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OUR STATE HIT HARDEST BY BROKEN BUSINESSES

NSW is the worst state in the country when it comes to business insolvencies, prompting calls to give small and medium enterprises a break.

Since the pandemic NSW is the only state which has seen average yearly insolvencies increase, according to Business NSW analysis of ASIC data.

In 2023-24 NSW had 42% of Australia's insolvencies yet only 31% of the country's population. There were 4634 insolvencies in total.

"The federal government likes to say that it is on the side of small business, yet all we see is more and more businesses go to the wall," Business NSW CEO Daniel Hunter said.

"We should be proud of the fact that we are the private enterprise state, which allows for innovation and expansion when economic conditions are favourable. It also creates serious pain when things are tough.

"Once these small businesses disappear, the delicate web of skills, capital and innovation they create is seriously compromised. And if tax, cost and regulatory settings remain the same or worsen, large corporate players will simply scoop up more of the market from medium and small businesses.

"According to Business NSW data captured in the past month, 38% of businesses say taxes and government charges are the biggest barriers to business expansion. This should ring alarm bells for both state and federal governments.

"To keep good businesses thriving, the NSW Government needs to take a serious look at lowering payroll tax levels, bed down proper reform of the Emergency Services Levy to reduce the pressure on insurance premiums and establish a new energy advice and support program targeting the SME sector.

"Federally, we need both a rethink of the recent industrial relations changes and a permanent increase to the size and scope of the instant asset write-off.

"The increase in insolvencies reflects a combination of a slowing business environment, the post-pandemic catch-up effect of unviable businesses being kept alive thanks to government

support and the ATO’s recent crackdown on unpaid debt. Anecdotally, members talk of business owner fatigue and a lack of succession planning (as baby boomers retire).”

BNSW analysis of ASIC data includes the average number of insolvencies since the pandemic. NSW is the only state with an increase compared to FY18-19.

	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	% of total (FY23-24)	Average of FY19-20 to FY23-24	% of total
New South Wales	2729	2616	1586	1903	3282	4634	42%	2804	39%
Victoria	2281	2235	1325	1307	2144	2863	26%	1975	28%
Queensland	1643	1402	727	952	1457	2036	18%	1315	19%
Western Australia	857	632	338	372	556	733	7%	526	7%
South Australia	347	281	139	220	304	455	4%	280	4%
Australian Capital Territory	142	126	90	73	121	194	2%	121	2%
Tasmania	60	26	13	39	38	94	1%	42	1%
Northern Territory	46	44	17	46	40	43	0%	38	1%
Australia	8105	7362	4235	4912	7942	11052	100%	7101	100%

About Business NSW

Formerly the NSW Business Chamber, **Business NSW** is the peak policy and advocacy body which has been representing businesses in NSW since 1826. We represent almost 50,000 businesses.

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