



NSW SMALL BUSINESS COMMISSION

## NSW Home Business Survey Report

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## Executive summary

With improvements in technology and changing work practises, the home business sector is growing. It is a vital contributor to the NSW economy and local economies, provides work opportunities to some who may be unable to access more traditional employment opportunities, and contributes in other ways to the social benefits and resilience of local communities and the state.

A home business can provide flexibility, autonomy and lower overheads, but can also provide challenges to operators including navigating regulation, managing information and communication technologies, separating work and home life and managing isolation.

The NSW Small Business Commission has conducted an online survey of home business owners to understand the issues and pain points they face when starting and running a home business in NSW, and the information and support that they considered would assist them.

The respondents' main suggestions for improving the process of starting a home business were:

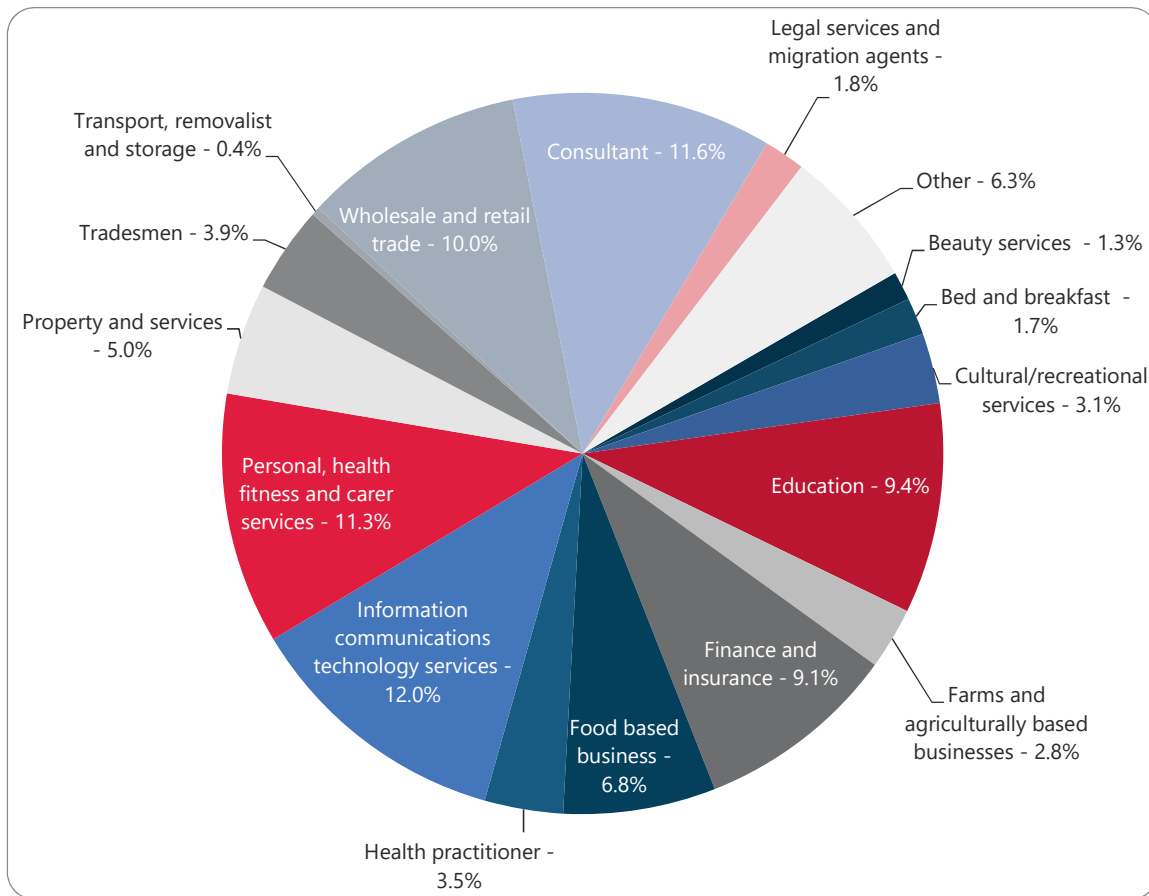
- Provide access to training, workshops, networks and/or support services;
- Have a one-stop online resource and checklist for home businesses; and
- Better access to information on grants, funding and/or incentive schemes.

## The survey

Responses were received from 460 home business owners. The businesses were spread across a diverse range of local government areas and industries, including personal health and fitness, trades and finance and insurance. Thirty one percent (31%) of respondents were based in regional NSW and sixty nine percent (69%) in metropolitan areas.

There was a relatively even spread in how long respondents had been operating their home business:

- 23% = over 10 years
- 15% = between 6-10 years
- 23% = between 3-5 years
- 21% = between one and two years
- 18% = newly set up



Graph 1: Industry sectors of home business respondents

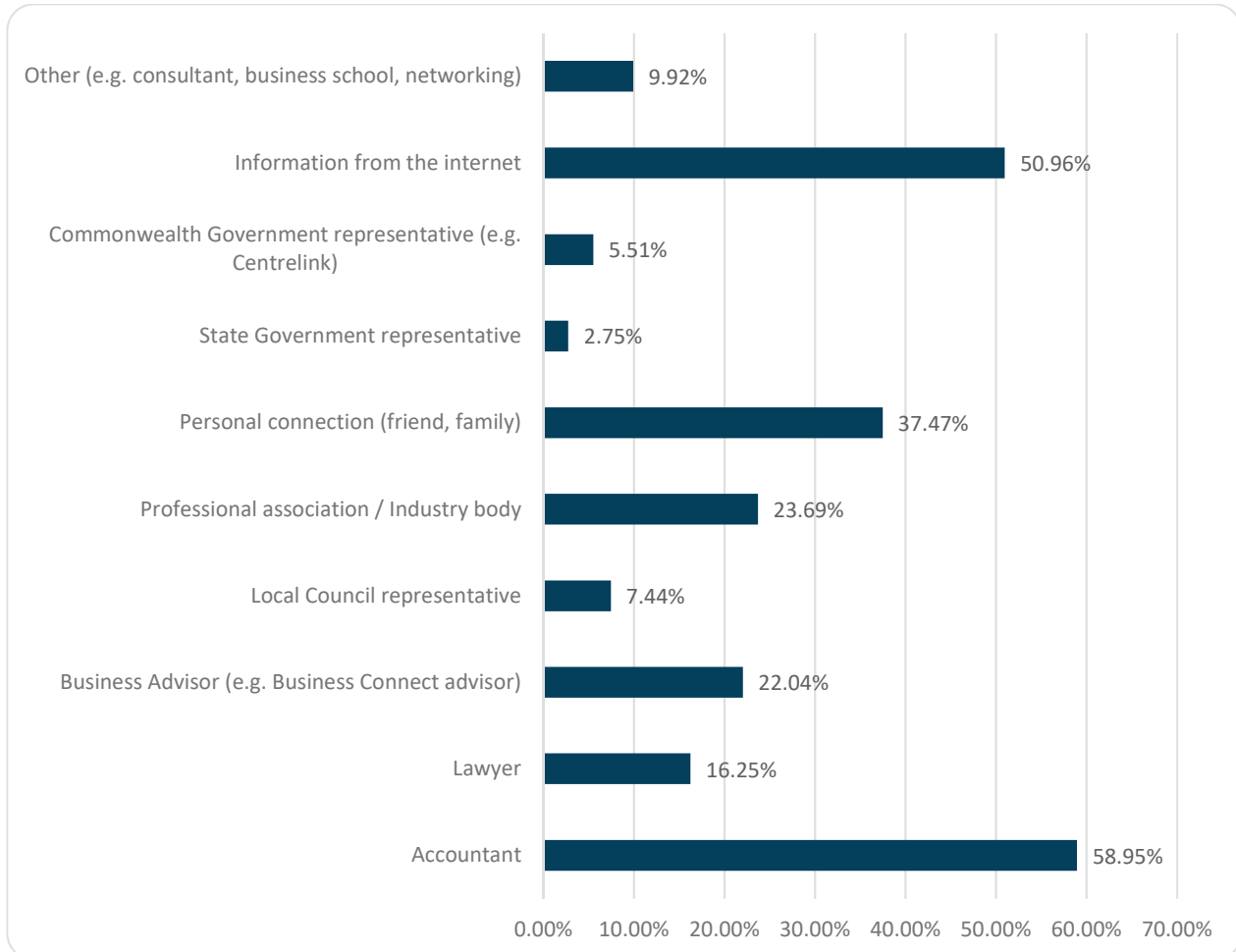
## Key findings

- All home businesses that responded to the survey were small businesses (i.e. with less than 20 full time employees), and three out of four (74%) were sole traders.
- Three out of four (78%) home businesses took less than six months to set up. The reasons that some businesses took longer than six months for starting a home business are unknown. One in two (52%) respondents said that setting up their business took longer than a month, with some businesses taking more than 2 years.
- There is a need for information and services to help home businesses start, grow and thrive.
- Many home business owners experienced challenges when both setting up and operating their businesses.
- The top five challenges for setting up a home business were:
  1. red tape, lack of consistent information on requirements;
  2. costs and finance;
  3. access to training/networks/mentoring/support;
  4. building a client base/marketing; and
  5. IT-related service challenges.
- The common challenges in operating a home business were:
  - separating work and home life;
  - finding clients;
  - managing cash flow;
  - advertising the business;
  - keeping up to date with technology;
  - developing a business plan;
  - accessing government grants;
  - reporting requirements and keeping up with regulatory changes;
  - internet access; and
  - social isolation.
- There were significant findings on planning and licensing issues. One in five (20%) found it difficult to find information about the approvals and licences they needed, and one in ten (10%) were not aware if there were any regulations or licensing requirements they had to follow.
- Almost one in two (48%) respondents were not aware of business support services offered by state or federal government.
- Almost one in five (19%) respondents indicated they would like a central reference point for information and assistance on a range of home business matters, particularly on funding, grants, incentives and other available support. (It is noted that information and resources for home business owners have improved since many of these businesses began, meaning current experiences may differ).
- One out of three home business owners work more than 40 hours per week.
- Over one third (36%) of home business owners employ subcontractors
- One in four home business owners (26%) have employees.
- Almost nine out of ten (89%) respondents confirmed they participate in, or will seek out, training, networking, and mentoring opportunities, with a focus on:
  - marketing
  - having an online presence
  - building/increasing a client base
  - balancing work with home life
  - tax incentives
  - energy cost reduction
  - government grants and incentives.
- In the next 12 months:
  - 96% of respondents plan to continue operating their business, 4% plan to close
  - More than one in eight (17%) plan to return to paid employment as their primary source of income
  - Four out of five (84%) want to increase their turnover.

# 1. Starting a home business

## 1.1 Support used to start a home business

The graph below outlines the types of support that home business owners used to start their business.



## 1.2 Accessibility of information and support

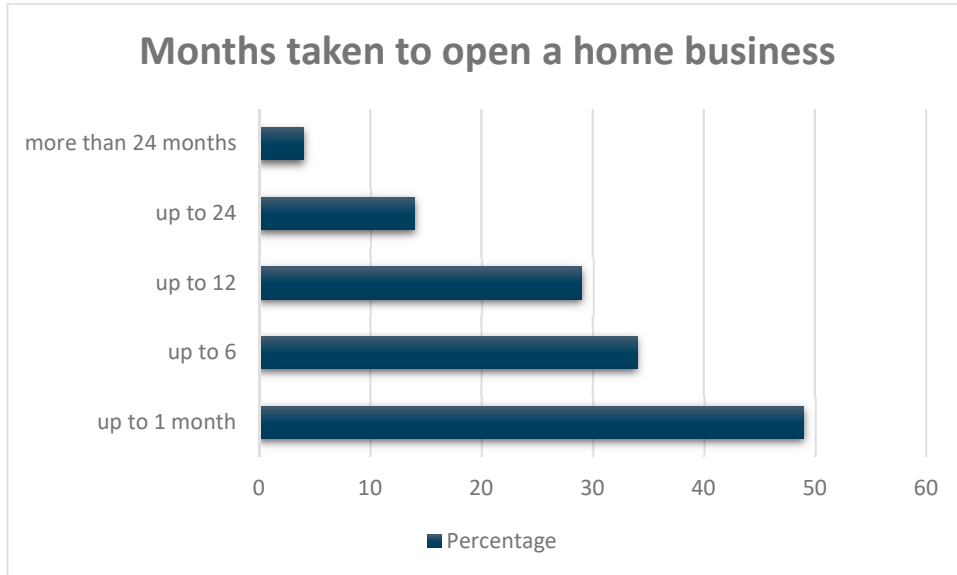
- 20% of home businesses found it difficult to find information about what approvals and licences were needed to operate their business.
- 48% of respondents were not aware of business support services offered by Government.

It is noted that availability of support services and information to help start a home business has improved in recent years with:

- the expansion of the Commonwealth Government's Australian Business Licence and Information Service (ABLIS) website
- Service NSW's Business Concierge
- the NSW Small Business Commission's recently launched [online resource](http://www.industry.nsw.gov.au/business-and-industry-in-nsw/support/running-a-home-business) on starting a home business ([www.industry.nsw.gov.au/business-and-industry-in-nsw/support/running-a-home-business](http://www.industry.nsw.gov.au/business-and-industry-in-nsw/support/running-a-home-business))
- information provided by some local Councils.

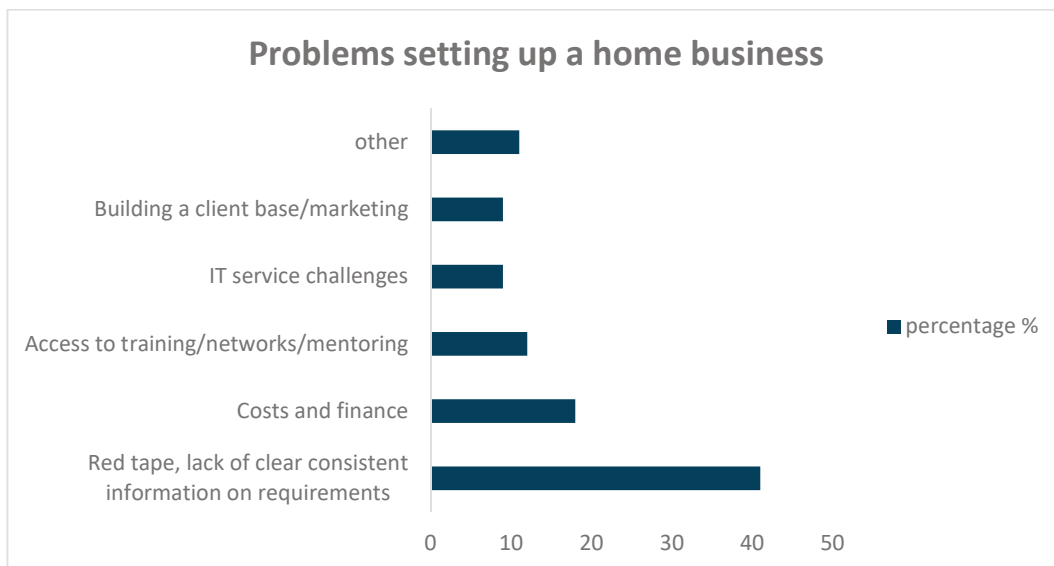
### 1.3 Time taken to set up a home business

- 15% of respondents took up to a week to set up their home business
- 34% took up to a month
- 29% took up to 6 months
- 14% took up to 12 months
- 4% took up to 2 years
- 4% took more than 2 year



### 1.4 Greatest difficulties in setting up a home business

Respondents provided the following as the greatest difficulties in setting up a home business, with red tape and a lack of clear, consistent information on requirements being a clear frontrunner:





## 1.5 Top three suggestions to help those starting a home business

Respondents provided the following top three suggestions for improving the process of starting a home business.

Percentage	Suggested improvements
19%	Provide access to training/workshops/networks/support services
19%	Have a one-stop online resource and checklist for home businesses
12%	Easier access to information on grants/funding/incentive schemes

## 1.6 Peer to peer advice for starting a home business

Home businesses responding to this question had this advice to those looking to start a home business:

- seek advice, training, networking opportunities (23%)
- go for it, follow your passion (18%)
- research thoroughly, plan ahead, create a business plan (16%)
- have adequate funds/cash resources (10%)
- balance or separate work life and home life (10%)
- work with your local council on the requirements (4%)

Three per cent indicated that their local council's requirements and/or the process of dealing with local council was hard.

## 1.7 Licences, certifications and/or rules

More than half of home businesses (53%) responding to the survey said that governments need to review their regulatory process and customer service approach, to make it simpler and more affordable to operate as a home business.

About one in ten (11%) home businesses said that they were not affected by regulation; it is difficult to know if those who said "no changes required" did so because they had no issue with how existing regulations impact their business, or whether there were just none which existed and so was not a question applicable to their circumstances.

## 1.8 Comments that give insights into other problems faced by home businesses included:

- Slow postage times and expensive shipping and postage costs
- Hard for home businesses to win government work
- Federal egg sales legislation is interpreted very differently by different states
- Australian Company Number (ACN), Australian Business Number (ABN) and the Australian Taxation Office (ATO) need to be able to access each other's information and help callers solve issues
- Slow licence approval times
- Licensing forms are tedious
- Councils don't understand family day care requirements/too much paperwork is required
- Rules for mobile businesses need to be easier
- Unnecessary and conflicting requirements regarding apprentices
- ATO processes, including onerous Business Activity Statement requirements
- Australian Securities and Investments Commission (ASIC) requirements
- Quarterly Goods and Services Tax (GST) is a time waster for businesses – should be annual for businesses with less than two employees
- Workplace health and safety has too many forms and requirements
- Trademark registration-businesses are waiting an unreasonable length of time.

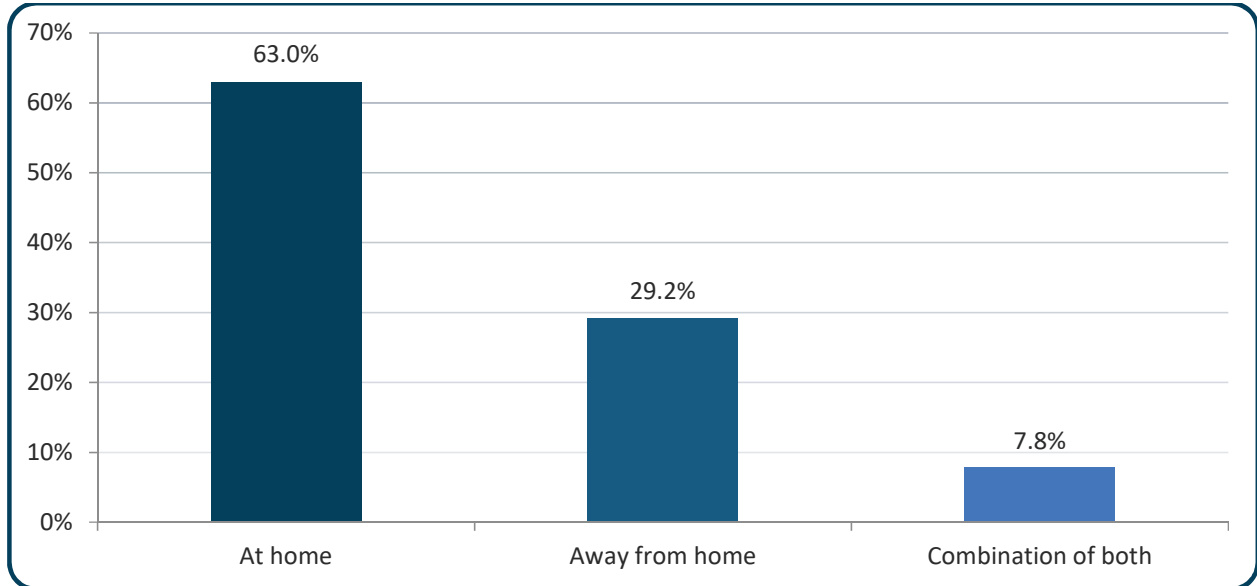
*“There are three different levels of government and different types of regulation and legislation that has to be met to gain approval. It's so difficult to navigate all of the different bodies.”*

*Respondent home business owner, advertising industry*

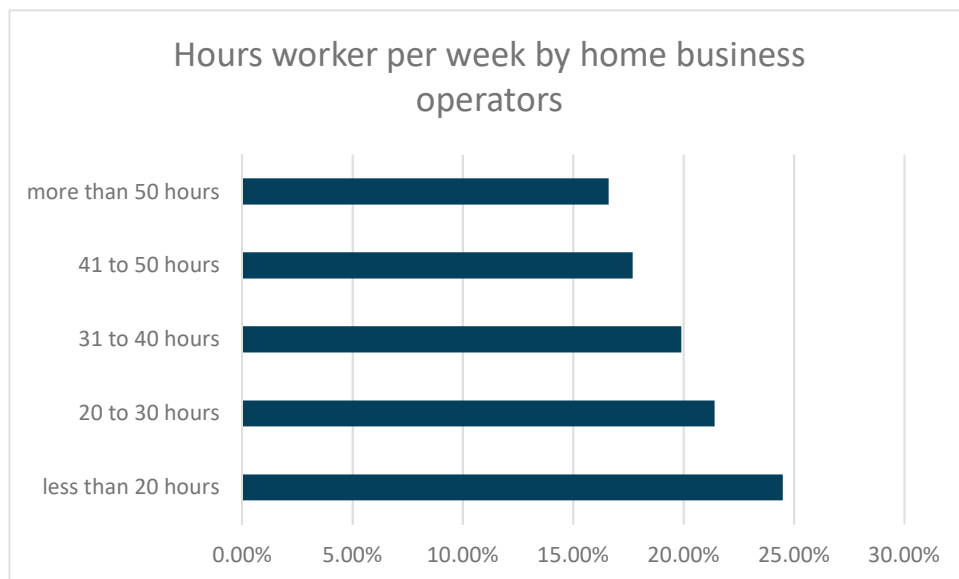
## 2. Running a home business

This section shows some basic demographics on home businesses that responded to the survey.

### 2.1 Main location of work



### 2.2 Hours of work per week in home business



## 2.3 Number of employees and sub-contractors

- 74% of respondents are sole traders who do not employ any staff
- 18% employ 1-2 staff
- 6% employ 2-5 staff
- 2% employ 6-10 staff
- Only 1 respondent employs 11-19 staff
- No respondents employ more than 20 staff\*
- 36% of respondents hired subcontractors in the last year, 19% hired 1-2 subcontractors and 17% hired more than 2 subcontractors

\*As all respondents employ less than 20 employees, they all are classified as small businesses.

## 2.4 Home business owners' plans for the next 12 months

- 96% of respondents plan to continue to operate their business, 4% plan to close their business
- 17% plan to return to paid employment as their primary source of income
- 84% plan to continue working from home but aim to increase their turnover in the next 12 months
- 79% plan to continue working from home at the same level or pace of operations as previously
- 46% plan to diversify/create additional business activities in the next 12 months
- 17% plan to move to commercial premises in the next 12 months
- 65% of respondents plan to seize any training/support opportunities to grow their business
- 33% plan to continue working from home but will hire more staff.

## 2.5 Issues raised by local councils and/or complaints from neighbours

Respondents were asked about the nature of any issues that may have been raised by their local council or complaints from neighbours about their home business activities. While only a small number of respondents reported any complaints, the top 3 issues included:

- storage
- increased pressure on car parking spaces
- increased traffic flow generated by client visitation.

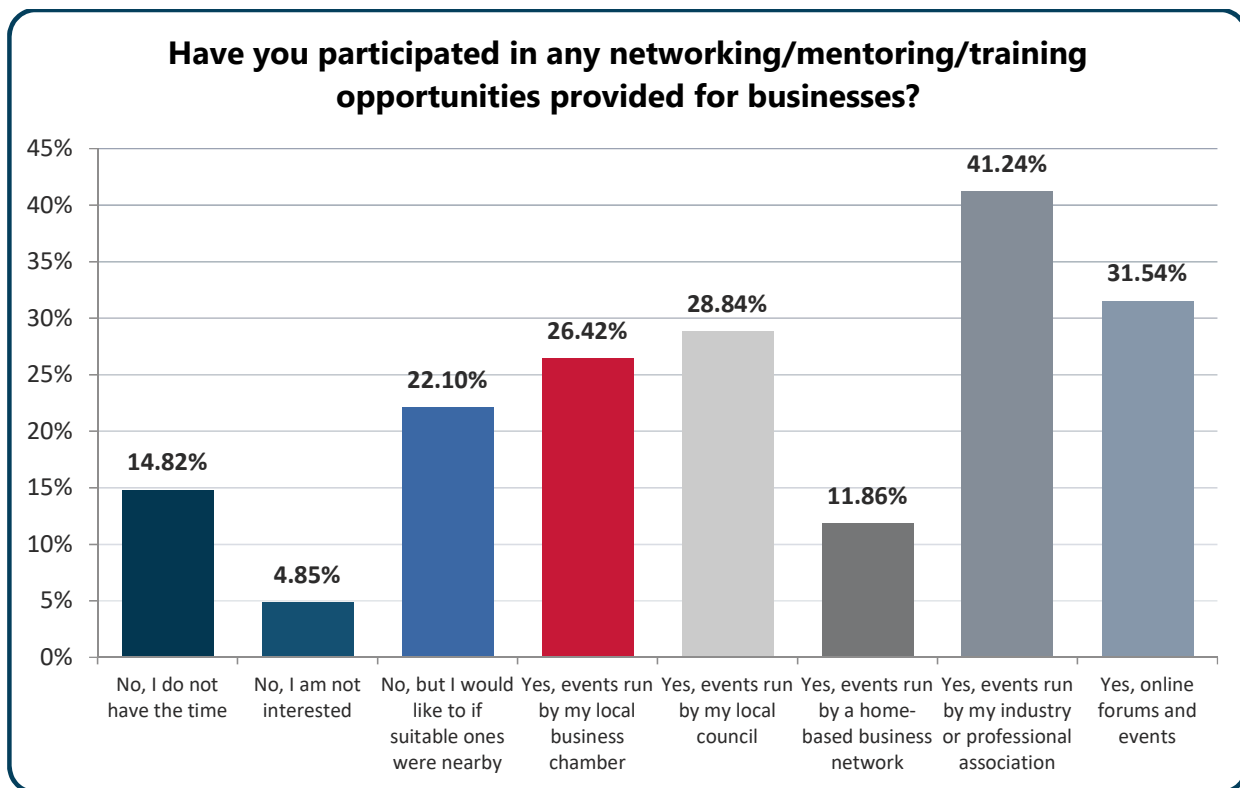
A number of respondents reported being subjected to false complaints.

## 2.6 Challenges faced by home business owners

Respondents provided the following as major challenges they faced in running their home business (note: more than one response was allowed):

Percentage	Issue or challenge
52%	Separating work and home life
46%	Finding clients
42%	Managing cash flow
38%	Advertising business
31%	Keeping up-to-date with technology
30%	Developing a business plan
30%	Accessing government grants
28%	Reporting requirements
28%	Keeping up with regulatory changes
28%	Internet access
26%	Isolation
24%	Networking
22%	Accessing training / support opportunities
14%	Hiring staff
14%	Knowing employer obligations
5%	No issues
3%	Dealing with complaints about their home business activity

## 2.7 Participation in networking, mentoring or training opportunities



Among respondents there was a high participation rate in events run by industry associations (41%), local councils (29%), and local business chambers (26%). Participation in online forums and events was also relatively high at 31%, demonstrating the importance of both face-to-face and online networking and training opportunities for home business owners.

It is noted that survey respondents were largely sourced from industry associations, local council networks and social media, which may have influenced response rates for this question.

Twenty-two per cent of respondents who don't participate in events expressed interest in participating if there were suitable events nearby.

However, if they have not joined an industry association or local council networks and do not have an ABN, it can be difficult to contact them to advise of training and networking opportunities.

Fifteen per cent of home businesses said they didn't have any time to participate in networking or other opportunities.

*“First thing, join a supportive network group to get help, personal and professional support, tips, knowledge... Surround yourself with like-minded business people, as it can get isolating. Research local council support ... outsource what you can, so you aren't dying getting it all done.” Respondent home business owner, recreation industry*