



2024

Small Business Conditions Survey

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Working for Australia.

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Table of contents

Foreword	3
Key findings	4
1: Impact of red tape on small businesses	5
2: Operating environment and compliance burden	8
Greatest pressures	9
Greatest expenses	10
Time spent on red tape compliance	11
Money spent on red tape compliance	12
Impact on profitability	14
Compliance with business processes	15
Awareness of red tape obligations	16
3: Specific changes	17
Industrial relations	18
Definition of 'small business'	20
Privacy	21
Payday superannuation	23
4: The role of government	25
Relationship with government and regulators	26
What government can do	27
Appendix 1: About this survey	29
About the survey	30
Profile of respondents	31
Appendix 2: List of figures	34



Foreword

Small businesses are the backbone of the Australian economy.

However, despite their significant contribution, small businesses are too often a second thought when it comes to policy making, legislation and regulations.

Today more than ever, they contend with a host of recently implemented regulatory measures – and there are more to come. They must navigate these changes on top of keeping the doors open and while grappling with the growing costs of doing business.

The results from our Small Business Conditions Survey are stark: small businesses have been struggling for some time, and the situation is getting worse for many. The findings will be confronting but necessary reading for policy-makers and Australians more broadly.

While this is ACCI's first Small Business Conditions Survey, many of the findings reinforce our advocacy to date. Small businesses need more support from governments to adapt to a changing regulatory environment so they can thrive.

On behalf of small businesses, ACCI looks forward to working with government on concrete solutions to ease these pressures and rip through superfluous red tape, starting with the recommendations contained within this report.

Lastly, we thank the small businesses who took the time to provide their valuable insights through this survey.



Andrew McKellar
Chief Executive Officer, ACCI



Key findings

Alongside rising cost-of-living pressures, which are confronting many Australians, businesses face increased costs and operational hurdles. Small businesses are feeling these impacts more acutely as they often lack the resources and capacity to adapt to rapid regulatory changes.



45%

of small businesses have considered leaving or closing their business in the past 12 months.

Red tape may also be having an impact on small businesses' profitability.



40%

of small businesses said they anticipate a reduced or significantly reduced profit in this financial year compared to the last.

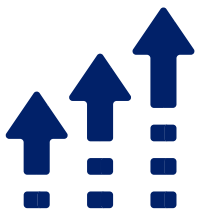
Overall, red tape is affecting the majority of small businesses.



82%

of small businesses said that red tape is having either a major or moderate impact on their operations.

And for most small businesses, the impact of red tape is growing.



61%

of small businesses said the overall impact of red tape has increased in the past 12 months.

And it's gotten harder in the last 12 months.



50%

of small businesses said they were spending more time and money on red tape than they were 12 months ago.





Chapter 1

Impact of red tape on small businesses

The core aim of the survey was to get an understanding of how red tape is impacting small businesses. To do this, respondents were asked whether it was having an impact at all, and to what extent.

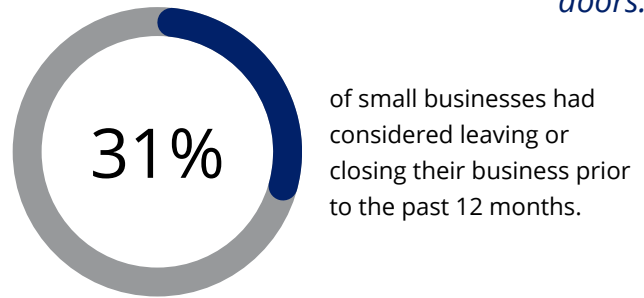
Responses to these questions present an alarming prospect for the composition of Australian communities and the Australian economy more broadly.

Nearly half of small businesses have considered leaving or closing their business as a result of red tape.



Q: Have you considered leaving or closing your business(es) as a result of red tape / regulatory requirements in the past 12 months?

This figure has increased over the last 12 months: last year only a third of small businesses were considering closing their doors.



Q: Had you considered leaving or closing your business(es) prior to the past 12 months?

If these businesses do end up closing, more than 1 million small businesses will disappear, resulting in job losses for over 2 million Australians.

Recognising the diversity of small businesses in Australia – in terms of size and industry participation – this would have a significant impact on local communities, quality products and customer service, and lead to a significant reduction of competition, resulting in poorer outcomes for Australian consumers.

These figures do not take into consideration those small business owners who have stepped away or sold their business in the last year, as they would not have completed the survey.

When asked whether they had considered leaving or closing their business(es) prior to the past 12 months, 31 per cent of total respondents said yes, they had considered this action. While this number is still concerningly high, responses indicate it has jumped in the past 12 months. This likely reflects the compounding operating pressures small businesses are facing, such as high costs, workforce shortages and impending changes to the industrial relations system.

It is a similar situation for small businesses in regional and remote areas – however, in greater proportions.



Q: Have you considered leaving or closing your business(es) as a result of red tape / regulatory requirements in the past 12 months?



Q: Have you considered leaving or closing your business(es) prior to the past 12 months?

This strongly suggests that the red tape burden on small businesses is getting worse, and is having a significant impact on small business operators.



Red tape is having an impact on *over 90 per cent* of small businesses.

For 82 per cent of small businesses, red tape is either having a *major impact* or a *moderate impact*.

As this report goes on to outline, this impact comes with both a time and financial cost to small business owners. For too many, this impact has been so great that they have considered leaving or closing their business.

Very few small businesses said that red tape was having *no impact* on their operations.

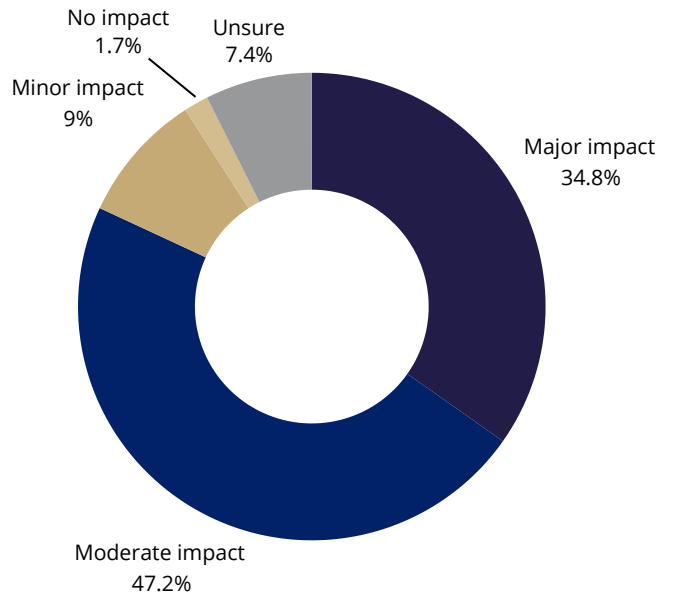


Figure 1
Q: To what extent is regulation (red tape) impacting your business?

For most small businesses, this impact is growing.

When asked whether the impact of red tape had changed in the past 12 months, most businesses said it had *increased*.

This reflects the cumulative value of recent regulatory changes that all businesses are currently navigating. These changes are more acutely felt by small businesses, as they do not have the staffing nor resourcing to implement such changes as easily as larger businesses.

Only 2 per cent of small businesses said that the impact of red tape had *decreased* over the past 12 months.

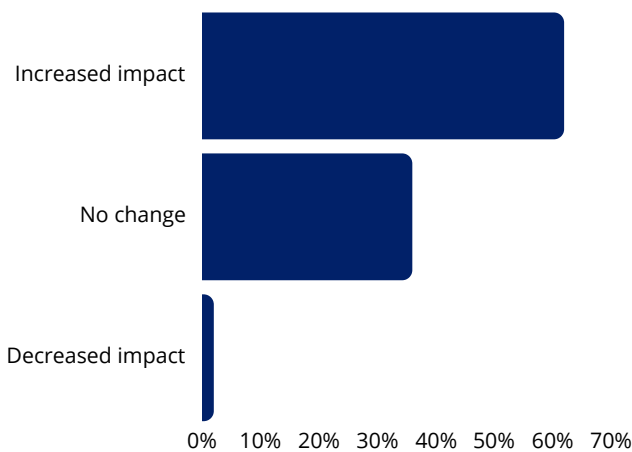
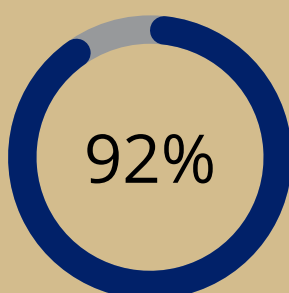


Figure 2
Q: What has the change in the impact of red tape / regulation been in the past 12 months?

Red tape is affecting a greater number of small businesses in regional and remote areas.



said red tape was having an impact on their small business.

- 36% major impact
- 46% moderate impact
- 10% minor impact
- 0.7% no impact
- 7% unsure

Q: To what extent is regulation (red tape) impacting your business?



Chapter 2

Operating environment and compliance burden

To understand what small businesses are currently experiencing, the survey asked about their greatest pressures and expenses.

The survey also asked respondents about the compliance burden they are navigating, including the time required and costs associated with such activities, what impact this was having on their financial position, the difficulty of compliance with a range of business processes and their overall awareness of red tape applicable to their business.

Greatest pressures

The greatest pressure facing small businesses is that costs are increasing – this is true for almost 80 per cent of respondents. This is no surprise given the current economic climate, but is a reminder that while cost-of-living pressures are impacting all Australians, small business owners are experiencing an additional strain.

For 57 per cent of respondents, *skills and worker shortages* are a significant issue for their business.

Government regulation – red tape – was noted by over 49 per cent of respondents as something that is significantly affecting their business. While this is not the greatest pressure overall, this is a significant indication that the red tape businesses are facing is more of a hindrance than other pressures, such as Environmental, Social and Governance (ESG) issues or cyber security, for example.

Rounding out the top five greatest pressures are *profitability, or the lack thereof* for 40 per cent of respondents, and *economic activity, including generating customer orders and sales* for 39 per cent.

Overwhelmingly, the greatest pressures are centred around small businesses' financial viability. Whether this be having enough staff to open the doors or the ability to pay the bills and employees, businesses are facing financial pressures on many fronts.

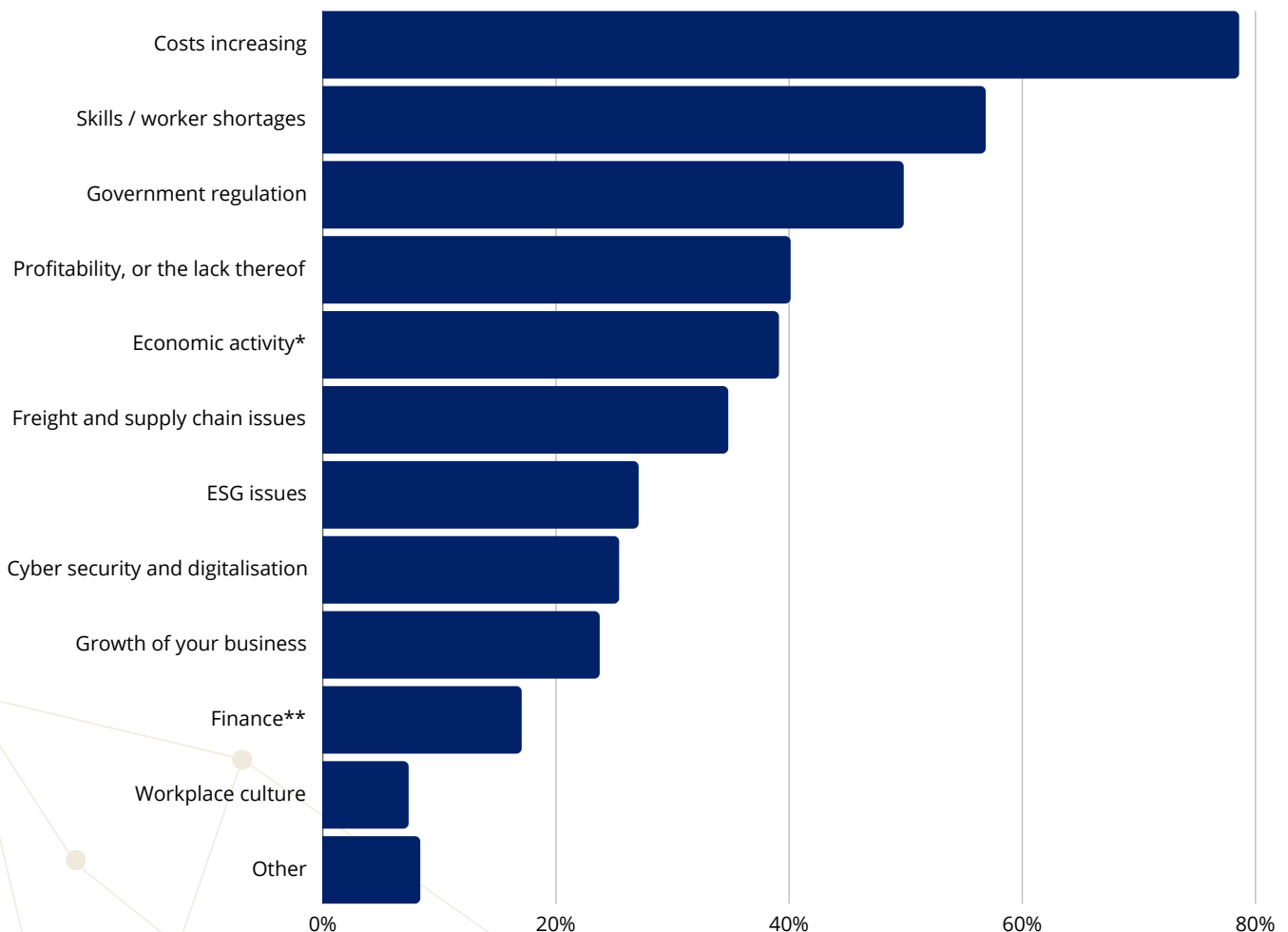


Figure 3

Q: What are the greatest pressures currently facing your small business? (respondents were able to select their top five)

*including generating customer orders and sales

**including the ability to obtain



Greatest expenses

The greatest expenses for small businesses largely mirror the greatest pressures.

For over half of respondents, the greatest expense for their small business is overcoming *skills and worker shortages*. This very likely reflects the significant disadvantage small businesses have when it comes to meeting their worker and skills needs – while small businesses can offer flexibility and a personal element for workers, they are seldom able to offer the same financial benefits and support to workers as bigger businesses are.

This was followed by *government regulation*, a significant expense for 45 per cent of respondents, and *profitability, or the lack thereof*, which is the case for 43 per cent of small businesses.

Significant *freight and supply chain* costs are incurred by many small businesses – it was a top issue for 38 per cent of respondents.

For 28 per cent of respondents, costs associated with *Environmental, Social and Governance (ESG)* issues are a significant expense. This may be attributable to the vast array of ESG compliance requirements – including for some businesses wishing to tender for government projects – or even just becoming more familiar with what ESG is. As the importance of having ESG policies grows, this may be a cost that increases for or becomes more relevant to more small businesses.

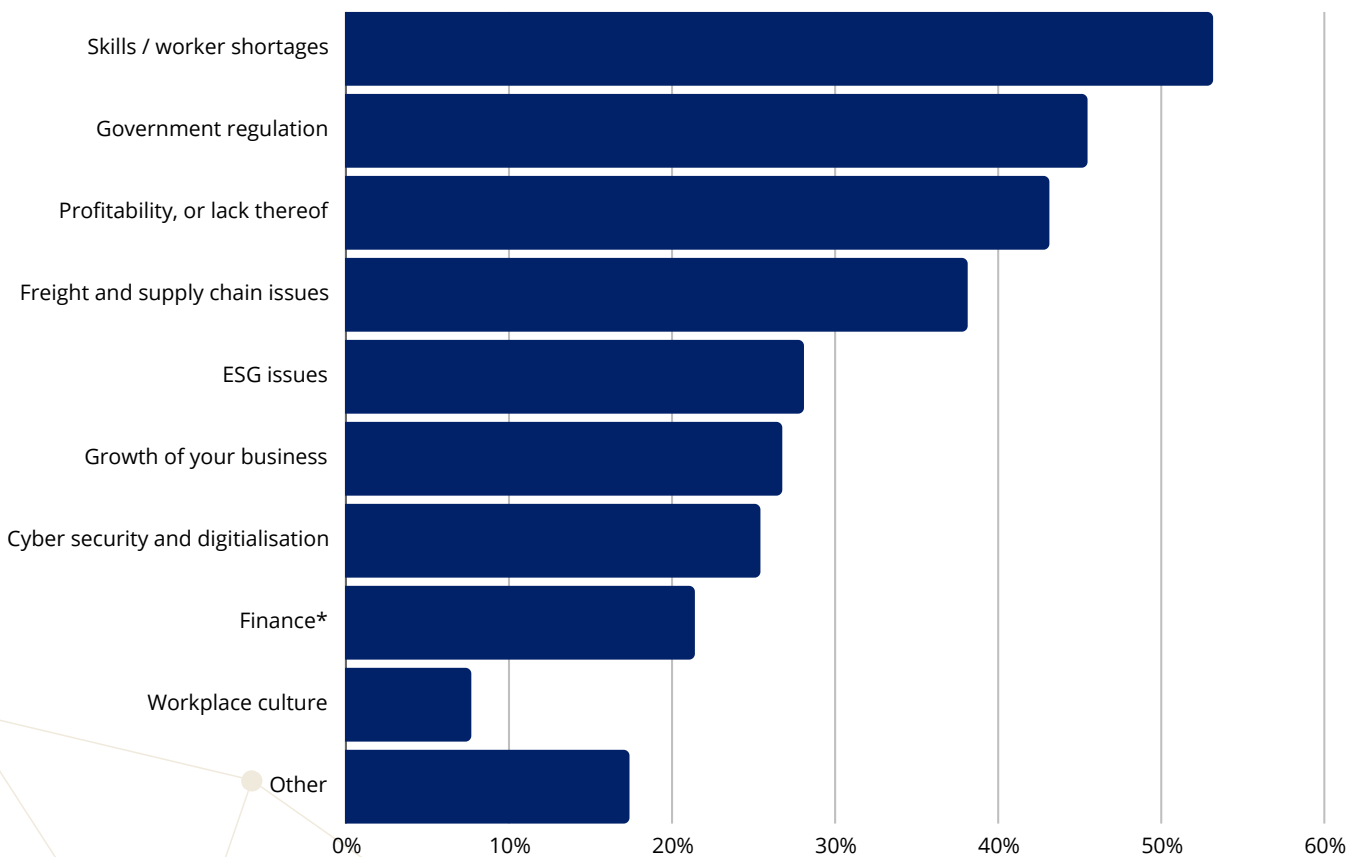


Figure 4

Q: What are the most significant expenses incurred by your business? (respondents were able to select their top five)

*including the ability to obtain

Respondents also highlighted insurance costs as a major expense for their small businesses. Others pointed to wages and employee benefits, taxes, and energy costs as significant financial burdens.



Time spent on red tape compliance

Traditionally, small business owners do not complete their compliance requirements during business hours, instead opting to take home this work and do it after hours.

For those small business owners who do take this work home with them, or do it after hours, this is time each week spent away from family, friends, and other activities. It is also time that a business owner is unable to spend developing, advancing and growing their business.

Almost half of respondents spend anywhere between one and 10 hours each week on compliance activities, which represents up to two hours each business day spent on compliance.

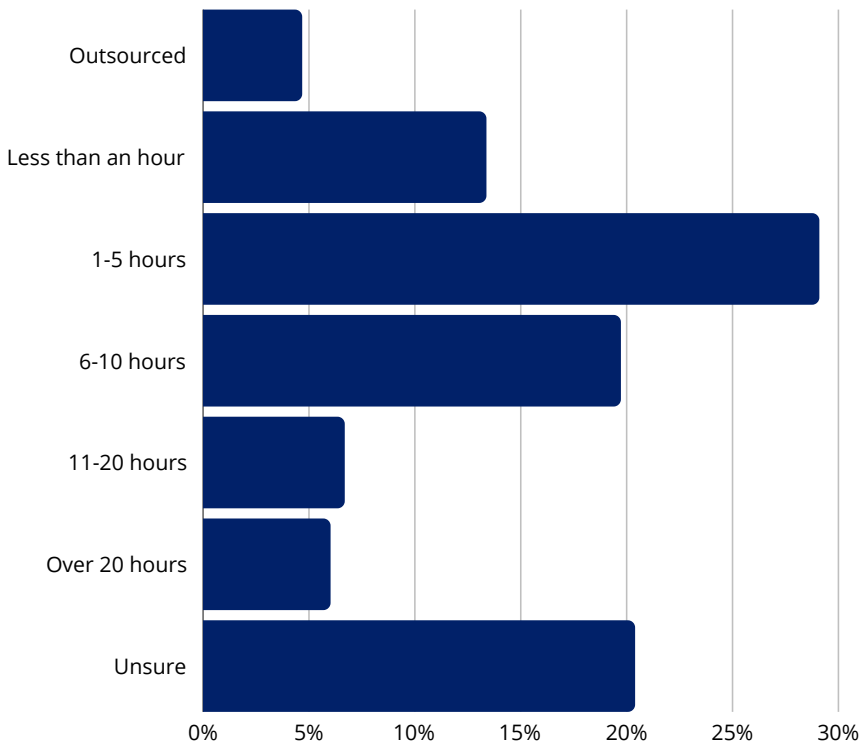


Figure 5
Q: How long do you spend seeking to comply with your red tape / regulatory requirements each week?

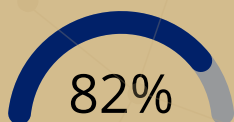
We also know that many small businesses do not have a dedicated member of staff who manages all their compliance requirements. It is typically the small business owner who is not only managing all day-to-day operations and staff, but also the work on compliance with red tape.

This is reflected in the fewer than 5 per cent of respondents that *outsource* this work. While outsourcing may be a convenient work-around for some to manage their red tape obligations, it is not feasible for many small businesses.

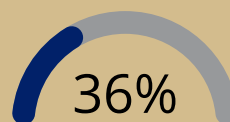
Around 6 per cent of respondents spend over 20 hours a week complying with red tape. This is a significant amount of time for any business, large or small. For 83 per cent of these respondents, the time spent on compliance has increased in the past 12 months.

A significant proportion of respondents were unsure how much time they spend complying with red tape each week. It is not surprising that so many small businesses are unaware of how much time they spend on red tape compliance. This may be because they do not keep track of the time spent on compliance tasks – even just keeping track of this is time-consuming.

Of the 20 per cent of businesses who were *unsure* how much time they spend on compliance each week:



82% said red tape is having an impact on their business.



36% have noticed that the time required has increased in the past 12 months.



Money spent on red tape compliance

Compliance with red tape does not just take time – it can also be a costly undertaking, and as highlighted, this cost is increasing for many small businesses.

11 per cent of small businesses indicated that they spend up to \$5,000 each year on compliance. While this may not seem to be a significant figure, for some small businesses it may be the difference between turning a small profit or breaking even, and taking on a debt.

For the 21 per cent of businesses who spend between \$5,001 and \$20,000 on compliance each year, this may be equivalent to the cost of a part-time or casual worker.

For another 20 per cent, the annual cost of red tape is up to \$50,000. To put this into perspective, the minimum full-time (38hr / week) annual wage for an Australian worker is \$47,627.06 from 1 July 2024. These results indicate that for some small businesses, the cost of compliance may be equivalent to an additional full-time worker on the minimum wage.

Another 20 per cent of respondents spend over \$50,001 annually on red tape compliance and, for 4 per cent of these businesses, this figure exceeds \$250,000.

This is a staggering amount of money which is not going back into the business or being put towards paying employees, or even towards paying the small business owner themselves.

Over a quarter of respondents were unsure how much money they spend on compliance each year. As was the case for the time spent on compliance each week, this is not surprising – many small businesses would not have the capacity to tabulate the costs of their regulatory compliance activities or have these figures easily available.

Compliance requirements are not merely impacting the bottom line for many businesses.

For example, one respondent noted that the *“stress and toll on my mental health due to red tape is extremely high. Apparently the mental health of employers/business owners is not important”*.

These non-financial impacts cannot be overlooked and, for some businesses, may be the reason they close or leave their business.

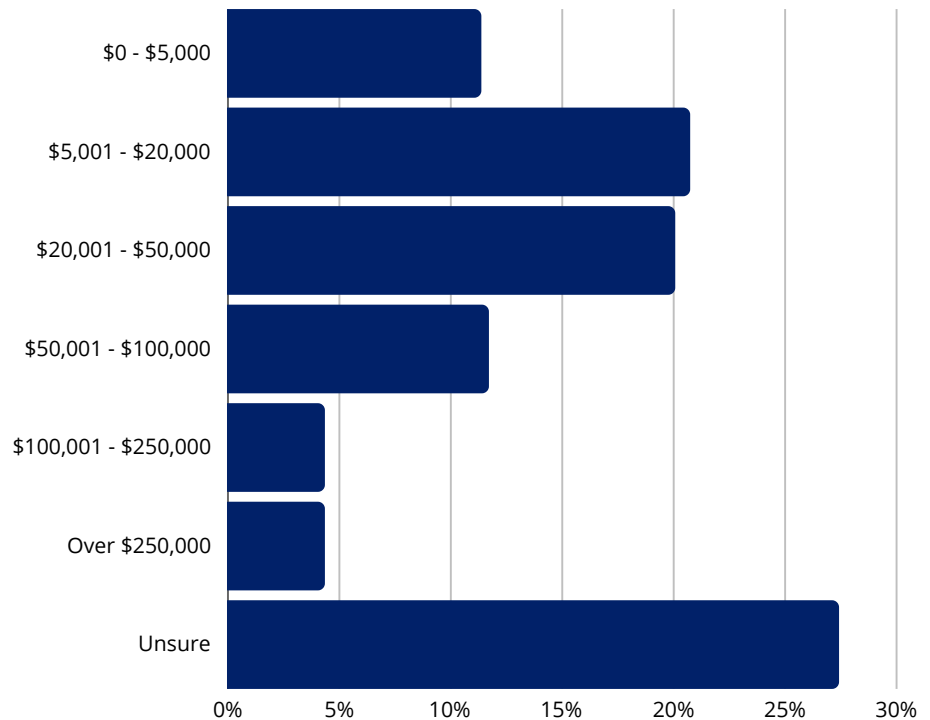


Figure 6
Q: What is the annual cost of compliance with red tape / regulatory requirements on your operations?



Half of businesses are spending more time on red tape compliance than they were 12 months ago.

This is unsurprising given the range of regulatory changes that have occurred in the past 12 months. However, it is still concerning. We know that more regulatory changes are forthcoming or have already been implemented, such as changes to the industrial relations system, which suggests that the time required to comply with red tape will further increase over the next 12 months for many small businesses as well.

Only 3 per cent of small businesses are spending less time on compliance than they had in the previous 12 months.

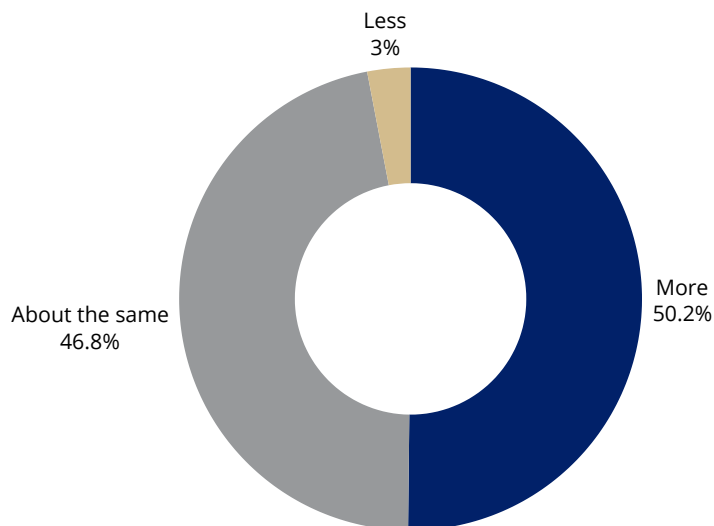


Figure 7
Q: How much time have you spent on compliance in the past 12 months compared to the 12 months prior?

Half of businesses are also spending more money on red tape compliance than they were 12 months ago.

Noting the increased red tape obligations and the time spent on compliance, it follows that the financial burdens associated would also increase.

Similarly to the amount of time spent, only a small proportion of respondents said they are spending less money on red tape compliance now than they were 12 months ago.

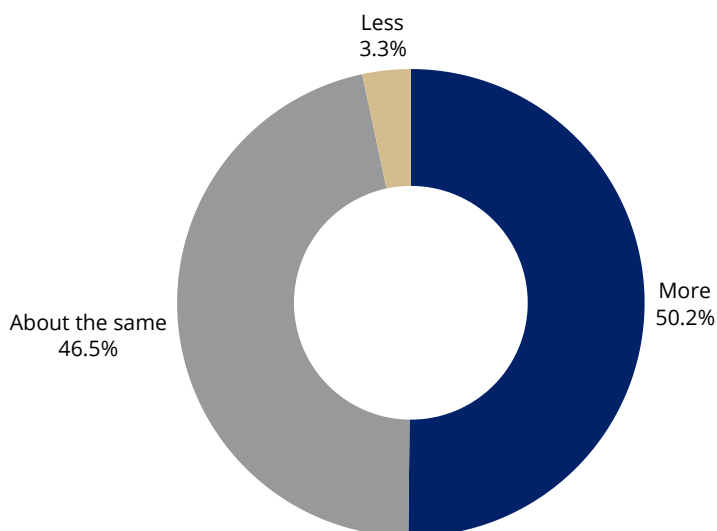


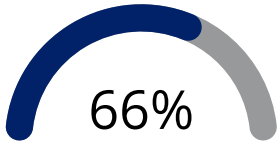
Figure 8
Q: How much money have you spent on compliance in the past 12 months compared to the 12 months prior?



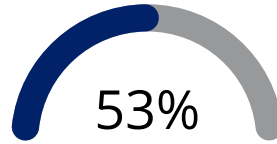
Impact on profitability

Red tape may also be having an impact on the profitability of small businesses.

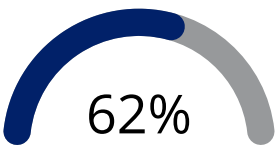
In the 2023-24 financial year, nearly 40 per cent of small businesses anticipated reduced profits compared to the 2022-23 financial year. Many of these small businesses attribute this at least in part to superfluous red tape.



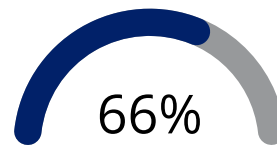
said the impact of red tape had *increased* in the past 12 months.



have considered leaving or closing their business in the past 12 months.



said they had spent *more* money on red tape compliance in the past 12 months than the 12 months prior.



said they had spent *more* time on red tape compliance in the past 12 months than the 12 months prior.

Only 21 per cent respondents will increase their profits from the last financial year.

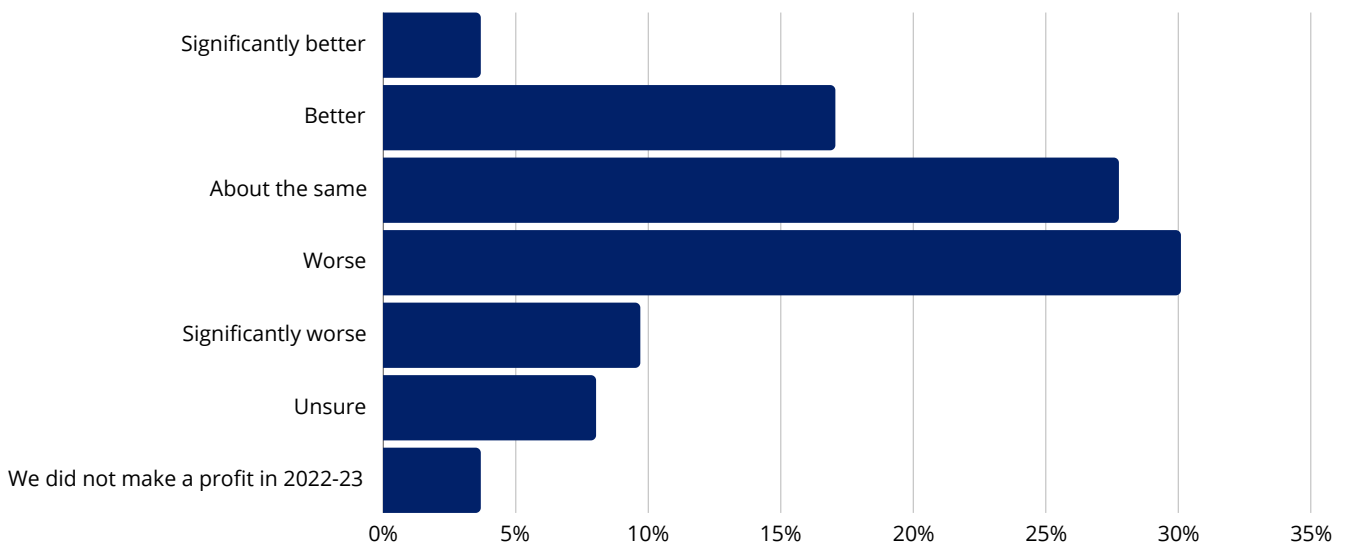
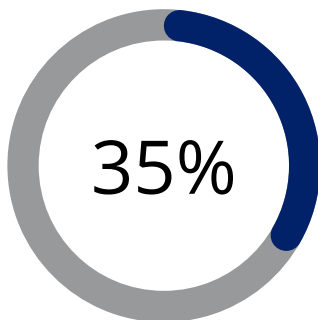


Figure 9
Q: Do you anticipate that your business will make a greater profit this financial year (2023-24) than you did in the previous financial year (2022-23)?

Some small businesses are taking on more staff just to deal with red tape requirements.



said that they have had to take on additional staff in the past 12 months to manage their red tape requirements.

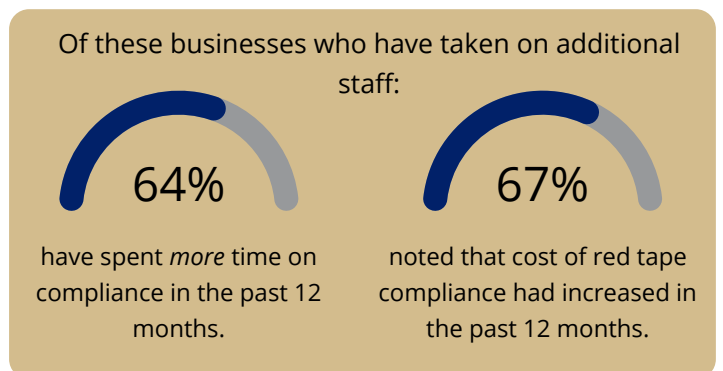


Figure 10
Q: Have you had to take on additional staff in the past 12 months to manage red tape / regulatory compliance?

For those small businesses who have not taken on additional staff, the increased time required to comply with red tape has been absorbed by the business, likely by the owner.



Compliance with business processes

Most small businesses find complying with business processes moderately difficult.

The most difficult aspect of business operations for respondents is, for 40 per cent of businesses, *employing workers*. This is followed by complying with *contracts and legal expenses* – difficult for a third of businesses, and closely followed by *paying wages and entitlements*, where 31 per cent of businesses find it difficult to comply with their obligations.

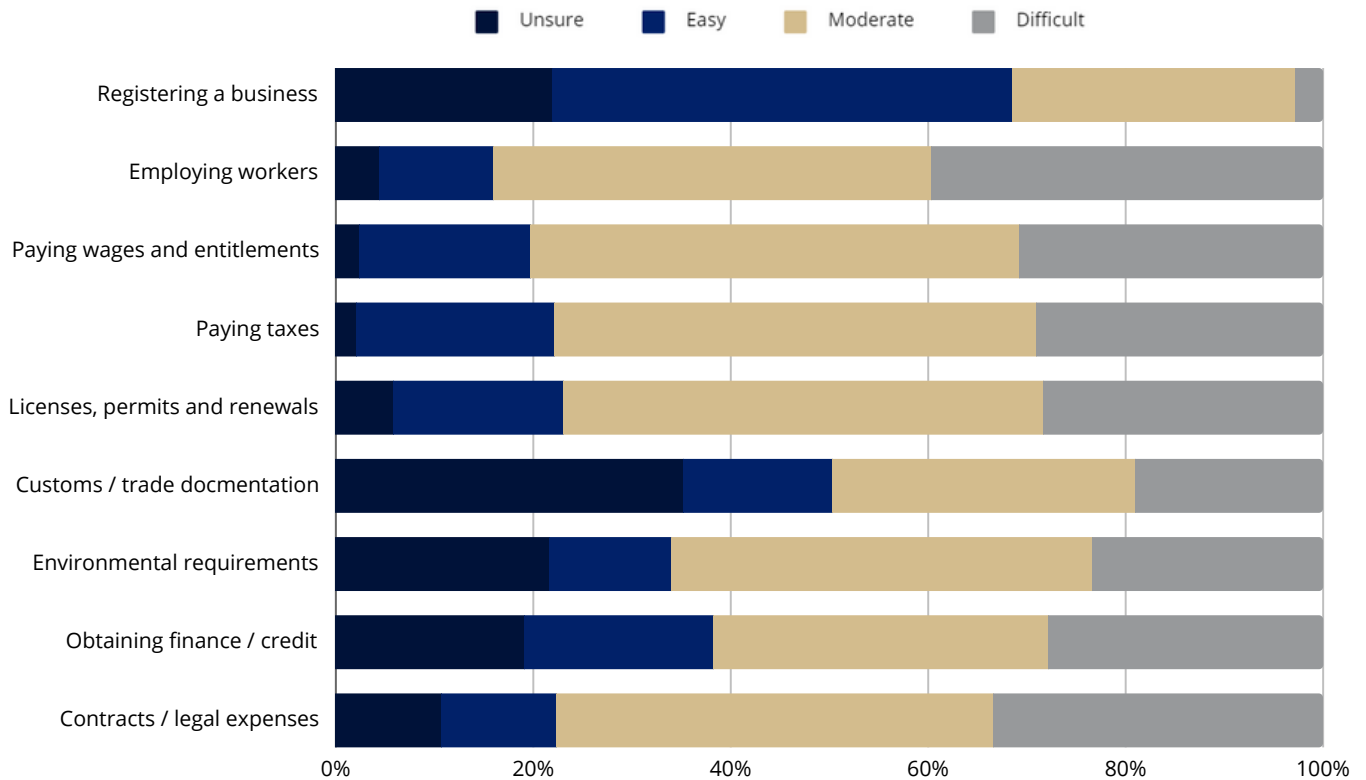


Figure 11
Q: What is the difficulty of compliance with each of the following business activities?
(respondents selected one rating for each activity)

These three aspects of running a business are typically more complex than other facets of operations due to their regulatory requirements. For worker wages and entitlements, is likely due to the constantly changing nature of these obligations.

For those small businesses that indicated *employing workers* was difficult, over two thirds also noted that *skills and workers shortages* was one of the greatest pressures facing their business and one of the greatest expenses they incur.



Awareness of red tape obligations

Most small businesses are aware of their red tape obligations.

Around 63 per cent of respondents are *somewhat confident* or *very confident* that they are aware of all the red tape applicable to their business.

Less than a quarter of small businesses are *not* or *not at all confident* in their knowledge of their red tape requirements.

Just over 15 per cent of respondents are *unsure* if they are aware of all their red tape obligations. Noting the volume of recent changes small businesses are trying to contend with while running their day-to day operations, this is understandable.

Knowledge of red tape obligations is translating to compliance.

Almost three quarters of respondents are *somewhat confident* or *very confident* that they are complying with the red tape obligations that they are aware of. These are promising results and reflect the intention of small businesses to do the right thing where they can and where they are aware of their obligations.

Unfortunately, over a quarter were *unsure* or *not confident* to a degree.

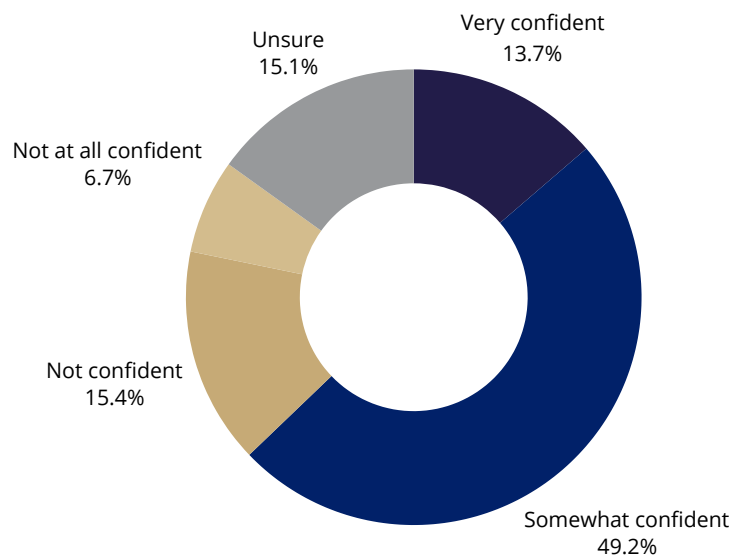


Figure 12
Q: How confident are you that you are aware of all red tape / regulatory requirements applicable to your business?

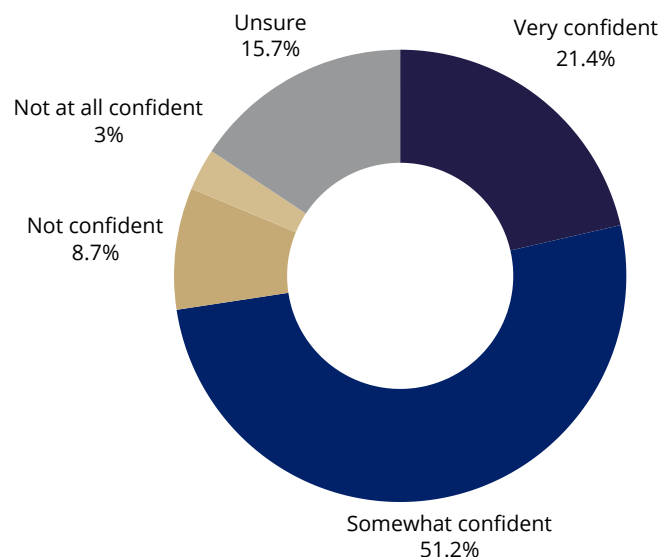


Figure 13
Q: How confident are you that your business complies with all red tape / regulatory requirements?

Overall, these figures demonstrate that despite the burden of red tape, most small businesses believe they are across what they need to be doing – and they are making the effort to be compliant. Small businesses are trying to do the right thing for themselves, their customers and their employees.

However, just because they *can* comply does not mean that all existing red tape is necessary, nor that it is easy to comply with.

Enabling all businesses, particularly small businesses, to operate with fewer red tape restrictions should be the goal. This would relieve pressure on small business owners, allowing them to focus on running and innovating their businesses. Additionally, it would boost productivity at a time when it is desperately needed.





Chapter 3

Specific changes

Respondents were asked about some specific recently implemented and forthcoming changes to red tape that may affect them.

This year, these questions focused on **industrial relations, privacy** and **payday superannuation**.

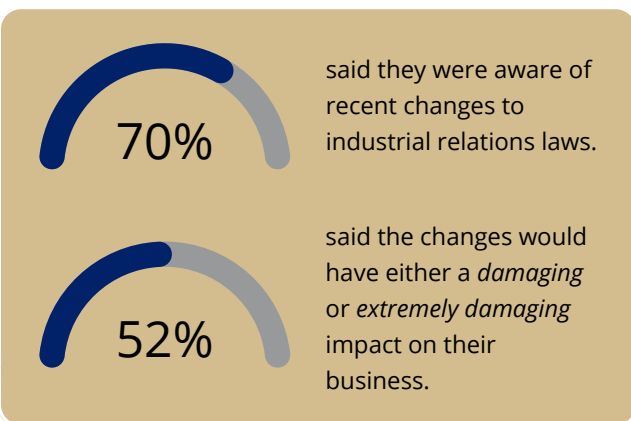
The survey asked whether respondents were aware of the changes and what the impacts would be on their small business if implemented as proposed.

Industrial relations

A range of new industrial relations laws have recently passed the Parliament and have already come into force or will come into force over the next 18 months.

A number of measures may impact small businesses, including, but not limited to, introducing a 'right to disconnect' for employees (employees will be able to refuse to monitor, read or respond to contact or attempted contact from their employer or a third party outside of work hours unless their refusal is unreasonable) and changing the definition of casual employment (to allow an employee to convert from a casual to a permanent employee if they no longer meet the new definition of casual, having regard to factors including whether they work regular hours).

The changes provide some exemptions for small businesses including exemptions from providing paid training leave to workplace delegates and an exemption for small business employers that use labour hire. However, the majority of the changes will impact the industrial relations system for all businesses, including small businesses.



Most businesses are aware of the IR changes...

Almost three quarters of respondents were aware of recent changes to industrial relations laws which have already come into force or which will come into force over the next 18 months.

This can be attributed – in whole or part – to coordinated information campaigns directed at the public and government on the last two tranches over the past 24 months, including those which ACCI was involved in.

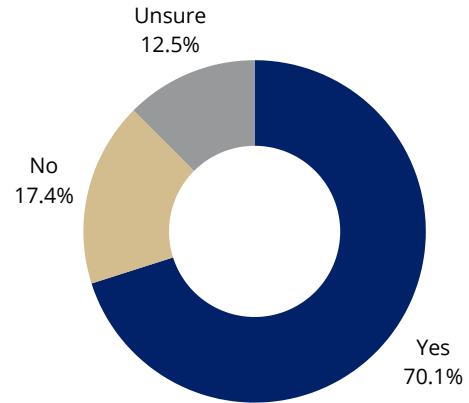


Figure 14

Q: Were you aware of recent changes to the industrial relations laws?

...and they said the changes will be damaging for their business.

Over half of respondents indicated that the industrial relations changes will be either *damaging* or *extremely damaging* for their business.

This is a significant proportion and confirms our concerns that these changes are going to deliver further blows to Australian small businesses who are already struggling.

Less than 9 per cent of respondents said the changes will be positive for their small business.

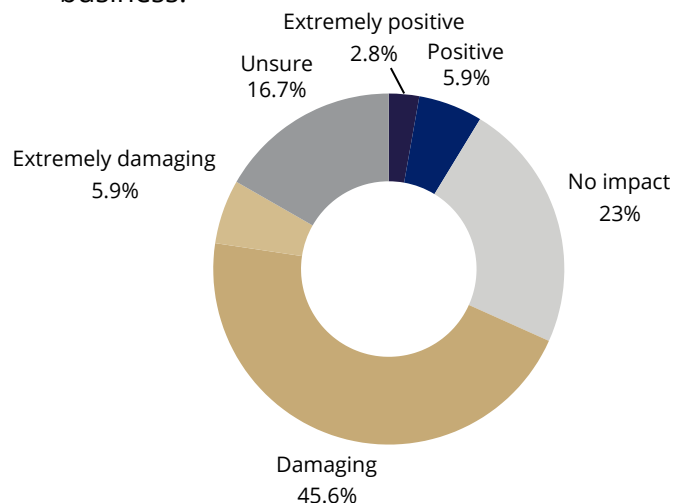
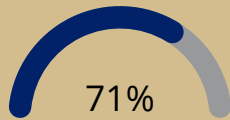


Figure 15

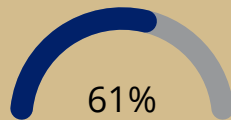
Q: What impact could these changes have on your business?



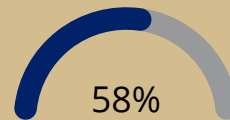
Of the businesses who indicated the industrial relations changes would be *damaging* or *extremely damaging* for them:



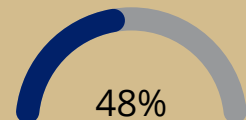
said the impact of red tape had *increased* over the past 12 months.



said they had spent *more* time complying with red tape in the past 12 months than they did in the 12 months prior.



said they had spent *more* money complying with red tape in the past 12 months than they did in the 12 months prior.



said they had considered leaving or closing their business in the past 12 months.

The industrial relations changes will very likely increase this impact, require more time and money to comply with, and may mean more small businesses consider leaving or closing their business, while others may actually be required to do so.

When asked what the changes would mean in a practical way for their small business, 42 per cent of respondents noted they would be forced to *stop engaging casual employees*. One respondent said they would *“terminate casuals regularly to avoid issues”*.

Too many small businesses will need to reduce an aspect of their operations because as a result of the changes: 36 per cent will be forced to *reduce staff levels* once the changes come into place, and 33 per cent will be forced to *scale down the business*.

Some small business owners will *“be forced to work longer unpaid hours”*, another will *“spend more time on red tape”* and another noted *“there will be more pressure on the owners”* as a result of the changes.

A number of respondents noted they would be forced to *“outsource to low cost countries”*, or *“move overseas”*.

A business in the healthcare industry said they would need to *“pay for people to be overtime ‘just in case’ someone happens [sic] e.g. someone rings in sick on a Sunday”*, with another saying they will be forced to *“pass on the increased costs, which will eventually be paid by the end users which will add to the already cost of living issues”*.

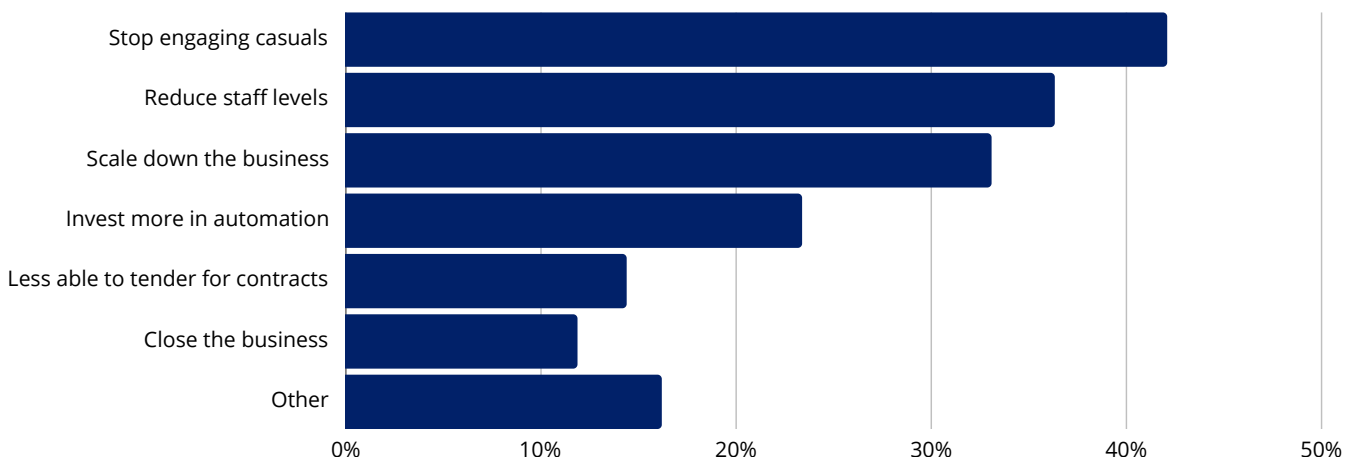


Figure 16

Q: What would you be forced to do in response?
(respondents were able to select multiple options)



Definition of 'small business'

The *Fair Work Act 2009* (Cth) contains two definitions of 'small business':

1. Fewer than 15 employees; and
2. Fewer than 20 employees (for multi-employer bargaining).

These definitions are based on the total number of employees as opposed to the full-time equivalent number.

We asked respondents whether they found this confusing – most small businesses indicated that it is:

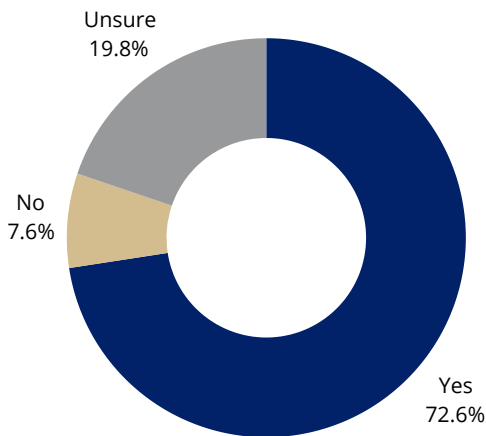
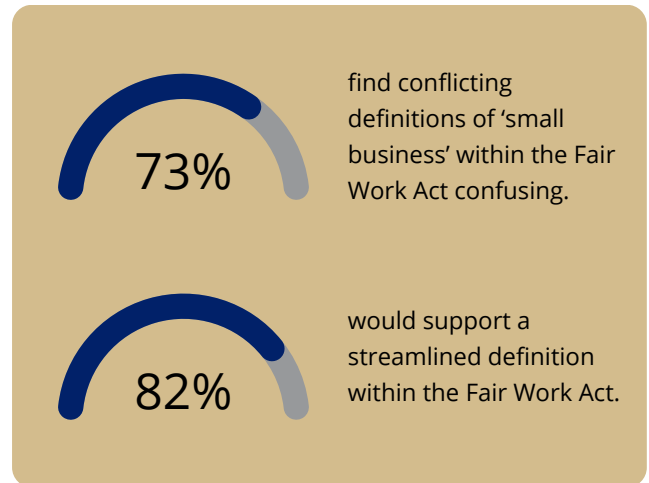


Figure 17

Q: Do you find it confusing that there are two conflicting definitions of 'small business' in the Fair Work Act?

These definitions differ again to those that are used by the Australian Taxation Office, Australian Bureau of Statistics, Australian Securities and Investments Commission, and to what is contained in the *Competition and Consumer Act 2010* (Cth). These are just examples – this is not an exhaustive list of agencies nor legislation which provide a definition of 'small business'.

This is just another layer of complexity small businesses face – before they can determine what red tape and programs are applicable to them, they need to first assess whether they are even considered to be a 'small business'.



We asked respondents whether they would support a streamlined definition of 'small business' specifically within the Fair Work Act as 'a business with fewer than 20 employees'. Respondents overwhelmingly indicated that they would:

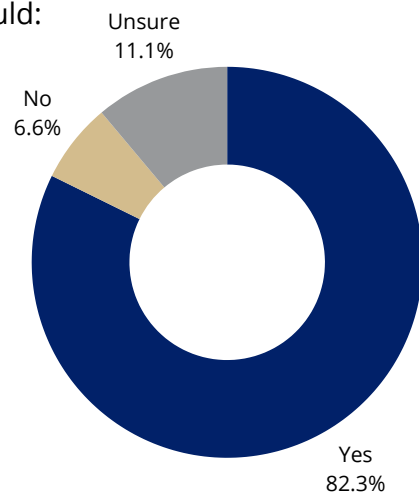


Figure 18

Q: Would you be supportive of streamlining the definition across the Fair Work Act so that a 'small business' was defined as a business with fewer than 20 employees?

It is ACCI's view that where we can find sensible opportunities to reduce the time small businesses spend on red tape and administrative tasks, we should.

Streamlining the definition of 'small business' within the Fair Work Act would be a welcome step towards simplifying these obligations.



Privacy

In September 2023, the government announced it would look to remove the exemption to Privacy Act obligations for small businesses with an annual turnover of \$3 million or less.

While the exact nature and breadth of the changes are still being worked through, they would impose new obligations on small businesses for the first time, with increased red tape and compliance costs as a result.

Additionally, the government has agreed-in-principle that each business should have a dedicated member of staff to monitor privacy issues and requirements – for some businesses, this may mean hiring an additional staff member or outsourcing this work if this change is implemented.

Other changes may include the creation of privacy statements and data breach response plans, and the application of new broader definitions and existing Australian Privacy Principles privacy codes.

Two thirds of businesses are not aware of the forthcoming changes to privacy requirements for small businesses.

Only 21 per cent of respondents were aware that changes to privacy obligations were forthcoming.

As the changes are confirmed and rolled out, it will be crucial to ensure that all small businesses are aware of their obligations and are provided with ample support to help comply with them.

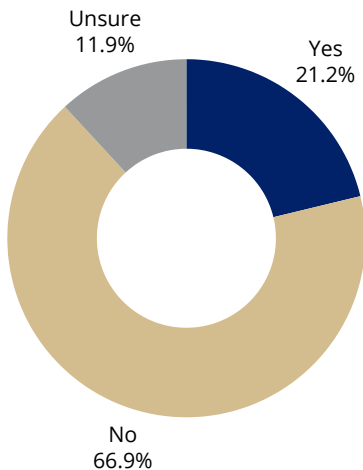
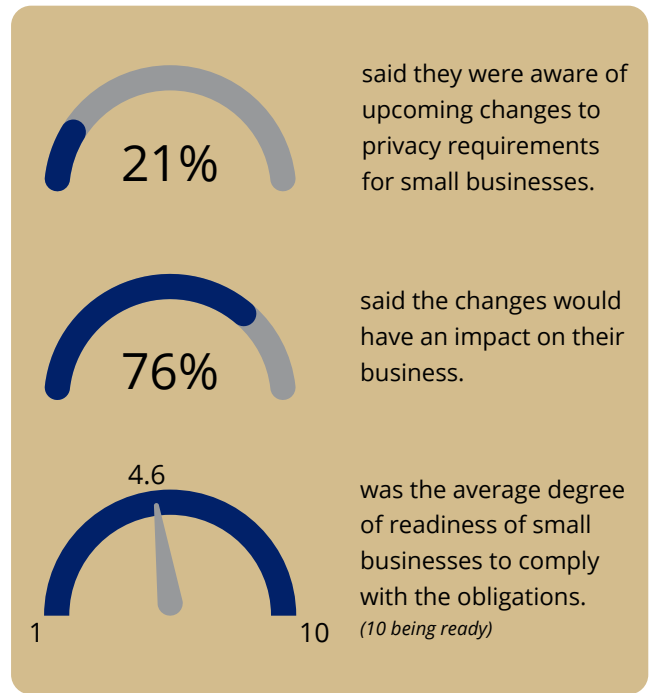


Figure 19

Q: Were you aware of the forthcoming changes to privacy requirements for small businesses?



The changes will have an impact on small businesses.

With some detail about the upcoming privacy changes, over three quarters of respondents indicated the increased obligations would have an impact on their small business – over a quarter said this would be a *high impact*.

Only 12 per cent of respondents said the changes would have *no impact* on their small business.

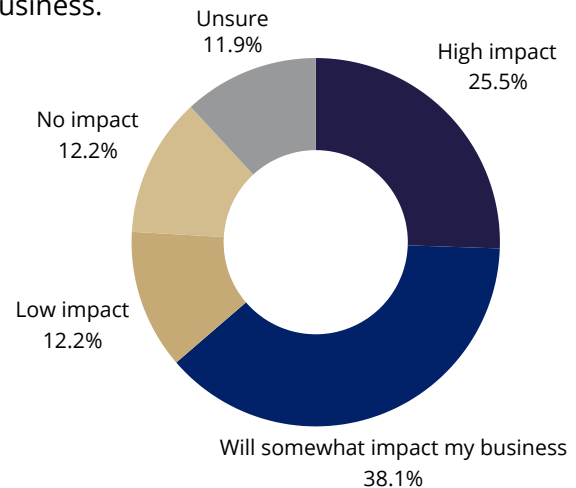


Figure 20

Q: How do you perceive the possible impact on your business if obligations on the collection, storage and processing of personal data were to be applied to your small business?



Many small businesses are not ready for increased privacy obligations.

On a scale of 1-10, 43 per cent of small businesses do not consider themselves to be even half-ready to comply with the forthcoming changes. Of these who do not consider themselves to be at least half-ready for their increased obligations, over 93 per cent did not know about the upcoming changes prior to completing our survey.

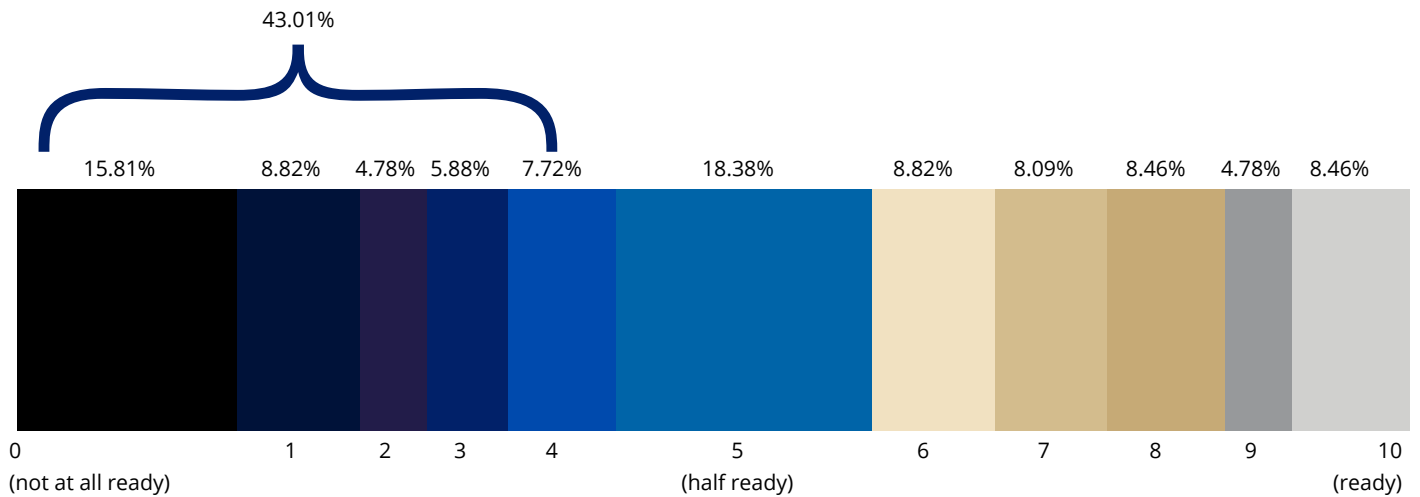


Figure 21
Q: How do you assess the readiness of your business to comply with the privacy obligations?

Overall, these results reinforce ACCI’s advocacy on changes to the Privacy Act – industry must be further consulted on proposed changes, particularly those that impact small business. Any confirmed changes must have an extended transition period for small businesses so they can appropriately prepare for their increased obligations. A large-scale awareness campaign will be critical to educate all parties on the increased obligations noting how many small businesses are not even aware there will be changes, nor how it will impact their day-to-day operations.



Payday superannuation

From 1 July 2026, employers will be required to pay their employees' superannuation at the same time as their salary and wages. Currently, employers are required to pay superannuation to an employee's nominated fund (or to the superannuation clearing house) by the quarterly payment due date.

Similarly to the changes to privacy obligations, there are some details to be ironed out in the coming years. However, there is a greater degree of certainty with who this change will impact – all employers, and what it will mean – more frequent payments of superannuation entitlements for employees.

Half of respondents are aware of the forthcoming change to superannuation payment frequency.

However, over 41 per cent said they did not know that their superannuation payment obligations would be changing. While there is still some time before the changes come into place, all businesses, especially small businesses, need to be supported to prepare – they cannot do this without being aware that the changes are happening in the first instance.

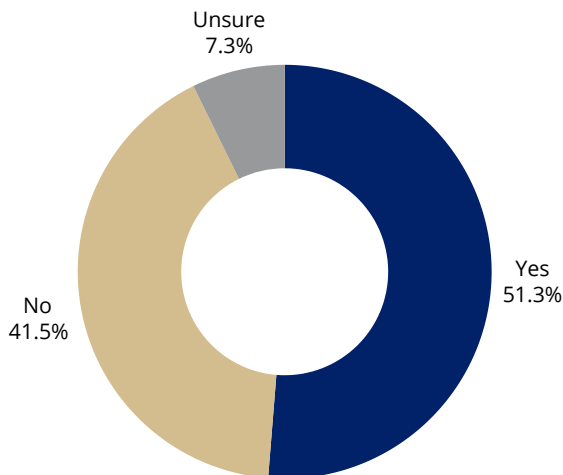
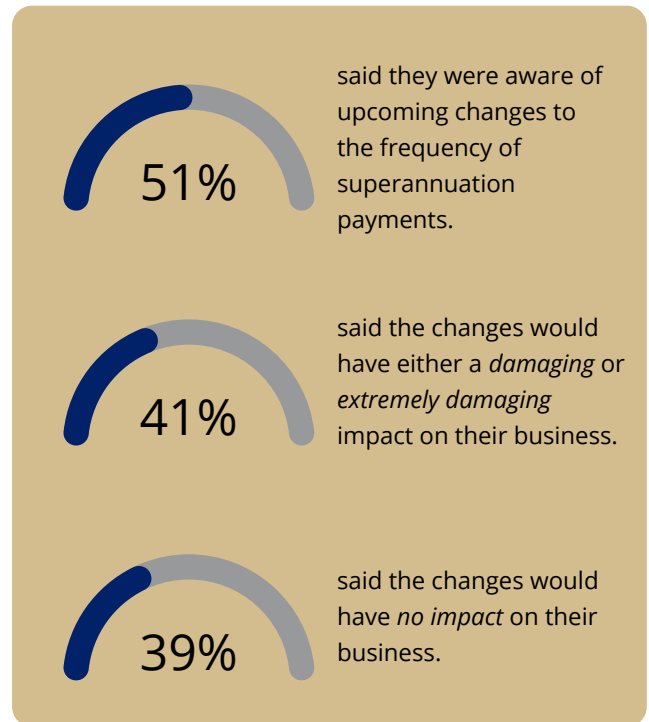


Figure 22
Q: Were you aware of the forthcoming changes to the frequency of superannuation changes?



Many businesses said these changes would be damaging for them.

Over 40 per cent indicated that the change would have either a *damaging* or an *extremely damaging* impact on their small business.

Over a third of respondents indicated that the changes would have no impact on their business. This may be because the business already makes more frequent superannuation payments than required. For example, some noted *"we pay super weekly to our staff now"* and *"no impact as this is our current practice"*.

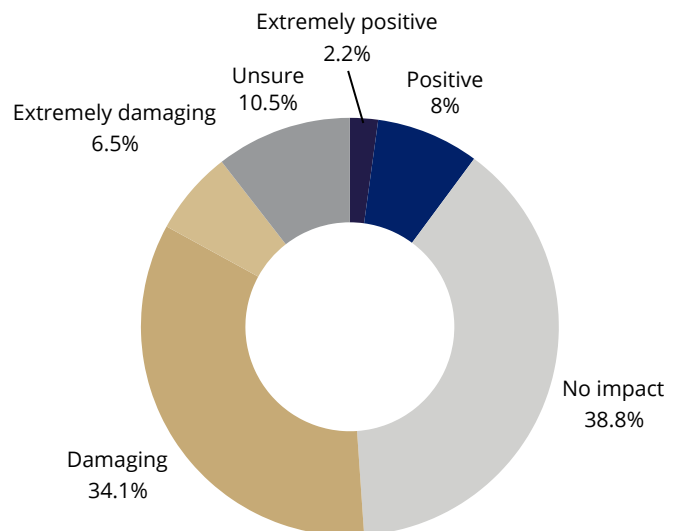


Figure 23
Q: What impact could this change have on your business?



To respond to the changes, 30 per cent of small businesses indicated that they would need to *invest more in automation* to meet their increased superannuation payment frequency obligations. This will very likely mean increased costs and overheads for the business but will not necessarily result in any productivity increases.

27 per cent of respondents will be forced to *scale down the business* – 65 per cent of these businesses will also be forced to *reduce staff levels*. 26 per cent will be forced to *stop engaging casual employees*.

Almost 10 per cent of small businesses said they would be forced to *close the business*.

These actions are the opposite of what a small business should be encouraged to do – they should be supported and encouraged to grow their business. However, many believe these changes will shrink it in some way.

Some respondents said that as owners, they themselves will have to take on additional administrative duties to meet the increased obligations, with one noting compliance *“will take more of my time to submit super payments every payday. Doubles my payday admin load at least”*.

One respondent noted that they will potentially *“pay less frequently. i.e. fortnightly from weekly”*.

The change will also impact some small businesses' ability to manage their cash flow. A respondent noted they will need to *“borrow money to help with seasonal cash flow”*, while another noted that *“may need an overdraft just to pay super, which is a poor outcome”*.

Based on these results, it is clear that some small businesses fear that their productivity and financial standing will decline as the frequency of superannuation payments increase.

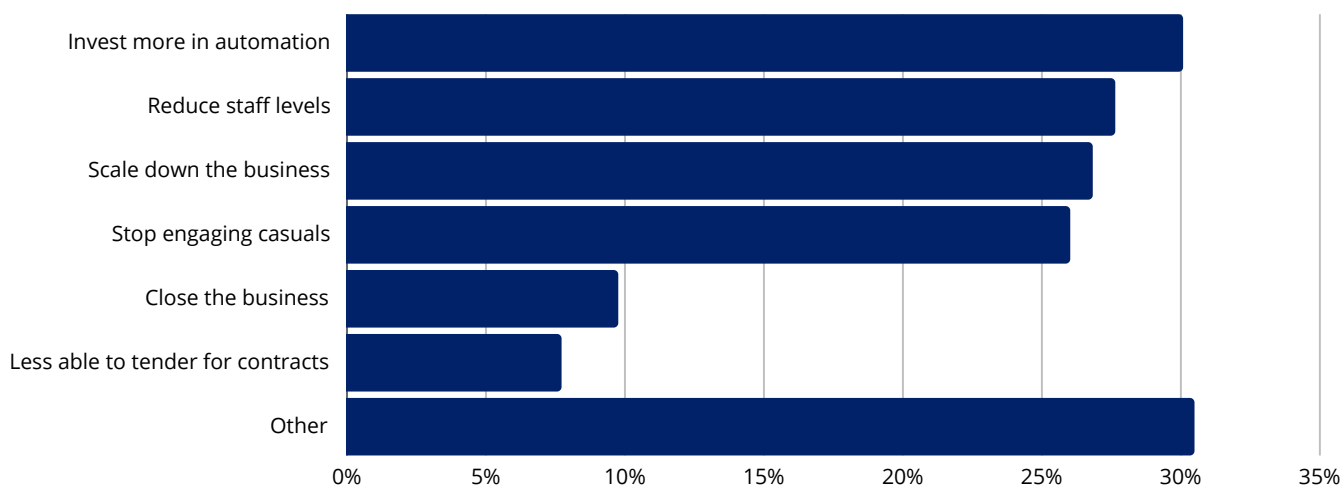


Figure 24
Q: If these changes go ahead, what would you be forced to do in response?
(respondents were able to select multiple options)

Just as with the forthcoming privacy changes, these results reaffirm ACCI's calls for an extended transition period for small businesses to prepare. This additional period should take into account the necessary adjustments to their payment platforms or acquisition of new payment platforms which will come at considerable cost to small businesses. It will also take a considerable amount of time to move across to a new system and re-train staff to use it.





Chapter 4

The role of government

Like all businesses, small businesses interact with government in many ways. Unlike many other businesses, small businesses are reliant on government support – financial and otherwise – to assist them in the running of their business.

Respondents were asked about their interactions with government and where improvements can be made to assist them in running their business.

Relationship with government and regulators

The *Australian Taxation Office (ATO)* requires the greatest degree of regulatory compliance. This is very likely due to the required relationship all businesses have with the *ATO* on behalf of their employees and for tax purposes.

Several respondents noted that the *Environmental Protection Authority* created the greatest regulatory burden for their business.

While not regulators, other responses included the *Department of Education*, the *Department of Health*, the *Department of Finance*, and the *Department of Agriculture, Fisheries and Forestry* as generating the greatest compliance requirements for their business.

Some respondents indicated that the compliance burden was equal amongst each of the listed agencies and others noted the burden was shared between some of the options, such as the *ATO* and the *Fair Work Commission*.

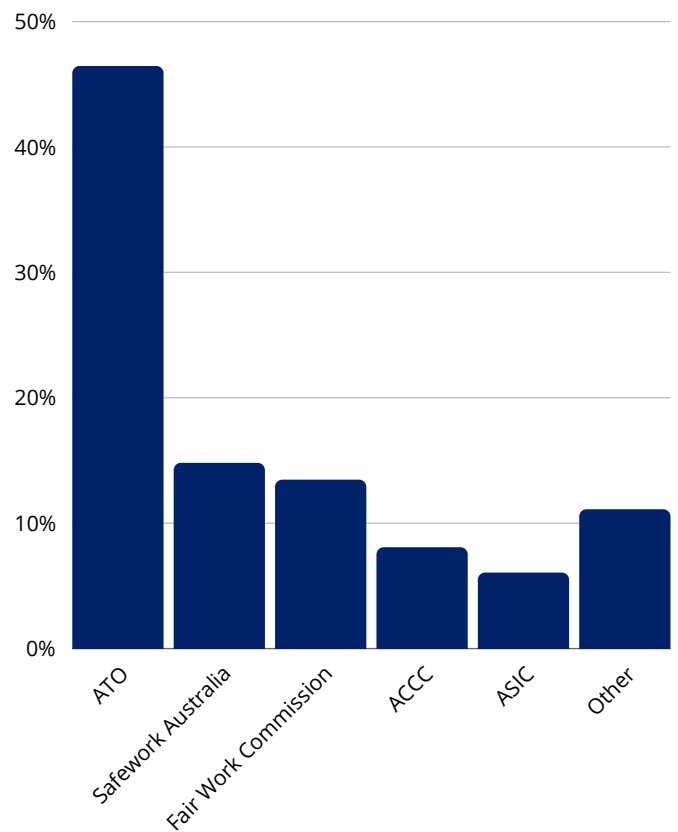


Figure 25
Q: Which Federal government agency requires the greatest regulatory compliance for your business?

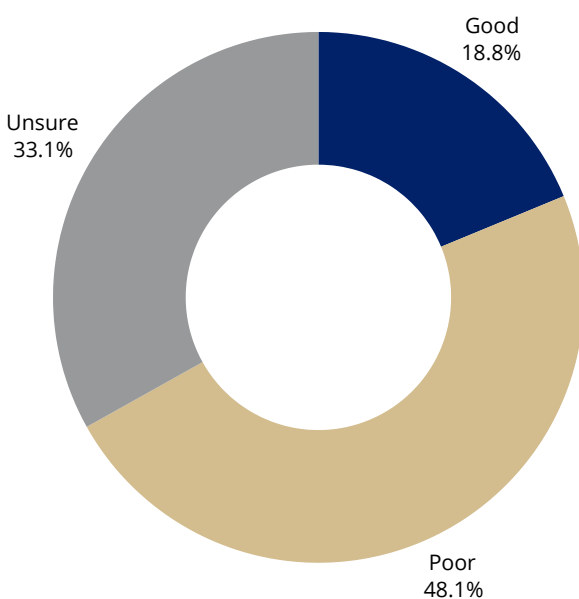


Figure 26
Q: How effective is the Federal government in communicating and providing information about new or changed regulation?

Nearly half of respondents believe the Federal government could improve the effectiveness of its communications.

For 48 per cent of small businesses, the Federal government is not considered to be good at communicating and providing information about new or changed regulations.

In fact, not even 19 per cent consider the government to be effective in these communications and ensuring information about changes is available to them.



What government can do

Businesses have ideas about how to make their situation easier but feel that they are seldom asked before changes that affect them are made.

When asked what the government could do to make it easier for them to run their business, a number of key themes were raised:

1. Business processes and regulations should be streamlined. This should occur at a federal level as well as across state and territory borders where possible.

Addressing complicated and arduous regulations will make compliance easier:

- *“Simplify and streamline business-related regulations and procedures, reducing lengthy documentation and application processes. This will make it easier for businesses to comply with regulations and save time and money.”*

Businesses are not seeing cohesion across borders nor levels of government...:

- *“Minimise red tape and encourage harmonisation between States and Territories, particularly on payroll tax”*
- *“Get out of the way; no levels of government are speaking to each other, and they all seem to want to take”*

...nor between agencies:

- *“Streamline systems to make compliance easier and less demanding on our time.”*
- *“Remove regulatory duplication. Multiple agencies require the same information or cover the same areas.”*

As a result, this is causing confusion for small businesses:

- *“There is a significant disconnect between the demand for compliance with regulations and the actual purpose or effectiveness of these regulations”*

2. A central hub for information and assistance for small businesses would be helpful, and more of this support should be available.

Tangible tools such as guidelines and templates will provide useful support:

- *“Things like access to templates for various compliance documents would be great, especially for WHS Compliance”*
- *“Make a standard contracting standard and code for small business so that we get paid by clients for the work we do”*
- *“Clear guidelines and advice online that is easy to find, navigate and understand”*
- *“Assistance in managing HR; toolkits and information so we can better manage ourselves within regulation. Make regulations the same in all states.”*
- *“Reduce the over regulation or offer support and services to assist”*

As will a central hub where these resources are made available:

- *“Have one central hub that small business can go to, to get advice etc to complete all the regulation stuff. You have to go to separate departments, like ATO, Fair Work and so and so on.”*
- *“A small business help centre/hub focussed on helping small businesses with compliance, financing, accessing grants etc.”*



3. Incentives for Australians to support more small businesses and for small businesses to keep operating should be created.

While Australians recognise the importance of their local small businesses, respondents suggested that some businesses and individuals may need a boost to support them:

- *“Incentivise Australians to buy Australian made products and services”*
- *“Similar to the First Home Owners Grant, some sort of incentives for organisations to deal and engage with Small Business”*

Respondents also pointed to the need to incentivise small businesses to stay open. Financial supports such as tax breaks and grants are needed to help small businesses push through the red tape:

- *“Lower the business tax rate and assess ways to mitigate the cost of energy”*
- *“Create more growth opportunities through finance”*
- *“Easier access to grants and funding, including the application process”*

Specific changes to tax, such as payroll tax, would also go a long way to encouraging small businesses to stay open:

- *“Get rid of payroll tax”*
- *“Drop payroll tax or lift the threshold significantly”*
- *“Lower taxes for small businesses”*
- *“Provide tax reform and relief for SMEs”*

4. Industrial relations settings are not conducive to positive outcomes for small businesses.

In addition to the specific questions in the survey on the upcoming industrial relations changes, some respondents also took this opportunity to suggest that the government improve these settings for small businesses:

- *“Stop the IR laws – it’s too much for small business”*
- *“Simplify employment law for small businesses. Hard to stay current with all the changes for employment law when a small business without an HR person or team”*

According to small businesses, modern awards also require changes:

- *“Review our Industry Award – it needs a complete makeover”*
- *“SIMPLIFY AWARD WAGES”*

The overarching sentiment was that red tape for small businesses must be reduced.

This comment sums up the overall response:

- *“Remove the ridiculous amount of mounting red tape across the board. Small business cannot thrive under the current regulations and long-term viability is not assured anymore because regulations, guidelines and increased costs seem to rise more than they should be with very little breakdown of why it has all increased”*





Appendix 1

About this survey

This is the inaugural ACCI Small Business Conditions Survey; it will be an annual survey.

The survey was in field from 3 April to 24 April and received **378 responses** from small businesses representing every jurisdiction in Australia, and from metro, regional and remote areas.

About the survey

The Australian Chamber of Commerce and Industry (ACCI) is Australia's largest and most representative business network. Our members are state and territory chambers of commerce, national industry associations and a council of business leaders from individual enterprises. Together, we represent Australian businesses of all shapes and sizes, across all sectors of the economy, and from every corner of our country.

ACCI is the pre-eminent peak body representing small businesses in Australia. Within our membership of close to 70 industry associations, many have small business owners from across a vast array of sectors, from builders, mechanics, plumbers, electricians, pharmacists, restaurants, retailers, regional accommodation providers, vets, convenience store owners, dentists and travel agents, to name a small fraction.

This is the inaugural ACCI Small Business Conditions Survey; it will be an annual survey. As it is the first iteration, there is no data to compare to from the past 12 months or prior. Accordingly, this survey provides a baseline for future ACCI Small Business Conditions surveys.

The impetus for the survey was the ACCI Small Business Committee's work on examining red tape applicable to small businesses. To date, the Committee has compiled a range of recently implemented and forthcoming regulatory changes and their likely impact on small businesses. The aim of this survey is to get a more comprehensive understanding of how these changes, and others, are impacting small businesses and how we can best advocate on their behalf.

The ACCI Small Business Conditions survey looks at the impacts of red tape and regulatory burdens on small businesses at a Federal level. The survey covers areas including:

- Current regulatory pressures;
- Time spent and costs incurred through red tape compliance;
- Some specific red tape changes which will likely impact small businesses; and
- What improvements can be made to assist small businesses.

Through the survey, questions referred to 'red tape / regulatory requirements'. For the purposes of this report, we have simply referred to 'red tape' for ease.



Profile of respondents

Survey period and sample

The ACCI Small Business Conditions Survey collected responses from 378 businesses across Australia from 3 April to 24 April 2024.

The survey was distributed to ACCI members and state and territory Chambers. The link to the survey was also shared to ACCI's LinkedIn page.

Business size of respondents

This question was based on the number of full-time equivalent staff. However, we note that there are a plethora of definitions to what a 'small business' is. This is the case even within specific legislation – as referenced in the survey and this report, there are two definitions within the *Fair Work Act 2009* (Cth) alone.

Across other government agencies, definitions of what a 'small business' is are based on headcount, turnover, revenue, or a combination of some or all of these components.

These definitions further vary across jurisdictions.

The variation of respondents, despite being a survey for small businesses, can be attributed to the variation of definitions.

For example, while a small business may not be a 'small business' under most traditional definitions based on headcount, they may be a small business in using definitions based on turnover or revenue.

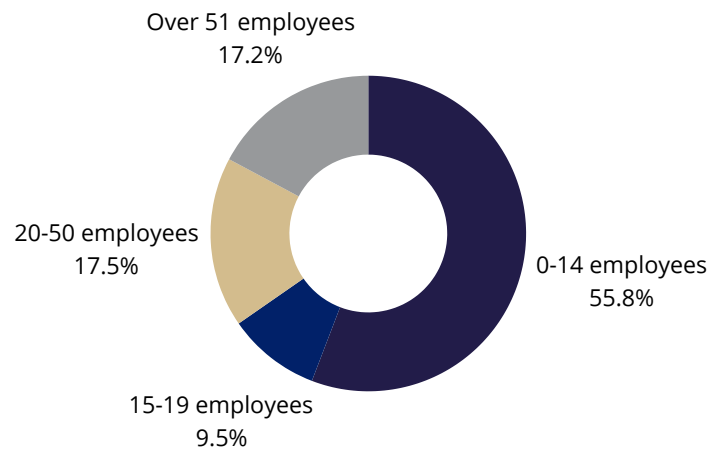


Figure 27
Q: How many staff do you employ? (full-time equivalent)

Location of respondents

The survey received responses from a broad spread of businesses located in all Australian jurisdictions, and from a spread of businesses located in metro, regional and remote areas.

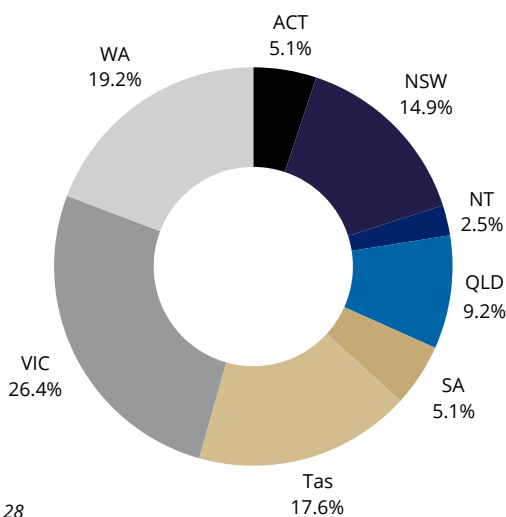


Figure 28
Q: Which state or territory does your business primarily operate in? (respondents were able to select multiple options)

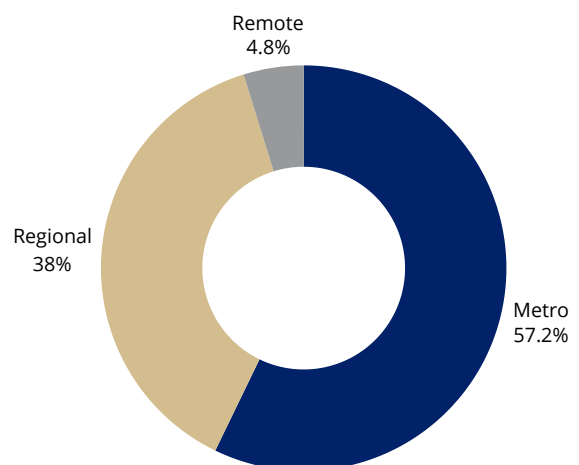


Figure 29
Q: Where is your business primarily located?



Participating industries

The survey also received responses from across a broad range of industries, not only representing the variation of Australian small businesses but also the widespread representation ACCI provides.

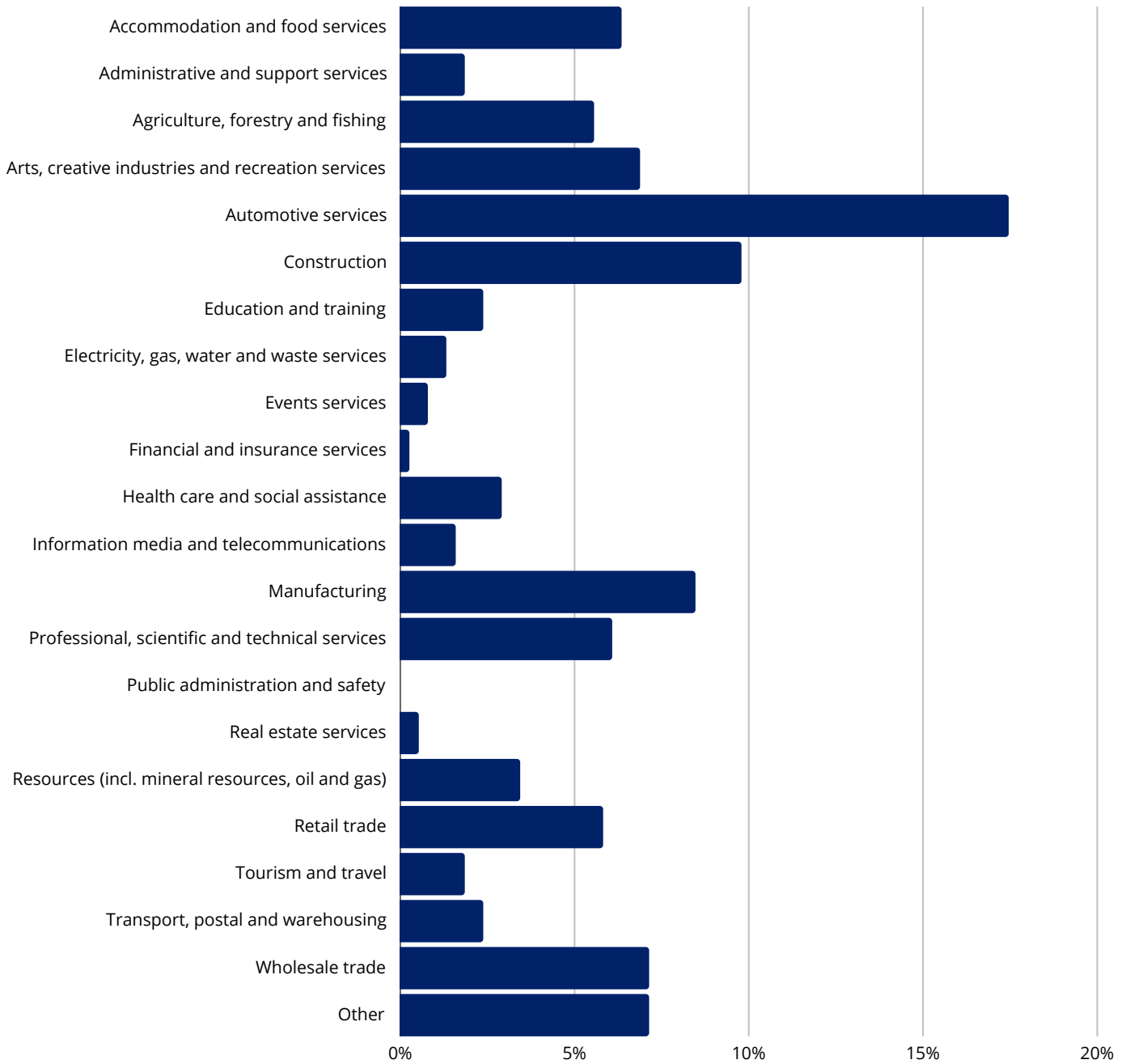


Figure 30

Q: Which industry does your business primarily operate in?





Appendix 2

List of figures

List of figures

Page 7

[Figure 1](#): To what extent is regulation (red tape) impacting your business?

[Figure 2](#): What has the change in the impact of red tape / regulation been in the past 12 months?

Page 9

[Figure 3](#): What are the greatest pressures currently facing your small business?

Page 10

[Figure 4](#): What are the most significant expenses incurred by your business?

Page 11

[Figure 5](#): How long do you spend seeking to comply with your red tape / regulatory requirements each week?

Page 12

[Figure 6](#): What is the annual cost of compliance with red tape / regulatory requirements on your operations?

Page 13

[Figure 7](#): How much time have you spent on compliance in the past 12 months compared to the 12 months prior?

[Figure 8](#): How much money have you spent on compliance in the past 12 months compared to the 12 months prior?

Page 14

[Figure 9](#): Do you anticipate that your business will make a greater profit this financial year (2023-24) than you did in the previous financial year (2022-23)?

[Figure 10](#): Have you had to take on additional staff in the past 12 months to manage red tape / regulatory compliance?

Page 15

[Figure 11](#): What is the difficulty of compliance with each of the following business activities?

Page 16

[Figure 12](#): How confident are you that you are aware of all red tape / regulatory requirements applicable to your business?

[Figure 13](#): How confident are you that your business complies with all red tape / regulatory requirements?

Page 18

[Figure 14](#): Were you aware of recent changes to the industrial relations laws?

[Figure 15](#): What impact could these changes have on your business?

Page 19

[Figure 16](#): What would you be forced to do in response?

Page 20

[Figure 17](#): Do you find it confusing that there are two conflicting definitions of 'small business' in the Fair Work Act?

[Figure 18](#): Would you be supportive of streamlining the definition across the Fair Work Act so that a 'small business' was defined as a business with fewer than 20 employees?

Page 21

[Figure 19](#): Were you aware of the forthcoming changes to privacy requirements for small businesses?

[Figure 20](#): How do you perceive the possible impact on your business if obligations on the collection, storage and processing of personal data were to be applied to your small business?

Page 22

[Figure 21](#): How do you assess the readiness of your business to comply with the privacy obligations?

Page 23

[Figure 22](#): Were you aware of the forthcoming changes to the frequency of superannuation changes?

[Figure 23](#): What impact could this change have on your business?

Page 24

[Figure 24](#): If these changes go ahead, what would you be forced to do in response?

Page 26

[Figure 25](#): Which Federal government agency requires the greatest regulatory compliance for your business?

[Figure 26](#): How effective is the Federal government in communicating and providing information about new or changed regulation?

Page 31

[Figure 27](#): How many staff do you employ? (full-time equivalent)

[Figure 28](#): Which state or territory does your business primarily operate in?

[Figure 29](#): Where is your business primarily located?

Page 32

[Figure 30](#): Which industry does your business primarily operate in?



ACCI Members

State and Territory Chambers



Industry Associations





Australian
Chamber of Commerce
and Industry