



Small Business Commissioner

Rightsizing regulation

Review of small business experiences with regulatory policymaking processes

Small business: Too big to ignore

The NSW Government is committed to high quality policy development and supporting small businesses with regulatory pain points. Building on these commitments, the Commission has developed a plan to help policymakers design regulation that meets the needs of small business. Find out more in our report: [Rightsizing regulation: Review of small business experiences with regulatory policymaking processes](#).

Building on existing commitments to help rightsize regulation



Committed to small business

The NSW Charter for Small Business commits to making it easier for small businesses to engage on important policy and regulation that impacts them.

Committed to good policy

The NSW Government is committed to the Better Regulation Principles which encapsulate best practice policy development.



Just 7 per cent of small businesses agreed regulation was designed around their needs.

What we reviewed

Over a six-month period, the Small Business Commission set out to examine small business experiences with regulation and regulatory policymaking.

1,000+

small business stakeholders informed the Commission's **findings and recommendations**



9

recommendations made by the Commission to **improve regulatory policymaking** for small businesses

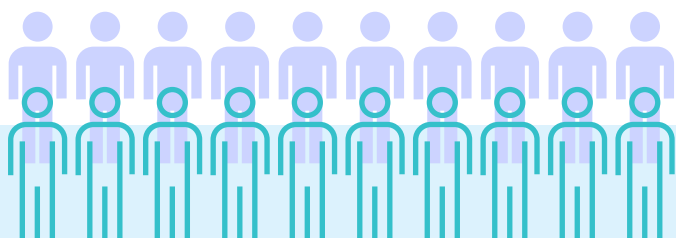
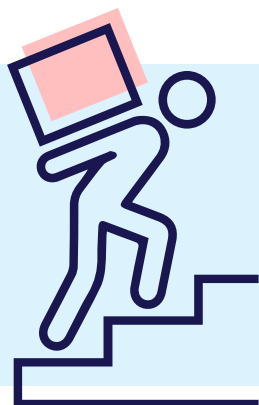


Only 1 in 10 businesses

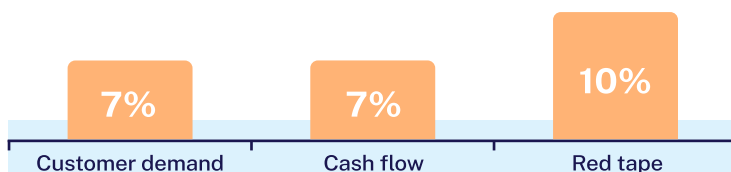
participated in government consultation for a new regulatory proposal or policy.

What we heard

Small businesses feel increasingly burdened by the weight of **excessive or complex rules and regulations** - 'red tape'.



More than half of businesses said compliance requirements have become harder over the past 12 months. **Just 2 per cent** said it had become easier.



Concerns about **'red tape'** have increased by more than any other issue including business costs, customer demand and cash flow.



'The current burden of red tape on small businesses is unsustainable, stifling growth and innovation across the sector. A 'regulate-first' approach, without meaningful consultation with small business operators, creates unnecessary costs and complexity.'

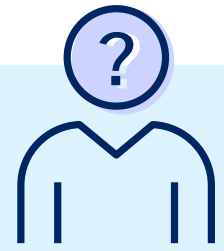
Stakeholder

What we found



Better Regulation Principles are **not consistently applied**

Lack of understanding of small business needs



Poor consultation

Inadequate **cost benefit analysis**



Regulation is **not optimised** for small businesses

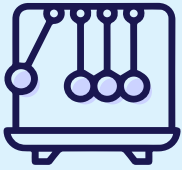


Regulation is **often the default**, without exploring non-regulatory solutions first

Only 13 per cent of businesses were confident the benefits of regulation outweigh costs

What happens elsewhere

These challenges are not unique to NSW and have been addressed through best-practice policy approaches implemented in other jurisdictions.



Best practice
regulatory impact
assessment

Specific consideration
of small business
needs



UK – ‘Exempt by design’ and ‘Small and Micro Business Assessment’



Canada – ‘Small business lens’



EU – ‘Think small first’



USA – ‘Regulatory Reflexibility Act’

OECD

OECD – ‘SME Test’




‘... the preferred option has been identified and the consultation is about testing it rather than looking for what we think or need ...’

Survey respondent

The Commission recommends

| | |
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| Reducing red tape | Small business impact statement: Assess the specific impacts of regulation on small business and how costs can be eliminated or reduced (Recommendation 6). |
| Enhanced governance and public confidence | Reporting on stakeholder feedback: Relay back how input informed the decision-making process (Recommendation 4). |
| | A central registry: All regulatory impact assessments are publicly available in one digital location (Recommendation 5). |
| | Periodic review of regulation: A mandatory review within 12-18 months of implementation if no impact assessment was carried out. Every five years, review regulations to ensure they remain fit-for-purpose (Recommendation 7). |
| | Create an oversight body: Appoint an independent Commissioner to ensure adherence to the Better Regulation principles (Recommendation 8). |
| | Enable and enhance policymaking skills: Uplift capability through training on Better Regulation Principles and economic frameworks to assess impacts (Recommendation 9). |
| | Two-stage engagement: Engage impacted stakeholders early in the process and when evaluating options (Recommendation 1). |
| Understanding small business | Rightsized regulation: Clear justification to extend regulatory requirement to small businesses. Consider exemptions, tiered or alternate approaches (Recommendation 2). |
| | Consultation strategy focused on small business: Engage small businesses early using methods and approaches to genuinely extract their unique insights and perspectives (Recommendation 3). |



‘Don’t throw something out there and see how it works, that’s not how policy is designed. First identify the problem.’

Consultation meeting



Find out more



Rightsizing regulation

Review of small business experiences with regulatory policymaking processes

OCTOBER 2024

Our report, Rightsizing regulation: Review of small business experiences with regulatory policymaking processes is available on the Small Business Commission website.

The report includes consultation findings, survey analysis and recommendations to improve outcomes for small businesses.

<https://www.smallbusiness.nsw.gov.au/review-of-regulation-policy-hys>

How we can help

We may be able to assist if you are unfairly impacted by a compliance or regulatory challenge. Contact us to see how we can help.



We ensure that small business needs are front of mind in NSW Government decision-making



We advocate for small businesses, providing information, resources, strategic advice and practical guidance to tens of thousands of businesses each year



We provide a cost-effective dispute resolution service to help keep leasing disputes and other small business disagreements out of court

Contact us



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1300 795 534



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