Small Business in NSW: Statistical snapshot and recent developments
by Gareth Griffith and John Wilkinson

1 Introduction

Issues relating to small business are currently the subject of intense interest across many Australian jurisdictions. Among the many issues concerned are those relating to workplace relations, retail tenancy leases, access to finance, the burdens of red tape and unfair market practices.

One indication of government commitment and interest in small business is the establishment in several jurisdictions of small business commissioners. In 2010, Frank Zumbo, the South Australian Deputy Small Business Commissioner, observed:

South Australia [now] joins Victoria…and Western Australia in having a commissioner available to assist small business.¹

In keeping with this trend, in March 2012 the Gillard Government announced its intention to establish a small business commissioner at the federal level.² A small business commissioner was appointed in NSW in 2011 and, more recently, the NSW Minister for Small Business, Katrina Hodgkinson, released a consultation paper entitled A Legislative Framework for the NSW Small Business Commissioner. With these developments in mind, this e-brief presents a statistical snapshot of small business in NSW, a brief overview of issues facing small business and a comparison of small business commissioners.

2 Technical note

To some extent the statistics in the present e-brief update the 2005 briefing paper, Small Business in New South Wales.³ However, it should be noted that, while the figures presented in the 2005 paper and this e-brief are both based on ABS publications, the data sets involved are not exactly comparable.

The 2005 briefing paper was based on a 2002 ABS publication: Small Business in Australia, in which the counts of businesses were sourced from a combination of ABS household survey data and employment and earnings survey data.⁴

Conversely, the present e-brief is based on ABS catalogue number 8165.0, Counts of Australian Businesses including Entries and Exits, the electronic version of which includes data cubes containing counts
of small businesses by industry division in each of the States and Territories. The statistics in these data cubes are based on tax data supplied by the Australian Taxation Office.5

3 Overview of small business

3.1 Definition

Small businesses are defined by the ABS either as sole owner operations, or firms employing between 1–19 people. Medium-sized businesses are defined as firms employing between 20 and 199 staff. Big businesses are defined as employing 200 or more people.6

3.2 Characteristics

Michael Schaper, who is deputy chair of the Australian Competition and Consumer Commission, and his colleagues have summarised the essential features of small businesses as follows:

- often owned by one or two individuals
- frequently family-based
- often home-based
- frequently limited to one or two locations
- finance often provided by the owner
- relatively limited number of customers
- frequently have a limited life span
- often have low profit levels
- frequently have a limited product/service offering.7

3.3 Small business in Australia

In 2011 the federal Department of Innovation, Industry, Science and Research (DIISR) produced a report: Key Statistics: Australian Small Business.8 The report identified broad characteristics of small business on a national as well as State level. Nationally, the report estimated that, in 2008-09, there were 1,961,337 small businesses in Australia. It also estimated that, in 2009-10, small businesses (Australia-wide) employed 4.8 million people. On an overall level, the report calculated that the small business share of gross domestic product (GDP) amounted to 35%.9

According to Ellis Connolly, David Norman and Tim West of the Reserve Bank of Australia, in 2011 small business accounted for nearly half of all employment in Australia, as illustrated in the accompanying table:

<table>
<thead>
<tr>
<th>Business in Australia by size: Share of Employment (2011)</th>
<th>No. of Firms</th>
<th>Employees (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Business</td>
<td>2,045,000</td>
<td>47%</td>
</tr>
<tr>
<td>Medium-sized Business</td>
<td>81,000</td>
<td>23%</td>
</tr>
<tr>
<td>Big Business</td>
<td>6,000</td>
<td>30%</td>
</tr>
</tbody>
</table>

Connolly et al go on to say:

Small businesses accounted for almost half of employment in the private non-financial sector in 2009/10. Their contribution to employment is highest in agriculture, where small businesses accounted for 86 per cent of employment. Small businesses also accounted for over half of employment in the construction and business services industries. Unsurprisingly, their contribution to employment is lowest in industries requiring substantial investment in equipment, such as manufacturing and mining. Small businesses accounted for 35 per cent of production, with their contribution across industries following a similar pattern to...
Small businesses’ lower contribution to production, relative to employment, highlights the fact that small businesses are more labour intensive than larger businesses.

4 Small business in NSW

On a State-wide level DIISR estimated that, in 2008-09, there were 652,454 small businesses in NSW, around 33% of the national total. Those small businesses employed around 1,725,550 people, approximately 50% of the NSW workforce. DIISR statistics by category were as follows:

<table>
<thead>
<tr>
<th>Industrial category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services Sector</td>
<td>553,043</td>
</tr>
<tr>
<td>Agriculture, Forestry and Fishing</td>
<td>58,637</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>25,440</td>
</tr>
<tr>
<td>Mining</td>
<td>1,366</td>
</tr>
<tr>
<td>Not classified</td>
<td>13,968</td>
</tr>
<tr>
<td>Total</td>
<td>652,454</td>
</tr>
</tbody>
</table>

DIISR only provides statistics in five categories, one of which is "not classified". Set out below is an expanded version which provides figures for all 19 industry divisions for 2010-11. Between 2009-10 and 2010-11, the number of small businesses in NSW rose by 26,071.

<table>
<thead>
<tr>
<th>Industry division Division: 2010-11</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>59,295</td>
<td>8.7</td>
</tr>
<tr>
<td>Mining</td>
<td>1,396</td>
<td>0.2</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>25,518</td>
<td>3.8</td>
</tr>
<tr>
<td>Electricity, gas, water and waste services</td>
<td>1,671</td>
<td>0.2</td>
</tr>
<tr>
<td>Building and construction</td>
<td>105,453</td>
<td>15.5</td>
</tr>
<tr>
<td>Wholesale</td>
<td>26,338</td>
<td>3.9</td>
</tr>
<tr>
<td>Retail</td>
<td>45,468</td>
<td>6.7</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>23,238</td>
<td>3.4</td>
</tr>
</tbody>
</table>

The most small businesses therefore were in the Building and construction sector (105,453), a long way ahead of Professional, scientific and technical services (86,644), Rental hiring and real estate (74,803), Agriculture, forestry and fishing (59,295) and Financial and Insurance Services (52,902). Retail comes next with 45,468 small businesses.

4.1 Failure and survival rates

A characteristic of small business is a significant degree of failure, resulting in an exit from the market. But what precisely is meant by "failure" and "exit"? For Professor John Watson, an exit does not necessarily equate with failure. He comments, in writing about small to medium enterprises (SMEs), that:

- there are at least four definitions (or proxies) that have been used (or suggested) to describe SME failure and success. At one extreme, all businesses that are sold or cease to operate are classified as having failed (referred to as discontinuance). At the other extreme, only businesses that are
placed into bankruptcy or cease with losses to creditors are considered to have failed. Between these two extremes...failure...(can be defined) as termination to prevent further losses...[or]...the owner...[failing] to 'make a go of it'.

Professor Alan Williams of the University of Newcastle studied 33,624 small business start ups over the period 1973-1990. The percentages of failures amongst the commencements were as follows:

<table>
<thead>
<tr>
<th>Number of Years After Start</th>
<th>% of Failed Firms</th>
<th>Cumulative % of Failed Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>32%</td>
<td>32%</td>
</tr>
<tr>
<td>2</td>
<td>17%</td>
<td>49%</td>
</tr>
<tr>
<td>3</td>
<td>13%</td>
<td>62%</td>
</tr>
<tr>
<td>4</td>
<td>7%</td>
<td>69%</td>
</tr>
<tr>
<td>5</td>
<td>5%</td>
<td>74%</td>
</tr>
</tbody>
</table>

Rolffe Peacock has summarised the above results as follows:

In the first year nearly one third of all start ups failed on the average. The proportion of failure rates then declined for each subsequent year but the cumulative failure rates are high – 62% after 3 years and 74% after five years.

In the USA there appear to be similar rates of failure. Michelle Harner has written that:

An estimated seven out of ten new small businesses survive their first two years of operation, but only five out of ten remain in operation after the five year mark.

There have been a number of reasons put forward to explain why small businesses fail. The inquiry by the House of Representatives Standing Committee on Industry, Science and Technology reported in 1990 that:

The major causes of small business failure are: a lack of management skills; insufficient finance; and often a failure to take advantage of assistance programs.

The figures for business survival rates in NSW are available for the period 2007 to 2011, as follows:

<table>
<thead>
<tr>
<th>Size of business</th>
<th>Survival rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small business – non-employing</td>
<td>54.1</td>
</tr>
<tr>
<td>Small business – 1-19</td>
<td>68.7</td>
</tr>
<tr>
<td>Medium business</td>
<td>74.9</td>
</tr>
<tr>
<td>Large business</td>
<td>66.9</td>
</tr>
</tbody>
</table>

Surprisingly, based on these figures, the survival rate for small businesses employing 1-19 persons is higher than that for large businesses.

For all small businesses in NSW (non-employing and 1-19 persons), the survival rate was 59.8%. By industry division, the three highest survival rates over this four year period were recorded in Health Care and Social Assistance (72.7%), Agriculture, forestry and fishing (71.4%), and Rental, hiring and real estate services (67.8%).

Across all NSW small businesses, the three industry divisions with the lowest survival rates were Public administration and safety (46.1%), Accommodation and food services (48.8%), and Other services (49%). The industry division "Other services" is a diverse sector that includes machinery and automotive repair and maintenance, hair dressing, dry cleaning, funeral services and housekeeping. For the Manufacturing sector, the survival rate was 61.6%, slightly above the average of 59.8%; whereas the Building and Construction sector, which has the highest number
of small businesses in NSW (105,453 in 2010-11), had a survival rate of 55.7%. The survival rate for the retail sector was 55.2%.

### 4.2 Entries and exits

Attached to ABS Catalogue 8165.0 (*Counts of Australian Businesses*) is a data cube: *Businesses by Industry Class, by Main State and by Employment Size Ranges*. The data cube contains details of entries and exits amongst owner operated firms and amongst small businesses employing 1-19 people. The results, for the financial year 2010-11 are shown below for each industry division.

In relation to these figures, note that "exits" do not necessarily correspond to "entries" in one and the same year: for example, a small firm may exit in one year, having entered the market five years earlier. This e-brief does not therefore attempt to derive rates of failure from an individual year's count of entries and exits. The relevant figures for 2010-11 are set out below.

**Entries and exits in NSW by Industry Division: 2010-11**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Entries</th>
<th>Exits</th>
<th>Diff'ce</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry &amp; fishing</td>
<td>4,109</td>
<td>5,302</td>
<td>-1193</td>
</tr>
<tr>
<td>Mining</td>
<td>255</td>
<td>173</td>
<td>+82</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2,745</td>
<td>3,258</td>
<td>-513</td>
</tr>
<tr>
<td>Electricity, gas, water &amp; waste services</td>
<td>331</td>
<td>225</td>
<td>+106</td>
</tr>
<tr>
<td>Building &amp; construction</td>
<td>15,529</td>
<td>16,214</td>
<td>-685</td>
</tr>
<tr>
<td>Wholesale</td>
<td>3,883</td>
<td>3,762</td>
<td>+121</td>
</tr>
<tr>
<td>Retail</td>
<td>7,186</td>
<td>7,154</td>
<td>+32</td>
</tr>
<tr>
<td>Accommodation &amp; food services</td>
<td>4,878</td>
<td>4,313</td>
<td>+565</td>
</tr>
<tr>
<td>Transport, postal &amp; warehousing</td>
<td>5,990</td>
<td>5,990</td>
<td>0</td>
</tr>
<tr>
<td>Information Media &amp; Telecommunications</td>
<td>1,235</td>
<td>1,105</td>
<td>+130</td>
</tr>
<tr>
<td>Financial &amp; Insurance Services</td>
<td>7,662</td>
<td>6,612</td>
<td>+1050</td>
</tr>
</tbody>
</table>

The above table shows that, in 2010-11, exits exceeded entries in four industry divisions. For the Agriculture, forestry and fishing sector, exits exceeded entries by 1,193, up from 276 in the previous year, as shown in the table below. For Manufacturing, exits exceeded entries by 513, up from 71 in 2009-10. For Building and Construction, exits exceeded entries by 685, whereas in 2009-10 entries had exceeded exits by 1,432. For Arts and Recreation Services, exits exceeded entries by 54 in 2010-11, and by 299 in 2009-10.

In the case of Transport, Postal and Warehousing, an equal number of exits and entries were recorded in 2010-11, whereas in the previous year entries had exceeded exits by 250.

For all other industries, the number of entries exceeded exits in 2010-11, as in the previous year. Compared to 2009-10, the number by which entries exceeded exits was up in 2010-11 in four industries (Mining; Electricity, Gas, Water and Waste Services; Administrative and Support Services; and Public Administration and Safety); and down in the other 11 industries, in some cases quite considerably.
Industry Divisions in NSW where entries exceeded exits: 2009/10 and 2010/11

<table>
<thead>
<tr>
<th>Industry</th>
<th>2009/10</th>
<th>2010/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining</td>
<td>+25</td>
<td>+82</td>
</tr>
<tr>
<td>Electricity, gas, water &amp; waste services</td>
<td>+40</td>
<td>+106</td>
</tr>
<tr>
<td>Wholesale</td>
<td>+809</td>
<td>+121</td>
</tr>
<tr>
<td>Retail</td>
<td>+1,653</td>
<td>+565</td>
</tr>
<tr>
<td>Accommodation &amp; food services</td>
<td>+945</td>
<td>+106</td>
</tr>
<tr>
<td>Information Media &amp; Telecommunications</td>
<td>+287</td>
<td>+130</td>
</tr>
<tr>
<td>Financial &amp; Insurance Services</td>
<td>+3,883</td>
<td>+1,050</td>
</tr>
<tr>
<td>Rental, hiring &amp; real estate</td>
<td>+1,639</td>
<td>+75</td>
</tr>
<tr>
<td>Professional, scientific &amp; technical services</td>
<td>+4,801</td>
<td>+1,348</td>
</tr>
<tr>
<td>Administrative &amp; support services</td>
<td>+116</td>
<td>+1,518</td>
</tr>
<tr>
<td>Public administration &amp; safety</td>
<td>+50</td>
<td>+88</td>
</tr>
<tr>
<td>Education &amp; training</td>
<td>+533</td>
<td>+67</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>+1,594</td>
<td>+1,037</td>
</tr>
<tr>
<td>Other services</td>
<td>+5,444</td>
<td>+60</td>
</tr>
</tbody>
</table>

5 Issues facing small businesses

Small businesses in NSW, as in Australia generally, face many issues, some of which they share in common with medium or large businesses, while others tend to impact on small business in particular.

Of concern to small business are the costs and complexities of "red tape" and the proliferation of regulation generally. At a recent Small Business Summit, the NSW Small Business Commissioner, Yasmin King, was reported to have underlined the problems posed for small business by red tape, saying:

There’s a systemic issue with the overwhelming amount of compliance that small businesses face. It seems to be escalating. It worries me a lot that many small businesses don’t know about the regulations that affect them. They are told “well, it’s on the website”, but that’s not an effective way to get awareness out there. A lot of them just get on with the job and hope they don’t get pinged for something they don’t know about.

The same report continued:

Regulation was identified as a key business bugbear by several of the commissioners, with Tasmania’s representative Amanda Castray saying: “We’ve done research on this and a lot of the red tape that small businesses face comes from the federal level”.

The availability of finance and the terms on which it is offered was discussed in the April 2011 report of the Commonwealth Parliamentary Joint Committee on Corporations and Financial Services, Access for Small and Medium Business to Finance. A 2012 Reserve Bank of Australia paper has highlighted the particular problems facing small business in accessing finance, as follows:

Smaller businesses typically access funding on less favourable terms than larger businesses. The reasons mostly relate to their size, in that smaller businesses’ revenue streams are more volatile, increasing the riskiness of these loans to lenders. The costs associated with raising debt directly from capital markets are also relatively high for smaller businesses.

Particular issues arise for small business in their relationships with larger businesses. Problems can arise when larger businesses fail. For example, in NSW at present there is concern about the impact the collapse of large building and construction firms has on subcontractors, with the NSW
Finance Minister Greg Pearce announcing an inquiry to be headed by Sydney barrister Bruce Collins QC.26

Other problems vary from retail tenancy leases in shopping centres, discussed in Chapter 9 of the Productivity Commission's 2011 report, Economic Structure and Performance of the Australian Retail Industry, to other contractual relationships in which small businesses may be at a disadvantage in their negotiations with larger firms. A key federal law is the Competition and Consumer Act 2010 (Cth) - formerly the Trade Practices Act 1974 – which aims to give businesses a fair and competitive operating environment and covers such issues as anti-competitive conduct, price fixing and unconscionable conduct.

As discussed in the same 2011 Productivity Commission report, of particular concern for some parts of the retail industry is the issue of market concentration. The Productivity Commission stated:

Concerns have been raised in Australia about the level of market concentration in various parts of the retail industry, and in particular that the market is dominated by only a few businesses. These concerns relate to the possible impact of concentration on market behaviour such as price-setting or purchasing. In this inquiry, some participants have suggested that concentration is increasing in certain sectors (and regard increasing concentration as a matter of concern). Beyond this inquiry, concern about market concentration in the grocery sector was central to the 2011 Senate inquiry on the impacts of supermarket price decisions on the dairy industry.27 [references omitted]

In August 2012 the Australian Competition and Consumer Commission (ACCC) Chairman, Rod Sims, told the COSBOA National Small Business Summit:

It is well known that the ACCC is looking at concerns raised about the way in which the major supermarket chains deal with their suppliers. The ACCC has been engaging with suppliers and representative groups on these issues and has encouraged anyone with concerns to contact us.28

Another area of particular concern to small business relates to franchising where a national mandatory code of conduct applies, regulated by the ACCC. It was recently reported that:

State-based small business commissioners have supported a call for penalties for franchisors that contravene the sector's mandatory national code of conduct. But they have stopped short of following the lead of South Australia to implement state-based codes.29

The South Australian Small Business Commissioner, Mike Sinkunas, (see below), is reported as saying that "20 per cent of disputes lodged with his office since March (30 in total) related to the franchise sector".

6 Small Business Commissioners

There is a long history of government initiatives, federal and State, designed to assist small business. As noted, in recent years several Australian jurisdictions have established small business commissioners.

Victoria: The first development of this kind was undertaken by the Bracks Government in Victoria in 2003.
According to the second reading speech for the relevant legislation, the Victorian Government recognised:

A supportive business and regulatory environment is essential to encouraging small businesses to invest and create more jobs. The government has listened to the concerns of many small businesses about the difficulties of competing in a market in the face of unfair conduct by their major competitors. We recognise the need for a central point where small business concerns about unfair market practices can be addressed in a timely and low-cost manner.  

The Victorian Small Business Commissioner Act 2003 (s 5) defines the commissioner’s functions to include:

- to facilitate and encourage the fair treatment of small businesses in their commercial dealings with other businesses in the marketplace;
- to promote informed decision-making by small businesses in order to minimise disputes with other businesses;
- to receive and investigate complaints by small businesses regarding unfair market practices and mediate between the parties involved in the complaint;
- to make representations to an appropriate person or body on behalf of a small business that has made a complaint referred to in paragraph (c);
- to monitor and report to the Minister on any emerging trends in market practices that have an adverse effect on small businesses;
- to encourage the development and implementation of small business service charters within government to ensure small businesses receive high quality service;
- to monitor the operation and effectiveness of those small business service charters;
- as required by the Minister, to monitor and report to the Minister on the impact that legislation in Victoria, government procedures and administration have on small businesses;
- to investigate compliance with industry codes…

As discussed in a recent article by the Victorian Small Business Commissioner, Geoff Browne, the focus of the Office’s work is on alternative dispute resolution. The Commission operates under another three pieces of legislation – Retail Leases Act 2003, Owner Drivers and Forestry Constructors Act 2005 and Farm Debt Mediation Act 2011 - all of which have some statutory compulsion to take disputes first to the Small Business Commissioner for attempted dispute resolution before the matter can be progressed to the Victorian Civil and Administrative Tribunal or the courts.

Mr Browne reports that, since, 2003, the Office has received 10,000 business dispute applications, 79% of which relate to retail lease disputes. Other relevant facts and figures include:

- 8,000 phone calls received in 2011/12
- Over one-third of applications resolved prior to mediation, at no cost to either party
- 30% of disputes in 2011/12 were general/commercial disputes
- 80% success rate in mediation
- Cost of half-day mediation session: $195 per party.
South Australia: The *Small Business Commissioner Act 2011* sets out the Commissioner's functions in broadly the same terms as its Victorian counterpart.

Western Australia: A Small Business Commissioner was also recently appointed in Western Australia. In that State the Commissioner is, in addition, the Chief Executive Officer of the Small Business Development Corporation and is tasked with delivering programs and advice to assist small businesses as well as investigating complaints about unfair market practices and providing assistance to resolve those complaints.

Queensland: A Business Commissioner was also established in Queensland in 2011 with the specific role to investigate ways to reduce the red tape burden on businesses and advise the Government about how to improve regulatory issues. Against the trend in other States, the position was terminated in July 2012.

New South Wales: In NSW, Yasmin King was appointed by the NSW Government in mid 2011 as the State’s first Small Business Commissioner. According to the Commissioner’s website her role is to support small businesses throughout the State by:

- providing low-cost dispute resolution services
- advising Government how best to provide assistance to small businesses
- identifying ways in which Government can create a climate in which the small business sector can flourish.

Then in June 2012 the Minister for Small Business, Katrina Hodgkinson, released a consultation paper titled *A Legislative Framework for the NSW Small Business Commissioner*. The paper noted that the O'Farrell Government has:

- appointed a Small Business Commissioner to stand up for the rights of small businesses;
- announced Small Biz Connect, a new small business advisory service to provide small businesses face-to-face assistance from small business experts at a grass roots level;
- introduced a 30 day payment policy which requires government agencies to pay small businesses within 30 days, or small businesses receive interest on the amount outstanding; and
- put in place a 'one on two off' policy, as part of our commitment to reduce red tape.

The consultation went on to say that, building on the experience of other Australian jurisdictions, the proposed:

*Small Business Commissioner Act* will enable the Commissioner to investigate and assist in the resolution of disputes involving small businesses. The Act will also outline the Commissioner's functions and prescribe the range of mechanisms available to the Commissioner to assist small businesses in their dealings with other businesses and government bodies. The objective is to create mechanisms which motivate changes in behaviour to improve the overall operating environment for both business and government.

Under the proposed legislation the NSW Small Business Commissioner would be an independent statutory officer, appointed for up to five years. It is also proposed that:
The existing Small Business Development Corporation Act 1984 be repealed and replaced with the Small Business Commissioner Act as the activities which had been undertaken by the Corporation will instead form part of the new package of initiatives which will be led by the Commissioner. A Small Business Advisory Panel will be formed to provide sector-specific advice to the Commissioner, who will Chair the Panel. The Panel will report to the Minister for Small Business. The establishment of a new panel will represent an important collaborative step forward in the way the NSW Government supports small business.

Note that the NSW Labor Opposition also proposes to introduce a private members bill to establish a small business commissioner, the draft Small Business Commissioner and Small Business Protection Bill 2012.32 According to Adam Searle, the State Shadow Minister for Small Business, the proposed Bill will:

create the position of Small Business Commissioner as an independent statutory officer and confer functions on the Commissioner in relation to small business; ensure that small businesses are treated fairly in their commercial dealings with other businesses through enforceable codes of practice; and enable small businesses to obtain relief under the Contracts Review Act 1980 (NSW) from unjust contracts.33

A feature of this draft Bill is that the Small Business Commissioner would administer the codes of practice as well as seek compliance with them in the courts. The contravention of a code of practice would be an offence attracting a maximum fine of $110,000 in the case of a corporation and $22,000 in the case of an individual.

7 CONCLUSION

The importance of small business to NSW was outlined in the consultation paper A Legislative Framework for the NSW Small Business Commissioner:

Small businesses are the backbone of Australia’s economy, representing 96 per cent of all businesses. An estimated 2 million small businesses across the nation provide nearly half of all employment. In NSW alone, there are 650,000 small businesses which provide employment for around 50 per cent of the NSW workforce.

In addition to contributing to the economy directly, the small business sector is a crucial platform which underpins the efficient operation of many medium-sized and large businesses.

This e-brief has aimed to provide a statistical snapshot of small business in NSW. It has also noted recent developments in the appointment of small business commissioners in several Australian jurisdictions. In NSW it is proposed that the recently appointed small business commissioner be established on a statutory basis.

4 ABS, Small Business in Australia, Catalogue No. 1321.0 (ABS, Canberra, 2002), p.5.
E-Brief Small Business in NSW: Statistical snapshot and recent developments

5 See ABS, Counts of Australian Businesses including Entries and Exits, ABS Catalogue No. 8165.0, p.25.
8 DIISR, n.6.
9 DIISR, n.6, pp.3, 6.
10 Ellis Connolly, David Norman and Tim West, Small Business: An Economic Overview (RBA, Sydney, 2012), p.3.
11 DIISR, n.6, p.11.
12 In May 2009 there was a total of 3,451,100 people employed in NSW. See ABS, Labour Force: Australia, ABS Catalogue No. 6202.0, p.12. The website of the NSW Small Commissioner estimates that small business provides "employment for 50% of the NSW workforce".
13 DIISR, n.6, p.11.
17 R Peacock, Failure and Assistance of Small Firms (University of South Australia, 2000), p.3.
20 ABS 8165.0 Survival of Businesses by industry subdivision by main state by employment size ranges, 2007-2011.
22 For a comment by the Minister for Finance and Services, Greg Pearce, on the O'Farrell Government's initiatives to help small business to bid for government work see – NSWPD, 22 August 2012.
28 Rod Sims, "ACC small business report card", COSBOA National Small Business Summit, 1 August 2012.
30 VPD (LA), 27 February 2003, p 233 (Mr Brumby).
31 G Browne, "Good for your client, good for you", Law Institute Journal, August 2012, p 46.
32 The Bill was in fact introduced on 23 August 2012.
33 Adam Searle MLC, Media Release, 23 May 2012, "Labor acts to protect small business".

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