



AUSTRALIAN CHAMBER OF  
COMMERCE AND INDUSTRY

# ACCI PRE-ELECTION SURVEY

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## ABOUT THE SURVEY

The 2013 triennial *ACCI Pre-Election Survey* has been designed to identify and understand current issues and challenges facing Australian businesses. In addition, the Survey identifies what businesses want from the next Australian Government following the September 2013 Federal Election.

A total of **1,700** businesses were surveyed, across every state and territory, representing different business sizes and across all industries. In this survey, responses are also segmented by size of business, with small businesses being those having fewer than 20 employees, medium-sized businesses having 20 to 99 employees and large businesses having 100 or more employees. As such, the survey has **1,096** small businesses, **478** medium-sized businesses and **126** large businesses. Given the majority of businesses responding to the survey had between 1 and 49 employees, it clearly represents the voice of SMEs.

Additional details about survey respondents can be found in Appendix I.

Throughout the survey, the relative importance of each issue is discussed according to the index number. An index number of 50 points indicates there is an exact balance between those who responded that the issue is of concern and those who replied that the variable is not of concern. Thus, the higher the index number the more concerning or important is the issue for businesses.

The *ACCI Pre-Election Survey* was distributed through ACCI's state and territory based chambers of commerce and industry association members from 25 February to 2 April 2013.



## EXECUTIVE SUMMARY

In 2013, ACCI, Australia's largest and most representative business organisation, has once again undertaken to conduct its triennial *Pre-Election Survey*, to assess and gauge Australian business priorities in the lead up to this year's Federal Election.

The Survey asks some 122 questions overall and covers a diverse range of business issues ranging from the level of taxation and complying with the taxation system through to workplace relations, skills development and training, government regulation, international trade and overall economic management. Thus, the Survey provides a robust and comprehensive assessment of current business concerns.

The survey is not small business specific but, like the economy as a whole, includes a substantial small business responsiveness. To support further analysis and advocacy, small business specific findings are being extracted and released separately under the banner of ACCI's election year campaign 'Small Business. Too Big to Ignore'.

The results of this Survey confirm the importance of sound economic stewardship. Australian businesses overwhelmingly want the next Australian Government to return Commonwealth budgets to surplus, minimise wasteful government spending, and reduce taxation and red tape burdens on businesses.

The increased cost of doing business in Australia is widely recognised, as concern emerges at a decline in relative competitiveness as trading and competing nations industrialise. Not surprisingly but importantly, the underlying message from Australian businesses is simple, they need the next Australian Government to minimise the cost of doing business and support competitiveness.

## CURRENT ECONOMIC SITUATION

It is concerning that almost nine in ten Australian businesses (89.5 per cent) expressed major and moderate concerns about the current *Level of Government Spending*, with 61.0 per cent of businesses indicating the issue as a major concern. This is followed closely by 85.5 per cent which expressed concern about *Regulatory Compliance*, 88.5 per cent are concerned about the current *Level of Taxation* and 82.4 per cent are concerned about the current *Level of Government Debt*.

These findings clearly suggest that Australian businesses want the next Australian Government to return Commonwealth budgets to surplus, minimise wasteful government spending, provide taxation relief and reduce red-tape burden on businesses.

Current economic situation	Major Concern	Moderate			Index
		Concern	Minor Concern	None	
Level of government spending	61.0	28.5	8.2	2.3	<b>82.8</b>
Regulatory compliance	57.3	28.2	12.0	2.5	<b>80.1</b>
Level of taxation	53.2	35.3	9.3	2.1	<b>79.9</b>
Level of government debt	58.8	23.6	13.9	3.7	<b>79.1</b>
Speed of economic growth	31.8	45.5	18.7	3.9	<b>68.4</b>
International competitiveness	35.3	25.5	24.6	14.5	<b>60.6</b>
Rate of unemployment	21.9	38.8	32.5	6.8	<b>58.6</b>
Cost of finance	24.2	34.6	32.7	8.5	<b>58.1</b>
Level of exchange rate	23.9	35.9	30.6	9.6	<b>58.0</b>
Availability of finance	24.1	33.4	32.4	10.2	<b>57.1</b>
Level of interest rates	18.4	35.6	37.1	8.9	<b>54.5</b>
Rate of inflation	14.4	37.5	38.9	9.2	<b>52.4</b>

Business concerns with Australia's current economic situation.

Businesses of all sizes have rated similar issues as their top-five largest concerns on Australia's current economic conditions; with small and large businesses indicating the *Level of Government Spending* as their biggest concern and medium-sized businesses indicating *Regulatory Compliance* as more important.

	Small Business		Medium Business		Large Business	
	Index	Rank	Index	Rank	Index	Rank
Level of government spending	83.5	1	80.9	2	83.0	1
Regulatory compliance	78.4	4	84.3	1	78.5	2
Level of taxation	80.3	3	79.5	3	77.0	4
Level of government debt	80.5	2	76.3	4	77.4	3
Speed of economic growth	69.0	5	67.8	5	66.0	5

## TAXATION AND SUPERANNUATION SYSTEM – LEVEL AND COMPLIANCE

Businesses were asked to select which taxes and levies were of most concern in the current environment. More than three-quarters of businesses expressed major and moderate concerns with *Company Tax* (79.7 per cent), *Compulsory Superannuation Levy* (75.3 per cent) and *Personal Income Tax* (78.1 per cent). Of the top five most concerning government taxes and charges levied by all levels of government, two of them are state taxes – *Stamp Duties* and *Payroll Tax*, with 50.1 and 53.2 per cent of businesses having major concerns about these taxes respectively.

Level and impact of taxes and levies	Moderate				Index
	Major Concern	Concern	Minor Concern	None	
Stamp duties	50.1	27.1	16.5	6.3	<b>73.7</b>
Company tax	43.8	35.9	12.7	7.5	<b>72.0</b>
Compulsory superannuation levy	46.0	29.3	18.5	6.3	<b>71.6</b>
Payroll tax	53.2	20.0	14.1	12.8	<b>71.2</b>
Personal income tax	37.4	40.7	18.6	3.4	<b>70.7</b>
Land tax	47.5	25.4	16.9	10.2	<b>70.1</b>
Capital gains tax	34.7	33.7	24.3	7.3	<b>65.2</b>
Fringe benefits tax (FBT)	30.6	32.5	27.0	10.0	<b>61.2</b>
GST	28.6	34.4	28.4	8.5	<b>61.1</b>

Business concerns with the level or impact of current taxes and levies.

Nonetheless, business concerns with the level or impact of different taxes demonstrate significant sensitivity by firm size. Small businesses view the *Personal Income Tax* as their second largest concern, while large and medium-sized businesses rated this tax as their fourth and sixth largest concerns respectively, as some small businesses are not incorporated.

Small and medium-sized firms rated the *Compulsory Superannuation Levy* as one of their top five concerns, while large firms placed it well down in their list of concerns. The concern of SMEs is understandable as the superannuation levy is one of the major on-costs for hiring workers and this on-cost will increase further following the increase of the levy from the current 9 to 12 per cent over the coming years.

*Payroll Tax* is also interesting as it is rated the largest concern for all except small businesses, many of which are presumably exempt. It is concerning that 71.8 per cent of medium-sized businesses and 50.5 per cent of large businesses reported that payroll tax is a major concern for their business.

	Small Business		Medium Business		Large Business	
	Index	Rank	Index	Rank	Index	Rank
Stamp duties	74.2	1	73.1	4	71.7	2
Company tax	71.5	4	73.4	3	71.3	3
Compulsory superannuation levy	71.9	3	73.0	5	63.6	7
Payroll tax	64.6	7	85.9	1	73.4	1
Personal income tax	72.0	2	67.7	6	70.7	4

More than one-half of businesses indicated that they have major concerns with the *Overall Complexity of the Taxation System* (56.5 per cent) and *Frequency of Changes to Tax Laws and Rules* (52.7 per cent). Almost 75 per cent of businesses also expressed major and moderate concerns with *Complying with the Superannuation System* (70.2 per cent). It is also evident that businesses are more concerned about the accumulated administrative and compliance burden of the Australian taxation system as a whole than complying with individual taxes.

	Major concern	Moderate concern	Minor concern	None	Index
Compliance with tax and superannuation					
Overall complexity of the taxation system	56.5	32.6	8.5	2.5	<b>81.0</b>
Frequency of changes to tax laws and rules	52.7	28.8	14.4	4.2	<b>76.7</b>
ATO administration of the tax system	36.1	37.0	20.8	6.1	<b>67.7</b>
Tax audits, penalties and interest charges	36.0	34.4	22.4	7.1	<b>66.4</b>
Complying with the superannuation system	35.3	34.9	22.2	7.5	<b>66.0</b>
Complying with company tax	33.5	37.8	18.3	10.4	<b>64.8</b>
Complying with personal income tax	23.7	44.0	26.1	6.1	<b>61.8</b>
Complying with GST	27.6	36.1	27.3	9.0	<b>60.8</b>
Complying with capital gains tax	27.2	36.9	25.3	10.5	<b>60.3</b>
Time required to complete BAS forms	26.1	34.5	30.5	9.0	<b>59.2</b>
Complying with FBT	27.4	33.8	26.5	12.3	<b>58.8</b>

Business concerns with tax and superannuation compliance.

It is not surprising that while small business rated *Tax Audits, Penalties and Interest Charges* as one of their top-five concerns, this issue is of lower concern for medium and large businesses. *Complying with the Superannuation System* is ranked as the fifth largest concern for small and medium-sized businesses, while this issue was down in the list of concern for large businesses.

	Small Business		Medium Business		Large Business	
	Index	Rank	Index	Rank	Index	Rank
Overall complexity of the taxation system	83.1	1	76.2	1	81.0	1
Frequency of changes to tax laws and rules	79.2	2	71.0	2	75.3	2
ATO administration of the tax system	70.3	3	62.1	4	65.0	3
Tax audits, penalties and interest charges	69.5	4	60.7	6	59.9	7
Complying with the superannuation system	68.9	5	61.2	5	57.8	9

## TAXATION REFORM OPTIONS

Businesses were surveyed in relation to their views on which taxation areas needed further reform. Australian businesses rated *Company Tax Reductions*, *Personal Income Tax Reductions* and *Carbon Tax Abolition* as the top-three tax reform priorities to be pursued by the next Australian Government.

While small business ranked *Company Tax Reductions* and *Personal Income Tax Reductions* as their first and second tax reform priority respectively; medium and large businesses rated *Payroll Tax Reductions* and *Company Tax Reductions* as their first and second reform priority.

Tax reform priority	All Business		Small Business		Medium Business		Large Business	
	Index	Rank	Index	Rank	Index	Rank	Index	Rank
Company tax reductions	61.2	1	63.8	1	56.5	2	56.8	2
Personal income tax reductions	55.6	2	61.2	2	45.0	4	48.0	4
Carbon tax abolition	53.8	3	54.9	3	51.2	3	54.7	3
Payroll tax reductions	53.2	4	43.8	4	72.3	1	59.5	1
Other state taxes reform (e.g. land tax, stamp duties, insurance levy)	42.0	5	41.3	5	43.7	5	40.7	5
Fringe benefits tax reform	34.3	6	35.0	6	31.3	6	40.2	6

Tax reform options ranked according to business priority.

Businesses were also asked if they agreed with a number of GST reform options. The survey found that the proposals to increase the rate or broaden the base of GST to fund a significant reduction in other taxes, i.e. personal income tax, company tax and payroll tax, are contentious.

40.9 per cent of businesses supported the option to increase the current rate of GST to fund a significant reduction in personal income tax; while 38.9 per cent disagreed with the proposal. However, marginally more businesses supported the options to increase the current rate of GST to fund a significant reduction in company tax (41.6 per cent agreed compared to 36.4 per cent disagreed) and to fund a significant reduction in payroll tax (44.1 per cent agreed compared to 34.5 per cent disagreed).

Increase in GST rate to fund:	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree	Index
A significant reduction in personal income tax	20.7	20.2	20.2	13.3	25.6	<b>49.3</b>
A significant reduction in company tax	21.6	21.0	20.9	13.1	23.3	<b>51.1</b>
A significant reduction in payroll tax	27.1	17.0	21.7	11.4	23.1	<b>53.6</b>

An index of 50 indicates that there is an exact balance between those who agreed to the reform options and those who disagreed with the reform options. An index above 50 indicates that there are more businesses who agreed with the reform options than those who disagreed, and vice versa.

Similar findings are evident for the option of broadening the base of GST to include fresh food, health and education. Marginally more businesses surveyed disagreed with the reform options to broaden the base of GST to fund a significant reduction in personal income tax (37.9 per cent agreed compared to 43.3 per cent disagreed) and to fund a significant reduction in payroll tax (36.2 per cent agreed compared to 42.1 disagreed). 46.1 per cent of businesses supported the option to broaden



the base of GST to fund a significant reduction in company tax; while 43.7 per cent of businesses disagreed with the proposal.

Broaden the base of GST to fund:	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly Disagree	Index
A significant reduction in personal income tax	19.7	18.2	18.8	15.6	27.7	<b>46.7</b>
A significant reduction in company tax	16.9	29.2	20.3	16.3	27.4	<b>53.0</b>
A significant reduction in payroll tax	20.3	15.9	21.7	15.3	26.8	<b>46.9</b>

An index of 50 indicates that there is an exact balance between those who agreed to the reform options and those who disagreed with the reform options. An index above 50 indicates that there are more businesses who agreed with the reform options than those who disagreed, and vice versa.

## WORKPLACE RELATIONS

It is alarming that more than four in five Australian businesses are concerned with the increase in superannuation levy from the current 9 per cent to 12 per cent over the coming years, with 63.0 per cent of businesses rating this issue as a major concern and another 18.6 per cent of businesses expressing moderate concerns.

Costs of employing workers were also ranked highly on the list of business concerns on workplace relation issues; with 56.8 per cent of businesses expressing major concerns about *Cost of Workers' Compensation* and 46.9 per cent of businesses expressing major concerns about *Wage Levels*. In addition, more than one-half of businesses expressed major concerns with *Penalty Rate Levels* (50.3 per cent).

The next three ranked issues of concern deal with aspects of the new Fair Work laws. In each case almost one in two businesses has major concerns, with the percentage of businesses who rated major concerns about *Complying with Fair Work Laws* at 52.1 per cent, *Limitations on Being Able to Set Wages and Conditions Directly with Employees* at 47.8 per cent, and *Cost and Compliance with Modern Industrial Awards* at 46.2 per cent.

Workplace relation issues	Major concern	Moderate concern	Minor concern	None	Index
Increase in superannuation levy from 9 to 12 per cent	63.0	18.6	12.2	6.3	<b>79.4</b>
Cost of workers' compensation	56.8	26.1	12.7	4.4	<b>78.4</b>
Wage levels	46.9	37.8	11.3	4.0	<b>75.9</b>
Complying with the Fair Work laws	52.1	25.7	15.8	6.4	<b>74.5</b>
Limitations on being able to set wages and conditions directly with employees	47.8	29.6	15.7	6.8	<b>72.8</b>
Cost and compliance with modern industrial awards	46.2	29.1	17.3	7.4	<b>71.4</b>
Penalty rate levels	50.3	21.7	17.9	10.1	<b>70.8</b>
Compliance with occupational, health and safety	42.4	32.8	18.8	6.0	<b>70.5</b>
Achieving productivity improvement through workplace change	37.6	38.4	16.8	7.1	<b>68.8</b>
Unfair dismissal claims	42.7	27.7	20.8	8.9	<b>68.0</b>
Restrictions on making agreements with individual workers	41.7	28.0	19.4	10.9	<b>66.9</b>
Compliance with workers' compensation	32.8	36.9	22.2	8.1	<b>64.8</b>
Minimum wage increases	33.5	34.9	23.2	8.5	<b>64.4</b>
Understanding and defending Adverse action (General Protection) Claims	34.2	32.5	22.7	10.6	<b>63.4</b>
Understanding Discrimination laws and how to defend claims	31.9	31.6	26.7	9.8	<b>61.9</b>
Trade union right of entry	40.1	19.0	23.5	17.4	<b>60.6</b>
Limitations on engaging casual workers	33.2	28.9	24.2	13.7	<b>60.5</b>
Restrictions on making collective agreements without union involvement	36.6	23.3	22.0	18.1	<b>59.5</b>
Trade union involvement in the workplace	31.1	22.5	27.4	18.9	<b>55.3</b>
Ability to engage independent contractors	22.1	27.9	29.6	20.4	<b>50.5</b>
Industrial disputes	23.0	24.8	31.8	20.4	<b>50.1</b>
Industrial disputes in the building and construction industry	18.3	17.9	28.1	35.7	<b>39.6</b>

Business concerns with workplace relations and regulations.

Similar workplace relations issues were identified as the top-five biggest concerns for business of all sizes, while their importance differs according to the size of the business. Small business rated *Increase in Superannuation Levy from 9 to 12 per cent* at the top of their list of concerns and medium-sized businesses rated the issue as their third largest concern, while large businesses placed the issue well down on their list of concerns.

	Small Business		Medium Business		Large Business	
	Index	Rank	Index	Rank	Index	Rank
Increase in superannuation levy from 9 to 12 per cent	80.0	1	80.0	3	69.9	10
Cost of workers' compensation	75.7	2	83.8	1	81.5	2
Wage levels	72.7	3	81.7	2	82.1	1
Complying with the Fair Work laws	72.5	4	78.8	4	75.8	5
Limitations on being able to set wages and conditions directly with employees	70.9	5	76.1	5	77.5	4

The increase in compulsory superannuation levy from 9 to 12 per cent over the coming years will impose an additional on-cost for hiring workers from July 2013. 58.9 per cent of all businesses surveyed strongly agreed that the next Australian Government should defer the increase in Superannuation Guarantee levy until they find a mechanism to compensate the cost increases for businesses.

63.5 per cent of businesses strongly agreed that the next Commonwealth Government should reform the Fair Work laws to increase productivity and flexibility in Australia's workplaces; and 57.1 per cent of businesses strongly agreed that the Government should exempt small businesses from the Unfair Dismissal laws.

In regards to paid parental leave, 64.7 per cent of businesses strongly agreed that the Government should not require employers to be the paymaster for the Paid Parental Leave scheme. More than one in two businesses disagreed with the policy that the Government should fund the Paid Parental Leave Scheme based on parent's real wage by imposing a levy on businesses (54.9 per cent).

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	N.A.
The Government should defer the increase in Superannuation Guarantee levy until they find a mechanism to compensate the cost increases for businesses.	58.9	24.0	8.3	5.7	2.6	0.5
The Government should reform the Fair Work laws to increase productivity and flexibility.	63.5	23.7	9.1	1.9	1.2	0.6
The Government should not require employers to be the paymaster for the Paid Parental Leave Scheme.	64.7	19.6	11.8	1.9	0.9	1.1
The Government should exempt small business from the Unfair Dismissal laws.	57.1	22.7	9.5	7.5	2.3	1.0
The Government should fund the Paid Parental Leave Scheme based on parent's real wage by imposing a levy on businesses.	16.1	7.4	15.7	15.4	39.5	5.9



## SKILLS AND TRAINING

Despite the recent subdued labour market conditions, more than four in five businesses remain concerned with *Recruiting Employees with Appropriate Skills* (81.9 per cent), while 68.9 per cent of businesses are concerned with *Recruiting Employees with Good Level of Literacy and Numeracy*.

Businesses rated *Employee Productivity Performance* as their second highest concern, with 38.7 per cent of businesses reporting that they have major concerns and 38.5 per cent indicating they have moderate concerns with the issue. This finding is closely related to the *Cost of Training Employees* which is rated as the third highest concern. Three-quarters of businesses are concerned with *Cost of Training Employee*, while only 6.8 per cent of businesses indicated that they do not have any concern about training cost.

Red tape burden also featured highly in the list of concerns on skills development and training, with more than 70 per cent of businesses indicating that they are concerned with the *Complexity of and Red Tape Associated with the Training System* (71.4 per cent).

Skills development and training issues	Major concern	Moderate concern	Minor concern	None	Index
Recruiting employees with appropriate skills	48.5	33.4	13.4	4.7	<b>75.2</b>
Employee productivity performance	38.7	38.5	17.3	5.5	<b>70.1</b>
Costs of training employees	40.0	35.0	18.2	6.8	<b>69.4</b>
Complexity of and red tape associated with the training system	41.5	29.9	18.3	10.2	<b>67.6</b>
Recruiting employees with good level of literacy and numeracy	32.8	36.1	22.7	8.3	<b>64.5</b>
Level of government funding and incentives for training	32.2	34.7	23.9	9.2	<b>63.3</b>
Quality of vocational education and training	26.9	38.8	25.7	8.6	<b>61.3</b>
Getting training at a time and place that suits your business	24.6	39.3	29.1	7.0	<b>60.5</b>
Costs of employing a trainee or apprentice	30.8	28.9	25.5	14.8	<b>58.6</b>
Changes to financial incentives paid to employer to employ trainee or apprentice	29.0	31.8	24.9	14.4	<b>58.4</b>
Performance of TAFE	22.5	28.1	31.9	17.5	<b>51.9</b>
Capacity to recruit skilled migrants	17.4	20.8	29.6	32.2	<b>41.1</b>

Business concerns with skills development and training issues.

Businesses of all sizes have a similar degree of concern with skills development and training issues, with one exception. Large businesses have rated *Level of Government Funding and Incentives for Training* as their fifth largest concern; while small and medium-sized businesses have rated *Recruiting Employees with Good Level of Literacy and Numeracy* as their fifth largest concern.

	Small Business		Medium Business		Large Business	
	Index	Rank	Index	Rank	Index	Rank
Recruiting employees with appropriate skills	73.2	1	80.0	1	74.4	1
Employee productivity performance	69.0	2	72.4	2	70.4	2
Costs of training employees	68.4	3	71.7	3	68.1	3
Complexity of and red tape associated with the training system	67.7	4	67.2	4	68.1	4
Recruiting employees with good level of literacy and numeracy	65.0	5	64.9	5	57.5	9

Businesses were also asked about the barriers to providing training for their employees. Around three-quarters of all businesses reported that *Cost* is the number one barrier (75.5 per cent); with the percentage of businesses indicating *Cost* as the largest barrier increasing according to the size of the business. Around one-half of businesses indicated that concern about the *Loss in Productivity due to the Time off-the Job or the Need of Supervising* is the second largest barrier to providing training.

Around 30 per cent of businesses identified *Lack of Employee Interest* (36.7 per cent), *Lack of Flexibility in Course Delivery* (35.0 per cent), *Administrative Requirement is too Complex, Onerous or Difficult* (28.4 per cent) and *Lack of Access or Choice of Training Providers* (28.0 per cent) as barriers to providing training to their employees.

Barriers to training	All Business	Small Business	Medium Business	Large Business
	Per cent	Per cent	Per cent	Per cent
Cost	75.5	73.7	78.3	80.2
Loss in productivity due to the time off-the job or the need of supervising	50.6	47.2	57.3	52.7
Lack of employee interest	36.7	36.0	39.0	34.1
Lack of flexibility in course delivery e.g. course times or location	35.0	36.1	33.3	33.0
Administrative requirements (e.g. paperwork) is too complex, onerous or difficult	28.4	29.4	27.8	20.9
Lack of access or choice of training providers in my location	28.0	27.8	28.5	27.5
Concern that employees will become more attractive to other employers	22.3	23.7	21.3	14.3
Employees already have the required skills	18.8	21.5	13.5	16.5
Unable to choose the most appropriate course to meet my business needs	17.4	18.5	16.0	13.2
Employee language, literacy or numeracy skills are insufficient to undertake further learning	11.9	10.5	14.0	16.5
Benefits of training cannot be applied to my business	11.8	12.8	10.8	6.6
Other	6.1	6.3	5.5	6.6

Barriers to providing training for employees.



Skill shortages remain a problem in the Australian economy, with more than one in two businesses indicating they found it difficult to recruit skilled workers to fill their business vacancies in the past six months (51.7 per cent). A higher percentage of larger businesses indicate they have had difficulties recruiting skilled workers compared to small business, with 66.7 per cent of medium-sized businesses and 61.8 per cent of large businesses reporting difficulties in recruiting skilled workers compared to just 43.8 per cent for small business.

Difficulties to recruit skilled workers	All Business	Small Business	Medium Business	Large Business
	Per cent	Per cent	Per cent	Per cent
Very difficult	29.2	24.7	39.7	27.0
Somewhat difficult	22.5	19.1	27.0	34.8
About the same	19.3	16.6	22.3	32.6
Somewhat easy	3.3	3.1	3.7	3.4
Very easy	2.7	3.3	1.5	2.2
Not applicable	23.0	33.3	5.7	0.0

Difficulties in recruiting skilled workers to fill vacancies over the past six months.

The Survey also found that more than half of the businesses surveyed had not recruited apprentices or trainees in the past six months (51.1 per cent) and only around one in five businesses indicated they face some difficulties when recruiting people to undertake an apprenticeships or traineeship with their businesses (23.3 per cent).

Difficulties to recruit apprenticeship or traineeship	All Business	Small Business	Medium Business	Large Business
	Per cent	Per cent	Per cent	Per cent
Very difficult	11.6	9.2	16.4	14.4
Somewhat difficult	11.7	10.0	15.1	13.3
About the same	15.2	12.2	17.4	34.4
Somewhat easy	5.5	2.7	11.2	7.8
Very easy	4.9	5.1	4.2	5.6
Not applicable	51.1	60.8	35.7	24.4

Difficulties in recruiting people to undertake an apprenticeship or traineeship over the past six months.

## INTERNATIONAL TRADE

More than three-quarters of businesses involved in international trade indicated that they have a significant concern with Australia's *Overall International Competitiveness*, with 48.6 per cent of businesses expressing major concerns and another 29.4 per cent indicating moderate concerns. Only 7.2 per cent of businesses indicated that they have no concern about Australia's comparative advantage.

38.1 per cent of businesses reported that they have a major concern with the current strength of the Australian dollar, with another 25.5 per cent of businesses indicating moderate concern. More than one-half of businesses reported that they have concerns with *Customs and Border Crossing Costs* (56.2 per cent), *Complexity of Rules and Red Tape for International Trade* (55.4 per cent) and *Subsidies for Competitors* (51.4 per cent).

Trade related issues	Major concern	Moderate concern	Minor concern	None	Index
Overall international competitiveness	48.6	29.4	14.7	7.2	<b>73.2</b>
Exchange rate too high	38.1	25.5	20.7	15.6	<b>62.1</b>
Customs and border crossing costs	24.9	31.3	24.3	19.5	<b>53.9</b>
Complexity of rules and red tape for international trade	19.8	35.6	29.7	14.9	<b>53.5</b>
Subsidies for competitors	28.6	22.8	24.6	24.0	<b>52.0</b>
Tariffs applied to imports	24.8	23.0	30.5	21.8	<b>50.3</b>
Protection for shipping and shipping cartels	20.6	22.4	31.6	25.5	<b>46.0</b>
Progress on free trade agreements	17.4	26.6	31.5	24.5	<b>45.7</b>
Dumping and anti-dumping rules	20.6	20.0	30.5	28.9	<b>44.1</b>
Ability to service international markets	13.0	30.9	30.2	25.9	<b>43.6</b>
Corruption in international markets	14.6	25.6	34.8	25.0	<b>43.3</b>
Australian investment opportunities globally	12.3	21.8	36.0	29.8	<b>38.9</b>
Tariffs applied to exports	14.1	19.9	27.9	38.0	<b>36.7</b>
Exchange rate too low	5.8	19.7	30.6	43.9	<b>29.1</b>
Piracy	4.6	11.6	41.9	41.9	<b>26.3</b>

Business concerns with trade related issues. Note: Only those businesses surveyed who are involved in international trade responded to these questions.

Businesses of all sizes are expressing a similar set of concerns on the top-five trade related issues, except for small businesses that ranked *Tariffs Applied to Imports* as their fifth largest concern.

	Small Business		Medium Business		Large Business	
	Index	Rank	Index	Rank	Index	Rank
Overall international competitiveness	70.1	1	74.5	1	83.8	1
Exchange rate too high	56.5	2	68.2	2	70.9	2
Customs and border crossing costs	54.9	3	54.2	3	48.2	5
Complexity of rules and red tape for international trade	53.6	4	53.9	4	51.8	3
Subsidies for competitors	51.6	6	53.8	5	48.6	4



## REGULATORY COMPLIANCE

It is alarming that 60.4 per cent of businesses surveyed indicated that they have a major concern with *Cost of Compliance with Government Regulations*, with another 27.0 per cent of business expressing moderate concerns about the issue. Only 3.5 per cent of businesses indicated that they have no concern with the cost of regulatory compliance.

Almost nine in ten businesses reported that they have concerns with *Complexity of Government Regulation*, with 56.1 per cent expressing major concerns and another 31.1 per cent indicating moderate concerns. 85.5 per cent of businesses expressed major (59.0 per cent) and moderate concerns (26.5 per cent) with the *Lack of Regulators' Consideration on Small Business Capacity to Comply with Regulation*. More than one in two businesses indicated that they have major concerns with *Penalties of Failure to Comply with Government Regulations*, while 35.5 per cent of businesses expressed major concerns about *Compliance with the Clean Energy Future Plan*.

Regulatory Burden	Major concern	Moderate concern	Minor concern	None	Index
Cost of compliance with government regulations	60.4	27.0	9.1	3.5	<b>81.4</b>
Complexity of government regulation	56.1	31.1	10.2	2.6	<b>80.2</b>
Lack of regulators' consideration on small business capacity to comply with regulation	59.0	26.5	10.2	4.2	<b>80.1</b>
Penalties of failure to comply with government regulations	51.2	31.6	12.8	4.4	<b>76.5</b>
Compliance with the Clean Energy Future Plan	35.5	29.4	25.2	9.9	<b>63.5</b>
Compliance with environmental regulations	33.2	31.9	26.2	8.7	<b>63.2</b>
Obtaining and renewing licences	23.3	38.6	27.1	11.0	<b>58.0</b>
Compliance with Corporation Law requirements	19.2	31.8	31.7	17.4	<b>50.9</b>
Compliance with privacy requirements	16.7	29.4	34.3	19.6	<b>47.7</b>
Gaining access to government procurement and tenders	22.7	23.6	25.1	28.6	<b>46.8</b>
Speed of government payment of invoices	18.4	21.5	26.7	33.5	<b>41.6</b>

Business concerns with regulatory compliance.

Businesses of all sizes have reported a similar set of issues as their top five concerns on regulatory compliance, with the exception of medium-sized businesses that have ranked *Compliance with Environmental Regulations* as their fifth largest concern.

Small businesses have rated *Lack of Regulators' Consideration on Small Business Capacity to Comply with Regulation* as their top regulatory concern; while medium and large businesses rated *Cost of Compliance with Government Regulations* and *Complexity of Government Regulation* as their largest concern respectively.



	Small Business		Medium Business		Large Business	
	Index	Rank	Index	Rank	Index	Rank
Cost of compliance with government regulations	80.0	2	85.0	1	79.8	2
Complexity of government regulation	79.9	3	80.2	2	82.8	1
Lack of regulators' consideration on small business capacity to comply with regulation	82.0	1	78.5	3	69.0	3
Penalties of failure to comply with government regulations	78.4	4	74.2	4	69.0	4
Compliance with the Clean Energy Future Plan	64.3	5	61.0	6	66.7	5

Given the significant increases in electricity prices since 2006 are partly attributed to 'green' policy, 62.1 per cent of businesses surveyed agreed that the 20 per cent Renewable Energy Target by 2020 should be abolished as it increases the cost of providing electricity to consumers. Almost 70 per cent of businesses surveyed agreed that all fuel sources including coal and nuclear energy should be included as an option for meeting Australia's future energy needs.

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	N.A.
All fuel sources including coal and nuclear should be included as an option for meeting Australia's future energy needs.	43.9	25.8	17.2	5.6	6.7	0.9
The Renewable Energy Target (RET) should be abolished as it increases the cost of electricity prices.	36.6	25.5	21.8	7.6	7.1	1.4

## WHAT BUSINESS WANTS

In the survey, businesses were also asked which issues represented the biggest obstacles to the growth and development of their business. It is concerning that more than one in two businesses indicated *High Labour Costs* as the largest constraint on their business expansion (58.3 per cent). Moreover, the proportion of businesses reporting this issue as their largest obstacle increased according to the size of the business. 51.9 per cent of small businesses, 67.5 per cent of medium-sized businesses and 79.3 per cent of large businesses rated *High Labour Costs* as the largest obstacle to the growth of their businesses.

50.3 per cent of small business, 53.7 per cent of medium-sized business and 59.8 per cent of large business rated *Rising Cost of Inputs including Energy Costs* as the second largest constraint on business expansions.

45.6 per cent of small businesses ranked *Instability of Demand for Products or Services* as the third largest obstacle to business growth; while 51.3 per cent of medium-sized businesses and 46.0 per cent of large businesses rated *Government Regulations* and *Finding Qualified Labour* respectively as the third largest constraint.

Biggest obstacles for business expansion	All Business		Small Business		Medium Business		Large Business	
	Per cent	Rank	Per cent	Rank	Per cent	Rank	Per cent	Rank
High labour costs	58.3	1	51.9	1	67.5	1	79.3	1
Rising cost of inputs including energy cost	51.9	2	50.3	2	53.7	2	59.8	2
Finding qualified labour	41.9	3	37.5	7	50.5	4	46.0	3
Government regulations	41.9	4	37.9	6	51.3	3	39.1	4
Low profitability of your industry	41.8	5	43.9	4	39.5	5	32.2	8
Instability of demand for products or services	41.5	6	45.6	3	33.8	7	36.8	5
Taxation levels	38.0	7	39.5	5	36.4	6	31.0	10
Increasing competition	32.8	8	32.7	8	32.7	8	33.3	6
Inflexibility to structure work arrangements to suit operational needs	21.2	9	16.8	9	28.3	9	32.2	9
High Australian dollar	17.8	10	13.7	11	23.0	10	33.3	7
Obtaining additional finance	13.4	11	14.2	10	11.0	11	16.1	11

The biggest obstacles for the growth and development of business.

More than 80 per cent of businesses surveyed agreed that the recent increases in electricity prices have reduced their businesses profitability (82.2 per cent), while more than three-quarters of businesses agreed that they are not able to fully pass on cost increases flowing from the imposition of a carbon tax to their customers (75.1 per cent).

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	N.A.
Recent increases in electricity prices have reduced my business profitability.	55.5	26.7	11.5	3.7	1.7	0.9
I am not able to fully pass on cost increases from carbon tax to my customers.	50.3	24.8	13.3	2.9	1.9	6.7

Looking ahead, businesses were asked about the most important issues for the successful operation of their businesses and the policy areas on which the next Australian Government should focus. An



overwhelming 72.4 per cent of businesses indicated that minimising the *Overall Cost of Doing Business* is of major importance for the success of their business. More than one in two businesses indicated that *Reducing Taxation Burden* (51.1 per cent) and reforming *Workplace Relations and Regulations* (54.1 per cent) are also of major importance.

Only 24.4 per cent of businesses surveyed indicated that *Improving Business Assistance Programs* is of major importance for the success of their businesses.

Most important issues for business success	Major Importance	Moderate Importance	Minor Importance	No Importance	Index
Overall cost of doing business	72.4	23.3	3.5	0.8	<b>89.1</b>
Reducing taxation burden	51.1	35.9	11.1	1.9	<b>78.8</b>
Workplace relations and regulations	54.1	29.6	12.4	3.8	<b>78.0</b>
Reducing tax compliance burden	49.2	36.8	12.0	2.0	<b>77.7</b>
Reducing red tape burden	50.5	34.4	12.1	2.9	<b>77.5</b>
Reducing the size and level of government spending	46.8	29.6	17.5	6.1	<b>72.4</b>
Overall economic management (i.e. need to balance the federal budget)	40.8	37.2	17.5	4.5	<b>71.5</b>
Skills development	30.6	42.6	22.8	4.1	<b>66.5</b>
Improving business assistance programs	24.4	32.7	29.4	13.4	<b>56.0</b>
International trade and investment	10.2	26.9	32.3	30.6	<b>38.9</b>

Most important issues for the successful operation of businesses.

*Overall Cost of Doing Business* remained the single most important priority for the next government for businesses of all sizes. Small businesses rated *Reducing Taxation Burden* as their second reform priority; while medium and large enterprises indicated that reform in *Workplace Relations and Regulations* was more important.

	Small Business		Medium Business		Large Business	
	Index	Rank	Index	Rank	Index	Rank
Overall cost of doing business	88.2	1	91.2	1	88.5	1
Reducing taxation burden	79.6	2	77.2	3	77.8	4
Workplace relations and regulations	75.0	5	82.7	2	86.2	2
Reducing tax compliance burden	79.4	3	75.2	5	72.8	6
Reducing red tape burden	78.2	4	75.4	4	79.5	3

## APPENDIX I

Number of employees	Percentage of respondents
Independent contractor	2.5%
Non-employing	2.7%
1 to 4	19.3%
5 to 9	19.5%
10 to 19	20.5%
20 to 49	20.1%
50 to 99	8.0%
More than 99	7.4%

Respondents by Industry – Top 10	Percentage of respondents
Retail trade	17.2%
Accommodation and food services	13.7%
Manufacturing	13.1%
Construction	7.6%
Professional, scientific and technical services	4.8%
Financial and insurance services	3.7%
Wholesale trade	3.6%
Health care and social assistance	3.5%
Education and training	3.4%
Other services	14.3%

Location of business	Percentage of respondents
Metropolitan	58.5%
Regional centre	28.7%
Rural	12.8%

