through RIA before being debated in Parliament. The SBDC strongly supports this proposal and believes that the RIA process should be tightened to ensure that all proposals to create and

⁷ Productivity Commission 1998, *Chapter 5 Quasi-regulation*. Available from: http://www.pc.gov.au/_data/assets/pdf_file/0006/99150/07-chapter5.pdf [5 December 2013]

⁸ Department of Local Government 2011, *Local Law Process – Flow Chart*, Available from <http://www.dlg.wa.gov.au/Content/Legislation/LocalLaws/LocalLawsProcess.aspx> [5 December 2013]

⁹ Ibid 6, Page 52

amend regulation are properly assessed. One aspect of this would be to review the list of exceptions to the RIA process, as outlined in the RIA guidelines.¹⁰

Under the guidelines¹¹, an agency that believes that its particular proposal should be subject to an exception to the RIA process is required to submit justification to the RGU for approval. The exceptions relate to proposals that, if subject to the full RIA process, would create an unnecessary burden on agencies. Additionally, the Treasurer can grant an exemption from RIA requirements in exceptional circumstances, such as where there is an emergency and immediate action is required or for certain election commitments. While in general the list of exceptions is reasonable and not of concern to the SBDC, it appears that proposals not meeting the exception criteria are also not being appropriately assessed through a PIA and are therefore bypassing the impact assessment. This is of particular concern to the SBDC.

The SBDC is aware of a recent change to the RIA process that allows an agency to self-assess their eligibility for an exception for a particular proposal. In one case, the agency self-assessed that they were eligible for an exception. On this basis they did not complete a PIA and therefore their legislative reform was not subject to RIA. In that particular case, the SBDC believed that the legislative proposal had a significant detrimental impact on small business and therefore should have undergone impact assessment.

The SBDC understands that deemed approval of these exception applications may be necessary due to staffing or other resource shortages in, and a lack of commitment to the process by, the Department of Finance. However, as the RIA process is a vital contributing mechanism to reducing red tape on small business, the SBDC believes that deemed approvals should not be allowed; however, if they are retained, their use should be greatly limited.

In addition to the removal of the deemed approval in the RIA process, the SBDC believes red tape could be further reduced if post-implementation reviews are adopted in all regulatory reforms. Whilst the SBDC does not advocate for the introduction of mandatory sunset clauses in all new legislation, it does believe that the introduction of *ex-post* reviews will assist the Government to maintain traction in reducing the cumulative burden of red tape. This would be particularly beneficial for those regulatory proposals that were introduced without adequate RIA (e.g. via exceptions or exemptions).

Post-implementation review requirements would make agencies responsible for regularly reviewing their regulations to ensure they are relevant and appropriately meet their objectives while minimising impacts on individuals, businesses and/or the community.

¹⁰ Department of Treasury and Finance WA (now the Department of Finance) 2010, *Regulatory Impact Assessment Guidelines for Western Australia*, Government of WA, Available from: <http://www.finance.wa.gov.au/cms/uploadedFiles/Economic_Reform/ria_guidelines.pdf> [14 November 2013]

¹¹ Ibid above, page 12

Furthermore, agency compliance with the RIA process may also increase if the RGU reported on the level of compliance in the Department of Finance Annual Report or to Parliament. The SBDC notes this reporting on compliance is also a supposed feature of the RIA process as outlined in the RIA guidelines¹², but has not eventuated (and again no reason provided as to why this has not been enforced).

The SBDC agrees that all regulatory proposals should be subject to the RIA process. However, at the same time the exception list should be investigated to ensure that red tape is not created for government agencies making benign and minor administrative changes to regulations or rules, such as amendments to the Standing Rules and Orders of the Legislative Council and Assembly.

c) Amending the RIA documentation to make small business more prominent

In order to reduce the overall burden of red tape generated by regulation, a change in the culture and mindset of regulatory agencies is required. Recognising that achieving such a change is challenging and may not occur for years (if at all), the SBDC believes that regulatory agencies' behaviour could also be influenced by a refinement of the RIA documentation.

The current PIA form requires agencies completing it to indicate on page one 'yes' or 'no' as to whether the proposal is likely to have a significant impact on small business. If the proponent indicates 'yes', then the RGU typically provides the SBDC with a copy of the PIA. However, this question is buried within the form and is not prominent.

At its recent meeting with the ERD, the SBDC suggested amending the PIA form to ensure that the agency completing it must consider the impact the proposal will have on small business *prior* to determining whether or not its impact is 'significant'. This amendment would require:

- Re-designing the form so that the 'significant impact' box appears early in the form and in a prominent position, and
- The inclusion of a contact at the SBDC to discuss whether or not the proposal would have a significant impact.

The current PIA form (see attached) refers to 'significant impact'. In the SBDC's experience, this is typically being interpreted as 'significant negative impact' and as such agencies indicate that their proposal has no significant impact if it's believed that this impact would be positive. This introduces a great degree of subjectivity into the process by allowing the agency completing the form to make the judgment of whether or not the impact of a proposal is significant, either negatively or positively. This could result in a proposal that should undergo a Consultation RIS and Decision RIS bypassing the RIA system.

¹² Ibid above, page 17

The SBDC believes that the form should be amended to 'significant impact (negative or positive)' as sometimes people fail to consider the unintended consequences of their proposal, or believe that even if the impact is significant it is not negative and therefore does not require the preparation of a Consultation RIS.

The SBDC has offered to assist the RGU with the RIA process by providing agencies with a knowledgeable point of contact within the Corporation to discuss regulatory proposals and help the proponent assess whether the impact will significantly affect small business. In the SBDC's experience, a proposal may be beneficial to some businesses while negatively impacting on others. However, this is rarely considered by agencies completing the PIA.

2. Streamlining administrative processes

In its earlier submission, the SBDC highlighted the benefits to small business of streamlining administrative processes, such as simplifying documentation and improving the interface between government and the community (individuals and businesses). That submission focused on reducing the number of contact points between a business and government regulator, consolidation of information collection and the sharing of relevant information amongst government agencies.

The purpose of streamlining administrative processes (referred to as 'administrative simplification') is to reduce duplication in the system and to make managing regulatory requirements simpler. Administrative simplification strategies have been employed in other jurisdictions and have reportedly led to an improvement in efficiency. Such strategies include:

- The use of electronic platforms (online or mobile);
- Reducing the duplication and frequency of licence renewals;
- Putting responsibility for administrative simplification with a regulatory quality control body (e.g. the RGU in WA); and
- Consideration of burdens imposed at lower levels of government and ensuring that simplification tools are adapted to be used at these levels if required.¹³

Further to the recommendations made in that submission, the SBDC believes the interface between businesses/individuals and government can be improved through the implementation of a common online platform across agencies. This platform would be further enhanced through the rollout of SmartForm technology, and as with the Federal Government's 'myGov portal'¹⁴, the end-user would consent to their information being shared across other relevant government departments. While the costs associated with setting up such an online platform may be relatively high

¹³ Organisation for Economic Co-operation and Development (OECD), *Cutting Red Tape: National Strategies*, January 2007. Available from: <http://www.oecd.org/gov/regulatory-policy/cuttingredtapenationalstrategiesforadministrativesimplification.htm>

¹⁴ See <https://my.gov.au/>

during the design and implementation stage, this will be outweighed by the time and cost savings that it will generate across its lifetime for businesses as well as for government.

The SBDC believes that there are tangible economic benefits to be achieved through the simplification of administrative procedures. Making the process of complying with regulation simpler will allow businesses to direct their resources toward running and growing their business, rather than complying with regulatory requirements. The result of this would be increased productivity for individual small businesses, which would translate to an overall increase in productivity across the sector and positive benefits to the State's economy.

Summary – Reducing the Cost of Complying with Red Tape

- 1. The SBDC generally supports the RTRG's recommendations as contained in the RTB report.*
- 2. The SBDC believes that further traction is needed to implement those recommendations that require significant time and effort, as these generally have the potential to provide the most benefit to the small business sector and community.*
- 3. The SBDC believes that some 'easy wins' can be achieved for small business by simply streamlining the processes and documentation required by regulators, as well as encouraging agencies to adopt a more customer focused attitude.*
- 4. The SBDC believes reforms to the Government's RIA process are needed, specifically that its:*
 - a) coverage be extended,*
 - b) process be refined, tightened, and adequately resourced, and*
 - c) documentation be amended to ensure that all relevant proposals are subject to a Consultation and Decision RIS.*
- 5. The SBDC believes that the administrative systems associated with regulatory compliance should be streamlined through a dedicated process of administrative simplification.*
- 6. The SBDC strongly supports the development and implementation of a Government wide online platform that acts as a single contact point for individuals and businesses that interact with government regulators.*
- 7. There are tangible economic benefits to be achieved through the simplification of administrative procedures.*

Legislation as a Constraint on Competition

Question 2: Should the State's current Liquor Licensing framework be maintained? What are the costs and benefits of the current system and any alternatives?

The SBDC believes that the current Liquor Licensing framework needs to be reformed in order to reduce the red tape burden that it places on businesses and remove the barriers it creates for new market entrants.

In its RTB Report, the RTRG revealed that liquor licensing was the fifth most commonly raised issue in the consultation process.¹⁵ Common complaints about the Liquor Licensing regime centred on the overly prescriptive nature of the regulation, the duplication in requirements of relevant agencies and the general lack of clarity and guidance provided by the Department of Racing, Gaming and Liquor ("DRGL").

The SBDC appreciates that the *Liquor Control Act 1988* ("the LC Act") is currently under review and that some of the following concerns may be addressed through this process. In any case, the SBDC submission to that review identified that a common complaint from small businesses about the Liquor Licensing framework relates to the length of time taken to process licence applications.

In its submission to that review, the SBDC revealed that small businesses are in most cases engaging lawyers or industry consultants to help complete the paperwork associated with even the simplest of liquor licence applications. This is despite the statement in the DRGL's 'Public Interest Assessment Requirements and Application Procedures'¹⁶ ("DRGL Policy") that there is no requirement under the LC Act for the use of legal counsel or industry consultants to complete the Public Interest Assessment ("PIA").

However, the SBDC believes that some information required in the application is generally beyond the skills and capacity of some applicants, many of whom are inexperienced or have unsophisticated systems in place. For example, a prospective small bar operator is required to provide a risk assessment "with respect to the harm or ill health that might be caused to people, or groups of people within the locality, due to the use of liquor".¹⁷ For most small business start-ups, this would generally be beyond their capacity and they would have no choice but to engage expert assistance to help undertake this assessment. This need is further compounded by the lack of template documents or other guidance material from the DRGL.

¹⁵ The Department of Treasury and Finance 2009, *Reducing the Burden – Report of the Red Tape Reduction Group*, Government of WA, available from <http://www.treasury.wa.gov.au/cms/uploadedFiles/Home/Publications/Independent_Reports/reducing_the_burden.pdf?n=1005> [15 November 2013]

¹⁶ Department of Racing, Gaming and Liquor, 2010 *Public Interest Assessment Requirements and Application Procedures* available from <<http://www.rgl.wa.gov.au/ResourceFiles/Policies/PublicInterestAssessment.pdf>> [18 November 2013]

¹⁷ Ibid above

In the SBDC's opinion, the RTRG's suggested reforms to liquor licensing contained in the RTB report provide a clear blueprint for amending the framework in order to streamline the application process and reduce the burden of compliance for new and renewing licensees.

In summary, the SBDC supports the following changes to the Liquor Licensing framework, specifically that the DRGL:

1. Remove the need for applicants to complete a PIA for each application to grant or remove a licence. This should be risk-based, whereby a low risk operation (such as a small bar) should not need to go through the same regulatory hoops as higher risk proposals (such as nightclubs or warehouse liquor stores).
2. If the current PIA system is to be maintained, develop clear and comprehensive guidelines or templates to guide applicants through the process of applying for a grant or removal of a licence.

The DRGL Policy on the PIA¹⁸ states that no general template exists or can be applied because all applications are different in regards to an applicant's business proposal and the needs and characteristics of the local community. The SBDC believes that consideration should be given to developing a template or series of templates that can be adapted to suit the situation to help guide new market participants. The DRGL should also develop short concise summaries of the information required and best practice guidelines for applicants.

In addition, the DRGL Policy is currently 13 pages long and written in quite legalistic language. The policy creates an onus on the applicant to demonstrate that there are positive aspects of the prospective application and those that just indicate that there won't be any negative impacts associated with their proposal are straight up not accepted.

Furthermore, applicants are also required to consider precedent Liquor Commission ("LC") decisions when preparing their application. In the example given in the DRGL Policy, the LC stated that applicants needed "evidence of a real and demonstrable consumer requirement to justify the granting of a licence".¹⁹ This is somewhat confusing for applicants because this is not mentioned as a requirement in the preceding information.

3. Allow applicants for extended trading permits ("ETP") to make their applications during the initial liquor licence application, as opposed to making it subsequent to the granting of a licence. This will reduce the amount of paperwork to be completed by the applicant and will reduce the number of times an applicant needs to have contact with the DRGL for application purposes.

¹⁸ Ibid above

¹⁹ Ibid above

Allowing an applicant to make an application for an ETP with their original application will also reduce the need for the completion of another PIA, which is currently a requirement for an ETP application.

Summary – Legislation as a Constraint on Competition

- 1. The SBDC believes that the current Liquor Licensing framework needs to be reformed in order to reduce the red tape burden that it places on businesses and remove the barriers it creates for new market entrants.*
- 2. The application process and documentation requirements for the grant of a liquor licence are overly complex. Applicants would benefit from template documents and guideline material being made available to help guide them through the application process.*
- 3. The DRGL should consider removing the need for applicants to complete a Public Interest Assessment for each application to grant or remove a licence. Rather, this requirement should be assessed on a risk basis.*
- 4. The SBDC recommends that the DRGL allow applicants for extended trading permits to make their applications during the initial liquor licence application, as opposed to making it subsequent to the granting of a licence.*

Conclusion

The SBDC is once again thankful for the opportunity to provide this submission to the Inquiry. As mentioned in its initial submission, the SBDC would welcome working with the ERA to achieve microeconomic reform that benefits the small business sector in WA.

For further information on this submission, please contact Ms. Darcy Bosch (Senior Policy & Advocacy Officer) on 6552 3308 or darcy.bosch@smallbusiness.wa.gov.au.

Attachment A: Summary of RTRG recommendations supported by the SBDC to implement

RTRG Recommendation		SBDC Comment
Most Important Reforms		
4.3	WA government agencies should be encouraged to create single portals for information required in multi-agency approval processes.	Refer to the main body of this submission.
4.4	The introduction of a 'lead agency' framework for multi-agency decision-making processes.	<p>The SBDC understands that work is underway on this recommendation with the introduction of the Lead Agency Framework by the Department of the Premier and Cabinet ("DPC"). From the DPC annual reports, it appears that the framework has progressed in terms of its use for approvals of major projects.²⁰</p> <p>The SBDC would support the extension of this framework to approvals common to small business, such as licence and planning approvals.</p>
4.6	All new and amended quasi-regulations should be subject to a Regulatory Impact Assessment process and the results of this process should be made publicly available.	<p>The SBDC strongly supports this recommendation and believes that it would have a significant impact on the red tape burden of businesses in dealing with Government. The SBDC also supports the extension of this recommendation to apply to subsidiary legislation, specifically local government laws.</p> <p>However, the SBDC also believes that a stronger commitment is required by the Government to a more robust RIA process and increased agency compliance with its requirements.</p>
4.8	Introduction of whole of government initiatives to reduce the amount of duplication of information required by government agencies.	This recommendation should be extended to make agencies that collect the same information work together. A single data collection point should be created to avoid the need for multiple agencies to collect the same information about the same application. This relates to the point made on page 13 of the SBDC's

²⁰ Department of the Premier and Cabinet, 2012, DPC Annual Report 2011-2012, http://www.dpc.wa.gov.au/Publications/AnnualReports/Documents/AR%202011-2012/DPC_AnnualReport2011-2012.pdf



**Small Business
Development Corporation**

		original submission to reduce the number of contact points for businesses dealing with Government. As an example, the Federal Government has adopted Standard Business Reporting across many of its taxation and regulatory requirements.
6.7	Accept applications for Extended Trading Permits ("ETPs") with the initial liquor licence application.	The SBDC supports this recommendation and advocated for its implementation via its submission to the current review of the <i>Liquor Control Act 1988</i> .
6.8	Remove the requirement of a Public Interest Assessment submission for applications for ETPs.	The SBDC supports this recommendation and advocated for its implementation via its submission to the current review of the <i>Liquor Control Act 1988</i> .
9.2	Abolish the licensing categories for individuals as motor vehicle salespersons, motor vehicle yard managers and car market operators.	The SBDC supported the abolition of licensing for individual motor vehicle salespersons in its submission to the recent review of the <i>Motor Vehicle Dealers Act 1973</i> and <i>Motor Vehicle Repairers Act 2003</i> .
9.6	Introduce a single application or renewal process for both dealer and repairer businesses.	The SBDC supported the consolidation of renewal processes and associated documents in its submission to the recent review of the <i>Motor Vehicle Dealers Act 1973</i> and the <i>Motor Vehicle Repairers Act 2003</i> .
10.6	Use of consistent electronic assessment processes by local government authorities and state government agencies involved in the planning process.	The SBDC strongly supports the creation of an online platform to improve the interface between business and government, particularly in the area of planning.
15.2	The local laws process should be streamlined so that minor amendments to proposed local laws do not result in the process having to restart from the beginning.	The SBDC supports this recommendation as it represents a move away from the "Resetting the Clock" approach and its associated delays and additional costs to business.
15.3	Model local laws should be prepared for issues that are consistent across the State, and local governments should be allowed to introduce these	The SBDC supports reform to model local laws as most of the disputes small businesses have with government relates to the inconsistent interpretation of local laws by local governments.

	model laws solely by a council decision.	
19.3	Reform the range of goods prescribed for sale from filling stations.	The SBDC believes that a broad review of the Retail Trading Hours Regulations 1988 is needed to remove anomalies across all retail categories. There is a long overdue need for the regime to reflect modern consumer behaviour and spending patterns.

How to Complete a Preliminary Impact Assessment

The Preliminary Impact Assessment (PIA) is an analytical tool, designed to assist agencies and the Regulatory Gatekeeping Unit (RGU) to determine whether a regulatory proposal could have a **significant level of negative impact** on business (including Government businesses), consumers or the economy.

If, after assessment of an agency's PIA, the RGU determines that a proposal is likely to result in a **significant negative** impact on business, consumers or the economy, completion of a Regulatory Impact Statement (RIS) will be necessary.

Whilst the RIS is designed to undertake, and report on, a detailed assessment of both the costs and benefits of a proposal (whether they be environmental, social or economic), the PIA is intended to be a simple and easy-to-use tool and does not require the same level of information concerning costs and benefits.

The PIA also highlights to agencies the main features and logic of the proposal and the extent to which the proposal meets government objectives

Overview

The PIA is a simple, seven page form with 'Yes' or 'No' questions and space for short answers. The PIA should take approximately one to two hours to complete. Please note that to ensure answers are clear and concise, some parts of the template contain word limits.

Points to consider before you begin

Bills dealing with multiple policies

The PIA is not designed to deal with bills containing a number of discrete policies and proposals which may cover a number of regulatory amendments. In these circumstances it is encouraged, where possible, to separate or group the regulatory amendments into different categories where the impact of such amendments would be similar. This may require agencies to complete more than one PIA for any individual proposal. You may like to discuss this with the RGU before you start completing the PIA.

Content

The PIA should exist as a stand-alone document. That is, all information relevant to the proposal should be outlined within the template. Thus, anyone unfamiliar with the topic should have a sound understanding of the proposal after reading through the PIA. The PIA answers should be as concise as possible whilst still answering the relevant question. Providing large quantities of information is not helpful if the specific question is not addressed.

Timing

The PIA should be prepared after an administrative decision is made that a policy issue exists and that regulation may be necessary, but well before a policy decision is made as to the exact form that regulation may take. If a regulatory option is being considered to address a policy issue, a PIA of the proposal will help to determine whether the proposal's negative impacts are significant and therefore whether a RIS needs to be prepared.

Agencies should keep in mind that whilst a PIA may only take an hour to complete, and will be assessed within 10 working days, if the PIA finds a proposal has significant negative impacts then a RIS would be necessary and this can take an extensive period of time. As a result, it is in the agency's best interests to contact the RGU as early as possible within the proposal's policy development cycle. Where agencies do so, the full RIA process should not normally delay a proposal as it simply encompasses best practice policy within normal development processes.

However, proposals lodged late in the policy development process (i.e. just before lodgement with Cabinet) may encounter significant delays where the RGU finds that further analysis in the form of a RIS assessment is warranted.

Therefore the onus is on agencies to contact the RGU at the beginning of their policy development process to ensure that the RIA process can run parallel to the agency's normal policy development.

Quantification

Agencies are encouraged to quantify answers where possible. This helps the RGU to more accurately assess the level of impact a proposal may have on business, consumers or the economy. Therefore, when describing changes to, or significant details of, the proposal, wherever possible, please include statistics to substantiate statements made. Try not to use words such as "likely", "may", "small", "large".

For example: "20% of xx number of people surveyed in 2007 were dissatisfied with the proposed amendments" - is preferred to – "People surveyed were dissatisfied with the proposed amendments".

PIA Template by Section

Section 1: Contact Details

The main point of contact for the proposal should complete this section. This person will be contacted by the RGU should any queries or concerns need to be addressed.

The final section, Section 8 is for the manager/director to approve that the form is correct.

Section 2: Proposal Overview

Summary of the proposal: a brief summary of the proposal should be given. This summary should be written for a reader who is unfamiliar with the topic. It is important that agencies include what the proposal is and why it's needed. Please note that a character limit applies to encourage a clear and concise summary of the proposal.

Stage of policy development: please choose the appropriate answer from the drop down list. Ideally the PIA should be submitted to the RGU early in the policy development cycle to avoid any time delays.

Small business impacts: agencies should select the 'yes' option if a proposal is likely to have a significant impact on small business. The RGU may send the proposal to the Small Business Development Corporation (SBDC) if, on examination, there are significant small business impacts, even if the 'Yes' option is not selected. Please be aware that SBDC may contact agencies directly should they have any queries about the proposal.

Yes/No Questions: these questions should be self explanatory. Please contact the RGU if you have any queries or concerns.

Section 3: Proposal Details

This section gives a brief overview of the proposal including why it's required, its objectives, the options to resolve the problem and details of any past or future consultation.

For the first three questions, agencies should select the appropriate answer from the drop down box. If an appropriate answer does not exist then 'other' should be selected and the appropriate answer written in the box below the question.

Need for government action: agencies should provide a brief statement of the problem/issue the proposal is designed to address. Explain why government action is required. Examples include market failure, regulatory failure and unacceptable risk. A description of these examples is given on page 4 to 5 of the RIA Guidelines.

Please note that it is not sufficient to state that a Minister requested the proposal or that Western Australia is inconsistent with other states. Agencies should consider the broader question of why regulation is needed. They should put forward the case for regulation.

Objectives of the proposal: the policy objectives, goals or targets of the proposal should be clearly articulated in this section. What does this proposal hope to achieve? Make sure you explain the *end outcome* to be achieved rather than the *means* by which the objectives will be achieved.

Option to resolve: what are the option/s to achieve the objectives outlined? How will the problem be resolved? Please give a very brief description of each.

Consultation: The RGU understands that in the early stages of policy development, agencies may not have consulted yet. In this situation agencies should provide an outline of who they intend to consult.

Alternatively, if consultation has occurred, including informal or preliminary consultation, the following must be addressed in this section:

1. Consultation: for example, who was consulted – industry, agencies and/or consumer groups? Was there public consultation and/or targeted consultation? How long was the consultation period?
2. The outcomes of the consultation: for example, was the consultation supportive of the proposal and/or were there objections to the proposal? How many submissions were received? Please provide an outline of the feedback and, in particular, any negative feedback.
3. How the objections were addressed: for example, was the proposal changed in anyway to address the feedback?

Section 4: Requests for Exception (Optional)

Please note that this section is optional and should only be filled in by agencies who wish to seek an exception.

This process should not be confused with the application for, and consideration of, Minister for Finance Exemptions.

Exceptions from the RIA process may be granted if the RGU determines that one of the following circumstances applies:

1. Standing Rules and Orders of Legislative Council and Legislative Assembly.
2. Regulatory proposals that concern, or are related to, electoral rules.

For example: changes in electoral boundaries or the setting of mandatory fixed election dates.

3. Regulatory proposals that are machinery of government or administrative in nature, including those relating to:
 - the administration or procedural arrangements within or between agencies; or
 - the consolidation of legislation, minor legislative amendments, correction of drafting errors, the commencement or repeal of legislation.

For example: an agency name changes or departments consolidate.

4. Regulatory proposals that are related to the management of the public sector.

For example: an industrial relations provision which relates only to public servants.

5. Regulatory proposals relating to:
 - police powers and general criminal laws with no impact on business; and/or
 - the administration of justice, such as rules of court and sentencing.

For example: a proposal which would increase the penalties for assault, would receive an exception. However, a proposal to outlaw the sale of guns could not be excepted from the RIA process because business would be impacted.

6. Regulatory proposals involving the adoption of an Australian or international protocol, standard, code or Intergovernmental Agreement if an adequate assessment of the costs and benefits has already been made and the assessment was made for, or is relevant to, Western Australia.

For example: a COAG agreement where a Commonwealth RIS has been completed, where the impacts on Western Australia have been examined.

7. Regulatory proposals that are subject to analytical and consultative processes which the RGU has approved as equivalent to RIA requirements.
8. Regulatory proposals which relate to increases in existing fees and charges, in line with a standard index (such as the Consumer Price Index) and/or that maintain cost recovery, since the last adjustment.

Exception 8 deals with increases to fees in line with, or below, the CPI since the last adjustment. A number of government fees and charges are increased annually or periodically in relation to movements in the CPI. Such increases would not be assessed under RIA, as it is unlikely that an increase in line with, or below CPI would have a significant negative impact. Consequently, there is no value to be gained in such an analysis.

9. All regulatory budget and taxation proposals referred to the Economic and Expenditure Reform Committee, unless the Committee requests further RIA assessment.

Where an agency seeks an exception as set out above, and this exception is **granted by the RGU**, further RIA will not be applied.

For reasons of best practice and transparency, it is still essential that agencies complete a partial PIA in order to ensure that the RGU is able to confirm that an exception is appropriate in the circumstances. Moreover, once the RGU has considered the request for an exception, it will issue the agency with an RG number and Compliance Assessment Notification letter which the agency should maintain as proof of an exception being granted.

If an agency believes that they may be eligible for an exception to the RIA process they should immediately contact the RGU to informally discuss. Agencies should be aware that it is not the RGU's responsibility to prove that a proposal does not meet the criteria for an exception, instead the onus is on the agency.

Section 5: Market and Competition Impacts

Quantitative estimation: this section asks agencies to quantify the impacts the proposal will have on:

4. **Businesses within the sector** – this refers to the number (or percentage) of businesses impacted within a specific sector. *For example, 5 businesses within the mining sector would be impacted by this proposal.*
5. **Businesses within the State** – this refers to the number (or percentage) of businesses impacted within Western Australia. *For example, 100% of businesses within Western Australia would be impacted by this proposal.*
6. **Consumers of the good** – this refers to the number (or percentage) of consumers impacted in Western Australia. *For example, 50% of Western Australian consumers would be impacted by this proposal.*

7. **Price of the good/service** – this quantifies the dollar increase or decrease (or percentage impact) of the price of a good or service. Please use a qualification (for example, per litre, per hectare per machine) and, if appropriate, a negative sign to indicate a decrease in price. *For example, - \$0.10 decrease per metre.*

In limited circumstances where the above questions would not apply, a 'N/A' answer should be given.

Questions 5.1 to 5.6: these questions are designed to examine the competition and market impacts the proposal might have if implemented.

For each question, agencies are required to tick 'Yes' if a **negative** impact may result and 'No' if a **negative** impact is unlikely.

In answering within the blue free text areas, prompts are provided to aid in answering these questions. Please note that the examples given are a guide to help identify the type of impact and should not be considered an exhaustive list.

In each section agencies must identify the type of impact (e.g. one of the prompts) and the level of impact (significant or low).

For example: this proposal is only likely to restrict XX businesses by XX and as such is considered to have a low negative effect.

When completing Section 5, agencies should keep in mind that it is attempting to assess the **negative** impact that the proposal has on consumers, businesses or the wider economy. The PIA particularly attempts to assess if the proposal results in one of the following:

- Higher prices;
- Less choice;
- Less competition;
- More barriers to entry/exit; or
- Higher quality standards of qualification than warranted (thereby unnecessarily increasing costs).

Section 6: Compliance/Other Costs on Business, Consumers or Government

This section consists of 2 questions that assess the cost impacts of the proposal. These questions are concerned with the following compliance costs:

- **Costs to business** or consumers such as licence fees, time delays, educational costs, reporting requirements.
- **Costs to government** such as administration or enforcement costs.

There are many examples of compliance costs. Specifically, the kinds of costs assessed in Section 6 may include but are not limited to:

- Costs on existing staff time including training and on costs;
- Costs of employing new staff including training and on costs;
- Costs of purchasing new equipment;
- Costs of reporting certain events to a regulatory authority;

- Costs of gaining licence/authority to conduct an activity;
- Costs of expert advice such as expert legal or accounting advice; or
- Costs of enforcement.

For each question, agencies are required to tick 'Yes' if a **new cost** may result and 'No' if a **new cost** is unlikely. A brief explanation, explaining the reasoning behind either answer is required. Where possible, dollar amounts (for example, new fees or additional costs to obtain licences) should also be included.

For example: three policemen will be required to enforce this proposal, however funding will come from existing budget allocations and will therefore not impose any new costs on government.

Section 7: Additional Information

Question 7.1 asks agencies if, in their opinion, the proposal could have a significant **negative** impact on business, consumers or the economy. When making this decision, agencies should consider all the information provided in previous sections and give an 'on-balance' answer.

The answer will aid the RGU in making a decision but will not directly influence whether further analysis is required.

Page 13 of the RIA Guidelines provides information concerning 'significance' should it be required.

Section 8: Next Steps

A person with knowledge of the policy and an appropriate level of authority to approve the PIA, should complete this section. For example, the Division's Executive Officer. The role of the Approval Officer is distinct from that of the Contact Officer identified in Section 1.

In signing the PIA, the approver is certifying, to the best of their ability, that all information provided is true and correct and that no relevant information has been excluded.

Once completed please forward the approved PIA to regulatorygatekeeping@finance.wa.gov.au. A receipt email will be sent within 24 hours and a written response within 10 working days. This written response will ask for further clarification of the proposal or alternatively advise agencies whether or not further action is required in the form of a Regulatory Impact Statement.

If you have any questions or problems completing the PIA template please contact the RGU at regulatorygatekeeping@finance.wa.gov.au or alternatively call 6551 4751 / 6551 4754.



Preliminary Impact Assessment

New versions of this form are available from the Regulatory Gatekeeping website:
<http://www.finance.wa.gov.au/cms/content.aspx?id=16899>

Office Use Only

TRIM Number

RG Number

Date PIA Received

RGU Officer

1. Contact Details

Department/Agency

Title of Contact (Mr/Ms)

Name of Contact

Position

Postal Address

Phone Number

Email

2. Proposal Overview

Name of Proposal

Provide a brief summary
(maximum of 1000 characters)
of the proposal.

For further information please
follow the link below to the PIA
Guidance Note:

[Section 2: Proposal Overview](#)

Summary of the Proposal

Please indicate (most appropriately) which stage of the
policy development process the proposal is in.

Is the proposal likely to have a significant impact on small business?
If YES, the RGU will provide a copy of the completed PIA to the Small Business
Development Corporation (SBDC). If UNSURE, contact the [SBDC](#) for assistance.

☐ Yes ☐ No

Is the proposal likely to meet an obligation under COAG or other intergovernmental
agreement, primarily adopting the agreement's terms?

☐ Yes ☐ No

If YES, and the agreement process has already been subject to a detailed assessment, please provide the following information:	Date assessment published/provided	/ /
	Was there consultation with WA?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Did the assessment address impacts on WA?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	Link to the assessment/s	

3. Proposal Details	
Type of Proposal	
If other, specify	
Nature of Regulatory Issue	
If other, specify	
Title(s) of Legislation / Regulation	
If other, specify	
Mechanism of Implementation	
If other, specify	
Proposal Decision Maker	
If other, specify	
Provide a brief statement (maximum of 800 characters) of the current situation and why this proposal is required to address the problem.	Need for Government Action (Statement of the Issue)
Provide details (maximum of 800 characters) of what you are trying to achieve, rather than the <i>means</i> by which it will be achieved.	Objectives of the Proposal
Provide details (maximum of 800 characters) of how the proposal will meet the above objectives (eg increased agency accountability, greater ministerial powers).	Option to Resolve Issue

If you have already conducted consultation, the following information must be included:

- 1) Consultation methodology (eg. who was consulted, how they were consulted and the length of the consultation period).
- 2) The outcomes of any consultation as well as major objections to the proposal.
- 3) How the objections were addressed.

Ensure that appropriate stakeholders are identified with details of how they will be affected by the proposal

Consultation

4. Request for Exception (Optional)

Do you request an exception from further RIA analysis?

☐ Yes ☐ No

If YES, please indicate which exception applies

Provide a brief reason (maximum of 1000 characters) for the requested exception.

Please follow the link below to the PIA Guidance Note for a detailed description of the exceptions:

[Section 4: Requests for Exception \(Optional\)](#)

Reason for Exception

IF REQUESTING AN EXCEPTION FOR THE PROPOSAL, SKIP TO SECTION 8.

5. Market and Competition Impacts

Regulation can have a negative impact on business, consumers or the wider economy if it inhibits:

- market functions (such as regulating price setting, restricting product availability and mandating the level of production);
- competition within state and/or national markets (such as imposing barriers to entry to the industry); or
- the markets efficient allocation of resources (such as banning secondary markets)

In general, impacts would be low rather than significant, when only a few businesses or consumers are affected or the economic impacts are small.

Provide an estimation of:

The number (or percentage) of businesses within a sector, that may be impacted (eg. 200 businesses or 50 per cent of operators in the sector)

The number (or percentage) of businesses within the State as a whole, that may be impacted (eg. 3 businesses or 100 per cent of W.A. businesses)

The number (or percentage) of consumers of the particular good/service, that may be impacted (eg. 100 per cent of consumers of that product)

The dollar increase (or percentage impact) on the price of the particular good/service (eg. the price is expected to increase by \$20 of 25 per cent)

If no estimation is possible, please explain why.

Please indicate whether the proposal is likely to have a **negative impact** by selecting either YES or NO for each question. In addition, please include a **brief explanation** as to why there may, or may not, be a negative impact.

Note that the example text in each answer box may be removed prior to submission of the PIA to the RGU.

Is the proposal likely to have a negative impact on:

5.1 The ability/incentives of businesses to compete?

☐ Yes ☐ No

5.2 The number and range of businesses in an industry?

☐ Yes ☐ No

5.3 The price or level of production of a good or service?

☐ Yes ☐ No

5.4 Consumers?

☐ Yes ☐ No

5.5 The allocation of resources?

☐ Yes ☐ No

5.6 Market function or competition in regards to business, consumers or the economy?

☐ Yes ☐ No

6. Compliance/Other Costs on Business, Consumers or the Government

Compliance costs to business/consumers involve time and financial costs, to meet for example new educational standards or record-keeping requirements. Compliance costs would generally be low when only a few businesses/consumers are affected or the costs are small or insignificant.

For the purposes of this section, a consumer may be regarded as the end user of the product or service in question, whether it is publically or privately supplied. Government includes local, State and Federal Governments.

Please select either YES or NO for each question and include a **brief explanation** as to why there may, or may not, be **new costs** as a result of the proposal. Please also include dollar amounts (for example, new fees or additional cost to obtain licences) where possible.

Note that the example text in each answer box may be removed prior to submission of the PIA to the RGU.

6.1 Will any costs be imposed on business or consumers due to this proposal?

☐ Yes ☐ No

6.2 Are there any compliance, administration or enforcement costs on government due to this proposal?

☐ Yes ☐ No

7. Additional information	
7.1 Based on the information you have provided thus far, do you believe this proposal will cause a significant negative impact on business, consumers or the economy?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7.2 If necessary, please provide any additional information.	

☐ Yes ☐ No

7.2 If necessary, please provide any additional information.

8. Finalisation	
	Approved By
Name	
Position	
Phone Number	
Email	
By certifying this form, you are agreeing to the best of your ability that all information provided is true and correct.	
Time taken to complete this form (in minutes): This should not include the time taken in gaining approval.	

Email

This should not include the time taken in gaining approval.

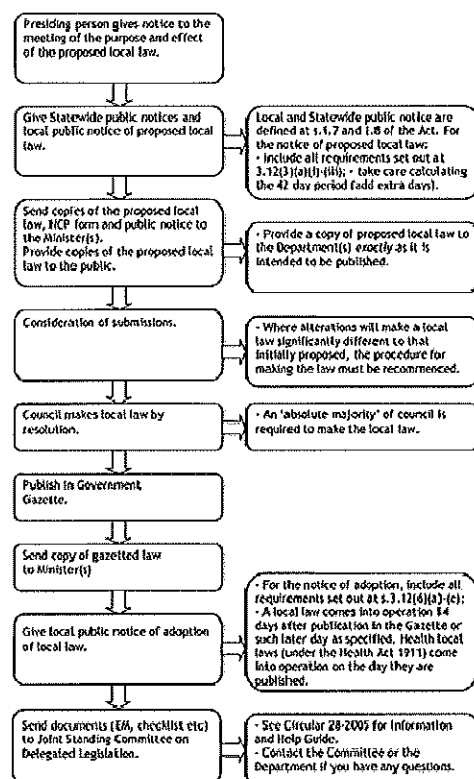
Please note that formatting (such as spell check) is not available in this form.



Government of Western Australia
Department of Local Government

Local Laws Process

Local Law Process – Flow Chart



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