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Director, National Competition Policy Unit
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Dear Director

Revitalising National Competition Principles

The Council of Small Business Organisations (**COSBOA**) is the voice for 2.5 million Australian small businesses.

COSBOA understands that the National Competition Principles were created 30 years ago to address anti-competitive regulations and structures of some public enterprises and services at all three levels of government. COSBOA is of the view that the Australian economy is best served by markets that are competitive and dynamic. Small business contribute significantly to the Australian economy and an environment in which small businesses are afforded level-playing fields against both private and government owned enterprises and afforded equal opportunities to compete for government contracts will enhance productivity in the overall economy.

COSBOA welcomes the opportunity to make a submission and note that we have only commented on certain parts of the paper but if greater time frames are provided during the course of the next phase of consultation, we would gladly seek to consult with our membership base more widely in order to provide more detailed commentary.

Legislation Review Principle

COSBOA broadly supports a revitalised principle that ensures consideration of how government processes can limit competition. COSBOA agrees that considerations such as:

- broadening the scope of the Legislation Review Principle to government policies and processes that have the potential to significantly impact competition,
- augmenting the Legislation Review Principle's requirement to ensure that legislation does not restrict competition with an agreement that LRP also require competition to be promoted, and
- targeted reviews under the Legislation Review Principle to assess legislation or policies and processes that might impact competition in a particular market.

COSBOA considers that given the nature of change within the economy particularly in respect of the use of digital technologies and AI, the Legislative Review Principle should not be a set and forget process but one capable of regularly considering legislative review based on changes in the economic and competitive landscape. This is particularly key in procurement processes in which many small businesses can experience a negative impact on their ability to compete effectively with larger businesses. A vital piece for any review of existing or contemplated legislation should involve a comprehensive small business impact assessments at all level of government to understand the challenges small businesses face in competing on a level playing field. COSBOA notes that in May 2024 the Office of Impact Analysis released a document outlining impact considerations to be taken into account at a Federal level. This kind of process needs to be effectively implemented across government in consultation with small business regarding the impacts it experiences.

Principle to Promote Competition

In our view, the National Competition Principles should include a requirement to promote competition where it is in the public interest to do so, for example where pricing, quality or choice are likely to be improved. Small businesses make up 97 per cent of Australia's business landscape and when given the opportunity to proactively provide goods and services on a level-playing field, facilitated by pro-competitive processes and procedures, benefits to the public, productivity and the economy more broadly will flow.

Consumer Empowerment

COSBOA notes the comments in the consultation paper regarding 'consumer power' and highlights the nature of small businesses as consumers and the community benefits that flow when small business consumers are empowered and the demand-side of competition is activated from a small business consumer perspective. There are many instances in which small businesses may not have as much access to transparent information as larger businesses or face barriers to acquiring to the same economies of scale as larger businesses.

Facilitating Competition through Data Sharing

COSBOA considers that equal open access to data is essential to promoting the competitive process for small businesses. As well as ensuring that governments do not discriminate against data recipients, it is also essential to ensure that there are no indirect discriminatory aspects

in terms of processing and handling data which would preclude competition by small businesses vis-à-vis their larger counterparts.

National Competition Reform Program (NCRP)

COSBOA understands that the following provisional reform themes have been identified for consultation and further analysis:

1. Promoting a more dynamic business environment
2. Harnessing the benefits of competition in the net zero transformation
3. Lowering barriers to labour mobility
4. Better harnessing choice, competition, and contestability in human services
5. Leveraging the economic opportunities of data and digital technology.

Given that small businesses represent 97 per cent of businesses in Australia, COSBOA considers that small businesses considerations will be key part of analysing these reform issues. However, given the broad spread of our members and the industry sectors that they represent, we respectfully suggest that significant and ample time is provided for proper and meaningful consultation around the proposed analysis of the themes.

We welcome a reform agenda which will consider actions that ensure businesses do not face excessive of unnecessary compliance costs to participate in markets. The experience of small business, particularly in the current climate, is that they face an inordinate amount of excessive and unnecessary compliance obligations and they face a competitive disadvantage in the costs they incur in complying compared to larger and government businesses with more larger compliance budgets for internal and external resources.

COSBOA also welcomes the notion regarding the promotion of national coherence of regulatory frameworks and/or mutual recognition. Current discrepancies across jurisdictions create more duplication and reduce productivity for businesses of all sizes and inhibits the free movement and creates barriers to entry in different jurisdictions. Avoiding duplication will significantly reduce administrative costs in professions where mutual professional recognition creates barriers.

In terms of harnessing the benefits of competition in the net zero transformation, COSBOA is mindful that many small businesses consider the acquisition costs of many innovative products which may help reduce their carbon footprint (and the associated flow-on benefits) are beyond their reach compared to a larger business which ultimately creates another unlevel playing field. COSBOA supports any reform agenda which will minimise the compliance and regulatory burden associated with adopting new technology as well as minimising the acquisition costs. Addressing how to level the playing field for small businesses trying to leverage the benefit of new technologies will be key so they can actively compete and also pass through the benefits to both their customers and the community more broadly.

In terms of labour mobility, COSBOA considers it essential that unnecessary processes which hinder labour mobility and skills recognition are analysed and replaced by new, more efficient regulatory processes. Anecdotal evidence suggests the processes involved in getting

accredited by a state-based body by both Australian and international workers is significantly detrimental and in relation to international workers can often be more expensive and time-consuming than the process of actually applying for and being granted a visa.

Conclusion

COSBOA supports the need to strengthen Australia's competitive landscape and the process of revitalising the National Competition Principles represents one mechanism for achieving this goal, in conjunction with the broader Taskforce Review.

COSBOA looks forward to engaging further in the process of revitalising the National Competition Principles. However, in order for us to effectively engage the views of our members who represent the majority of businesses in Australia, we recommend that adequate consultation times are worked into subsequent consultation processes.

We note that several of our members such as Consult Australia and Master Builders Australia have taken the time to submit their own submissions outlining the views of their memberships and we encourage the Taskforce to consider those views from a small business perspective.

Kind regards



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COSBOA