



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Coalition
Date Referred: 18/01/2018

Proposal No: C003
Date Published: 18/03/2019

Proposal Title: Package for Small Business and Tradies

Cluster: Finance, Services and Innovation

General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	-	-	-	-
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
Net Operating Balance:	-	-	-	-	-

Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	-	-	-	-	-

Net Lending/(Borrowing):	-	-	-	-	-
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Total State Sector Impacts

Net Lending/(Borrowing):	-	-	-	-	-
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Notes and costing assumptions

The package has four policies to assist small business, all of which have no net budget cost. The policies are either already in the budget numbers, have no effect on government entities within the Total State Sector, or can be met within existing agency resources.

Policy 1 proposes to increase the payroll tax threshold to \$900,000 in 2019-20, \$950,000 in 2020-21 and \$1 million in 2021-22. The policy was introduced in the 2018-19 NSW Budget and is included in current budget numbers, and therefore has no impact on the forward estimates.

Policy 2 proposes to reduce workers compensation insurance premiums paid by businesses by \$100 million per year from July 2019, or by \$300 million over the forward estimates. The reductions would be targeted at businesses with a safe work history, which may encourage safer work practices.

Most businesses in NSW pay workers compensation premiums to the Nominal Insurer under the NSW Workers Insurance Scheme, which protects around 90% of workers in NSW. The Scheme is a Fund that receives premiums from businesses and makes payments to injured workers, and is administered by Insurance and Care NSW (icare), a not-for-profit NSW Government agency that is part of the Total State Sector.

The Nominal Insurer is not and does not represent NSW or any authority of the State. The insurance claim liabilities of the Nominal Insurer can only be satisfied from the Insurance Scheme Fund and are not liabilities of the State, icare or any other authority of the State.

Notes and costing assumptions continued:

The Scheme is not consolidated as part of the NSW Total State Sector Accounts or icare accounts (See Insurance and Care NSW 2017-18 Financial Statements at page 258). The Scheme had net accumulated funds of \$2.45 billion at the end of 2017-18 (Financial Statements at page.256).

Given the Nominal Insurer and Scheme are not part of the Total State Sector Accounts, changes in payments to the Scheme, net assets and future liabilities will not affect the NSW budget numbers.

Policy 3 proposes to extend the NSW Energy Switch service to small businesses, applying to both electricity and gas bills. Energy Switch is a NSW government website run by Service NSW, allowing consumers to find and switch to better contracts (e.g. lower prices) for electricity supply.

Extending the Energy Switch service to small business would be a normal part of the business operations of Service NSW and could be met from within the agency's existing resources. The main cost would involve an upgrade to the website and supporting databases.

Policy 4 requires all NSW Government agencies to consider small business suppliers for everything they buy. The policy may require some modest changes to current procurement policies and operating practices within some agencies and could be met from within existing resources.