

SME in Australia

(a) Definition of SME

A micro-business, also commonly known as a micro-enterprise, is a business with less than five (5) employees, and includes self-employed individuals.

Micro-businesses are usually associated with small business, although small businesses technically employ between five (5) and nineteen (19) employees. Collectively, micro-businesses, small businesses and medium sized firms are referred to as SME's (small and medium-sized enterprises).

Micro-businesses make up a large proportion of SME's within Australia, and are a very significant force in the Australian economy. They are important to the economy as they provide employment to a large portion of the Australian workforce, facilitate innovation and entrepreneurship, as well as provide an avenue for offering specialised and niche products and services to the market.

(b) Support, if any, regarding

Marketing:

The NSW Government Procurement: small and Medium Enterprises Policy Framework is a key Government procurement reform commitment. It aims to maximise opportunities for Small and Medium Enterprises (SMEs) to participate in government procurement.

Policy scope

The *NSW Government Procurement: Small and Medium Enterprises Policy Framework* applies to goods and services procurement.

SMEs are defined as small and medium enterprises from NSW, other states and territories of Australia and New Zealand, with up to 200 full-time equivalent employees.

Implementation strategies

Creating opportunities for local companies to do business with Government

All agencies need to be aware of the impact their procurement action will have on SMEs. Accordingly, agencies will identify SME capability and prepare an SME Opportunities Statement during the procurement planning stage.

The SME Opportunities Statement identifies the suitability of the procurement for SMEs and the opportunities it presents for them. This includes SMEs as direct suppliers to government or as part of the supply chain providing goods and services to government.

SME Participation Plans will be required for contracts valued at \$10 million and above. Tenderers will prepare SME Participation Plans to show how their tender will support local industry, including jobs, skills and capability development.

Making it easier to do business with Government

A major step in helping SMEs access government work is to simplify sourcing mechanisms and contract terms and conditions. This will be achieved in four ways:

- exempting government agencies from requirements to purchase from State contracts for small purchases on the proviso that the suppliers' rates for the goods or services are reasonable and consistent with normal market rates
- using simpler documents for low value, low risk procurement - the Government has developed simpler documents including short-form contracts with more realistic terms and conditions and risk allocation suitable for SMEs
- using SME targeted supplier panels and prequalification schemes as these schemes allow SMEs to self register for low risk work up to \$50,000
- adopting online procurement technology solutions to streamline and improve government procurement processes - electronic procurement, such as e-Tendering, and e-Commerce, reduces process time and costs for SMEs.

Making it cheaper to do business with Government

The NSW Government is committed to making it cheaper for business to sell goods and services to government, including through the following means:

- agencies are to pay small businesses within 30 days or else automatically pay interest on the outstanding amount - the Government recognises that a predictable cash flow is vital for small businesses and the 30 day payment policy introduces a fairer prompt payment system
- agencies are required to use purchasing cards for low value transactions (currently up to \$3,000) and replace cheques with electronic payment methods where applicable, as these are cost effective ways to purchase goods and services for low value/high volume transactions while maintaining appropriate management controls
- progressively removing the supply management fee from State contracts as they expire, as the fee has been an administrative burden on business and potentially led to higher prices for government purchases.

Better communication and advice to business

The Government will create new resources that SMEs will be able to use to learn about government procurement and to apply to deliver goods and services to government, including:

- publicising government procurement opportunities on the NSW eTendering website, which automatically provides users with free notifications of tender opportunities and allows for self-registration to make it simpler and cheaper for SMEs
- the Government's one-stop procurement website, ProcurePoint, now includes a specific section aimed at SMEs and gives access to all government procurement information and opportunities for buyers and industry
- the NSW Procurement helpdesk provides assistance and information to government agencies and industry on a wide range of procurement services, contracts and products and will provide more focussed advice to support SME access to government procurement (1800 NSW BUY (679 289) or email nswbuy@services.nsw.gov.au)
- The Office of the NSW Small Business Commissioner supports small businesses by providing dispute resolution services, delivering quality business advice through Small Biz Connect and speaking up for small business within government.

Agencies will give adequate notice of all major purchases so that industry can plan for participation in government procurement. For complex tender submissions this will include a briefing for potential providers.

Agencies will also provide unsuccessful tenderers with information that allows them to improve their competitiveness. Information disclosure should be timely and consistent with Government disclosure requirements.

Simpler government procurement

A new governance structure under the NSW Procurement Board and operating framework for government procurement makes procurement easier for government buyers and more attractive for suppliers. Procurement is one of the top value creators in any business or government agency, and fundamental to government service delivery

Skill Development:

Industry Skills Fund

The \$476 million Industry Skills Fund is a key element in the Australian Government's National Industry Investment and Competitiveness Agenda. It will provide up to 200,000 training places and support services over four years.

New skills initiatives

The Prime Minister has announced two new skills initiatives: Training for Employment Scholarships to encourage employers to take on more young people and Youth Employment Pathways to help reduce youth unemployment in regional Australia.

Credit:

Early Stage Venture Capital Limited Partnerships (ESVCLP)

Fund managers seeking to raise a new venture capital fund of at least \$10 million and not more than \$100 million for investing in Australian businesses may be eligible for ESVCLP registration.

Registration entitles a fund to flow-through tax treatment and its investors (whether resident or non-resident) receive a complete tax exemption on their share of the fund's income (both revenue and capital).

Australian businesses with assets of less than \$50 million may be able to access capital from funds registered under this program if their primary activity is not finance or property development.