



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Referred by: Australian Labor Party **Proposal No:** C1648
Date Referred: 13 March 2023 **Date Published:** 20/03/2023
Proposal Title: Labor Small Business Package
Cluster: Department of Customer Service; Planning and Environment

General Government Sector Impacts

	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'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):	-	-	-	-	-
---------------------------------	---	---	---	---	---

Total State Sector Impacts

Net Lending/(Borrowing):	-	-	-	-	-
---------------------------------	---	---	---	---	---

Notes and costing assumptions:

The policy comprises three initiatives which create a Small Business Package including:

- NSW Business Bureau and Small Business Charter
- Reform to small business procurement
- Making outdoor dining convenient

NSW Business Bureau and Small Business Charter

The proposed policy will assist small businesses in managing their comprehensive needs through retasking Service NSW Business Concierge staff into the NSW Business Bureau.

The program will assist small businesses with the following:

- regulatory challenges
- competing in government procurement
- seeking support through government programs, grants and initiatives
- growing small businesses

Notes and costing assumptions continued:

The NSW Business Bureau will operate in a similar manner to Service NSW but be tailored to the business community. The retasked team will comprise 25-30 staff.

The Policy will also establish a Charter for Small Business which outlines the NSW Government's commitment to small business and the framework for which the NSW Government will engage with and support small businesses going forward.

The PBO assumes the modification to Service NSW's existing roles can be achieved without the need to incur additional costs. Therefore, the PBO assumes there will be no budget impact over the forward estimates.

Reform to small business procurement

The proposal seeks to:

- Give preference to local small businesses when reviewing tender applicants for projects.
- Only require small businesses to get insurance (such as public liability and professional indemnity insurance) after a contract is given to them, rather than at the time a tender is submitted. This would apply to 90 per cent of all NSW government procurement by the end of 2023.
- Allow small businesses to pre-qualify as suppliers to the government through a single form process by mid-2023.
- Offer simple contracts for whole-of-government prequalification schemes by the end of 2023, and simple contracts for goods and services programs by the end of 2024.
- Raise the limit for NSW Government agencies to negotiate directly with small businesses for goods and services from \$150,000 to \$250,000 by mid-2023.
- Increase the amount of government procurement coming from small businesses to 20 per cent by 2026, and to 30 per cent by 2030.

Preferring local small businesses can increase government procurement costs by limiting competition. However, the PBO considers that lowering tender costs for small business procurement (through changed insurance requirements and other proposed changes), would result in this policy being cost-neutral. The PBO assumes there will be no budget impact over the forward estimates.

Make outdoor dining convenient

The policy proposes to make outdoor dining a permissible activity across all NSW council areas permanently without the need for a full development application. Under the proposal, businesses will be able to submit a shorter application to local councils resulting in savings of time and money. Councils will then determine what works best for their own suburbs.

The PBO assumes this policy can be met from existing agency resources as the policy change costs are already implemented. The PBO assumes there will be no budget impact over the forward estimates.

Current outdoor dining on footpaths and roads:

The State Environmental Planning Policy (Exempt and Complying Development Codes) 2008 (NSW) permits the use of a footway or public open space (within the meaning of the *Roads Act 1993*) as an outdoor dining area associated with lawful food and drink premises without the need for a separate development application.¹ Under this provision, hospitality businesses apply to council to use outside footpaths and public spaces and permits can be issued under the *Local Government Act 1993 (NSW)* or *Roads Act 1993 (NSW)*.²

¹ *State Environmental Planning Policy (Exempt and Complying Development Codes) 2008 (NSW)* Pt 2 Div 1.20A.

² NSW Government, [Outdoor dining](#), viewed 7 February 2023.

Notes and costing assumptions continued:

Current temporary outdoor dining measures on other types of land:

There are currently outdoor dining rules until 31 December 2023 which exempt temporary outdoor dining from the requirement to lodge a development application. They include:

- Existing food and drink premises can use adjacent private land, such as carparks, laneways or open space, to serve food and drinks with the landowner's consent.
- Councils can setup popup outdoor venues to serve food and drinks on public land.
- Registered clubs can temporarily repurpose their outdoor spaces such as car parks or bowling greens to serve food and drinks.