

NSW Small Business Strategy 2023-26

Towards 1 million small businesses by 2030.





Contents

| | |
|--|----|
| Minister's foreword | 4 |
| Towards 1 million small businesses by 2030 | 6 |
| Small business landscape | 8 |
| Working together we have made a difference | 12 |
| What we heard | 16 |
| Small business value statement | 18 |
| What we will do | 21 |
| Implementation and next steps | 32 |



Minister's foreword



Small businesses are the lifeblood of local communities and pivotal to the prosperity of our state.

Over the last few years, small businesses have faced unprecedented challenges as a result of natural disasters and the COVID pandemic. Small business operators have demonstrated true grit and resilience to push through some very difficult times.

The NSW Government has stood shoulder to shoulder with the sector throughout this period. Working with local and federal government, we introduced a range of direct measures including JobSaver, flood and bushfire recovery supports, and payroll tax relief. These measures

enabled small business to do what it does best: keep doors open, employ people and provide for our communities. As a result NSW is home to more small businesses than any other State or Territory in Australia.

Since 2011, the Government has supported the sector by maintaining a strong economic environment and making reforms that deliver opportunities for small business. We have made record infrastructure investments, lowered taxes, promoted the visitor economy through Destination NSW and attracted international trade and investment to create jobs at home.

Our NSW business environment is built on a low regulation and low tax foundation. The Regional Growth Fund and Regional Business Development Event Fund promote opportunities throughout our State. We delivered on the last NSW Small Business Strategy, released in 2017, by increasing the payroll tax threshold, expanding Service NSW for Business and updating government policy to improve small business cash flow.

The NSW Small Business Strategy 2023-26 renews our commitment to the sector, outlines practical steps that will help small businesses to start, grow and thrive, and acknowledges and celebrates

the many ways in which small businesses contribute to making NSW a great place to live, work and do business.

In valuing small business, it is important to recognise the incredible diversity of the sector. Our Strategy recognises the varied needs of different small businesses, and will support the entire sector, from small, locally-focused retail and hospitality outlets to manufacturing and digital businesses exporting to the world.

This Strategy also commits to actions to support female, Aboriginal and Culturally and

Linguistically Diverse business owners as well as greater inclusion of people with disability.

I would like to thank everyone who has contributed to this strategy. It is an important step in our State's economic and social development, and I look forward to the NSW Government continuing this collaboration in the future.

The Hon. Victor Dominello
Minister for Small Business,
Minister for Fair Trading,
Minister for Customer Service
and Digital Government



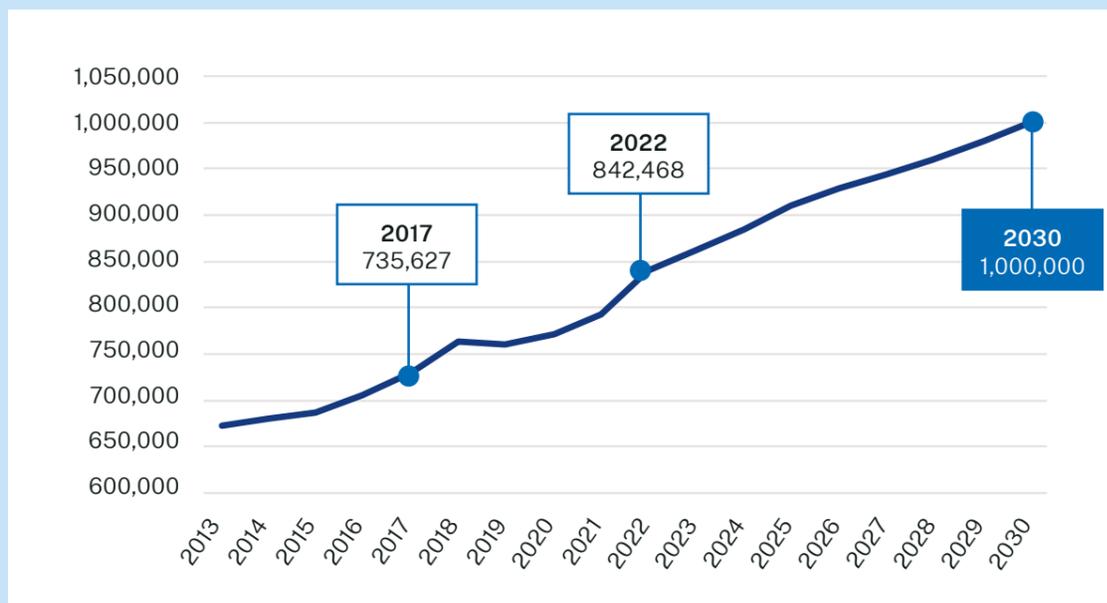
Towards 1 million small businesses by 2030

NSW is the small business powerhouse of Australia with 34% of small businesses calling NSW home.ⁱ

For more than a decade, the NSW Government has worked hard to ensure small business can start, grow and thrive in a low tax, low regulation environment, where barriers are reduced, opportunities are created and different types of support are available if and when required.

By 2030, NSW will continue to be powered by small businesses that provide products and services to their local community, across NSW, Australia and overseas. Within the next seven years, our State will be the home of 1 million small businesses, an increase of 20% from today and 50% since 2013. These small businesses will strengthen NSW's economy by creating jobs, prosperity and important community services that all contribute to making NSW a great place to live.

Target growth in small business in NSW



ABS 8165.0, Counts of Australian Businesses, including Entries and Exits

More people are employed by small businesses in NSW than any other State in Australia. As we move forward to the end of the decade, it is estimated that the growth of this sector will mean almost 2.2 million people will work in a small business across NSW.

The next seven years will see more changes in the small business landscape, including more digital services and transactions, more automation, a bigger shift to the circular economy and net zero emissions, and adaptation to climate change. There will also, rightly, be a stronger focus on ensuring everyone in our community has more opportunity to start and grow a business.

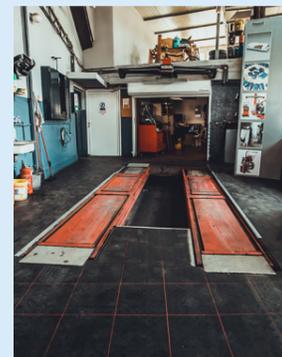
This strategy commits the NSW Government to taking actions that set up and support small businesses through these changing patterns:

- Helping build resilient businesses that can adapt in response to economic pressures from changing interest rates, supply chain disruptions and climate change, to making it easier to supply products and services to government. While future challenges are inevitable, we will help strengthen small businesses to help manage them and continue to thrive.

- Supporting a shift to digital tools, to reach more customers than ever before, simplify government services and protect businesses from cyber threats. This will ensure small business has the confidence and skills to reach a wider range of customers, including nationally and overseas.
- Ensuring small businesses throughout our State are supported, recognising those outside metropolitan centres can face additional challenges in accessing information, obtaining insurance, and, for businesses in border areas, complying with multiple regulatory regimes.
- Building on existing work to tackle barriers in starting a small business experienced by some women, Aboriginal and Torres Strait Islander people, and people from culturally and linguistically diverse backgrounds and with disabilities.

This Strategy looks to the future and recognises both the challenges and opportunities for small businesses. The next Small Business Strategy we release, for 2026-30, will go further, responding to future changes in the market and workforce, digital services and climate change. The NSW Government will continue to support small business to thrive and make our State the home of 1 million small businesses by 2030.

Case Study



Business Connect and Business Concierge working together to support small business owners

Les from Bega Valley Shire produces a fire trailer that helps people to protect their property during fires.

Les called Service NSW's Business Concierge, who guided him through Fair Trading and RMS applications. He also received help on a business plan and getting local government approvals.

Like many, Les faced several challenges in 2021, but worked on marketing, presentations, and effective sales language, and was able to achieve sales of his fire trailers.

Small business landscape

Small business sector

NSW has two preferred definitions for small businesses: aggregated annual turnover less than \$10 million; or fewer than 20 full-time equivalent employees.ⁱⁱ

In NSW there are over

840,000

small businesses,ⁱⁱⁱ accounting for 98% of all NSW businesses. Over 44,000 small businesses have opened since July 2021, an increase of 5.5%. This is the highest growth rate in the last 10 years.^{iv}



34% of small businesses in Australia are based in NSW.^v



275,000 small businesses are based in regional NSW, accounting for 33% of all NSW small businesses.^{vii}

NSW small businesses employ

1.8 million

people, accounting for 45% of the NSW private sector workforce.^{vi}



Who are the small business owners?

More than

494,000

small businesses were operated by sole traders in 2022. This is up from around 406,000 in 2013 (an increase of 21.6%)^{viii}

72%
aged 40 or older

20%
aged 30-39

8%
aged under 30



Demographic breakdown of small business ownership in NSW shows:^{ix}

34%
are women

35%
are born overseas^x



<1%
Aboriginal and Torres Strait Islander people

<1%
have a disability^{xi}

Case Study



Aboriginal Artist

Lizzy is an Aboriginal self-taught contemporary artist born and raised on Wiradjuri Land, Dubbo who sells commissioned artworks, originals, and prints. Her artwork was featured on television in 2021.

Lizzy had a decline in work due to the COVID-19 pandemic and decided to focus on her art full time. She reached out to Business Connect to seek advice on turning her hobby into a business venture. She was helped with

many aspects of developing her business such as business structure, preparing for an accountant and marketing.

Lizzy's business continues to grow and she has received further help to navigate the many business collaboration opportunities that have presented themselves after appearing on television.

NSW is strongly committed to increasing economic participation for Aboriginal and Torres Strait Islander people through actions under Closing the Gap, and many more projects. The actions in this Strategy will support work that has seen a doubling of small businesses owned by Aboriginal or Torres Strait Islander people in NSW in recent years.

For more information about the NSW Government's commitment to Closing the Gap, visit aboriginalaffairs.nsw.gov.au/closingthegap/

Small business landscape

The NSW small business sector has continuously grown since 2013, despite the challenges of natural disasters and the COVID pandemic.

| | 2013 | 2017 | 2021 |
|---|-----------------|-----------------|-----------------|
|  Number of people employed in small and micro-businesses | 1.52 million | 1.65 million | 1.8 million |
|  Wages and salaries earned by small and micro-business employees | \$42.9 billion | \$54.4 billion | \$63.7 billion |
|  Sales and service income by small and micro-business | \$281.1 billion | \$361.5 billion | \$424.9 billion |

Note: Figures have been rounded

Case Study



Female tech entrepreneur

Steffi from Burwood developed and launched her app in November 2021. The app incorporates cultural tourism, community engagement and commerce into a modern-day treasure hunt that highlights the culture of Sydney suburbs and communities.

Steffi attended Business Connect workshops on business planning and digital marketing, and has received support on contracts, accounting, marketing & PR, working with freelancers, networking and building partnerships; funding opportunities and planning to scale.

She also won a scholarship to join Investment NSW's Female Founders Startup Program. Her next move is seeking partnerships with more councils who are looking to attract visitors, and improve engagement with local communities and businesses.



Working together we have made a difference

The NSW Government is continuing to increase investments for the future to provide important opportunities for small business to start, grow and thrive.

Since 2011, this Government has:

- Invested **\$178 billion** in critical infrastructure to support small businesses – including transport for customer and freight access, and energy
- Supported the pipeline of ‘work ready’ staff for small businesses - through investing over **\$1.05 billion** in around 575,000 fee-free traineeships, apprenticeships and enrolments in other vocational education and training programs,^{xii} and advocating for the increase to the permanent migration program (195,000 places nationally in 2022-23)
- Boosted small business skills and capability – by supporting **49,310** small businesses through the Business Connect program (including 55% located regionally, and over 1,000 owned by Aboriginal or Torres Strait Islander people)
- Enabled a significant shift to digital and streamlined transactions – through **585,744** Service NSW for Business Profiles and **652,258** business entities linked to Business Profiles
- Provided unprecedented sector support through natural disasters and the pandemic – including:
 - **\$7.15 billion** in JobSaver payments
 - **\$4 billion** in small business and micro-business grants

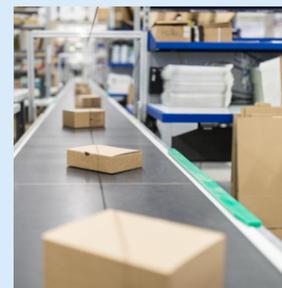
- **\$587 million** in Dine & Discover vouchers, resulting in **\$977 million** spent across 16,700 businesses, at an average spend per voucher of \$41^{xiii}
- **\$124.9 million** in Parents vouchers at an average spend per voucher of \$115^{xiv}
- The **\$250 million** Bushfire Local Economic Recovery Fund, supporting job retention and creation, and reducing the impact of future natural disasters on communities and businesses
- The **\$150 million** Primary Industry Support Package, providing funding to businesses disrupted by the February 2022 floods to rebuild and recover
- Cut red tape – by replacing monthly payroll tax returns with single annual returns for payroll tax liabilities up to **\$20,000** annually, and enabling digital applications for all NSW Government licences
- Expanded access to new markets – through Global NSW’s program supporting food, technology and medical technology exports, across nearly **30 targeted programs**
- Formalised the role of the NSW Small Business Commissioner in the *Small Business Commissioner Act 2013* as the independent advocate for small business.



NSW is committed to ensuring employers can find skilled workers and helping workers develop their careers. The NSW Government provides funded training under the Smart and Skilled program including courses in marketing and communications, work health and safety, entrepreneurship, and human resource management. Small business owners can find out how to access funded vocational training for their employees at:

nsw.gov.au/education-and-training/vocational/funding/smart-skilled-employers

Case Study



Innovation to reduce workplace injuries results in small manufacturing business supplying to local government

Having experienced long-term work-related injuries from exposure to equipment vibrations, Deon from Cameron Park designs and manufactures Anti-Vibration Handles.

Deon has benefited from receiving independent, tailored advice from Business Connect, including coaching to negotiate with potential clients and suppliers, and help with developing proposals for funding opportunities. Deon has now been able to supply to local government.

Since the last Small Business Strategy was released in 2017, the NSW Government has invested in and delivered significant actions and reforms to support the sector:

Exploring opportunities for further taxation relief to encourage small business growth

The NSW Government has reduced the tax burden on small business.

Raising the payroll tax threshold to \$1.2 million making more businesses no longer liable for payroll tax

Revenue NSW

1 Jul 2020

Reducing the payroll tax rate to 4.85% as part of the COVID response

Revenue NSW

2020-21 and 2021-22

Investing in new skills for business

Small business is a major employer, including of trainees and apprentices who are developing their skills. NSW has supported the pathway from education to traineeships and employment.

Regional Industry Education Partnerships
Education

2018

Subsidised training, through the Small Business Recovery program
TAFE NSW & Small Business Commissioner

2020

Fee-free traineeships & apprenticeships
Education

Jan 2020

Automatic Mutual Recognition of Occupational Mobility Scheme
Treasury

Jul 2021

Women in Business program
TAFE NSW

Nov 2021

Creating fair procurement opportunities

NSW Government purchases around \$30 billion of products and services every year. Key actions are making it easier for NSW Government to work with small business.

Aboriginal Procurement Policy
Treasury

Jul 2018

buy.nsw and the NSW Supplier Hub
Customer Service (Digital NSW)

2019

Raising the threshold for a single quote, through the Small and Medium Enterprise (SME) and Regional Procurement Policy
Treasury

Jul 2021

Tender Support Program
Small Business Commissioner & TAFE NSW

Oct 2021

Innovation Procurement Pathway
Customer Service (Digital NSW)

late 2022

This Strategy will build on these achievements to ensure NSW remains the easiest place to open and run a business.

Enabling better access to cash flow and capital

Improving access to capital and managing cash flow is vital to the successful operation of small business.

Faster Payment Terms Policy
Small Business Commissioner & Treasury

Dec 2018

Small Business Shorter Payment Terms Policy
Treasury

1 July 2021

SME Recovery Loan Scheme
Treasury

2020 to Jul 2022

Making it easier to start a business

NSW agencies are supporting business owners to start, run and grow their business, including to adapt and recover in times of crisis.

Business Concierge
Customer Service

2019

Multicultural Business Connect Advisory Services
Customer Service

2020

Service NSW for Business Profile
Customer Service

Jul 2020

Going Global Export Program
Investment NSW

Aug 2020

Women in Business Hub
Customer Service

Sep 2022

Providing tools to build resilient businesses

Resilience is about small business owners managing and adapting in unexpected and difficult situations, from cybersecurity threats to natural disasters. NSW Government has provided support in several areas.

Business continuity plan and disaster recovery resources
Small Business Commissioner

2020

Industry Partnership Program
Customer Service

2021

Mentally Healthy Workplaces
SafeWork NSW

2021

What we heard

The NSW Government continually engages and consults with small businesses through the NSW Small Business Commissioner as their advocate within NSW Government. The Commissioner regularly seeks the views of small business owners through the monthly Small Business Momentum Survey, and represents them through formal submissions to Government, as well as participation in Government committees.

These consultations identified that many positive actions have been taken over the five years of the previous Strategy, and the small business sector is strong. Businesses appreciated actions to reduce tax and red tape, train more skilled workers, and promote cash flow from government procurement.

To develop the Strategy, we conducted:



A Have Your Say survey between May and June 2022, which received

464

responses from small business owners and representatives



9

Focus groups with 30 industry representatives across multiple small business sectors



11

Written submissions from small business industry bodies received



Consultations with

5

Aboriginal peak organisations and representatives



1:1

Interviews with key government stakeholders across 18 Commonwealth and NSW agencies

Industry noted five key areas where more help would strengthen the sector:

Economic environment

Maintain the current strength in the economy to manage disruptions from inflationary pressures and challenges around labour, skills and industrial relations

Preparing for future disruptions

Promote access to affordable insurance and capacity to adapt business practices

Regulation

Continuing to drive regulation and compliance requirements that are right-sized and support good business practice, and are designed through close consultation with the sector

Doing business with NSW Government

Further reducing barriers and making it easier to supply products and services to government

Finding and accessing information and support

Continue to improve our websites and services to enable small businesses to access relevant information when and how they want to

To meet these challenges, business owners told us they wanted to spend less time interacting with Government and more time on their businesses, a fair go regardless of their size, location or industry, and the skills needed to run their businesses.

Small Business Value Statement

The Small Business Strategy is about people.

NSW Government initiatives assist small business to create public value. Public value can be generated in a variety of ways, including supporting people to improve their economic and social wellbeing, and contribution to local community.

Our consultations highlighted the many reasons people start and run their own business. The Small Business Strategy aims to empower people to live their lives in a way that works for them.

As part of the Small Business Strategy, the NSW Government is committed to recognising the contribution that small business makes to our broader social and economic objectives. We want to ensure the full range of

benefits associated with a thriving small business sector are properly recognised when designing and evaluating public policy initiatives.

Each Cluster in the NSW Government will adopt its own Small Business Value Statement to acknowledge how small business contributes to delivering its key aims and priorities, and ensure its policies and projects support the small business sector.



NSW Government Small Business Value Statement

Small businesses make a major contribution to the NSW economy, including Gross State Product and employment. However, many of the benefits of a thriving small business sector go beyond their total number, or financial contribution to the economy.

The NSW Government recognises the contribution of small business to broader social and economic objectives, including:



Economic and social inclusion

Providing employment and economic opportunity to those facing challenges when engaging in traditional employment, including our youth and mature age workers.



Amenity

Delivering products and services that are crucial to some regional communities.



Aspiration

Providing a vehicle for individuals to pursue their personal goals and passions.



Choice

Providing choice and innovation to meet different consumer needs and preferences.



Economic

Making a significant contribution to our economy, and employing people in their local communities.



Community

Holding a deep connection to their local community, and motivated by more than just profit.



What we will do

We have identified 35 important actions the NSW Government will take over the next three years to support small business to start, grow and thrive. These actions build on and complement progress and current activities. They fall under seven focus areas:

- | | |
|---|--|
|  | 1. Keeping NSW as the home of small business |
|  | 2. Skilling business to start, grow and thrive |
|  | 3. Building resilience |
|  | 4. Connecting with customers |
|  | 5. Easier access to services |
|  | 6. Increasing diversity and participation |
|  | 7. Boosting opportunities to contract with NSW Government |



Focus Area 1 Keeping NSW as the home of small business

The growth of the small business sector despite the challenges over the last few years shows that we have many of the settings and actions in place that make NSW a great place for small business. To reach our target of 1 million small businesses by 2030 and ensure existing small businesses continue to grow, the NSW Government is dedicated to maintaining NSW as the Home of Small Business.

Government policy, regulation and programs need to be designed in collaboration with the sector to help

understand the benefits and avoid unintended negative impacts for small business. The NSW Government also needs to better measure how effectively it is working with small business and encourage small business friendly practices from larger businesses. The Government will also continue to digitise previous paper-based or in-person processes, making them less time-consuming and more convenient for small businesses. This will create a better environment for small business and ensure that NSW continues to be the Home of Small Business into the future.



| ✓ Actions we will take | ✓ How this will help small business |
|--|---|
| 1.1 No new taxes for small business | <ul style="list-style-type: none"> • Gives business certainty by maintaining a stable taxation system |
| 1.2 Appoint a NSW Red Tape Commissioner, to deliver \$1 billion reduction in red tape | <ul style="list-style-type: none"> • Ensure government agencies take a targeted approach to developing policies and initiatives that affect small businesses |
| 1.3 Launch a 2 year blitz of regulation, where any new regulation will result in another piece of red tape removed | <ul style="list-style-type: none"> • Prevent further overall increases to red tape and regulation |
| 1.4 Further reduce red tape by removing legacy requirements and introducing use of digital processes, supported by amendments to legislation in 2023 | <ul style="list-style-type: none"> • Save time and reduce the costs of compliance |
| 1.5 Require each Cluster to develop and adopt a Small Business Value Statement | <ul style="list-style-type: none"> • Ensure government agencies take a targeted approach to developing policies and initiatives that affect small businesses |

| ✓ Actions we will take | ✓ How this will help small business |
|--|---|
| 1.6 Require NSW Government agencies to include small business friendly performance measures, including a red tape reduction figure, within their annual reports from 2022-23 | <ul style="list-style-type: none"> • Greater accountability will drive more small business. More access to procurement, reduced regulation, increased participation |
| 1.7 Require small business impact assessments for new policy, regulatory and major project proposals, piloted in the Transport and Planning and Environment Clusters from July 2023, and extended to all government agencies* | <ul style="list-style-type: none"> • Greater focus on small business needs and perspectives within government, including better engagement |
| 1.8 Increase engagement with small businesses and do more to reduce disruption from NSW Government major infrastructure programs, including through earlier notice and reducing disruption by conducting works outside of business hours | <ul style="list-style-type: none"> • Improve engagement and minimise service and cost impacts on small businesses from major infrastructure projects – create interim measures to support the business |

*For example, this will include impact assessments of major NSW Government infrastructure projects, how we have engaged with small business and what we are doing to reduce those impacts.



Focus Area 2

Skilling business to start, grow and thrive

To ensure NSW remains the home of small business, small business owners need the skills and settings to take advantage of emerging opportunities to start and grow their business, as well as adapt and respond to changing economic environments and customer needs.

We will give small businesses greater access to quick and self-paced training resources that enable them to upskill in core business and finance skills like workforce and continuity planning, as well as digital, web and cybersecurity skills. We will also significantly

expand the support we provide for start-ups, including subsidising expert advice under a new Start + Scale My Business program, and expanding support through our State-wide network of Business Connect advisors.

Small businesses are also facing difficulty in finding skilled workers. We will continue investing in job-ready training, as well as explore other avenues for encouraging skilled workers to participate in the NSW workforce, to ensure that small businesses are not limited by the availability of workers.



✓ Actions we will take

2.1 In consultation with businesses and peak groups, ensure TAFE and Department of Education micro credentials are targeted to give small businesses the latest skills and knowledge

2.2 Introduce a new four year Start + Scale My Business program, providing \$1,000 for up to 10,000 micro and small businesses for professional advice to help grow and expand their business

2.3 Increase Business Connect's capacity to provide more support and specialised services such as procurement specialists, focus on business resilience, sustainability and financial literacy

2.4 Hold an annual Skills Summit with the small business sector during Small Business Month

✓ How this will help small business

- Increase access to training for small business owners wanting to upskill
- Help small businesses to keep up to date with the latest training and qualifications

- Support access to key advice needed when starting a business
- Increase small business growth and sustainability

- Increase awareness and access to specialist advice from Business Connect advisors
- Support small business growth and sustainability

- Increase opportunity for small businesses to have their say on additional skills and training

✓ Actions we will take

2.5 Continue engagement with the Federal Government for further and permanent extensions to working hours allowed under pension eligibility criteria

2.6 Commit to further ongoing Automatic Mutual Recognition reform through national forums to support greater competition and innovation among small businesses

2.7 Continue engagement with the Federal Government on addressing skills shortages via targeted migration policy

✓ How this will help small business

- Support greater economic participation by seniors and address workforce shortages

- Increase access to a broader pool of skilled workers
- Reduce red tape when engaging licensed interstate workers

- Enhance workforce capacity to help small businesses grow



Focus Area 3 Building resilience

Small business in both metro and regional areas has shown strong adaptability to survive, even in the face of bushfires, floods, exotic diseases impacting livestock and a global pandemic. The NSW Government will continue to stand by the sector in times of crisis and help small business be proactive in preparing for disasters, to reduce risk and be more resilient to future disruptions.

Underinsurance leaves businesses more vulnerable to risks and less able to bounce back from a disruption. While the NSW Government does not regulate the insurance market on its own, we will take steps to reduce some of the barriers to affordable insurance.

When facing challenges it is important that small business owners and staff can access services that support mental health and wellbeing, including in the workplace. We will continue to promote and improve our mental health programs for small businesses.

The NSW Government is also supporting small business to benefit from the economic opportunities from the goal of reaching net zero emissions by 2050, and to prepare and adapt for our changing climate. We will provide more resources to support small businesses to respond and thrive in the face of climate change.

✓ Actions we will take

3.1 Appoint a Supply Chain Commissioner to deliver efficiencies and remove blockages

3.2 Investigate and work with the insurance industry on challenges in accessing appropriate and affordable insurance for all sectors and geographic locations, and develop a database on insurance coverage by location

3.3 Target year-on-year increases in small business participation in mental health programs and resources developed specifically for small business owners

3.4 Deliver an energy reporting and climate change adaptation guide for NSW small business by end of 2023

3.5 Investigate a new landlord and tenant green energy initiative to co-fund new green infrastructure (e.g. smart meters, solar, batteries, insulation and electric vehicle charging) in commercial premises

✓ How this will help small business

- Lower the cost of doing business, speed up freight and logistics and lead to a more reliable supply chain

- Improve small business ability to plan, respond and withstand future disruptions
- Tailor support for small business in higher risk locations

- Increase awareness of mental health programs and resources
- Improve mental health outcomes leading to well-being and productivity improvements

- Better preparedness for future climate change regulation and adaptation policy

- Lower energy costs and higher energy efficiency



Focus Area 4 Connecting with customers

Small business owners want to spend more time developing and growing their business. The NSW Government can help by creating more local and global opportunities for both metro and regional small business. The Service NSW for Business function can help link small businesses to potential customers. Over the next three years, digital enhancements will continue to build on these services to support small business owners in interacting with customers and meeting their business goals.

Our Act Global program will create opportunities for small businesses to access international markets and customers. These connections will support small businesses to sell goods and services to new customers and markets overseas, and promote goods and services produced in NSW on the world stage.

✓ Actions we will take

4.1 Make Seniors Card concessions easier and more attractive to implement and access

4.2 Launch the Act Global small business program by the end of 2023 to help small businesses sell goods and services to customers overseas

4.3 Over the next three years, consult on and roll out a series of digital enhancements that help small businesses better connect with customers and government, such as linking customers with small businesses, and making it easier to apply for and renew licenses

✓ How this will help small business

- Support access to more customers, such as linking Seniors Card holders and small business

- Improve opportunities to identify and engage with new customers in international markets
- Create opportunities for global promotion and networking with global businesses and entrepreneurs
- Training in marketing and e-commerce to drive up digital capability and maturity, particularly for businesses in regional areas and other priority groups

- Greater efficiency for business operations, and new revenue opportunities



Focus Area 5 Easier access to services

Information and support should be relevant, accessible, affordable, and provided in the form that helps small businesses most, regardless of their size or sector. The NSW Government will make sure that small businesses can access services whether by directly speaking to someone, using interactive tools and resources, or through traditional print. It will also help local councils

improve their support for small business, which means small businesses spend less time on paperwork and more time running their business.

By doing this, we can help small businesses be more productive and encourage new owners into the sector.

Actions we will take

5.1 Establish a digitalised information and resources hub, bringing together information and resources relevant to small business

5.2 Further increase access to mediation by reducing the cost of dispute resolution services supported by the NSW Small Business Commissioner, and expanding the types of businesses eligible

5.3 Engage local government to support small business more effectively, for example by promoting actions that reduce red tape and improve local business conditions*

How this will help small business

- Quicker and more convenient access to a broad range of information
- Promote access for all small businesses, including those in regional areas

- Further increase access to more affordable mediation services, avoiding unnecessary court cases
- Increase mediation rights through regulation under the *Retail Leases Act 1994*

- Improve linkages between small businesses and councils, such as approvals, procurement and local economic development projects

*For example, this could include a new scheme that recognises and encourages local councils that increase local economic development through settings that help small businesses



Focus Area 6 Increasing diversity and participation

The NSW Government wants everyone to have the opportunity to start and run a successful small business if they so choose. The data shows that more action is needed to support potential and existing small business owners who are women, Aboriginal and Torres Strait Islander, from Culturally and Linguistically Diverse backgrounds or people with a disability.

Over the next three years, we will improve opportunities for these groups by supporting better access to finance and increasing commercial opportunities and appropriate support. This will increase participation and growth in the small business sector, and also ensure that it reflects the diversity of the broader community that it serves.

The below actions reaffirm the Government's commitment to the NSW Implementation Plan on Closing the Gap, and particularly Priority Reform 5: *Employment, business growth and economic prosperity*. The NSW Government recognises the importance of growing the Aboriginal small business sector and the contribution it makes to the economic prosperity of Aboriginal communities. To support this, the Aboriginal Procurement Policy will be reviewed over 2022-23 to support increased Aboriginal economic participation and offer more opportunities to supply to Government.

Actions we will take

6.1 By the end of 2023, identify, agree and implement more actions to tackle key barriers for women, Aboriginal and multicultural communities and people with disability becoming small business owners or employees*

How this will help small business

- Increase number of women-owned and led small businesses
- Increase opportunities for Aboriginal-owned and operated small business to provide services to NSW Government and support a stronger sector
- Increase number of CALD-community-owned and led small business
- Increase participation of people with disabilities within the small business sector

*For example, this will include partnering with the Commonwealth to improve access to childcare, engaging the Aboriginal business sector on increasing market share, working with the multicultural business community to boost opportunities and ensuring business start-up training and resources are accessible for people with disability



Focus Area 7

Boosting opportunities to contract with NSW Government

Since 2017, the NSW Government has taken important steps to improve the way we buy products and services from small business. But we will do more to make sure we connect with small business to understand the goods and services the sector can provide, and make it easier to offer services to government.

When doing business with government, we will make it easier to understand our contract, and pay very quickly after we receive an invoice. More chances for small business to supply should mean more opportunities for small businesses to develop their capabilities and grow.



✓ Actions we will take

- 7.1 By the end of 2023, 90% of all NSW Government procurement will **only require small businesses to gain required insurances when awarded a contract**, rather than to submit a tender (e.g. public liability and professional indemnity)
- 7.2 **Increase the threshold for direct procurement with small businesses** (only requiring one quote) from \$150,000 to \$250,000 by mid-2023
- 7.3 **Enable small businesses to pre-qualify as suppliers to the NSW Government through a single form**, by mid-2023
- 7.4 **Increase NSW Government expenditure through procurement with small business** by 23% (around \$1 billion) by 2027

✓ How this will help small business

- Increase small business capacity to participate in government procurement
- Allow mediation with agencies to provide appropriate insurance requirements
- Simplify procurement for smaller projects, providing more opportunities for small businesses
- Provide more NSW Government procurement opportunities for small businesses via simpler registration
- Increase NSW Government procurement market share for small business

✓ Actions we will take

- 7.5 **Offer simple contracts for all whole of Government prequalification schemes** by the end of 2023, and roll out new simple contracts for key goods and service programs by the end of 2024
- 7.6 **Increase the threshold for Small and Medium Enterprise and Local Participation Plans** for contracts from \$3 million to \$7.5 million
- 7.7 **Engage with larger businesses to promote small business friendly practices for industry**, including developing a private sector procurement template agreement to support faster payment times to small businesses
- 7.8 **Hold an ongoing annual Small Business Month and a biennial State-wide small business purchaser and supplier conference**, including for regional businesses

✓ How this will help small business

- Save time and money in understanding contracts and engaging legal professionals for assistance
- Increase ability to participate in government procurement
- Reduce tendering requirements on small business
- Ensure small business benefits from contracts awarded to larger businesses
- Assist cash flow and give small businesses more power in accepting payment terms
- Increase opportunities for small business to meet government and industry buyers.
- Better match demand for services with small business supply

Implementation and next steps

The NSW Government is committed to a thriving small business sector that creates employment, prosperity and community for people throughout our State.

We will work together with small business and community stakeholders to promote opportunities through targeted advice and support.

An improved regulatory environment and skilled workforce will encourage the establishment and expansion of small businesses. Our measures of our success will be:

- increasing the profitability and viability of small business and its contribution to the economy
- increasing the number of small businesses and people employed by them
- reducing barriers to entry and growth for small business

- increasing ease of doing business by increasing digitisation, reducing red tape and touch points with government
- increasing participation of women, Aboriginal and Torres Strait Islander people, culturally diverse business owners and people with disability in our vibrant and innovative small business sector.

The Minister for Small Business will oversee the implementation of the Small Business Strategy 2023–26. The Department of Customer Service will work across NSW agencies to deliver the 35 Actions. We will provide regular updates on the progress of the Strategy through our websites, annual Small Business Month events and other opportunities.

Together, we will ensure NSW remains the State for small business and home to 1 million thriving small businesses by 2030.



Case Study



Mediation in practice

Alex*, a commercial tenant had complained to the real estate agent that water was dripping from the ceiling. The upstairs tenants leaking dishwasher outlet was sending a trickle of water into Alex's commercial kitchen downstairs.

This became an urgent problem when a food safety inspector advised that the business would be shut down due to the leak. Alex had already been behind in rent payments before COVID and was also struggling due to the pandemic conditions. He had also just missed his deadline to exercise an option for a new fixed-term lease.

Three weeks after notifying the agent of the leak, Alex was ready to sue, but instead pursued mediation conducted by the Small Business Commission on the advice of his lawyer.

Both parties wanted the tenancy to continue, so they agreed to a resolution that addressed the pre-pandemic rent, the COVID-affected rent, the terms of the next fixed-term lease, and the leak.

*name has been changed

Case Study



Moving on from adapting to growing

Patrick from Wollondilly Shire provides a learning environment for creative development through music and the arts. Following a period of adapting the business during the disruptions of bushfires and COVID-19, Patrick wanted to grow his customer base, as well as increase his marketing and community engagement.

With his Business Connect Advisor, Patrick has been developing his business and strategic plan; working on his brand and key messaging; staff training to ensure quality and consistent service delivery; and partnering with local community organisations.

The business has grown by attracting new students through an 'open day', building new business relationships and attracting funding through a Council Community Grant. The Academy has moved from a home studio to new premises and the next stage of growth will include recruiting more teachers.

- i. ABS 8165.0, Counts of Australian Businesses, including Entries and Exits.
- ii. Treasury Policy Paper 22-08 Small Business Definition.
- iii. ABS 8165.0, Counts of Australian Businesses, including Entries and Exits.
- iv. Non-employing businesses and businesses with 1-19 employees.
- v. ABS 8165.0, Counts of Australian Businesses, including Entries and Exits.
- vi. ABS 8155.0, Australian Industry 2020-21 (which covers private non-financial businesses). Note: percentage of people employed by small businesses in NSW is calculated by dividing the number of small business employees by the total number of employed persons as reported in ABS 8155.0.
- vii. ABS 8165.0, Counts of Australian Businesses, including Entries and Exits.
- viii. ABS 8165.0, Counts of Australian Businesses, including Entries and Exits.
- ix. ABS, 2021 Census.
- x. This is calculated using the year of arrival in Australia as a proxy for whether the respondent was born overseas. If the place of birth indicator is used, then the result would be 36 per cent.
- xi. The need for assistance with core activities is used as a proxy for disability.
- xii. Includes JobTrainer and TAFE Fee Free courses and training co-funded by the Commonwealth
- xiii. Service NSW COVID-19 dashboard as at 23 December 2022.
- xiv. Service NSW COVID-19 dashboard as at 23 December 2022.

NSW Small Business Strategy 2023-26

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