



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Referred by: Coalition **Proposal No:** C1498
Date Referred: 2/3/2023 **Date Published:** 20/03/2023
Proposal Title: Small Business Package
Cluster: Customer Service

General Government Sector Impacts

	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	4-year Total \$'000
Expenses (ex. depreciation)		25,000	25,000		50,000
Depreciation					-
Less: Offsets					-
Revenue					-
Net Operating Balance:	-	(25,000)	(25,000)	-	(50,000)

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

Net Lending/(Borrowing):	-	(25,000)	(25,000)	-	(50,000)
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Total State Sector Impacts

Net Lending/(Borrowing):	-	(25,000)	(25,000)	-	(50,000)
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Notes and costing assumptions:

The proposed Small Business Package would provide a range of measures to support small businesses in NSW, including:

- Committing to a target of 1 million small businesses by 2030
- The appointment of a NSW Red Tape Commissioner, delivering \$1 billion of reductions of red tape
- Increasing small and medium enterprise procurement contracts to a total of \$10 billion by March 2027.
- \$1,000 grants for 10,000 small businesses, spread across 2023-24 and 2024-25, to engage an expert to provide professional advice to help grow and expand their business
- A small business rebate of up to \$500 for government fees and charges, capped at \$20 million per year, available during 2023-24 and 2024-25.

The PBO expects this policy would cost a total of \$50 million, spread equally across 2023-24 and 2024-25.

Notes and costing assumptions continued:

Methodology

The PBO considers the commitment to a target of 1 million small businesses by 2030 to be an aspirational target, without any budget impact.

The PBO considers the commitment to reduce red tape by \$1 billion to be an aspirational target, without any budget impact. To the extent red tape is reduced, it would affect the private sector without materially affecting budget costs.

The PBO assumes that the proposed Red Tape Commissioner would be appointed at an SES Band 1 level, with an estimated cost of \$275,000 including on-costs. The PBO assumes this position would replace existing resources currently devoted to regulatory review within the Better Regulation Division of the Customer Services Department, so the cost would be absorbed by the Department of Customer Service.

NSW Treasury has advised that the commitment to increase small and medium business procurement to \$10 billion by 2027 already forms part of Government policy, and consequently has no Budget impact.

The PBO assumes the proposed \$1,000 grants would be capped at \$5 million per year, and this cap would determine the annual cost.

The PBO assumes the proposed \$500 rebates would be capped at \$20 million year, and this cap would determine the annual cost.

To estimate the administrative costs of the grant and rebate program, the PBO has had regard to the establishment and operating costs of several recent programs, as set out below.

Voucher schemes	# redeemed	Establishment costs (\$m)	Operating Costs (\$m)
Dine and Discover	23,651,689	8	38.3
Stay and Rediscover	941,610	1.9	9.3
Parents Thank You	2,526,273	1.3	5.3
Back to School	225,129	2.9	8.1
Creative Kids	1,786,250	2.3	9.5
Active Kids	4,988,501	7.6	18.2

The small business grant and rebate program would involve around 45,000 payments per year, which is a smaller scale than these recent programs. Nevertheless, there are likely to be significant fixed costs involved in the operation of a new program. The PBO estimates that the grant and rebate program would have administrative costs of \$3 million, including an establishment cost of around \$2 million (likely to be capitalised), and annual operating costs of around \$500,000. There is potential for these costs to be reduced, to the extent that the new program builds off systems already established for business support over the past few years. The PBO considers the assumption that the Department of Customer Service could absorb this cost is feasible.