The NSW Government’s strategy to make NSW the easiest place to start and grow a business
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Ministerial message

“The NSW Government has demonstrated a significant commitment to supporting small business investment, growth and innovation in NSW.”

We are living and conducting business in an exciting time and the NSW Government is focused on building strong foundations to give small businesses every opportunity to thrive.

After being elected in 2011, the NSW Government has demonstrated a significant commitment to supporting small business investment, growth and innovation in metropolitan and regional NSW.

Since 2015, our second term, we built on these foundations and have seen NSW emerge as the most confident state in the country when it comes to starting and growing a business.

We have delivered key initiatives and investments like the Business Connect Program, Easy to do Business Program and payroll tax relief incentives to help alleviate the pressures and barriers to growth facing small businesses.

With 710,000 small businesses in NSW, this government recognises the critical role of small business in the NSW economy. We remain committed to making NSW the easiest place to start a business and to maintaining a strong record when it comes to business confidence.

The NSW Small Business Strategy demonstrates how the NSW Government will support small businesses, through:

› exploring opportunities for further taxation relief to encourage small business growth
› investing in new skills for business
› creating fair procurement opportunities
› enabling better access to cash flow and capital
› making it easier to start a business
› providing tools to build resilient businesses.

This strategy demonstrates how we are unlocking more opportunities for small business, including those in regional NSW.

I look forward to meeting more business owners across the state as we continue to invest in initiatives that small businesses need so we can create the jobs and workforce for the future.

The Hon. John Barilaro, MP
Deputy Premier, Minister for Regional New South Wales, Minister for Skills, and Minister for Small Business
Small businesses are the engine room for the thriving NSW economy

In total there are now over 710,000 small businesses in NSW, comprising almost 98% of all NSW businesses, which employ almost 50% of the total NSW workforce.

NSW is home to 34% of all small businesses in Australia.

Of the state’s small businesses, 36% are generally located in regional NSW.

The top NSW small business industries:

- 15.4% Construction
- 13% Professional scientific and technical services
- 11% Rental hiring and real estate services

The Australian Government’s Department of Employment forecasts a long term structural move in employment towards service industries.

Projected employment growth areas include: health care and social assistance; professional, scientific and technical services; and education and training.

Small businesses drive metropolitan and regional economies.

Over 20,000 of these small businesses were created in the year ending June 2016, showing an increase of 3% over the largest increase in Australia across all states and territories.

In 2015-16 jobs growth in regional NSW was stronger than for all other regional areas in Australia combined.

Approximately 36% of small business operators were born overseas.

32% of small business owners are male and 32% are female.

NSW is home to 34% of all small businesses in Australia.

NSW is home to 34% of all small businesses in Australia.

Approximately 36% of small business operators live outside the Sydney Greater Metropolitan Region (ABS, Census 2011, latest available).

We have strong foundations for small business investment

The NSW Small Business Strategy builds on the strong track record of investment in small business by the NSW Government.

- **Business Connect** is a $30 million small business advisory program that provides a network of business advisors to help answer questions and provide fee-free assistance to small businesses.

- **Boosting Business Innovation program** is a $12 million program launched in September 2016, which partners with 11 universities and the CSIRO. Boost invests $1 million of funding in resources and facilities to help businesses start up, grow, innovate and connect with industry.

- **Easy to do Business** is a program that simplifies the way businesses navigate government requirements, cutting time, red tape and saving money.

- **The NSW Small Business Commissioner** was appointed as an independent advocate for small businesses in NSW to ensure their interests are well represented. The Office of the NSW Small Business Commissioner (OSBC) provides both advocacy and dispute resolution mediation services to businesses across the state.

- **Payroll tax relief** is available through a number of NSW Government incentives including the $6,000 Payroll Tax Rebate and the $2,000 Small Business Employment Incentive.

- **The Retail Leases (Amendment) Act 2017**, was passed in March 2017 and ensures a more equal and transparent relationship between small business tenants and landlords in the retail sector.

- **The $190 million Jobs for NSW** fund provides new opportunities for business investment and jobs growth, supporting innovative and sustainable businesses through access to loans and grants.

- **The $25 million Sydney School of Entrepreneurship** will help to build a strong entrepreneurial workforce by connecting university and TAFE NSW students with industry to train and educate our future generation of entrepreneurs.
Our strategy to support small business

Addressing some of the biggest barriers to small business success

1. Exploring opportunities for further taxation relief to encourage small business growth
   We are committed to helping small businesses grow and create jobs in local communities. We will continue to look at new opportunities to reduce the burden of taxation.

2. Investing in new skills for business
   We will extend the availability of education and training services so small businesses across NSW have the skills they need to grow their business and workforce.

3. Creating fair procurement opportunities
   We will make the procurement process less complex to improve opportunities for small businesses to win government contracts.

4. Enabling better access to cash flow and capital
   We will tackle issues of capital and cash flow for small business by addressing late and extended payment terms and by improving access to finance options for enabling growth and job creation.

5. Making it easier to start a business
   We will reduce red tape and connect businesses with the right information at the right time to make getting started in business easier.

6. Providing tools to build resilient businesses
   We will support business resilience through improved connectivity, and by building business capability and preparedness to adapt in a changing environment.
Exploring opportunities for further taxation relief to encourage small business growth

Payroll tax is a vital source of revenue that pays for roads, schools and hospitals. However, many small businesses find it a deterrent to hiring more staff.

What we can do

The NSW Government will continue to look at tax relief initiatives, ensuring that NSW businesses are able to grow jobs and that NSW remains competitive with other states.

The government will:

› continue to promote existing taxation relief and incentives available to small business
› explore opportunities for further taxation relief.

How we will measure success

By 2021, we expect to see:

› more jobs created as a result of payroll tax relief initiatives.

What we have done so far

Since 2011 the NSW Government has been working hard to address tax to encourage growth and job creation in businesses across the state.

› The NSW Government has raised the payroll tax threshold from $689,000 to $750,000 and removed indexation.
  • Approximately 1,300 businesses were not required to pay payroll tax.
  • Businesses that continued to pay the tax saved more than $3,000.

› The NSW Government increased the Jobs Action Plan rebate from $5,000 to $6,000 for businesses with 50 or fewer employees, and the rebate has been extended to 30 June 2019.
  • More than 373,600 new jobs were created as a result.
  • More than $462 million in rebates were paid to businesses.

› The NSW Government created the $2,000 Small Business Grant for non-payroll tax paying businesses.
  • More than 5,000 new jobs were created as a result.
  • 2,286 businesses have registered.
Investing in new skills for business

We will ensure small businesses have access to the education and training they need to start up and grow their business.

The NSW business ecosystem is constantly changing with innovation and digital technology underpinning an already competitive business environment.

A range of skills is required when starting and running a business. Skilled workers are fundamental to the success of many small businesses, with more than 80 per cent of trainees and apprentices employed by small businesses in NSW.

What we can do

›› The NSW Government will invest $30 million in the Skills for Business initiative, which makes partial and complete qualifications available for business owners to build skills that are central to starting and growing a business.

›› The Skills for Business Package will deliver certified Smart and Skilled funded part and full qualifications and a network of on the ground “Skills Advisers”.

›› A core focus of skills opportunities will be the development of financial and digital literacy across small business.

How we will measure success

By 2021, we expect to see more:

›› small businesses with skills qualifications

›› apprenticeships and traineeships in small businesses.

What we have done so far

The NSW Government has designed skills support around the needs of the business sector to ensure that businesses are able to grow and strengthen their workforce capability.

›› The government is committed to funding up to 550,000 enrolments in vocational education and training across NSW.

›› 2,208 apprentices have been employed in NSW infrastructure programs, more than doubling the NSW Government’s original target of 1,000.

›› $100 million is being invested under the Smart, Skilled and Hired program, designed to deliver outcomes-based approaches to deliver employment for young people and actively address the skills gaps in the growing construction and disability care sectors.

›› Our Smart and Skilled reforms ensure that workers and employers have a wide range of government-subsidised courses and approved training providers to choose from.

›› We created a TAFE for the future with the 2016 OneTAFE reform.

›› Over $10 million has been committed to pre-apprenticeship and pre-traineeship training.

›› $14.4 million (over 3 years) has been invested in two group training organisations (GTO) strategies.

›› The Apprenticeship and Traineeship Act 2001 has been reviewed to modernise the rules that apply to the employment and training of apprentices and trainees.

›› The number of workshops for businesses that employ apprentices has been increased to improve capacity to manage apprentice employment and training.

›› Access to TAFE NSW services across regional and remote areas has been expanded, allowing industry and business to train their employees locally with a greater level of service.

›› By January 2019, TAFE NSW will have regionally focused and dedicated industry-specific SkillsPoints, responsible for the creation and maintenance of learning products with an emphasis on innovation. SkillsPoints will be a responsive single point of contact for industry, able to rapidly design and deliver training to meet industry’s needs.
Creating fair procurement opportunities

We will make sure businesses are more informed and more competitive when applying for NSW Government contracts.

The NSW Government has committed to record infrastructure spending on projects such as hospitals, roads, airports and public transport in both metropolitan Sydney and regional NSW.

‘Procurement’ presents the opportunity for small businesses to work on state-of-the-art projects, while creating local jobs and gaining the skills required to access future procurement opportunities.

The NSW Government is working hard to make the procurement process easier for NSW businesses to understand and navigate.

What we can do

Building on the success to date, the NSW Government will:

› create a small business Procurement Advisory Program to help businesses be competitive and more successful in the procurement application processes
› develop a new Skills Support Package for small businesses when they are added to the NSW Government’s procurement lists, which will ensure that small businesses are more competitive in procurement processes after learning key procurement and tendering skills
› conduct a comprehensive review of NSW’s procurement system, including the Procurement SME (small to medium-sized enterprise) Policy Framework Review, to develop initiatives that increase SME participation in government procurement, including across targeted categories of goods and services, and to explore opportunities to encourage large corporates to be first customers of high-growth SMEs
› redesign the procurement interactions between the NSW Government and SMEs to make government procurement simpler and easier for SMEs
› through the Small Business Friendly Councils initiative, give incentives to local councils to lift their small business procurement spend and to improve their prompt payment practices to small businesses, improving small business cash flow
› offer a strategic and dispute resolution support service to small businesses entering into contracts with the NSW Government to ensure contracts are fair, and where appropriate, a contract account is established to ensure government funds go to the businesses that are providing goods and services.

How we will measure success

By 2021, we expect to see:

› more successful procurement applications from NSW small businesses.
Case study – Procurement

After running a newsagency for five years and watching the big changes impacting this sector, Jodie and Mark Watson knew they needed to shift their business to survive. The Watsons registered a new business name, Cultural Choice, in 2013 and sought help from the NSW Indigenous Chamber of Commerce. With the chamber’s advice and mentoring the business became Supply Nation certified.

Through the chamber, Jodie made contact with the NSW Department of Education. The department eventually became Cultural Choice’s first contract, and Cultural Choice the department’s first Indigenous stationery supplier.

Jodie said, ‘Cultural Choice now directly employs six people. Indirectly, the Cultural Choice workforce extends to several hundred people through third-party contracting. We offer over 6,000 products from 15 different categories in addition to our Authentic Indigenous products range.

‘We’re a preferred supplier to NSW Government agencies, we’ve tendered to become a federal government supplier and we’re winning more corporate contracts.

‘At the same time, we’re supporting and promoting Aboriginal communities and culture to the wider Australian community through our branded range of stationery.’

What we have done so far

Over the past six years, the NSW Government has provided small businesses with access to procurement opportunities by:

› establishing the Small and Medium Enterprises (SME) Policy Framework to improve access for small firms to government goods and services

› making changes to the NSW Government’s prequalification scheme rules, so that government agencies now seek at least one quote from a small business for contracts up to $1 million

› providing more opportunities for small businesses in rural and regional areas with NSW Government purchasing up to $5,000 (incl. GST) in goods and services directly from local suppliers, without having to go through whole-of-government contracts

› increasing the innovation procurement threshold from $250,000 to $1 million

› trialling the Small Business Procurement Program to allow government agencies to purchase goods and services of up to $30,000 from a registered small business through one quote.
Enabling better access to cashflow and capital

We will continue to set an example for fair payment terms and advocate for access to finance to improve capital and cash flow.

Businesses need adequate and reliable cash flow and capital in order to operate successfully. The inability to access finance and maintain reliable cash flow is recorded as the most common reason for business failure and the biggest barrier to innovation in Australian SMEs.5

Late payments and extended payment times can also have a devastating impact on the reliability of cash flow and overall viability of small businesses, particularly businesses operating in regional and remote areas.

Collectively Australian small businesses are owed around $26 billion in unpaid debts at any one time. When a small business is experiencing cash-flow problems, it impacts their ability to grow and to employ.

The recent Payment Times and Practices Inquiry conducted in partnership with the Australian Small Business and Family Enterprise Ombudsman found that around around half of all small businesses have at least 40 per cent of their invoices paid late, with 1 in 5 businesses having average delays of 60 days.

The inquiry also confirmed a growing trend in extended payment times outside usual industry norms with trade credit moving from 30 days to 60, 90, 120 days or more.

Small businesses are often faced with an asymmetry of power, with big business and multinationals giving them little or no opportunity to negotiate payment times. This is impacting on cash flow and creating financial and other pressures on small business.

Over a third of small businesses face an increased risk of insolvency/liquidation as a result of late payments, over half of all small businesses need to borrow more due to late payments and almost four out of five small businesses had adverse impacts on their mental wellbeing or increased stress/anxiety due to late payments.

What we can do
Building on the work to date, the NSW Government will:
› create an Access to Finance Advisory Program to help small businesses improve financial literacy and navigate available financial services through traditional and non-traditional lenders
› expand the use of NSW Government Purchase Cards for low-value payments to small business suppliers to government, resulting in immediate payments to small businesses and more streamlined payment processes, increasing business cash flow.

The NSW Government is also considering the recommendations made by the Commonwealth inquiry to examine payment times and practices in Australia and how the recommendations can be adopted in NSW to support our small businesses. Specifically the NSW Government will consider the following inquiry recommendations:
› working with head contractors to adopt the payment times and practices of the government through its supply chain
› aiming to procure from businesses that have supply chain payment times and practices equal to or better than government practices
› working with the Commonwealth Government on the development of industry codes that regulate business-to-business transactions to include best payment practices including set payment times

› encouraging the adoption of technology solutions, such as e-invoicing, to assist businesses to streamline administrative tasks and facilitate payment practices
› exploring the feasibility of adopting a 15-day payment time.

How we will measure success
By 2021 we expect to see improved:
› small business success rates
› payment terms for small businesses
› access to finance through traditional and alternative lending
› financial literacy in small business.

What we have done so far
› The NSW Government facilitated industry forums to discuss the issue of access to finance with small businesses.
› Jobs for NSW has partnered with financial institutions to offer loan guarantees that will help existing, fast-growing and sustainable SMEs access capital to expand their business and create local jobs.
› The Office of the NSW Small Business Commissioner has developed a package of resources to help small businesses better manage late payments.
› The NSW Government adheres to a 30-day-to-pay policy for businesses with turnover under $2 million.
› The Office of the NSW Small Business Commissioner partnered with the Australian Small Business and Family Enterprise Ombudsman on its inquiry to examine payment times and practices in Australia.
Making it easier to start a business

We will continue to make it easier to do business by cutting red tape and connecting businesses with the right resources.

Turning an idea into reality is often a new and exciting experience for many aspiring business owners and entrepreneurs. However, starting up, growing or being innovative in a business can be a detailed and uncertain process that requires many checks and balances costing valuable time and money. Starting a business can also be challenging for the many diverse communities in NSW.

The focus of the NSW Government is to create opportunities for businesses by reducing and removing barriers, costs and complexity and making existing regulation easier to navigate.

To start and operate a café, restaurant or small bar in NSW, businesses have previously had to deal with up to 13 agencies, 75 regulations, 30 phone numbers, and 48 forms.

Research suggests that more businesses will start if there are fewer procedures to comply with and when the cost of starting a business is reduced.6

What we can do

The NSW Government will:

› continue to roll out the Easy to do Business initiative by the Department of Finance, Services and Innovation (DFSI) to other industries in conjunction with the Office of the NSW Small Business Commissioner and local councils to locations across NSW. This initiative is complementary with the significant body of work being undertaken as part of the DFSI Commerce Regulation Program, including the Easy to Stay in Business initiative.

› continue to roll out the Easy to Stay in Business initiative, which builds on both the Easy to Do Business initiative and the Commerce Regulation Program to reduce both burden and friction including mapping the “pain points” for established businesses who are part of the housing and construction industry

› continue to work with industry to ensure we are providing businesses with the right services and information when it comes to government interactions

› deliver the WeAgree program, which is making it easier for businesses to navigate the requirements of setting up a contract. WeAgree will securely manage the secure collection, custody and disbursement of funds and security. WeAgree will also provide educational support for business readiness, establishment and health check.

› work with the Commonwealth Government to deliver on NSW priorities

› simplify regulation and improve policy harmonisation within NSW and across local government borders, including on outdoor dining and markets

› support new small businesses from diverse sections of the NSW community, with targeted focus on: people with a disability; Aboriginal, and multicultural businesses; and younger and older business owners and entrepreneurs

› progressively centralise all information relevant to starting, growing or doing business in NSW for all business interactions with the NSW Government.

How we will measure success

By 2021, we expect to see:

› increased new small business registrations

› reduced time taken for small businesses to get started.

Case study: Making it easier to start a business

Julie and Errin, owners of the CSC Restaurant and Bar on Church Street in Dubbo, had discussed opening a café for a long time as they wanted to provide a healthier option in Dubbo.

Julie and Errin started the process in August 2014, but did not get the business up and running until February 2015 after facing some significant setbacks around licensing and development application approvals.

Julie’s biggest challenge was knowing where to go for what she needed at the time, and what steps to take.

‘We got passed on to different people with different advice and we really weren’t sure what the processes were. There was always an add-on and we seemed to be forever going backwards,’ she said.

Easy to do Business will now help business owners like Julie and Errin by replacing up to 48 forms across three tiers of government with a single online application, connecting businesses with a Business Concierge, and almost halving the amount of duplicated information customers were previously required to provide.

Errin said, ‘the Easy to do Business checklist and Business Concierge will save people a lot of time. The new app will also be able to answer those tricky questions for you and lead you in the right direction.

‘Everyone has ideas and dreams but the reality is where do you start? This new program should help streamline council as well to make sure that everyone knows what’s going on and can assist in that process.’

What have we done so far

To cut red tape for small business, the NSW Government has:

› established the Easy to do Business website, an online, one-stop shop for businesses to navigate government requirements, and over five years is expected to see benefits that include:
  • over 500,000 hours of cumulative ‘red tape’ savings
  • over $15 million (cumulative) saved in effort
  • around 2,800 new jobs created
  • over 5,200 jobs to commence sooner

› overseen the implementation of the Easy to Stay in Business pilot project for the housing construction industry to identify all regulatory requirements and pain points

› implemented the Rebuild Assist project, providing home building industry licence holders (and consumers) with a central point, via web portal, to access regulatory information required to conduct and stay in business

› passed the Retail Leases (Amendment) Act 2017 through NSW Parliament to ensure more transparent and equal relationships between landlords and tenants

› rolled out the Boosting Business Innovation program that provides small businesses access to information.
Providing tools to build resilient businesses

The NSW Government is proud of Sydney as a global city, regional NSW as a leading economy for business investment and job creation, and NSW as the state to start, grow and innovate in business.

The NSW Government will continue to support small businesses to ensure a sustainable and supported business environment in NSW, through improved connectivity, business capability and preparedness to adapt.

What we can do

The NSW Government will:

› deliver a Connecting Country Communities Fund (including the Mobile Black Spot Program) to invest into regional communications infrastructure as part of the $1 billion Regional Growth Fund. This program aims to improve regional digital connectivity and download speeds, reducing the tyranny of distance and making it easier for businesses to join the national and global business network

› conduct research to better understand the perceptions, attitudes and preparedness of small businesses towards cybersecurity risks

› deliver a new Building Business Resilience initiative that pulls together a comprehensive framework for the NSW Government in working with small businesses that are disrupted via regulatory reform, infrastructure roll out, industry downscaling and emergencies and natural disasters

› through the Office of the NSW Small Business Commissioner, continue to work with the smash repair industry to improve collaboration and efficiency between their sector and the insurance industry

› provide access to business data that will benefit business growth, particularly for businesses in regional areas.

How we will measure success

By 2021, we expect to see:

› improved digital connectivity for regional NSW

› increased number of small businesses with a digital strategy

› improved business education in cybersecurity and reduced opportunities for those who seek to compromise online systems and data.

What we have done so far

› The NSW Government has been key in delivery of the Commonwealth Government’s Mobile Blackspot Program to improve mobile phone coverage across regional NSW, making it easier to run a business.

› The Commonwealth Government’s National Broadband Network rollout provides a new internet landline phone network enabling faster broadband speeds, improved connectivity and access to online global markets.

› The NSW Government’s Innovation Strategy provides new opportunities to attract investment into the NSW economy for innovation and collaborative economy businesses.

› The Business Connect small business advisory program has a specialist digital program to assist in building digital capability for small business.

› The Office of the NSW Small Business Commissioner and Department of Industry are working with industries in disruption including the newsagency, taxi and hire car sectors to future-proof their businesses by expanding their operating models and exploring transferable skills.