



**WE MEAN
BUSINESS
NSW**

2023
NSW State Election Policy Platform

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businessnsw.com

A note from our Chief Executive

As the leading voice for the business community in our state, Business NSW is committed to seeing all businesses thrive. We know that when businesses prosper, the state prospers.

For almost 200 years, our organisation has advocated for NSW businesses, across our major metropolitan hubs and throughout the regions.

In 2023, we welcome the opportunity to put forward our business communities' sound and future-focused policies to all those contesting this NSW State Election.

Business NSW has a proud record of success and continues to deliver real outcomes through effective advocacy to those in power. Our passionate and skilled team is growing across the state, and we have ever-deeper engagement with our expanding network of business members.

But we know that more needs to be done. This election, we mean business. We mean business for the start-ups, the micro-merchants, the big employers and everything in between.

We want to see the next NSW Government deliver policies that support a thriving business environment, incentivise investment, create jobs, and drive economic growth.

As our nation - and our state – navigates an uncertain economic future, businesses need sound and pragmatic policies. We also need policies that, at their heart, have real ambition for our wonderful state.

A strong state policy platform will provide the certainty and stability that businesses need to invest and grow, reduce the high cost of doing business, and make NSW the best destination for investment and high-value job creation.



Dan Hunter

Chief Executive, Business NSW

Our Policy Pillars

This document represents the collective views of businesses, speaking for industries, sectors and economies right across the state of NSW.

After broad consultation, Business NSW has delivered a platform centred on five key pillars that will:

1. Make doing business **easier** in NSW through lower taxes and less red tape
2. Make business **smarter** in NSW by future-proofing the workforce with a pipeline of quality workers
3. Make NSW businesses **confident** to face the future through balanced and agile energy policy
4. Make NSW a **better** place to grow start-ups by doing more to attract investments and remain competitive
5. Make NSW **thrive** by revitalising our CBDs and building affordable housing so our state can continue to be the best place to live and work.

With the election on March 25th, it's time for all sides of politics to pledge to mean business and ensure NSW continues to thrive.

A woman with blonde hair, wearing a white long-sleeved shirt and light-colored jeans, stands smiling in front of a shop window. The shop window has text that reads "RARE BEAUTY" and "Organic and Sustainable Hair & Beauty". The entire image is overlaid with a semi-transparent yellow filter.

Objective 1:

Easier in NSW

Make it easier to do business in NSW with lower state taxes to drive jobs growth, increase wages and invest in local businesses.

Recommendations

- **Lower the payroll tax rate from 5.45 per cent to below 5 per cent and increase the threshold to at least \$1.3 million.**
- **Commit to no increase in the tax burden for businesses in NSW.**
- **Investigate a regional payroll tax rate in line with Victoria (1.21 per cent) to ensure regional businesses are competitive with other states.**
- **Stop making employers pay for icare's poor performance and reform the NSW workers' compensation scheme to fix the broken system.**

During the COVID pandemic, the NSW Government moved quickly to reduce payroll tax to 4.85 per cent. For two years, this supported NSW business cash flow and kept staff employed. This relief ended on 1 July 2022, with the tax rate returning to 5.45 per cent.

Payroll tax is a tax on jobs. High tax rates and complex and time-consuming administration makes life harder for business owners. With tough business conditions on the horizon, NSW businesses need a more competitive, more seamless payroll tax.

If the next government fails to make payroll tax more competitive, we will fall behind the rest of the country:

- Queensland already has a higher payroll tax threshold of \$1.3 million, meaning many small businesses pay no payroll tax at all
- Victoria has a lower rate of 4.85 per cent for metropolitan businesses and 1.21 per cent regional businesses.

"With all the other business costs rising, the least the government could do is give me certainty with no new taxes or tax increases."

Bare Beauty House Owner
Naomi Browner



Fixing the NSW workers' compensation scheme is an urgent priority. icare's poor injury and claims management practices are driving the scheme further into deficit.

Regional NSW businesses are subject to a payroll tax rate of 5.45 per cent - the same rate as metropolitan businesses. This will encourage larger business along our borders to invest and expand into other states. We are competing with Queensland and Victoria for investment, and we know we are missing countless opportunities interstate.

We call on the next NSW Government to consider a regional payroll tax rate in line with Victoria to lower the impact of tax on job creation in our regions.

Fixing the NSW workers' compensation scheme is an urgent priority. icare's poor injury and claims management practices are driving the scheme further into deficit.

NSW employers cannot be held financially responsible for matters outside their control. The answer is not to increase premiums or decrease benefits, but to improve injury and claims management practices.

This can only be done by increasing icare's accountability through increased regulatory oversight and ensuring that employers are not forced to pay for icare's non-compliance and poor performance.



Objective 2:

Smarter in NSW

Make the NSW workforce smarter and future-proof NSW businesses by giving them access to a pipeline of quality skilled employees.

Recommendations

- Offer an additional 100,000 fee-free apprenticeships and 70,000 fee-free traineeship places.
- Build on the success of the new Institute of Applied Technology and expand the initiative to regional NSW, starting with the Riverina Murray region.
- Expand the NSW Skilled Nomination visa program from 15,000 to at least 30,000 places to begin to address worker shortages.

With a record number of job vacancies in NSW, nine in 10 businesses are reportedly unable to recruit the staff they need to keep the doors open.

We've all heard about businesses being forced to close early, reduce their trading days, or shut their doors completely because they don't have enough staff. Without new workers, businesses are unable to maintain operations – and are unable to grow - putting pressure on existing staff and reducing competitiveness. Businesses need to be able to operate without being handcuffed by a people and skills shortage.

More training opportunities and boosting migration are the key to addressing these shortages and ensuring a pipeline of quality skilled workers into the future.

The NSW Government offers free or heavily subsidised training, including 170,000 fee-free apprenticeship and traineeship places. These fee-free places are in high demand, with places nearing exhaustion.



"It's important for Nexport that NSW has a capability through institutions like TAFE to train local employees. This must be backed by a program of skilled migration to fill the need that we have today."

Nexport Sales Director
Rod Pulbrook

At any given time, there are at least 50,000 people seeking skilled visas for NSW against an allocation of just 15,000 positions.

The next NSW Government must ensure that training availability is closely aligned to industry need, irrespective of where that business is located.

Institutes of Applied Technology are aligned to industry and bring together industry, government, and training providers. While the initiative is much needed and future-focused, it is confined to the city. It is time to expand the initiative to regional NSW, particularly in regions where significant infrastructure projects are underway, such as the Riverina Murray.

Skilled migration plays a critical role in ensuring that the workforce has the necessary skills and expertise to meet the demands of a rapidly changing job market and to future-proof jobs. The next NSW Government must make better use of the migration system to tap into overseas sources of skilled workers that can act to fill existing workforce gaps more quickly, as well as counteract our ageing population and create more jobs.

Demand for the NSW Skilled Nomination visa program is high and extremely competitive. At any given time, there are at least 50,000 people seeking skilled visas for NSW against an allocation of just 15,000 positions. The next NSW Government needs to consider how it can better tap into this source of skilled labour and ensure we attract good overseas talent.

A man with glasses and a high-visibility vest stands in a factory setting. The vest has a logo that says "LIVE WORK Better". The background shows industrial equipment and a sign that says "Elback".

Objective 3:

Confident in NSW

Make sure NSW businesses are confident to face the future with affordable energy and a clear pathway to achieving net zero, as well as a plan to diversify our economy through manufacturing.

Recommendations

- Deliver the natural gas production we need in NSW and build the energy network to connect a minimum of 13GW of renewable generation by 2035.
- Support the NSW Government's Electricity Infrastructure Roadmap with sufficient firming generation to ensure energy security for businesses.
- Develop new government programs to support small and medium enterprise (SME) energy efficiency and advise businesses on how to achieve net zero.

SMEs face further rises of 30 per cent on their energy bills, on top of the 20 per cent increase they have suffered this year.

Rising energy prices are a significant concern for businesses across NSW. They have a major impact on the bottom line, leading to increased expenses and reduced profits.

In 2023-24, SMEs face further rises of 30 per cent on their energy bills, on top of the 20 per cent increase they have suffered this year.

While Business NSW welcomes decisions to secure natural gas production in NSW, the next NSW Government has a monumental job

ahead to ensure a smooth energy transition to net zero. It's time for proactive policies to set us up for a brighter future.

NSW is leading the way with the Electricity Infrastructure Roadmap and NSW businesses must be ready to grasp the opportunities that will come with the next wave of technological change.

NSW businesses need a clear pathway to net zero. Business NSW's Unfinished Business survey found 51 per cent of businesses have ambitions to reach net zero but don't know what this actually means for their business. Programs to support businesses on the road to net zero should be a mandatory step for the next NSW Government.

"In the past 18 months my electricity bill has gone up 92 per cent. Connecting more renewable energy to the grid would bring prices down for everyone. There also needs to be better support for businesses wanting to get to net zero."

Bare Beauty House Owner
Naomi Browner



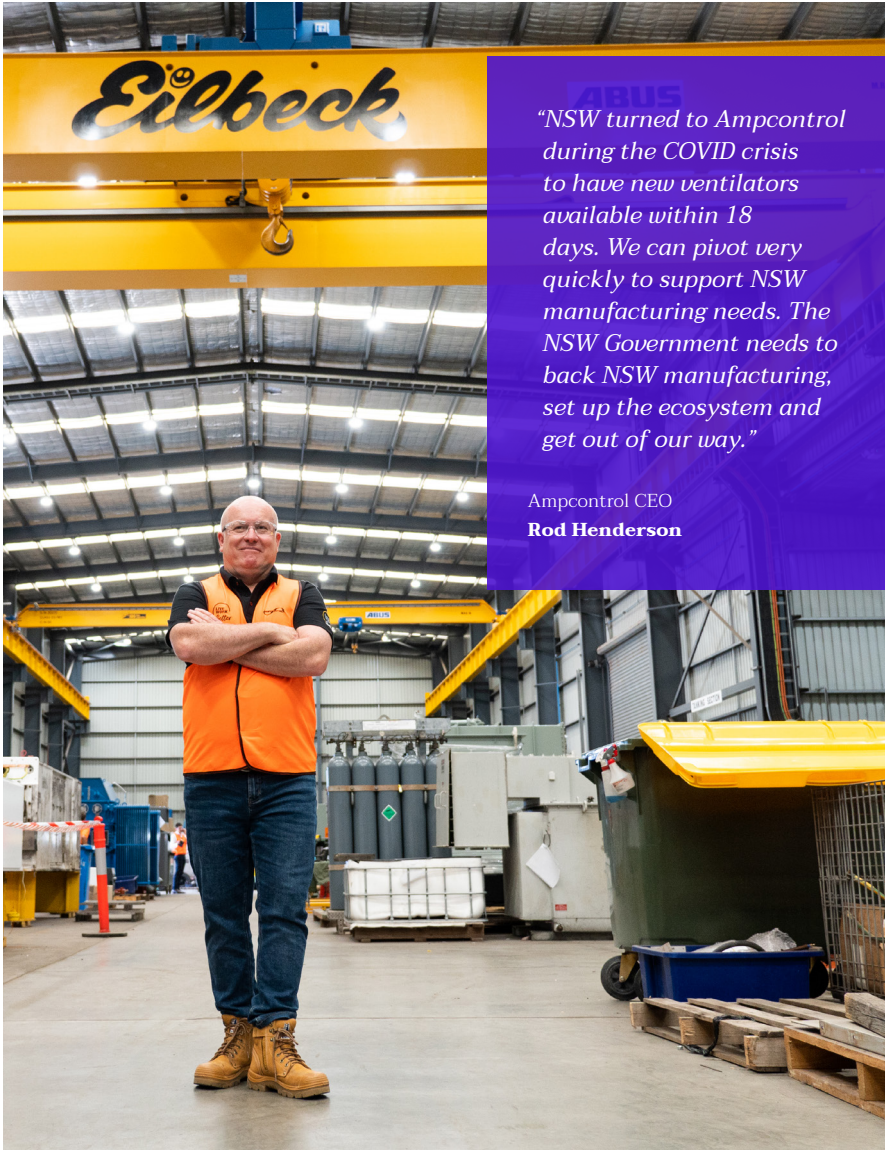
Recommendations

- **Establish an industry audit of manufacturing capabilities within the first 100 days after the election to strengthen NSW manufacturing capacity for critical goods with stronger supply chains.**

In the past three years we have seen the harm that can be done when world events turn supply chains upside down. That is why we support actions that can improve the resilience of the manufacturing economy.

NSW is home to highly innovative and world-leading manufacturers that need certainty in their supply chains. The COVID pandemic and geopolitical tensions have put our supply chains under enormous pressure. We need to increase the resilience of industry by diversifying and localising supply chains to ensure that economic disruption from any future crisis is minimised.

Manufacturing priorities need to be carefully considered in terms of their capacity to bring forward the supply of critical goods and infrastructure. The next NSW Government should undertake an audit within the first 100 days to focus on determining the industries that are economically competitive and make sense in our state.



“NSW turned to Ampcontrol during the COVID crisis to have new ventilators available within 18 days. We can pivot very quickly to support NSW manufacturing needs. The NSW Government needs to back NSW manufacturing, set up the ecosystem and get out of our way.”

Ampcontrol CEO
Rod Henderson

Objective 4:

Better in NSW

Make NSW the start-up state by doing more to attract investments and remain competitive on the world stage, and deliver better access to government contracts for NSW businesses.

Recommendations

- Establish a \$1.3 billion government-backed venture capital (VC) fund to nurture start-ups in NSW.

If the fund matched the performance of private sector VC, it would deliver a 15.1 per cent return over five years, or 14.5 per cent over 10 years, comfortably paying for itself.

To make sure NSW maintains its reputation as the best state for business, we need to make sure we are the best place to start a business. It's about coming first in the race to be the nation's entrepreneurial powerhouse.

NSW is fast falling behind Victoria in the race to be the innovation state. In 2021 Victoria announced the Breakthrough Victoria Fund to the tune of \$2 billion in a bid to increase its economic competitiveness and create jobs.

Venture capital is a critical tool for nurturing innovative start-up businesses, yet Australia's VC sector is less than half the size of the OECD average.



A state-backed VC fund would help retain and grow talent onshore and boost the economic output of businesses, while fostering a new generation of entrepreneurs. This can also help fund regional start-ups that are often overlooked for traditional VC funding.

The VC fund can be delivered at no direct financial cost, with return on equity stakes funding the policy measure. If the fund matched the performance of private sector VC, it would deliver a 15.1 per cent return over five years, or 14.5 per cent over 10 years, comfortably paying for itself.

Rather than offering grants that do not give taxpayers a long-term stake in the start-ups they finance, a VC fund would allow the public to share in the success of the businesses they back when they thrive.

In NSW we are failing to capitalise on our first-class education and research talent, with a chronic inability to commercialise local innovation breakthroughs. We need to strengthen the ability of the state’s brightest people to develop long-lasting commercial applications for their ideas.

Recommendations

- **Grow the allocation of government procurement to SMEs to over \$10 billion per annum.**
- **Strengthen awareness and take-up of the NSW Government Tender Support program.**
- **Boost Business Connect to offer independent business advice and build their capability to supply to government.**

The NSW Government spends more than \$34 billion annually on goods, services, and construction.

The ability of business to access government contracts is critical as they provide certainty of work and support growth and investment.

Without the NSW government actively identifying local SME suppliers and making it easier for them to engage with government procurement, we put at risk the ability of local firms to provide critical services and local jobs.

NSW Government procurement data shows almost \$8 billion was spent on NSW SMEs over the 2020-21 financial year. That's over 49,000 SMEs engaged with NSW Government through one of their toughest years on record. This has been critical for SMEs, including those operating in regional NSW, and the communities they serve.

These initiatives put our SMEs on a level playing field with their multinationals competitors and provide procurement opportunities at a scale they can handle.

It also provides the best possible outcome for taxpayers through competition, quality, and accountability at the local level.

There is an opportunity to help local small businesses and start-ups to grow, despite the tough economic headwinds to come.

That's why Business NSW supports building on this success with even more engagement and growing the proportion of government procurement to SMEs to over \$10 billion each year. NSW clearly leads the country on government procurement for SMEs - and we need to keep it that way.





Objective 5:

Thriving in NSW

Make NSW thrive through revitalising our CBDs. This means having vibrant CBDs where people can afford to live, so our state can continue to be a great place to live, work and play.

Recommendations

- Develop a series of CBD pilot precincts for modern mixed use including:
 - Changes to planning rules to allow for greater mixed use and residential development within the Sydney CBD, including easing requirements to make it easier to build schools and childcare facilities in our CBDs.
 - Business Improvement Districts to ensure that place-based solutions let businesses thrive.
 - Double the size of our CBDs' permanent populations over the next 10 years.
- Increase the supply of lower impact medium density housing like terrace housing, town housing, dual occupancy, and low-rise residential apartments across NSW. Follow the lead of New Zealand and rezone large cities like the Sydney metropolis to permit this type of medium-density housing.
- Set a 30 per cent target for affordable housing on surplus government-owned land to support key workers to live closer to where they work.

There has been a heavy focus on both sides of politics to make it easier for first home buyers to enter the property market. For too long, governments have been trying to fix the symptom and not the case. Governments are failing to address the underlying issue of housing

We need to make the most of available government land, with a 30 per cent target for affordable housing for key workers to live closer to where they work.

affordability, adding extra pressure on certain segments of the market. Implementing a series of measures that address both the supply and demand side of the housing problem is the only way to fix the housing crisis.

Growing and thriving local communities need key workers to keep businesses open and to keep us all safe. Whether that's the Sydney CBD or a thriving regional town, we need key workers and we need them to be able to afford to live close to where they work.

We already face a situation where large parts of our most populated cities are unaffordable. For our members, the lack of available housing has been consistently identified as a major barrier to business growth and sustainability.

Solving NSW's housing problem is one of the biggest tasks facing the next government, and we cannot afford to shy away from it any longer.

That's why we need to make the most of available government land, with a 30 per cent target for affordable housing for key workers to live closer to where they work.

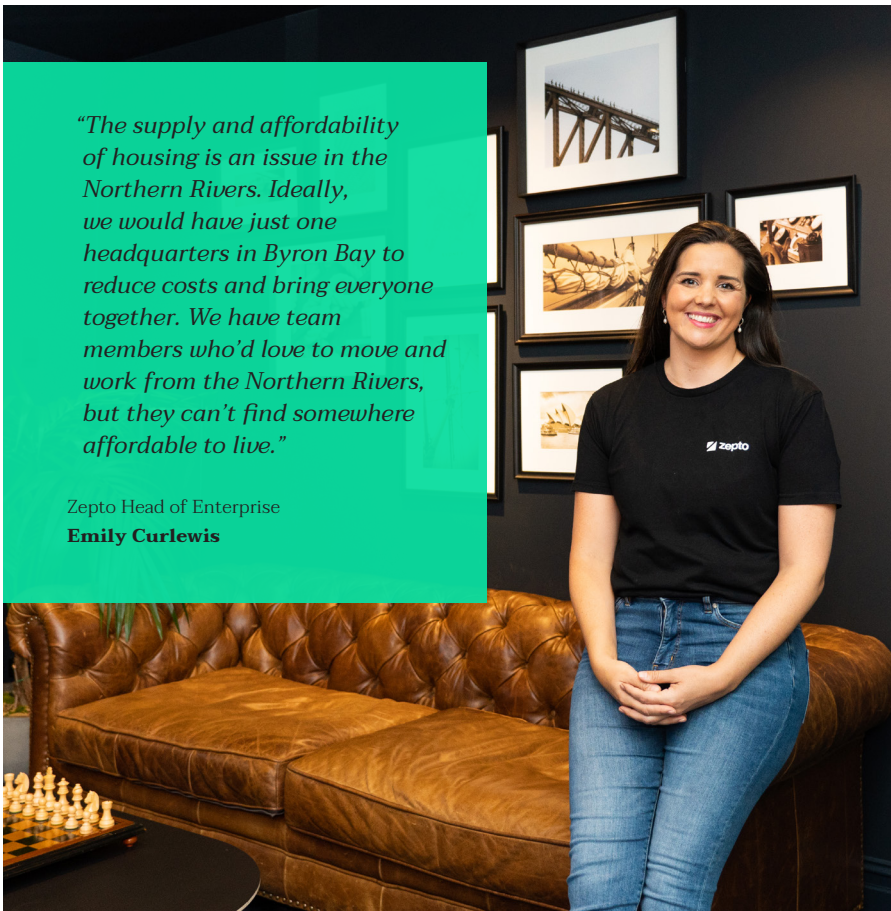
The housing sector has been challenged with supply constraints, exacerbated by the pandemic and geopolitical tensions. That's why we need to put all the options on the table to grow housing supply – from market-based land release to the development of government-owned land.

And to keep business and communities thriving, we need to align development with the infrastructure and services we all rely on.

Our local communities and businesses cannot survive and cannot prosper without key workers. Without government leading the way, private sector property development risks falling short.

“The supply and affordability of housing is an issue in the Northern Rivers. Ideally, we would have just one headquarters in Byron Bay to reduce costs and bring everyone together. We have team members who’d love to move and work from the Northern Rivers, but they can’t find somewhere affordable to live.”

Zepto Head of Enterprise
Emily Curlewis



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