
MYOB Australian Small Business Survey

Special Focus Report: Red Tape Compliance Burden

January 2007

Small Business Survey Report

Prepared by AMR Interactive

AMR Interactive Contact:

Echo Fong

Survey Project Manager

Tel: (02) 9020 6700

Email: echo.fong@amrinteractive.com

Web: www.amrinteractive.com

Address: Level 14, 235-243
Jones St, Ultimo, NSW 2007

Prepared for MYOB Australia

MYOB Contact:

Greg Smith

Public Relations

Tel: (03) 9222 9746

Email: greg.smith@myob.com

Web: www.myob.com.au

Address: 12 Wesley Crt, Burwood
East, VIC 3151



Table of Contents

Table of Contents	2
List of Tables and Charts.....	2
About the Study	3
Using Accountant/Tax agent in Preparing BAS.....	4
Using Accountant/Tax agent to Lodge BAS	5
Time Spent on 'Red Tape' Compliance.....	6
Relative Burden on Small Business of Different 'Red Tapes'	7
Reasons for Ranking 'Red Tapes' the Highest Burden.....	8
Government Doing Enough to Reduce 'Red Tape' Burden	9
Anyone Caring About 'Red Tape' Burden on Business	10
Advantages to Small Business of Solving 'Red Tape' Burden.....	11
Appendix 1 – Advantages to Small Business of Solving Red Tape Burden (Breakdown by Industry)	12
Appendix 2 – Special Focus Questions.....	13

List of Tables and Charts

Figure 1: Proportion of small businesses using an accountant/tax agent to assist with preparation of BAS.....	4
Figure 2: Proportion of small businesses using an accountant/tax agent to lodge their BAS... 5	5
Figure 3: Amount of time spent on compliance with government regulations.....	6
Figure 4: Ranking of the 'red-tapes' that are of burden on small business (first 3 preferences shown).....	7
Table 1: Reasons for small businesses ranking different 'red tapes' the highest burden on them	8
Figure 5: Proportion of small businesses believing that government is doing enough to reduce the 'red tape' burden	9
Figure 6: Proportion of small businesses believing that anyone actually cares about the 'red tape' burden	10
Figure 7: Differences it would make to small business if the 'red tape' burden was solved ...	11

About the Study

This report presents the findings of the Special Focus Questions from the MYOB Small Business Survey. The survey comprised a national sample of 1,399 small business proprietors and general managers, conducted in January 2007. These small businesses are defined as both non-employing and employing businesses with fewer than 20 employees. Results have been weighted to reflect the small business population distribution according to the Australian Bureau of Statistics (ABS) for company size, length of time operating, and selected ANZSIC Industry divisions (refer to ABS publications *Characteristics of Small Business*, 8127.0, 2001 and *Small Business in Australia*, 1321, 2001).

Special focus areas presented in this report include:

Red Tape Compliance Burden

- Small businesses using an accountant or tax agent to assist with preparing and to lodge their BAS
- Amount of time spent on compliance with government 'red tapes'
- Relative burden on small businesses of different 'red tapes' and the reasons for ranking a particular 'red tape' the highest burden
- Small businesses' opinions that government (federal or state) are doing enough to reduce the 'red tape' burden and anyone actually cares about the 'red tape' burden
- Advantages to small businesses of solving the 'red tape' burden

The findings of the research are reported by Industry type:

Industry	Sample
Agriculture	74
Manufacturing	82
Construction	152
Wholesale Trade	67
Retail Trade	185
Accommodation, Café and Restaurants	58
Transport and Storage	43
Communication, Media and Marketing Services	95
Finance and Insurance	105
Property and Business Services	192
Education	38*
Health and Community Services	92
Cultural and Recreational Services	40
Personal and Other Services	131
Information & Communications Technology	39*
Tourism	6*
Total	1399

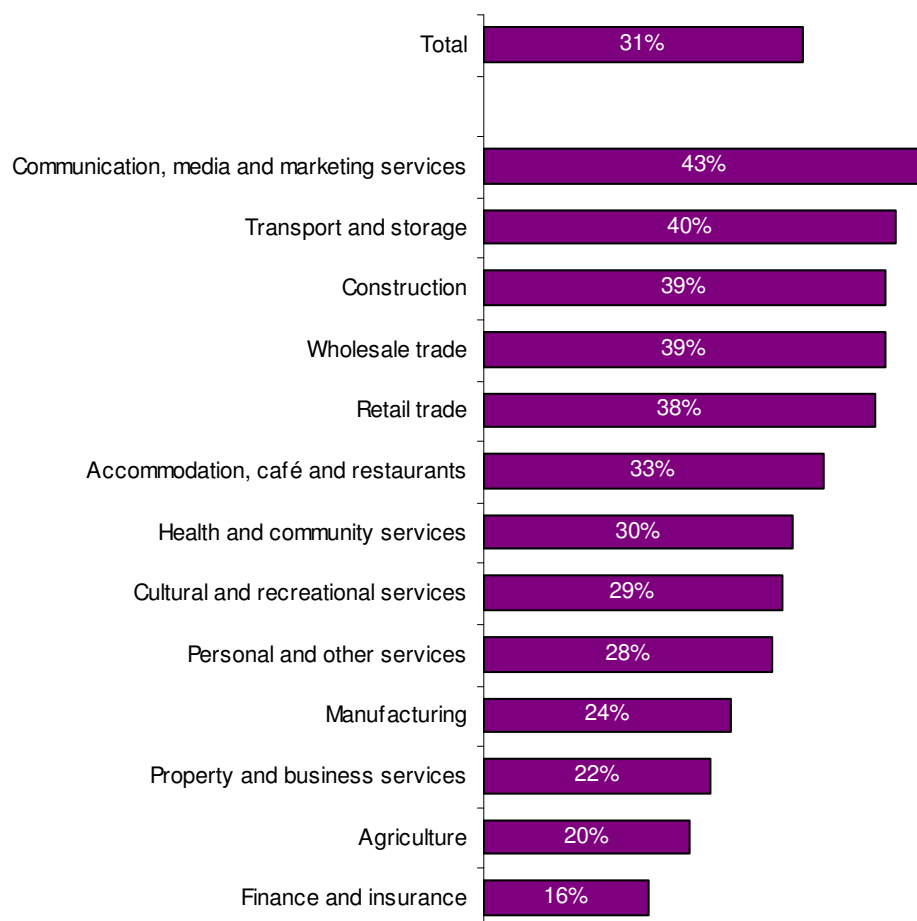
Note:

* Education, Information & Communications Technology and Tourism are included in the total statistics reported but are not reported at an industry level due to a very low sample size.

Using Accountant/Tax agent in Preparing BAS

Around one-third of small businesses use an accountant or tax agent to assist with preparing BAS

Figure 1: Proportion of small businesses using an accountant/tax agent to assist with preparation of BAS



Base: Online small businesses

Q: Do you use an accountant or tax agent to assist you in preparing your BAS? (Y/N)

AMR Interactive, January 2007 (n=1399)

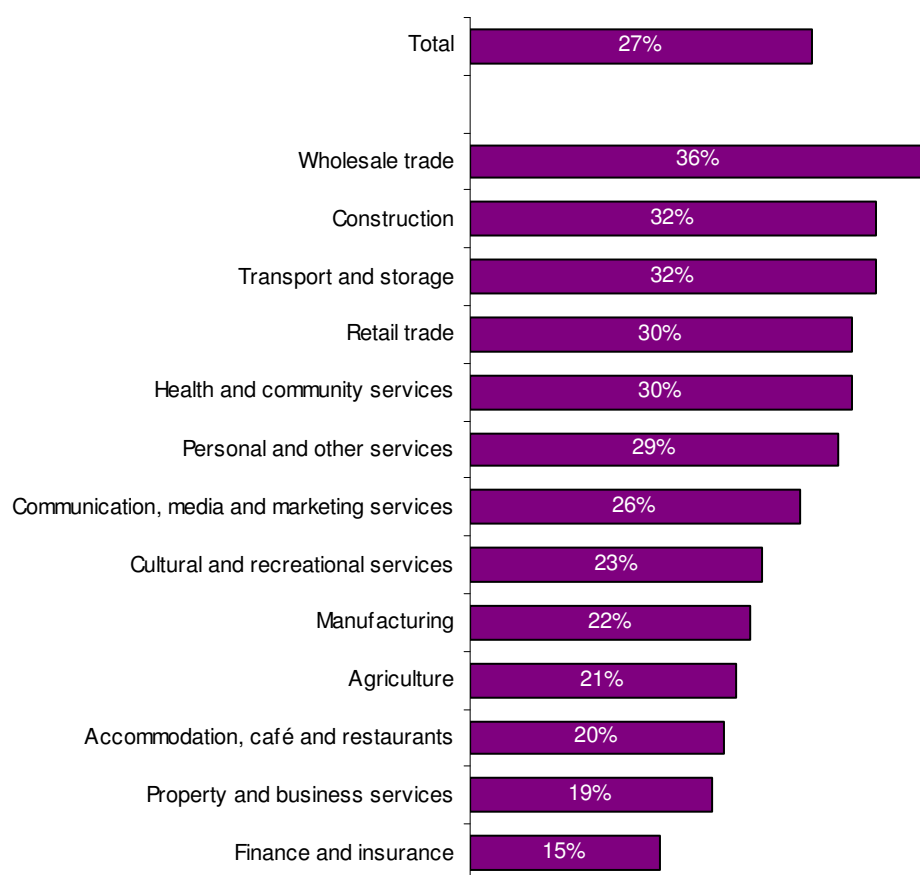
Overall, around one in three small businesses (31%) reported use of an accountant or tax agent to assist with preparing their BAS.

By Industry, small businesses from the Communication, Media and Marketing Services sector (43%) were most likely to seek help from an accountant/tax agent, while those from the Finance and Insurance sector (16%) were least likely.

Using Accountant/Tax agent to Lodge BAS

Around a quarter of small businesses use an accountant or tax agent to lodge BAS

Figure 2: Proportion of small businesses using an accountant/tax agent to lodge their BAS



Base: Online small businesses

Q: Do you use an accountant or tax agent to lodge your BAS? (Y/N)

AMR Interactive, January 2007 (n=1399)

Around a quarter (27%) of small businesses reported use of an accountant or tax agent to lodge their BAS.

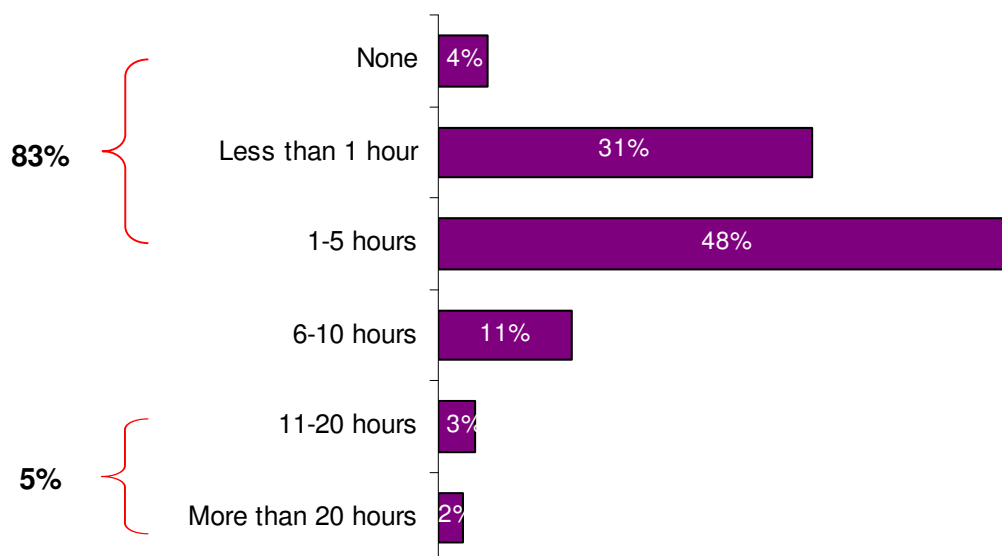
As with the results from the previous figure, the Finance and Insurance sector (15%) was least likely to use an accountant/tax agent to lodge their BAS (see Figure 1 for comparison).

Small businesses from the Wholesale Trade industry (36%) were most likely to seek help from their accountants/tax agents.

Time Spent on 'Red Tape' Compliance

Around 80% of small businesses spend less than 5 hours per week on complying with government 'red tapes'

Figure 3: Amount of time spent on compliance with government regulations



Base: Online small businesses

Q: How many hours per week does your business spend on complying with local, state and federal government regulations such as BAS, industrial relations requirements, permits etc?

AMR Interactive, January 2007 (n=1399)

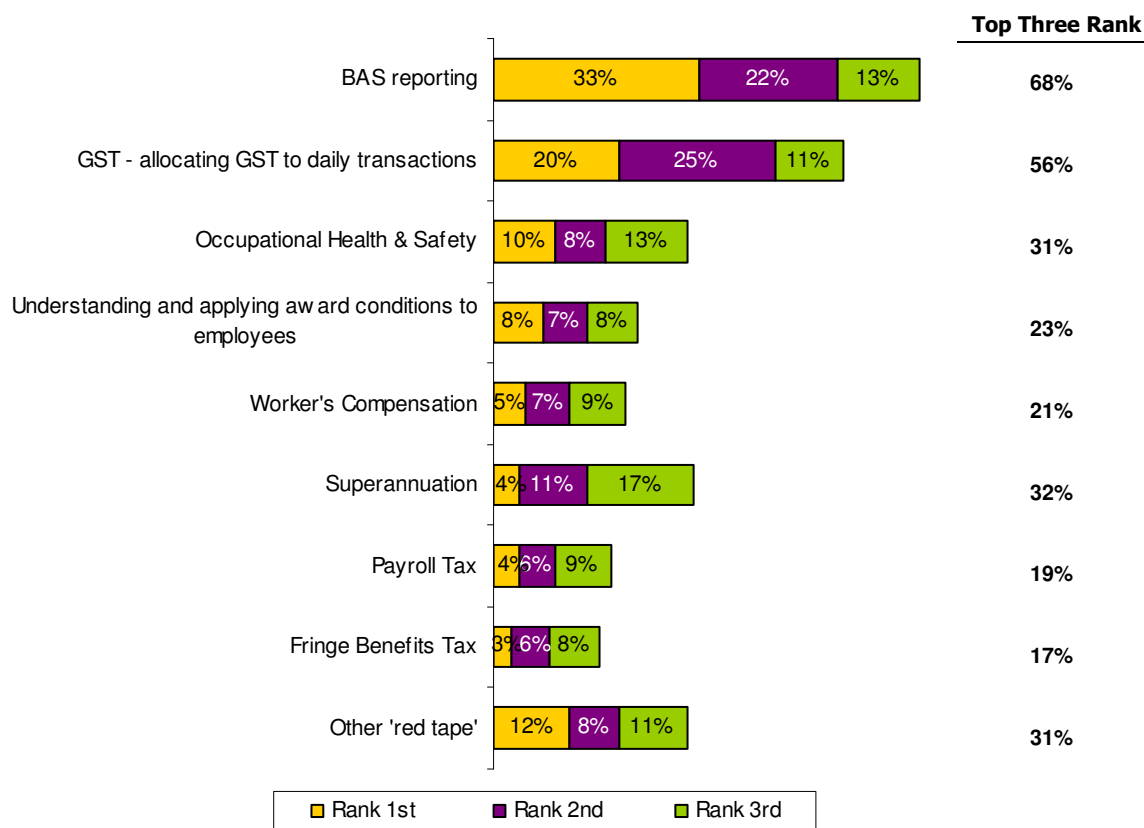
Most small businesses (83%) were likely to spend five or less hours per week on complying with local, state and federal government 'red tapes', i.e., regulations such as BAS, industrial relations requirements, etc.

5% of small businesses were likely to spend more than 10 hours per week on compliance with government regulations.

Relative Burden on Small Business of Different 'Red Tapes'

BAS reporting ranked most highly

Figure 4: Ranking of the 'red-tapes' that are of burden on small business (first 3 preferences shown)



Base: Online small businesses

Q: Please rank the areas of 'red tape' that are of burden on your business from 1 (highest) to 9 (lowest).

AMR Interactive, January 2007 (n=1399)

Small businesses were asked to rank the areas of red tape that are of burden on them from highest to lowest.

BAS reporting was ranked the highest 'red tape' burden, with over two-thirds (68%) of the respondents placing it top three (i.e., rank 1st, rank 2nd and rank 3rd) amongst all areas of red tape. This was followed by GST (daily transactions), with 56% of small businesses placing it top three, and Occupational Health & Safety, with 31% of the respondents placing it top three.

Reasons for Ranking 'Red Tapes' the Highest Burden

Time consuming the main reason for 'red tape' burden

Table 1: Reasons for small businesses ranking different 'red tapes' the highest burden on them

Reason	Red tape ranked the highest burden		
	BAS reporting (n=456)	GST - allocating GST to daily transactions (n=264)	Occupational Health & Safety (n=121)
Time consuming (e.g., taking time away from revenue making)	45%	38%	21%
Uncertainty/having difficulty in understanding the red tape	11%	10%	12%
Too much work/preparation	9%	< 5%	16%
Frustrating/annoying/hassle	6%	7%	< 5%
It is the only thing I have to worry about	8%	< 5%	< 5%
I have to conform with ridiculous measures/common sense approaches	< 5%	< 5%	23%
Hard to keep up with new rules/regulations/changes	< 5%	< 5%	16%
Cost is high	< 5%	< 5%	10%
Lack of professional assistance	< 5%	< 5%	8%
Compliance under the law	< 5%	< 5%	7%
Small businesses have become tax collectors for government	7%	< 5%	N/A
Issues figuring GST or non GST	N/A	12%	N/A

Base: Online small businesses

Q: Why did you rank [RED TAPE NOMINATED IN THE PREVIOUS QUESTION] as the greatest 'red tape' burden on your business? (**Open-ended**)

AMR Interactive, January 2007 (n=1399)

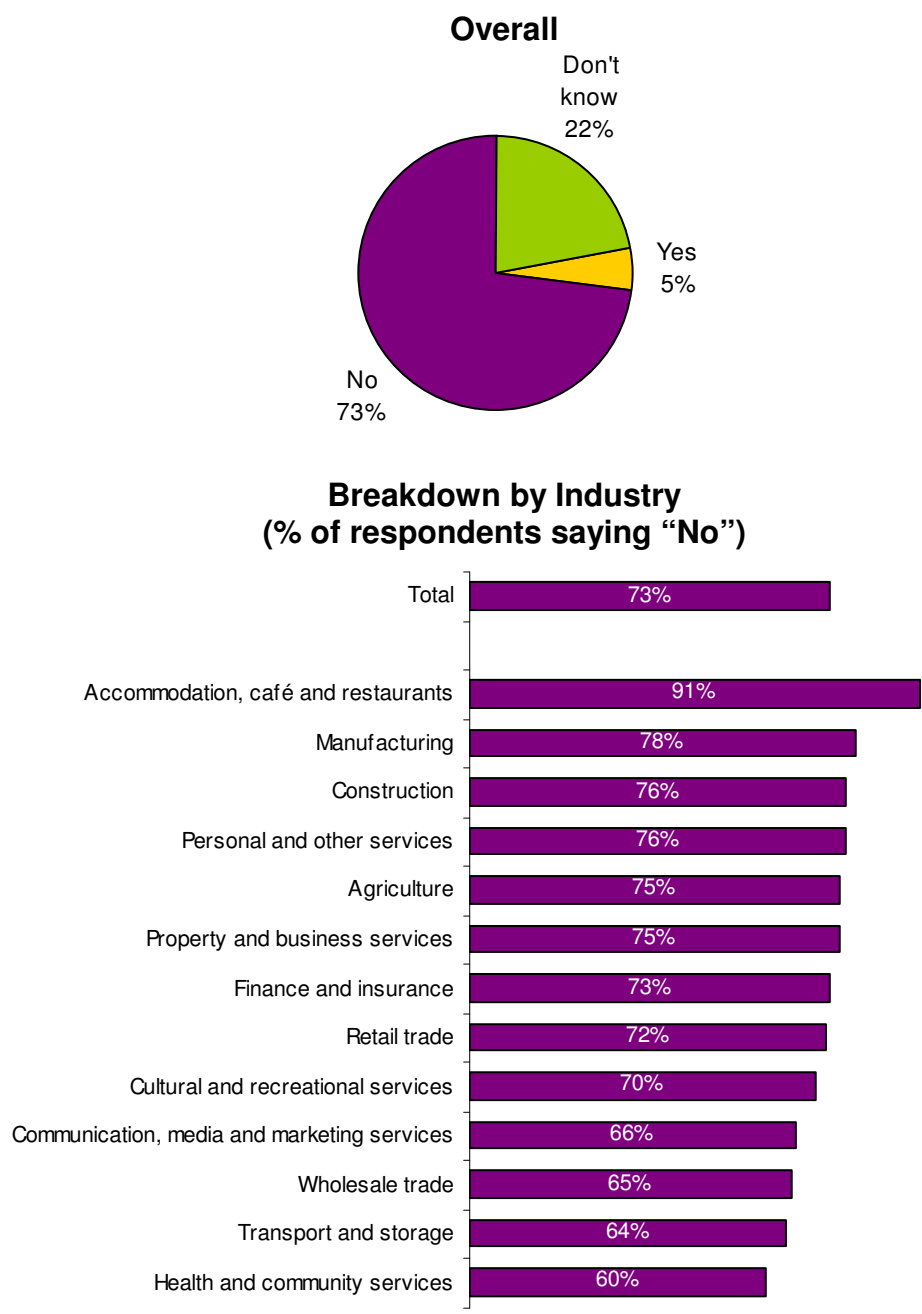
Small businesses were asked to provide reasons for ranking a particular area of red tape the highest burden on their business.

'Time-consuming' was listed as the main reason for the three areas of red tape ranked most highly amongst all red tapes, namely BAS Reporting (45%), GST (daily transactions) (38%) and Occupational Health & Safety (21%).

Government Doing Enough to Reduce 'Red Tape' Burden

Around three quarters of small businesses do not believe government is doing enough to reduce the 'red tape' burden

Figure 5: Proportion of small businesses believing that government is doing enough to reduce the 'red tape' burden



Base: Online small businesses

Q: Do you feel that government (federal or state) are doing enough to reduce the red tape burden? (Y/N)

AMR Interactive, January 2007 (n=1399)

The majority (73%) of the respondents did not think that the government is doing enough to reduce the red tape burden business. Around a quarter (22%) of the respondents were unsure about the issue.

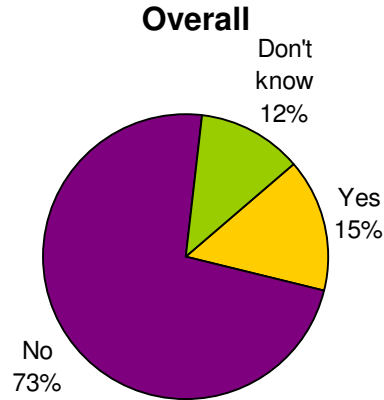
By Industry, small businesses from the Accommodation, Café and Restaurants sector (91%) were most likely to disagree on the issue.



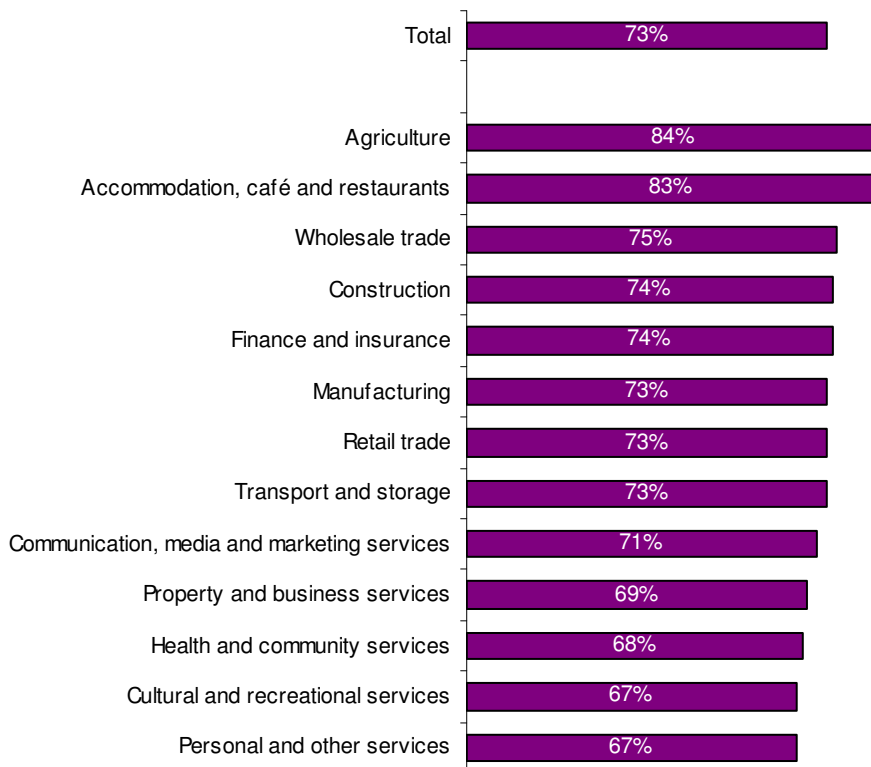
Anyone Caring About 'Red Tape' Burden on Business

Around three quarters of small businesses do not believe anyone actually cares about the 'red tape' burden

Figure 6: Proportion of small businesses believing that anyone actually cares about the 'red tape' burden



Breakdown by Industry (% of respondents saying "No")



Base: Online small businesses

Q: Do you believe anyone actually cares about the 'red tape' burden on business? (Y/N)

AMR Interactive, January 2007 (n=1399)

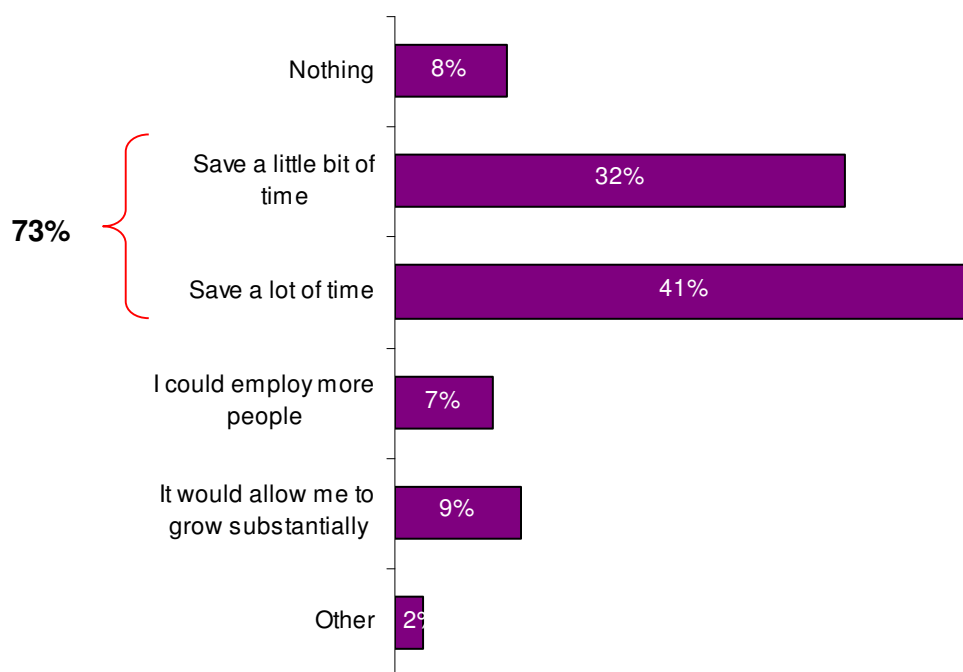
Most (73%) small businesses did not believe that anyone actually cares about the red tape burden on business.

By Industry, small businesses from the Agriculture sector (84%) and Accommodation, Café and Restaurants sector (83%) were most likely to disagree on the issue.

Advantages to Small Business of Solving 'Red Tape' Burden

Time saving the main advantage

Figure 7: Differences it would make to small business if the 'red tape' burden was solved



Base: Online small businesses

Q: If the red tape burden was solved what difference would it make to your business?

AMR Interactive, January 2007 (n=1399)

Around three quarters (73%) of small businesses considered 'saving time' (i.e., 'saving a little bit of time' and 'saving a lot of time') as the main advantage it would make to their business if the red tape burden was solved.

Around one in ten (9%) small businesses expressed that solving the red tape burden would allow them to grow substantially.

Appendix 1 – Advantages to Small Business of Solving Red Tape Burden (Breakdown by Industry)

	Nothing	Save a little bit of time	Save a lot of time	I could employ more people	It would allow me to grow substantially
Total	8%	32%	41%	7%	9%
Breakdown by Industry					
Agriculture	8%	34%	41%	11%	7%
Manufacturing	9%	33%	27%	17%	12%
Construction	8%	25%	45%	9%	12%
Wholesale trade	5%	30%	51%	3%	10%
Retail trade	7%	29%	49%	2%	9%
Accommodation, cafe and restaurants	3%	29%	53%	7%	8%
Transport and storage	16%	22%	36%	15%	9%
Communication, media and marketing services	10%	41%	35%	4%	11%
Finance and insurance	6%	43%	36%	5%	8%
Property and business services	5%	38%	41%	5%	8%
Health and community services	8%	44%	38%	2%	6%
Cultural and recreational services	14%	32%	41%	5%	8%
Personal and other services	9%	33%	38%	5%	10%

Base: Online small businesses

Q: If the red tape burden was solved what difference would it make to your business?

AMR Interactive, January 2007 (n=1399)

Appendix 2 – Special Focus Questions

(Red Tape Compliance Burden)

Q. Do you use an accountant or tax agent to assist you in preparing your BAS?

1. Yes
2. No
3. Don't Know

Q. Do you use an accountant or tax agent to lodge your BAS?

1. Yes
2. No
3. Don't know

Q. How many hours per week does your business spend on complying with local, state and federal government regulations such as BAS, industrial relations requirements, permits etc?

1. None
2. Less than 1 hour
3. 1-5 hours
4. 6-10 hours
5. 11 - 20 hours
6. More than 20 hours

Q. Please rank the areas of 'red tape' that are of burden on your business from 1 (highest) to 9 (lowest)

1. BAS reporting
2. GST - allocating GST to daily transactions
3. Occupational Health & Safety
4. Superannuation
5. Worker's Compensation
6. Understanding and applying award conditions to employees
7. Fringe Benefits Tax
8. Payroll Tax
9. Other 'red tape'

Q. Why did you rate ['REDTAPE' NOMINATED IN THE PREVIOUS QUESTION] as the greatest red tape burden on your business? (Open-ended)

Please type your responses in the text box.

[text box]

Q. Do you feel that government (federal or state) are doing enough to reduce the red tape burden?

1. Yes
2. No
3. Don't know

Q. Do you believe anyone actually cares about the red tape burden on business?

1. Yes
2. No
3. Don't know

Q. If the red tape burden was solved what difference would it make to your business?

1. Nothing
2. Save a little bit of time
3. Save a lot of time
4. I could employ more people
5. It would allow me to grow substantially
6. Other (specify)