BUSINESS NSW | 200 YEARS

NSW's Future Entrepreneurs

Why entrepreneurship matters to NSW's future and how to make it better

August 2026

Laura Prael I LEP Digital I Member since 2022

About this paper

This paper has been prepared by Marise Donnolley, Lisa Huynh, Peter Jeffries, Ben Pike, Rebecca Solberg and Nathan Wallwork of Business NSW, with research input from Associate Professor Olga Kokshagina and Dr Majd Shamayleh of the University of Sydney Business School's Innovative Organisation and Technology Research Hub.

The authors would like to thank Business NSW members for their contributions to this paper, especially those who agreed to feature as case studies.

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THE UNIVERSITY OF SYDNEY

BUSINESS NSW | 200 YEARS

STANDING WITH MEMBERS. DELIVERING FOR BUSINESS.

About us

Business NSW backs business. We stand with our members, speak up on the issues that matter, and provide the practical support businesses need to start, run, and grow in NSW. It's what we've done since 1826, and it's why businesses still turn to us today.

Our purpose is to create a better Australia by maximising the outcomes and potential of Australian businesses. We achieve this by working with almost 50,000 businesses across the state, spanning all industry sectors including small, medium and large enterprises.

Operating through our network in metropolitan and regional NSW, and with our state chamber partners, Business NSW represents the needs of business at a local, state and federal level. This is why when we speak, government listens.

Not a member? Add your voice to the conversation today:
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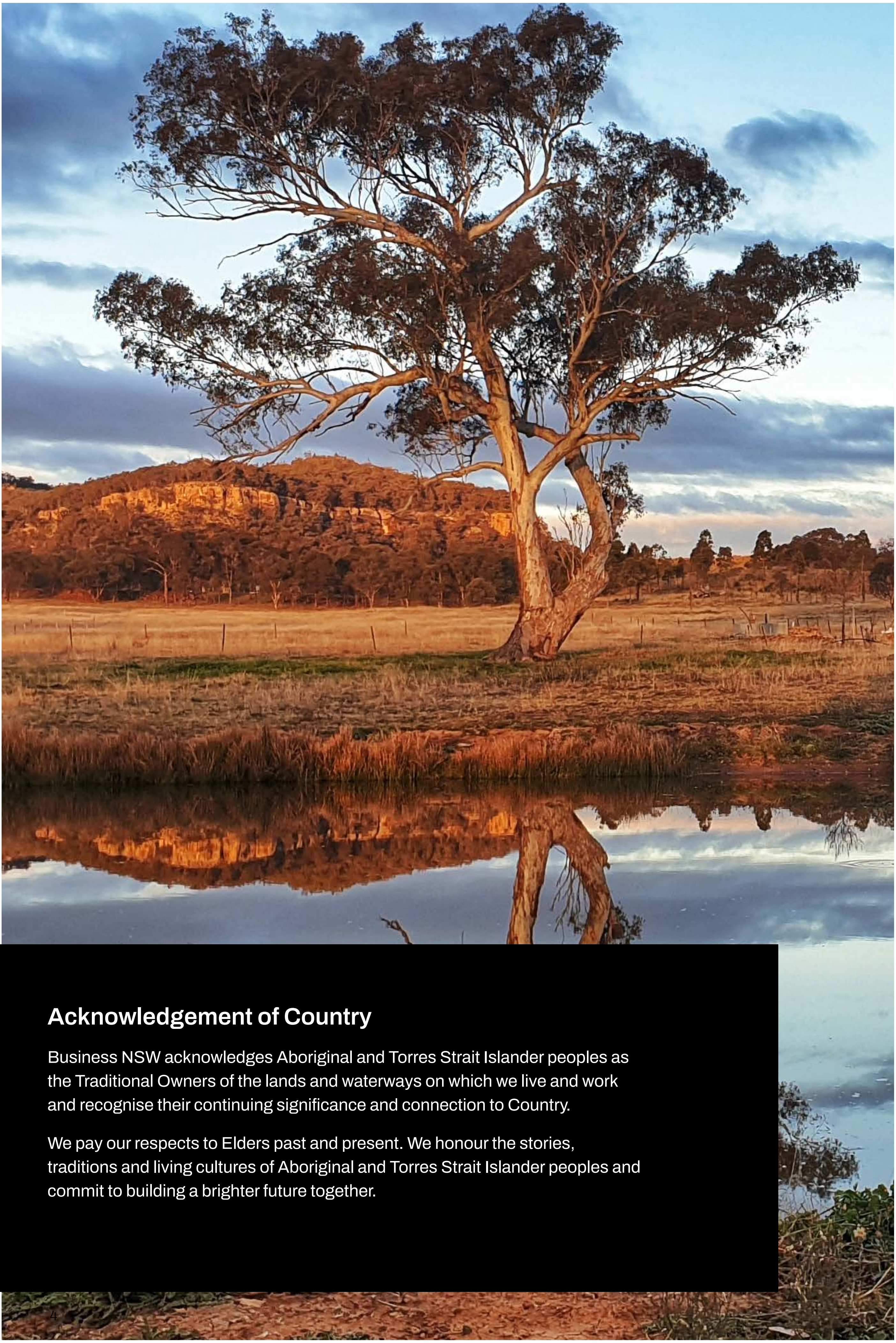


Acknowledgement of Country

Business NSW acknowledges Aboriginal and Torres Strait Islander peoples as the Traditional Owners of the lands and waterways on which we live and work and recognise their continuing significance and connection to Country.

We pay our respects to Elders past and present. We honour the stories, traditions and living cultures of Aboriginal and Torres Strait Islander peoples and commit to building a brighter future together.

FOREWORD

Joseph Carrozzi AM

Two hundred years ago, a small group of business leaders came together with a simple but powerful belief: that enterprise in New South Wales has the capacity to create prosperity and improve lives. As Business NSW celebrates its bicentenary, that belief remains as relevant today as it was in 1826.

Over the past two centuries, the NSW economy has been transformed by people willing to imagine something new, take a chance and build a business. From local shopfronts and family enterprises to globally recognised companies, entrepreneurs have helped shape our communities, create employment and drive economic progress. Their contribution is woven into the history of our state.

Our state and nation will only reach its full potential, however, if small and medium businesses are empowered and nurtured. SMEs innovate, employ people in our local communities and pay the taxes that we rely on to fund important government services. NSW businesses employ 3.2 million people, roughly 71% of the state's workforce.

That contribution to the state and nation can never be taken for granted.

Yet the future of our SMEs is in doubt. An ageing demographic, lower numbers of women starting a business, tax settings which disincentivise risk-taking and an overall drop in the proportion of entrepreneurs is concerning. We have a 'missing middle' of small businesses that fail to scale into becoming medium ones, leaving our state worse off. This is an economic issue which must be addressed.

That's why entrepreneurship will be even more important for our future. The world is changing rapidly. Advances in technology, evolving consumer expectations and new global opportunities are creating an environment where innovation and adaptability will be critical to success. Our state is changing just as fast. Western Sydney is emerging as one of the most important economies in the country thanks to the entrepreneurial spirit of local people. Port Macquarie, Byron, Shellharbour and the Hunter regions have also seen strong business and population growth. Yet other places have contracted. To thrive in this future, New South Wales must remain a place where entrepreneurial ambition is encouraged, supported and rewarded across the state.

This report challenges us to think beyond today's economic conditions and consider how we cultivate the business founders, innovators and risk-takers who will shape our future. The policies outlined here are not only about supporting new businesses; they are about building a stronger, more dynamic and more resilient economy for generations to come.

Our bicentenary is an opportunity to reflect on how far we have come. It is also a reminder that every generation has a responsibility to create the conditions for future success. By investing in entrepreneurship today, we can ensure that the next 200 years are defined by innovation, opportunity and growth. Let's work together to get it done.

Joseph Carrozzi AM
President, Business NSW

EXECUTIVE SUMMARY

Business NSW exists to support businesses and the people who run them: entrepreneurs. It is why we have chosen to mark our 200-year anniversary by focusing on the future of entrepreneurship in New South Wales.

For 200 years, NSW has been shaped by people who saw opportunity where others saw uncertainty. They built businesses, created jobs, strengthened communities and helped make our state one of the most prosperous places in the world. The question for us now is whether we are creating the conditions for the next generation to take a risk and do the same.

Research jointly undertaken by Business NSW and the University of Sydney Business School finds that it is becoming harder to run a business in NSW. Rates of entrepreneurship are declining as a result. In 2000, 8% of NSW's workforce was people who owned and managed a business with employees. Today it is less than 5%.

If that 8% rate of entrepreneurship still held today, NSW could have an extra 135,000 businesses with employees.

This is a huge challenge for all of us, because declining rates of entrepreneurship are linked to our economy becoming less competitive, less productive, less prosperous and less resilient. Further, the decline feeds on itself: fewer entrepreneurs succeeding means fewer people want to try.

Add to this challenge the declining rates of women running employment-generating businesses, an ageing cohort of owners with limited succession planning, industries which are increasingly dominated by very large firms, a housing affordability crisis and a tax environment that discourages innovation and enterprise, and you have an economy facing a stark choice.

A do-nothing scenario would see us further entrench regional and socioeconomic disadvantage, hollow out the small and medium business sector and gradually erode our living standards. In short, a grim future.

Or, we can actively cultivate a better business environment that secures our and our grandchildren's prosperity by helping NSW flourish into the innovative, productive and entrepreneurial place it can become.

As we look to the future, we strongly believe NSW must change the path it's on.

The issue is not whether NSW has entrepreneurial potential. It does. NSW mostly has what it needs for a thriving future economy: skilled people, diverse businesses and supply chains, great universities and technical education, a stable political system, comparative advantages in future-focused industries, access to capital, and a startup ecosystem capable of producing globally-significant companies. But these strengths aren't translating into better outcomes for NSW as effectively as they should. We think the answer lies in the ways our economy does and doesn't support entrepreneurs to succeed.

If we want an economy which delivers better outcomes for all people in NSW then we should start by making it easier to run and grow a business here. If we want more people in NSW to see entrepreneurship as a credible and rewarding pathway through life – and we do – then we should make it easier for entrepreneurs to succeed.

Towards NSW's entrepreneurial future

This paper contributes to solutions by developing a simple model of the paths entrepreneurs follow in NSW and the outcomes they reach, tracing from before they start their business, to starting it, to growing it, to reaching maturity, and finally to exit. We call this the 'entrepreneurial lifecycle' and it allows us to identify where NSW's entrepreneurial system lets down its entrepreneurs. It also shows us what needs to change.

Our analysis shows that NSW's entrepreneurial system does not fail at a single point or for a single reason, there are many reasons. Equally there is no single change we can make to reverse the decline in entrepreneurship, we need to do many things, systematically, for a long time.

This is why we are calling on the NSW Government to lead a state-wide mission for NSW to become the best place in Australia to start and scale any business.

This mission must be more than a slogan. Real change requires a coordinated and comprehensive effort to fundamentally redesign the experience of starting and growing an employment-generating business in NSW.

The first step is for the NSW Government and the business community to co-develop a **NSW Future Entrepreneurs Strategy** setting out how this mission will be achieved. The Strategy should have three complementary objectives:

1. Make it easier to run a business in NSW by lowering costs and reducing frictions
2. Help businesses to succeed by coordinating a system of business support across the entrepreneurial lifecycle
3. Make more people aspire to be entrepreneurs and give them the pathways, tools and networks they need to succeed.

This paper provides further recommendations on what meaningful action would look like for these three objectives.

Together, these reforms would shift NSW from a fragmented entrepreneurship system to a coordinated lifecycle model. The goal is not to create more business registrations, although that would be a byproduct of success. Instead, the goal is to create better business conditions that allow more businesses to succeed.

This paper argues that entrepreneurship is in decline, but decline does not have to be NSW's destiny. The barriers identified throughout the entrepreneurial lifecycle can be reduced. The pathways into business ownership can be strengthened. More people can be encouraged to see entrepreneurship as a credible and rewarding choice. With sustained effort, NSW can become a place where more businesses start, more businesses grow and more businesses succeed.

If NSW embraces this mission, our future entrepreneurs will help write the next chapter in the state's 200-year success story.

Croker Oars I Mid North Coast I Member since 1973

CONTENTS

1. INTRODUCTION

NSW HAS A RICH ENTREPRENEURIAL PAST. WHAT ABOUT OUR FUTURE?

Mongrel Boots is one of the great NSW business success stories. Founded by Stanley Cloros in 1930 as a small business making and repairing shoes in a Surry Hills workshop, the company has grown into a celebrated Australian footwear manufacturer, best-known for inventing the side-zip work boot worn on worksites everywhere. Now in its fifth generation of family ownership and with 70 employees based in Auburn, Mongrel Boots continues to invest and innovate for the future.

Stories like this are part of NSW's inspiring entrepreneurial heritage. But they also pose a question: will they tell similar stories in the future about businesses starting today?

For 200 years NSW has been the home of Australia's entrepreneurs, innovators and business leaders. We have the nation's largest and most diverse economy, the most successful companies, the highest-skilled people and a track record of notable inventions which have shaped the world. Our entrepreneurs are partly why NSW enjoys some of the world's highest living standards.

But NSW cannot rely on historic success to secure its future. We look at today's business landscape and worry that it is becoming ever harder to own and grow a business. Today's business owners must navigate an economy held back by high costs, red tape, tax policies which disincentivise investment, fragmented support, volatile market conditions and much more. There are also high social, cultural and economic barriers to starting a business here.

As a result, **too few of us see entrepreneurship as a realistic or rewarding path**. Quite simply: many see it as not worth the risk.

Our analysis bears this out: entrepreneurs (defined as 'people who own and run a business which employs other people') represented 8% of the NSW workforce in 2000. Today they make up less than 5%.

Hear more about Mongrel Boots:

The Cloros family | Mongrel Boots | Western Sydney | Member since 1973

Where to from here?

We don't pretend to know what the future holds. AI and other technologies are rapidly transforming our economy and are set to reshape the future of work. The well-trodden career paths of the late 20th and early 21st century may no longer provide the stability and living standards they used to.

How can we – especially NSW's young people – prepare? History teaches us that in times of great change the people, businesses and societies which do best are adaptable, resilient and aspirational: in short – entrepreneurial. **However, our entrepreneurial culture is being stifled when we need it most.**

200 years of entrepreneurship in New South Wales

1826 – **Business NSW** is founded as one of Australia's first commercial entities. Originally known as the Sydney Chamber of Commerce.

1838 – The first **David Jones** store opens on George Street, the world's longest-running department store still using its original name

1850s – 1850s-1890s **Regional economic expansion** due to the 1850s gold rush, agriculture and inland rail

1868 – The first **Granny Smith apple** originates on a farm in North Ryde, now a global food staple

1876 – The iconic **Akuba** brand begins. A BNSW member since 1924

1885 – **BHP** is founded after discovering silver and lead at Broken Hill

1890s

1901 – At **Federation**, NSW has 1.4 million people and perhaps 100,000 businesses. Agriculture is our key industry

1924 – **Woolworths'** first store opens in Sydney

1926 – The **cardiac pacemaker** is invented at Royal Prince Alfred Hospital

1932 – **Sydney Harbour Bridge** is completed

1950s – 1950s-1970s **Post-war economic and population growth,** underpinned by manufacturing, construction and professional services

1949-1974 – **The Snowy Mountains Hydro-Electric Scheme** is built

1969 – **The Parkes Radio Telescope** supports the Apollo 11 moon landing

1977 – NSW's **population passes 5 million**

1970s

1988 – CSIRO and the RBA invent the **polymer banknote,** transforming global currency security and durability

1990s – 1990s-2010s **NSW's economy grows rapidly** and shifts towards services, tourism, retail and tech

2000 – NSW hosts the **Olympics** to global acclaim for our visitor economy

2004 – The technology underpinning **Google Maps** is invented in Sydney, ushering in a new era of navigation

2010s – 2010s-2020s Sydney emerges as a **global tech start-up hub**, anchored by Atlassian, Canva and Afterpay

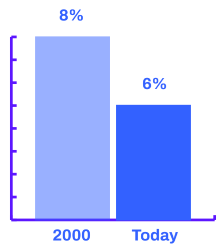
2017 – UNSW's **quantum computing** breakthrough lays global foundations for scalable quantum technologies

2020s – 2020s NSW's **population passes 9 million**. We speak 283 languages. Nearly 1 in 3 residents were born overseas.

Today – NSW contains more than **900,000 businesses**, including 40% with employees. NSW remains Australia's largest and most significant economy.

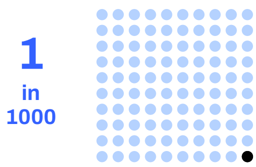
1 Entrepreneurship is in decline

Entrepreneurs represented 8% of the NSW workforce in 2000. Today it is less than 5% - the lowest level in at least 35 years.



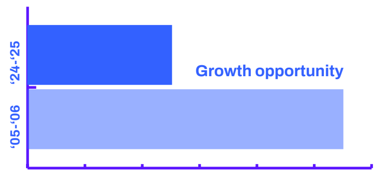
2 One in one thousand

Our analysis suggests that of 1,000 people who seriously consider becoming an entrepreneur, just one or two are likely to end up running a large successful business.



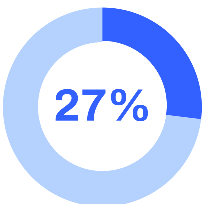
3 Fewer new businesses are being created

An extra 6,100 businesses with employees would have been created in 2024-25 if our economy was still as dynamic as it was in 2005-06.



4 Fewer new businesses have employees

The proportion of new businesses which have employees within their first year of operation has declined from 35% in 2011 to 27% in 2025.



5 Business survival is harder

NSW's first-time insolvency rates are at the highest levels since at least 2009-10, in the aftermath of the global financial crisis.

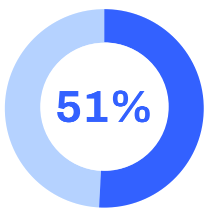
2009-10

6 Regional areas are more affected

Fewer employment-generating businesses are being created in regional areas than metropolitan Sydney, with some vital regional towns even facing net declines in business counts over the past decade.

7 Aspirations are declining, especially for younger people

In 2013, 80% of people aged 25-34 agreed that 'Australia was a land of economic opportunity, where hard work brings a better life'. By 2025 only 51% agreed. Over the same time the proportion of people aged 25-34 who were entrepreneurs fell from 9% to 4%.



NSW NEEDS AN ENTREPRENEURIAL RENEWAL

We think it's time for NSW to regain its mantle as the home of entrepreneurs. **We are calling for a state-wide mission for NSW to become the best place in Australia to start and scale any business.**

This mission should be treated in the same way as reaching net zero or solving the housing crisis: driving systemic reform across regulation, tax, skills, procurement, R&D, industry policy – anything which touches on entrepreneurship.

We must also encourage more people to *want* to be entrepreneurs, and support them throughout their entrepreneurial journey.

Over time, this mission should drive cultural change to embed an entrepreneurial mindset in NSW, resulting in a stronger economy and higher living standards.

We want the NSW Government to begin by working with the business community to develop a NSW Future Entrepreneurs Strategy.

Three Threes Condiments | Western Sydney | Member since 1930

THIS MATTERS TO ALL OF US

We have written this paper because we want NSW to reignite its entrepreneurial spirit. As we look ahead to 2050, we worry about the state's economy drifting into complacent mediocrity, becoming less dynamic, less productive, less prosperous and less resilient. That would be a bad result for all of us. Can NSW stay on its current path and avoid this future? We don't think so, and we don't want to find out.

This paper is for the business, policy and community leaders of today and tomorrow. In particular, it is for NSW's future entrepreneurs. We want to start a conversation about the future of entrepreneurship in NSW, why it matters to all of us, and how to make it better.

What this paper does

This paper sets out a bold vision for NSW's entrepreneurial future and how to get there.

Chapter two outlines the current state of play for entrepreneurship in NSW, concluding that we are in an era of decline. Chapter three presents the findings of the University of Sydney Business School's analysis of the barriers to successful entrepreneurship across the entrepreneurial lifecycle.

Chapter four describes our plan for how to embed a more entrepreneurial culture in NSW via a mission to become the best place in Australia to start and scale any business. Chapter five concludes with the next steps and what we can all do.

2. THE STATE OF PLAY: ENTREPRENEURSHIP IN NSW

Zac Kelly | Unjumble | Sydney | Member since 2026

WHO IS AN ENTREPRENEUR?

In this paper we define 'entrepreneurs' as '*people who own and run a business which employs other people.*'

Entrepreneurship takes many forms. We focus on entrepreneurs who currently – or one day want to - own and grow a business that creates jobs for other people.[1] Our definition covers employment-generating businesses across all industries. About 40% of NSW's 915,000 businesses have employees.

Our focus on employment-generating businesses means this paper is not about one-man bands, freelancers, side hustles or workers in the gig economy, even though those are all valid forms of entrepreneurship and our policy ideas will help those people, too.

So that's our technical answer. But entrepreneurs are also defined by their motivations and characteristics as people. Our 200-year history shows that entrepreneurs share common traits: they are aspirational, adaptable and resilient.

What motivates someone to become an entrepreneur?

People are drawn to entrepreneurship out of opportunity or out of necessity.

Opportunity is the more common driver. People are drawn to the opportunities entrepreneurship can create for higher financial wellbeing (although financial outcomes vary widely), improved lifestyles and the ability to do work matching their values and ambitions.[2]

Necessity is the other driver. Sometimes the choice is between the job you create and no job at all. During periods of personal or economic upheaval, entrepreneurship can provide a path forward, which is why new businesses often emerge after major economic crises.[3] Mongrel Boots managing director Bill Cloros told us: "*dad started the business because he couldn't get a job. There was no work for him. So he started his own business, making shoes and selling them at the markets*."

Similarly, new migrants find that starting their own business is often the best pathway into economic participation and upward mobility.[4] More than 2.3 million NSW residents were born overseas,[5] including more than one million in Western Sydney, which has become one of the fastest-growing economies in the country and is emerging as a key incubator for growing businesses.[6]

Finally in regional areas, where markets are smaller and opportunities more limited, starting a business may be the only way to match a person's skills and ambitions.[7]

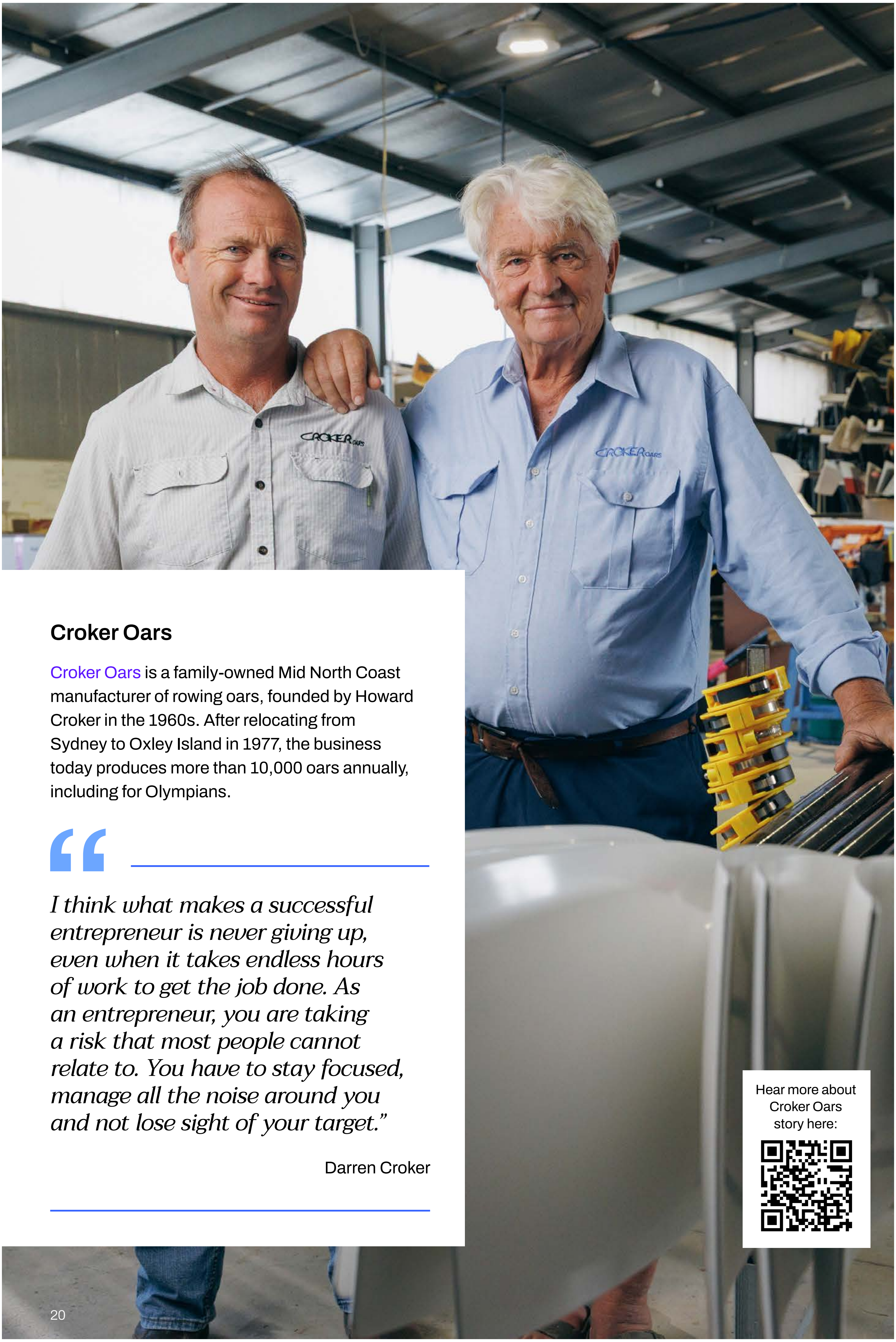
[1] There are other entrepreneurs who choose not to pass this threshold. Many entrepreneurs have no need to hire other people to achieve their aims. Other entrepreneurs deploy different company structures. Most of the entrepreneurs in our definition are the owners of small to medium-sized enterprises, as larger businesses tend to have different ownership structures.

LEP Digital

LEP Digital was founded by Laura Prael in 2015 to help SMEs access high-level marketing strategies and creative expertise. Since then, the Terrigal-based business has grown into a team delivering digital content, websites, and advertising campaigns for businesses across Australia and internationally.

> *"With endless information available, it's easy for business owners to fall into planning paralysis, researching endlessly for the perfect starting point or solution. Successful entrepreneurs overcome this by prioritising action and having the courage to begin anywhere."*

Hear more about Laura's story here:



Croker Oars

Croker Oars is a family-owned Mid North Coast manufacturer of rowing oars, founded by Howard Croker in the 1960s. After relocating from Sydney to Oxley Island in 1977, the business today produces more than 10,000 oars annually, including for Olympians.

> *“I think what makes a successful entrepreneur is never giving up, even when it takes endless hours of work to get the job done. As an entrepreneur, you are taking a risk that most people cannot relate to. You have to stay focused, manage all the noise around you and not lose sight of your target.”*
>
> Darren Croker

Hear more about Croker Oars story here:

THE BENEFITS OF ENTREPRENEURSHIP

Making it easier to start and run a business in NSW would benefit everyone – people, other businesses, our economy and our society.

People

MORE PATHWAYS INTO MEANINGFUL WORK

Entrepreneurs employ 3.2 million people in NSW, 70% of the state's total employment.[8] Young businesses are job creators: firms under five years older generate around 60% of all new jobs in Australia.

MORE COMPETITION, LOWER COSTS

A more dynamic business environment means greater competition, which ultimately means more choices and lower prices for consumers. The RBA estimates that insufficient competition in our economy makes us all $3,000 worse off.[9]

MORE ROLE MODELS AND SOCIAL MOBILITY

When entrepreneurs succeed, more are encouraged to try. Visibility and role models matter: 71% of entrepreneurs knew a friend or family member who owned a business while they were growing up, compared to 48% of the wider public.[10]

Business

MORE INNOVATION AND COMMERCIALISATION

Entrepreneurs and new businesses play a critical role in turning new ideas into products, services and jobs. Australian businesses with 5-199 staff employ 42% of people but contribute 55% of time spent on R&D.[11]

FASTER DIFFUSION OF IDEAS AND TECHNOLOGY

Competitive pressure from new businesses encourages firms to adopt better technologies, improve management practices and innovate more rapidly.

STRONGER SUPPLY CHAINS AND BUSINESS ECOSYSTEMS

A more entrepreneurial business environment creates denser supplier and customer networks, improving resilience and helping businesses share knowledge and opportunities.

Economy and society

HIGHER PRODUCTIVITY AND LIVING STANDARDS

Productivity is the primary driver of long-run wage growth, and entrepreneurship supports productivity by increasing competition, innovation and business dynamism.

STRONGER REGIONS AND LOCAL COMMUNITIES

Entrepreneurs create jobs, services and investment in local communities, making them especially important to the long-term success of regional places.

A MORE RESILIENT ECONOMY

Economies with higher rates of business formation and renewal tend to be more diverse, and therefore are better able to adapt to technological change and economic shocks.

Alkalizer

Shefali Pall owns and operates Alkalizer, a Campbelltown café which does breakfast, lunch, high teas, catering and home delivery. Shefali is also the President of the Campbelltown Chamber of Commerce.

"

A successful entrepreneur is someone who turns ideas into value by solving real problems with resilience, innovation, and purpose. While vision and determination are essential, long-term success also comes from building strong relationships, embracing collaboration, and never stopping learning."

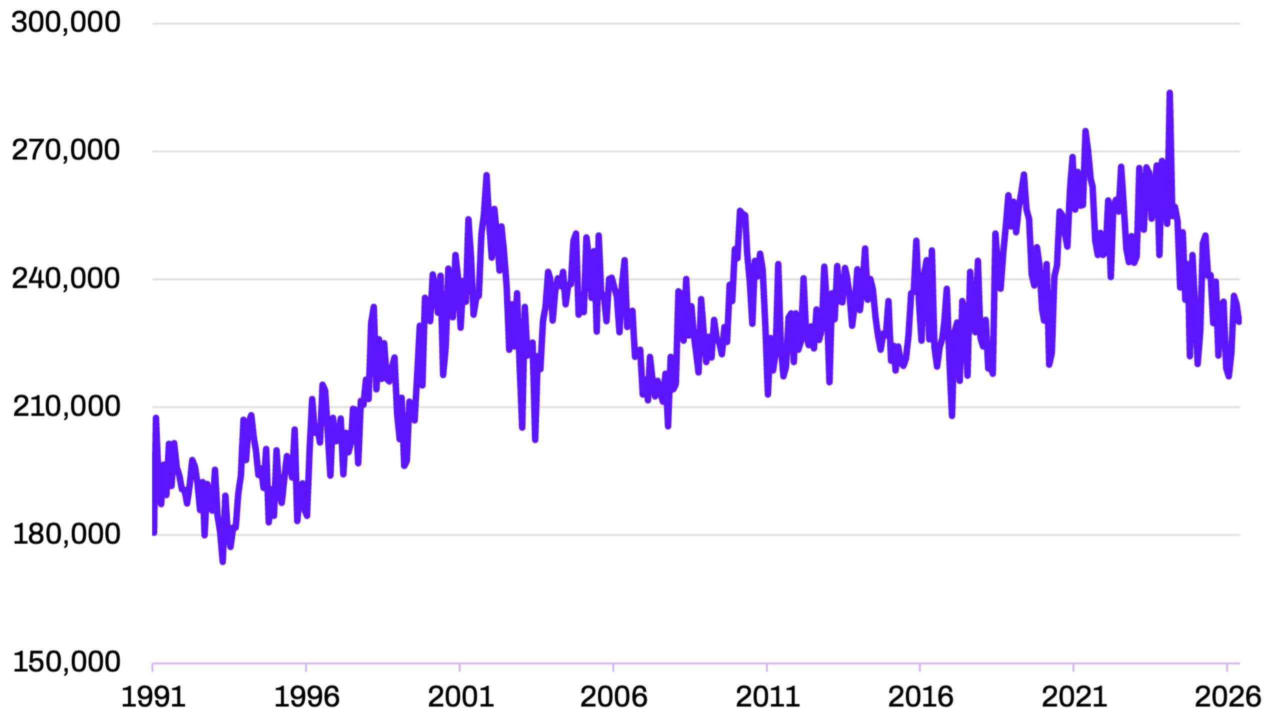
Hear more about Shefali's story here:

ENTREPRENEURSHIP IS IN DECLINE

We have used ABS data to create a definition of 'entrepreneurs' that allows us to track entrepreneurial activity since 1991.[12,2]

Things seem okay at first glance. NSW had 230,000 entrepreneurs in May 2026. This is fewer than the early 2024 peak of 270,000, but is otherwise in line with the long-run average this century. NSW has seen a 25% increase in the number of entrepreneurs since 1991, although most of this increase happened in the 1990s.

Figure 1: Entrepreneurs in NSW, 1991 to 2026



[2] For this analysis, 'entrepreneurs' means 'business owner managers who employ people.' This includes incorporated and unincorporated enterprises. Other categories include 'employees' (employees and contributing family members), and 'self-employment' (business owner managers without employees, e.g. sole traders, contractors). This definition means the data tells a story about entrepreneurs whose business has become successful enough to create jobs for other people.

The picture begins to change when total employment is considered. In 1991 NSW had 2.1 million employees. By 2026 that number increased to 3.8 million, an 80% rise.

This means that the number of entrepreneurs increased only a little bit, while the number of employees increased by a lot. In 2000 there were 10 employees for every entrepreneur in the state. In 2026, that ratio is 17 employees per entrepreneur.

There has also been an increase in self-employment over this time to about 500,000 people in NSW today, although the proportion of self-employment in overall employment has hovered around 10%-12% over the past three decades.

The full picture emerges when viewing the proportion of entrepreneurs in overall employment, and comparing NSW to Victoria, Queensland and Australia.

This shows that the proportion of entrepreneurs has been in decline across Australia since the early 2000s. NSW is no exception – declining from 8% in 2001 to below 5% in early 2026, an all-time low in the available

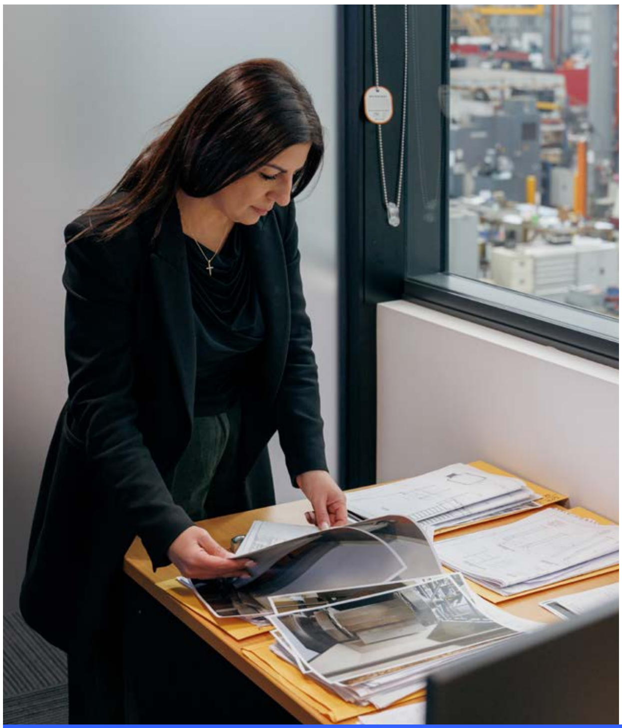
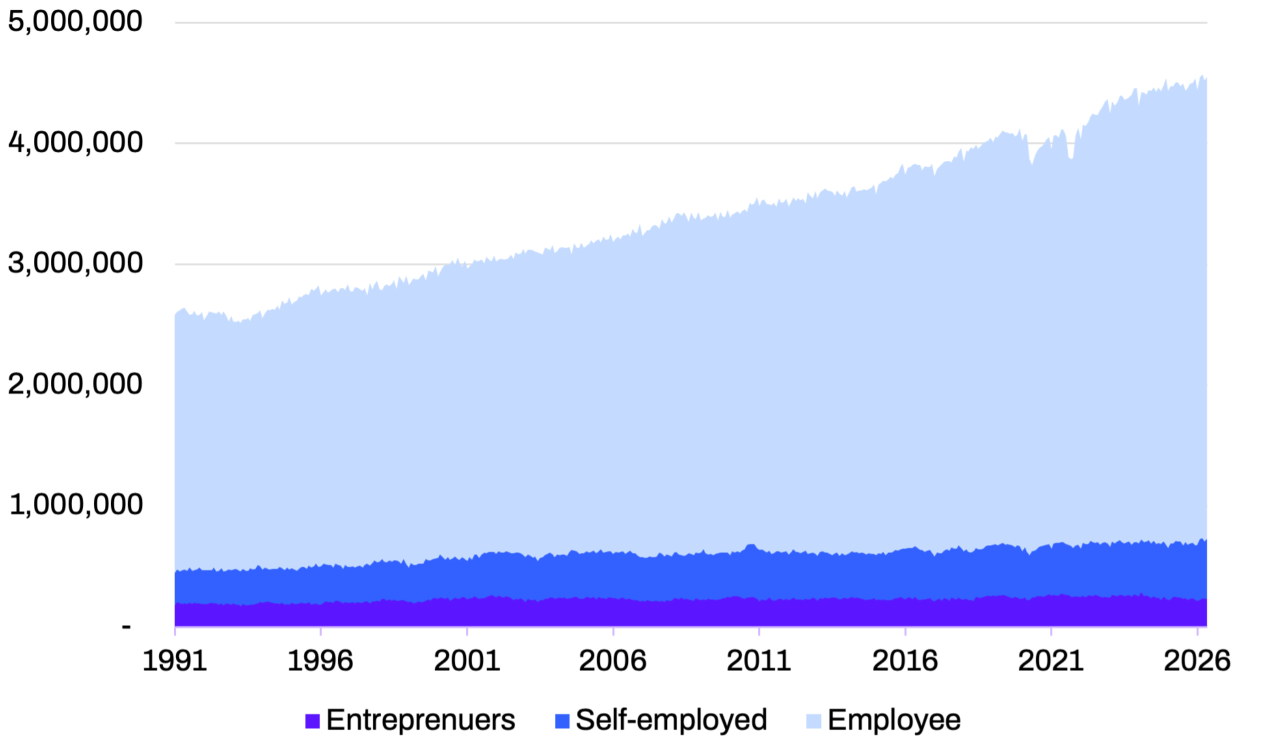


Figure 2: Total number of workers by type of employment in NSW, 1991 to 2026



data. The trend seems to have accelerated after the short-lived recovery cycle which followed Covid.

If that 8% rate of entrepreneurship still held today, NSW would have an extra 135,000 entrepreneurs potentially running employment-generating businesses.

The trend is more significant among women, who were already less likely than men to run an employment-generating business. Rates of entrepreneurship for men peaked at 10.6% in 2001 and declined to 6.7% by early 2026. For women, the peak of entrepreneurship was 6.4% in late 2001, declining to 2.7% by early 2026.[13] This means that female entrepreneurship fell by 56.9% from its 2001 peak, compared with a 36.6% decline for men – a gap of 20.3 percentage points.

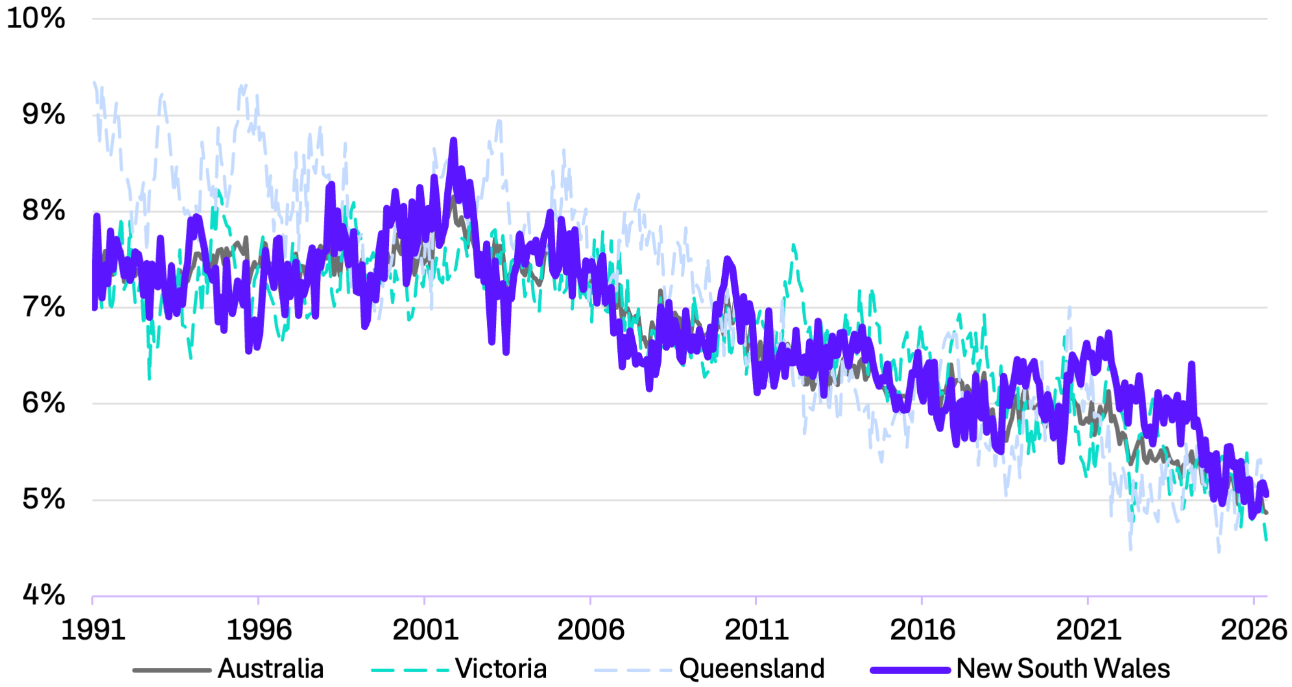
The decline is larger for younger age cohorts and is also larger for Australian-born workers than overseas-born workers.[14] First Nations business ownership rates appear to be a positive outlier, having risen from 2006 to 2021, although rates of business ownership are still lower than for the NSW population as a whole.[15]

Some caveats are necessary. First, more of the decline is in unincorporated businesses, rather than in incorporated businesses. Incorporated businesses are generally structured in a way which allows for faster growth and stronger employment outcomes, so keeping more of them is a positive sign for NSW.[3]

Second, this decline is seen across Australia and across most (but not all) comparable global economies. The decline is partly the result of technological change, changing labour market preferences and ongoing industrial change, for example in NSW the amalgamation of several small farms into a single commercial farm.[16]

Third, the decline isn't playing out everywhere: some industries and parts of the state are seeing higher rates of entrepreneurial activity, especially in Western Sydney, which is one of Australia's fastest-growing economies thanks to major investment in housing and infrastructure, a young and growing population, increasing industrial diversity, rising skills levels and the entrepreneurial drive of local people.[17] But the overall picture across the state is one of proportional decline.

Figure 3: Proportion of entrepreneurs in total employment, selected regions, 1991 to 2026



[3] However, since Covid the proportion of people running incorporated enterprises with employees has also started to decline at an accelerated pace, from 4.7% of employed persons in 2020 to 3.7% in early 2026.

Fewer young people are becoming entrepreneurs

NSW's entrepreneurs are growing older. This indicates that, so far, the proportional decline is driven more by a reduction in younger people becoming entrepreneurs than it is by increased rates of older entrepreneurs retiring. In the space of 10 years, the proportion of entrepreneurs in NSW aged 60 or older more than doubled, from 12% to 25.5% of all entrepreneurs. At the same time, the proportion of entrepreneurs in NSW aged below 35 shrank from 17% to 9%.

This points to a new challenge on the horizon. 48% of business owners in the Baby Boomer generation plan to retire in the next five years. Only 18% have a business succession plan.[18]

NSW's business base is still growing, but its composition is changing

Businesses are still being created. But the balance has tilted firmly towards businesses without employees. By way of example, from 2016-17 to 2024-25, the total business count in NSW increased by 22%, but this was made up of a 27% rise in non-employing businesses and a 15% rise in businesses with employees.[20]

The proportion of new businesses which have employees within their first year of operation is declining, from recent heights of around 35% in NSW in 2011, to 27% in 2025.

Crucially, most businesses which start out as solo ventures stay that way: nationally, just 3% of surviving self-employed businesses became businesses with employees in 2023-24, the lowest rate since at least 2007-08.[21]

Figure 4: Proportion of total entrepreneurs in five year age group in NSW for 2014 and 2024, and proportion of all workers in five year age group in NSW for 2024[19]

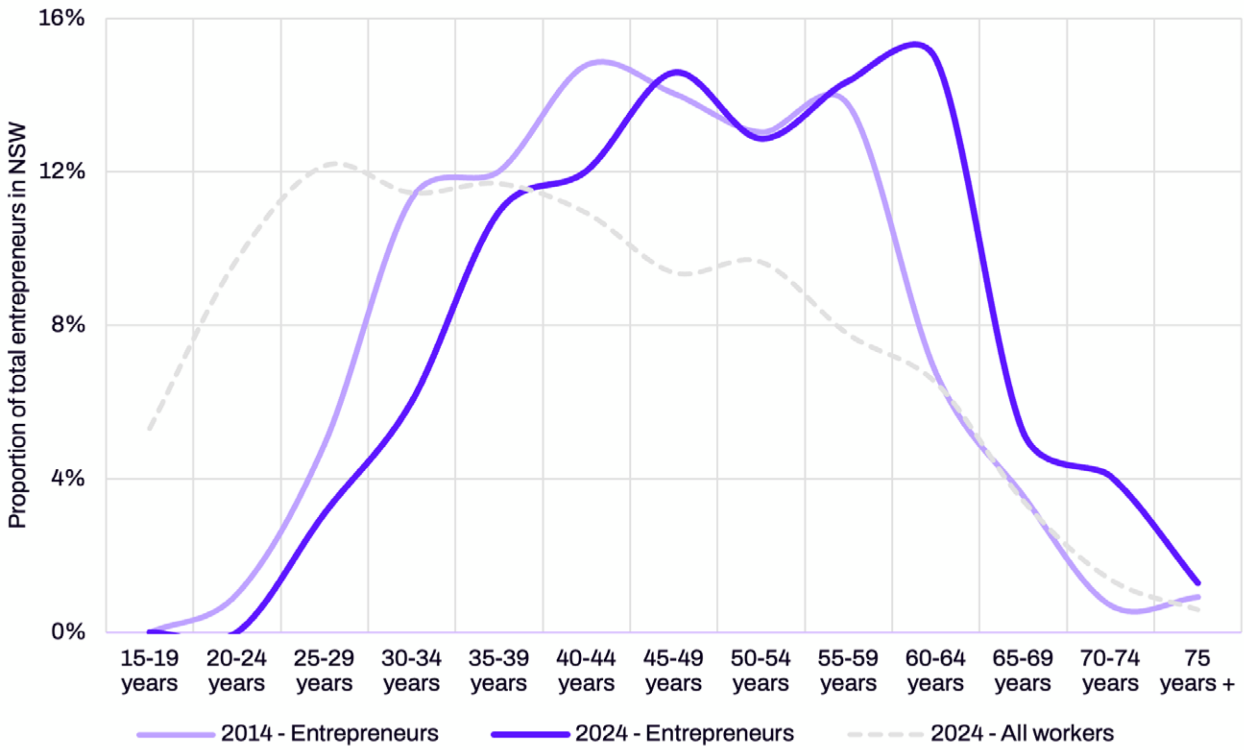
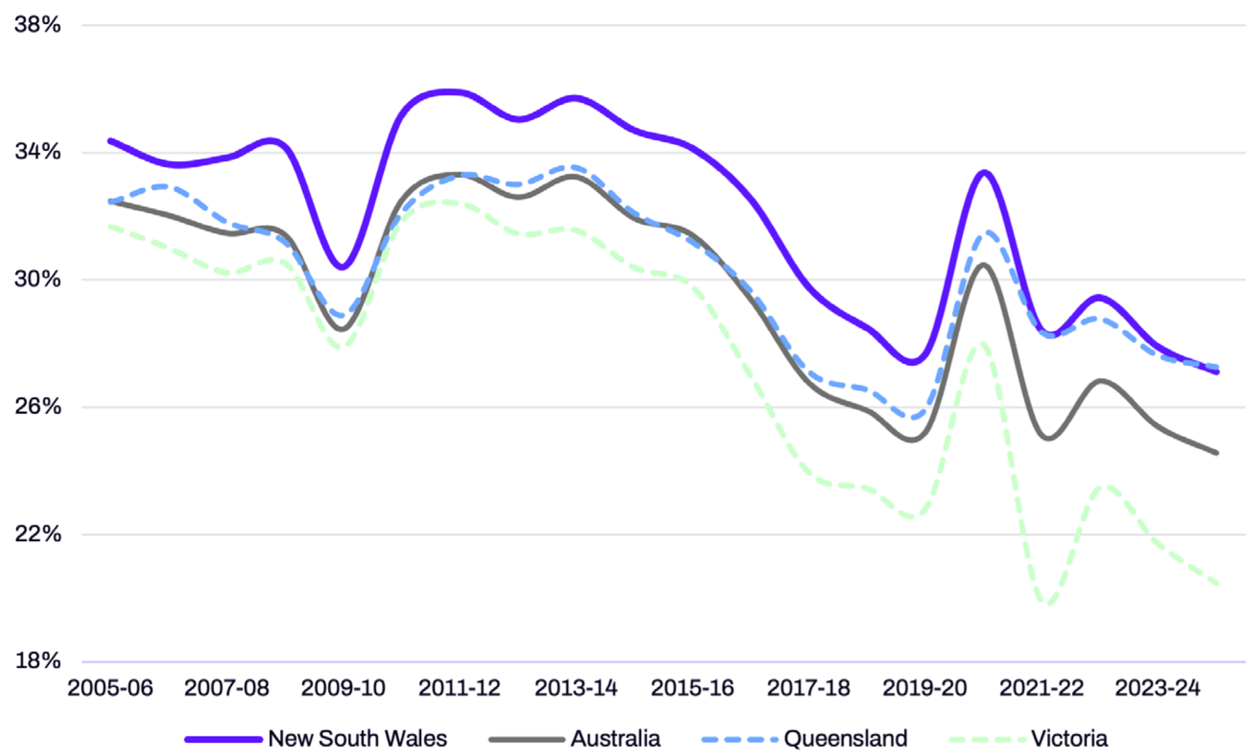


Figure 5: Proportion of employment-generating businesses in total new businesses, 2005-06 to 2024-25[22]



Looking at just the past five years, we see declines in the proportion of businesses with fewer than 20 employees, and especially for businesses with fewer than five employees. This indicates a business progression problem.

Over time, our economy has developed a 'missing middle',[23] featuring lots of non-employing businesses at one end of the scale, and a small number of very large businesses at the other end. Businesses with 200+ employees now employ more than 35% of NSW's private sector workforce.[24] But in the space between our smallest and largest businesses – the 'missing middle' – we see proportionally fewer employment-generating businesses emerging and surviving.

Put all this together and it shows that our economy is shifting to contain proportionally fewer entrepreneurs and proportionally fewer businesses with employees.

Figure 6: Proportion of total businesses in size category for NSW, 2020-21 to 2024-25

Year	Non employing	1-4 Employees	5-19 Employees	20-199 Employees	200+ Employees
2020-21	55.9%	32.7%	8.9%	2.2%	0.19%
2021-22	57.3%	31.7%	8.7%	2.2%	0.19%
2022-23	58.5%	30.3%	8.7%	2.3%	0.20%
2023-24	60.0%	29.0%	8.4%	2.4%	0.21%
2024-25	61.2%	28.1%	8.2%	2.3%	0.21%

WHAT DOES THIS MEAN FOR NSW?

Falling rates of entrepreneurship coincide with an economy which is becoming relatively less competitive, less productive, less prosperous for many people and less resilient.[4] Further, the decline feeds on itself: fewer entrepreneurs succeeding means fewer try. We will briefly explore each of these points in turn.

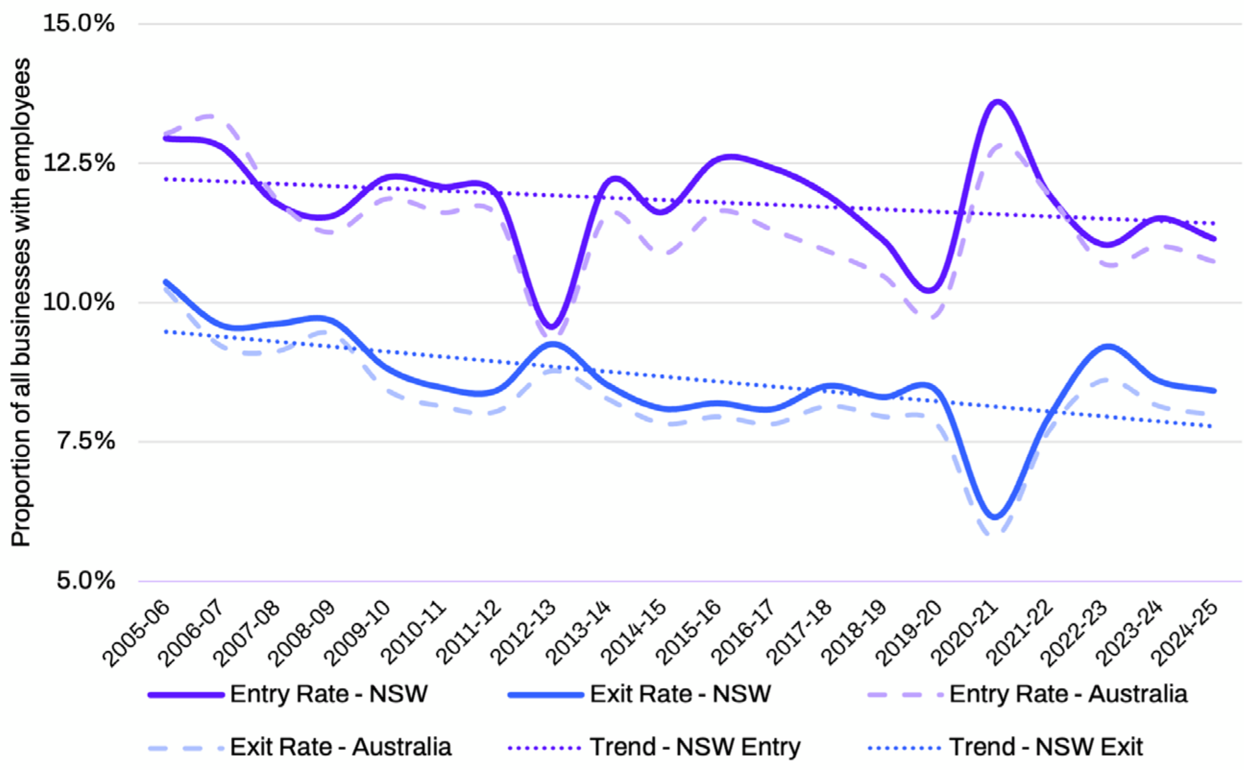
Declining rates of entrepreneurship mean a less competitive business environment

Strong competition is a feature of a thriving economy. Competition incentivises incumbents to innovate, invest, lower their prices, and compensate employees better.[25]

The NSW economy has become gradually less dynamic and competitive.[26] One measure of this is the rate of new business formations (entries) and closures (exits). Higher rates of entries and exits are associated with a more entrepreneurial economy, as it means unsuccessful businesses are closing and being replaced by new - hopefully more successful - ones.

Decreasing rates indicate an economy is becoming less dynamic, which is the case for NSW. Over the last 20 years, the NSW entry rate for employing businesses declined from 12.8% in 2006-07 to 11.1% in 2024-25, while the exit rate declined from 9.6% to 8.4%.[27] These sound like small changes, but if NSW had maintained a 12.8% entry rate in 2024-25, an extra 6,100 employment-generating businesses would have been created that year.

Figure 7: Rates of entry and exit for employing businesses in NSW and Australia, 2005-06 to 2024-25



[4] We do not suggest that the decline in entrepreneurship wholly or directly causes these trends. The decline may be a correlated symptom of underlying drivers shaping NSW's economy, such as technology change, population ageing or housing affordability. But it is also possible to see how measures taken to support entrepreneurship would have positive effects on competitiveness, productivity, prosperity and resilience. These challenges can feel intangible or esoteric and therefore difficult to respond to, whereas making it easier to run a business is a simple objective.

Corporate renewal in Australia and the USA

Compared to the USA, the Australian economy is becoming more concentrated and potentially less competitive.[28] We can explore this by comparing each country's main stock exchange, the ASX 200 and the S&P 500.

More-concentrated economies tend to support incumbents to remain in place for longer, and also tend to exhibit lower business entry rates. This suggests our economy is renewing itself more slowly than it could.

The 10 largest firms on Australia's ASX 200 currently represent around 46% of the exchange's value, while the 10 largest firms on the USA's S&P 500 represent around 37%.[29] Further, the largest firms on the ASX 200 have stayed mostly the same since 2002, led by the major banks and resource companies. Australia has effectively had the same top companies for a quarter of a century.

The contrast with the United States is instructive. In 2002, the 10 largest firms on the S&P 500 included General Electric, Exxon, and Johnson & Johnson. Today, the top 10 is dominated by technology firms: Nvidia, Apple, Microsoft, Amazon, Alphabet, Meta and Tesla. Some of these firms didn't exist in 2000. Microsoft is the only company to have consistently featured at the top of the S&P 500 over the past 25 years.

This is not a criticism of Australia's incumbent firms. However, it suggests Australia may lack pathways for new firms to become future anchor businesses. Given most of Australia's largest companies are headquartered in NSW, this challenge is especially relevant to our state. If the largest companies of 2050 look much like today's, it may signal that the state's economy has become less dynamic, less resilient and less able to adapt to change.

Figure 8: Largest 10 companies on the ASX 200 and S&P 500 by market capitalisation, 2002 to 2026[30]

ASX 200 - Top 10											*S&P 500 - Top 10*									
10	9	8	7	6	5	4	3	2	1		1	2	3	4	5	6	7	8	9	10
RIO	WOW	AMP	NCP	WBC	ANZ	TLS	CBA	BHP	NAB	**2002**	MSFT	GE	XOM	WMT	PFE	C	JNJ	AIG	IBM	MRK
WES	RIO	WOW	NCP	WBC	TLS	ANZ	CBA	NAB	BHP	**2003**	GE	MSFT	XOM	PFE	C	TWX	WMT	INTC	DYN	AIG
AMP	WES	WOW	WFD	TLS	WBC	ANZ	CBA	NAB	BHP	**2004**	GE	XOM	MSFT	TWX	C	WMT	DYN	PFE	BAC	JNJ
WPL	RIO	WOW	TLS	WFD	WBC	ANZ	NAB	CBA	BHP	**2005**	GE	XOM	C	TWX	MSFT	PG	BAC	DYN	JNJ	AIG
RIO	QBE	TLS	WOW	WFD	WBC	ANZ	CBA	NAB	BHP	**2006**	XOM	GE	DYN	C	TWX	MSFT	BAC	PG	JNJ	PFE
TLS	QBE	WFD	RIO	WOW	ANZ	WBC	NAB	CBA	BHP	**2007**	XOM	DYN	GE	MSFT	T	BTU	PG	CVX	JNJ	BAC
CSL	WFD	QBE	ANZ	WOW	NAB	TLS	CBA	WBC	BHP	**2008**	XOM	PG	GE	T	JNJ	CVX	MSFT	WMT	DYN	PFE
WFD	RIO	WOW	WES	TLS	ANZ	NAB	WBC	CBA	BHP	**2009**	XOM	MSFT	AAPL	BTU	JNJ	PG	IBM	T	JPM	GE
NCM	TLS	WOW	WES	RIO	NAB	ANZ	WBC	CBA	BHP	**2010**	XOM	AAPL	BTU	MSFT	GE	CVX	IBM	PG	T	JNJ
NCM	RIO	WOW	WES	TLS	NAB	ANZ	WBC	CBA	BHP	**2011**	XOM	AAPL	IBM	CVX	MSFT	GE	PG	T	JNJ	PFE
CSL	RIO	WOW	WES	TLS	NAB	ANZ	WBC	CBA	BHP	**2012**	AAPL	XOM	GE	CVX	IBM	MSFT	JNJ	T	PG	PFE
RIO	CSL	WOW	WES	TLS	NAB	ANZ	WBC	BHP	CBA	**2013**	AAPL	XOM	MSFT	GE	JNJ	CVX	PG	JPM	WFC	BRK
WPL	WOW	CSL	WES	TLS	NAB	ANZ	BHP	WBC	CBA	**2014**	AAPL	XOM	MSFT	JNJ	BRK	WFC	GE	PG	JPM	CVX
MQG	WOW	WES	CSL	BHP	TLS	NAB	ANZ	WBC	CBA	**2015**	AAPL	MSFT	XOM	GE	JNJ	AMZN	WFC	BRK	JPM	FB
MQG	WOW	CSL	WES	TLS	BHP	NAB	ANZ	WBC	CBA	**2016**	AAPL	MSFT	XOM	JNJ	BRK	JPM	AMZN	GE	FB	T
MQG	WOW	TLS	WES	CSL	NAB	ANZ	BHP	WBC	CBA	**2017**	AAPL	MSFT	AMZN	FB	BRK	JNJ	JPM	XOM	GGL	GGL
TLS	MQG	WES	WOW	NAB	ANZ	CSL	WBC	BHP	CBA	**2018**	MSFT	AAPL	AMZN	BRK	JNJ	JPM	GGL	FB	GGL	XOM
TLS	MQG	WES	WOW	NAB	ANZ	WBC	BHP	CSL	CBA	**2019**	AAPL	MSFT	AMZN	FB	BRK	JPM	GGL	GGL	JNJ	V
RIO	MQG	WOW	WES	ANZ	WBC	NAB	BHP	CSL	CBA	**2020**	AAPL	MSFT	AMZN	FB	TSLA	GGL	GGL	BRK	JNJ	JPM
WOW	TLS	WES	MQG	ANZ	WBC	NAB	BHP	CSL	CBA	**2021**	AAPL	MSFT	AMZN	GGL	TSLA	GGL	FB	NVDA	BRK	UNH
WOW	TLS	WES	MQG	ANZ	WBC	NAB	CSL	CBA	BHP	**2022**	AAPL	MSFT	AMZN	GGL	TSLA	GGL	BRK	JNJ	UNH	NVDA
RIO	WDS	WES	MQG	ANZ	WBC	NAB	CSL	CBA	BHP	**2023**	AAPL	MSFT	AMZN	NVDA	GGL	META	GGL	TSLA	BRK	JPM
WDS	GMG	MQG	WES	ANZ	WBC	NAB	CSL	BHP	CBA	**2024**	AAPL	NVDA	MSFT	AMZN	META	TSLA	GGL	AVGO	GGL	BRK
TLS	GMG	MQG	CSL	WES	ANZ	NAB	WBC	BHP	CBA	**2025**	NVDA	AAPL	MSFT	AMZN	GGL	AVGO	GGL	META	TSLA	BRK
RIO	WDS	CSL	MQG	WES	ANZ	NAB	WBC	BHP	CBA	**2026**	NVDA	AAPL	MSFT	AMZN	GGL	AVGO	GGL	META	TSLA	BRK

= in current top 10

As rates of entrepreneurship have declined, so too has productivity

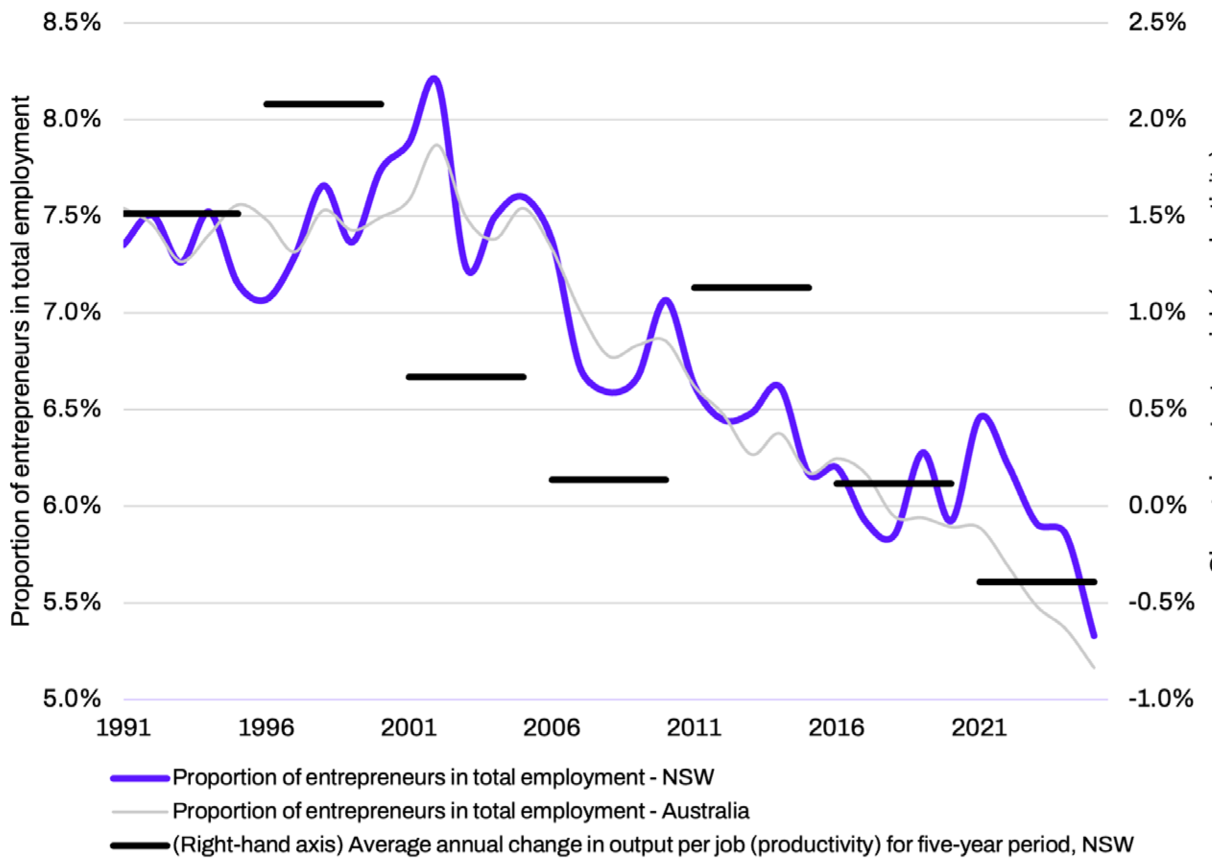
Declining rates of entrepreneurship are correlated with declining productivity. A link between entrepreneurship and productivity exists because competition incentivises businesses to innovate and invest.[31]

Rates of entrepreneurship peaked at around 8% in the late 1990s and early 2000s, when productivity growth (measured using output per job) was also at its recent peak, increasing by 2.1% per year on average. Yet since the early 2000s NSW has witnessed a gradual decline in rates of entrepreneurship and output per job. The rates of entrepreneurship ebb and flow with the business cycle, with periods of recovery following major economic crises such as after the GFC and Covid. But at the end of each business cycle there are usually fewer entrepreneurs left standing, and lower productivity growth.

From 1991 to 2001 NSW recorded a 16.8% total increase in output per job, and the proportion of entrepreneurs increased from 7.4% to 8%. In the next 25 years output per job increased by just 8.3% in total, while the proportion of entrepreneurs fell from 8% to below 5% today.

The decline in productivity has a direct cost. The RBA estimates that if the Australian economy could return to mid-2000s levels of competition our productivity would be up to 3% higher, equating to $3,000 each per person.[33]

Figure 9: Rates of entrepreneurship and productivity growth, Australia and NSW, 1991 to 2025[32]



A less entrepreneurial economy means lower wages and fewer job opportunities

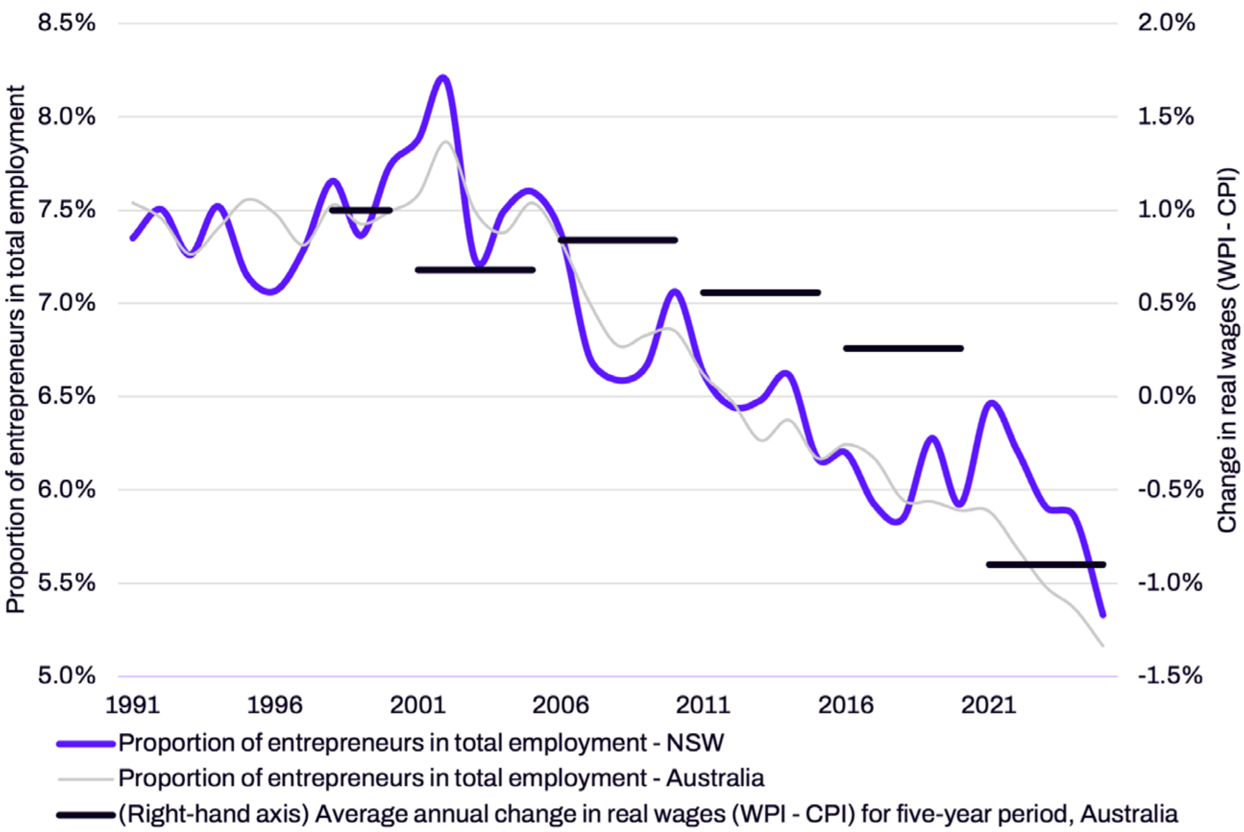
A less entrepreneurial economy could mean living standards improve more slowly due to lower real wages growth.[34] When NSW's proportion of entrepreneurs was at its highest in the late 1990s and early 2000s, real private sector wages were growing around 1.0% per year on average. As the proportion of entrepreneurs declined over the next 25 years, wages for employees rose more slowly. Real wages increased at just 0.25% per year on average for the period from 2016-2020, by which time the proportion of entrepreneurs had fallen to pre-pandemic lows around 6%.

Entrepreneurs create jobs for other people. As rates of entrepreneurship decline it means fewer opportunities exist for employees to switch into better jobs. 67% of full-time employees in NSW have been in their current job for more than three years, the highest proportion since at least 2015.[36] This indicates that our economy is losing the ability to generate attractive jobs.[37] It also suggests that in the eyes of many employees, the risk of switching jobs outweighs the safety of staying put.

For many people, the risk-reward trade-off between entrepreneurship and being an employee is firmly in favour of being an employee. There are many benefits to being an employee – predictable and relatively secure wages, superannuation, annual leave, employee assistance programs, and the prospect of meaningful work with progression over time – all without the extra risks and stresses of entrepreneurship.

Yet we need a dynamic business environment which supports and encourages entrepreneurs. This is not about making being an employee less attractive. It's about making entrepreneurship a more desirable choice for more people.

Figure 10: Rates of entrepreneurship for NSW (1991 to 2026) and average annual real wages growth (WPI minus CPI) for Australia, 1998 to 2025[35]



Fewer entrepreneurs means a less resilient economy, especially in regional areas

As rates of entrepreneurship decline, business networks weaken and supply chains are thinned out. Decay may then set in: owners of hospitality and retail businesses know too well that boarded-up shopfronts nearby are a threat to their own business. This is a particular challenge in regional areas, where business density is lower to begin with.

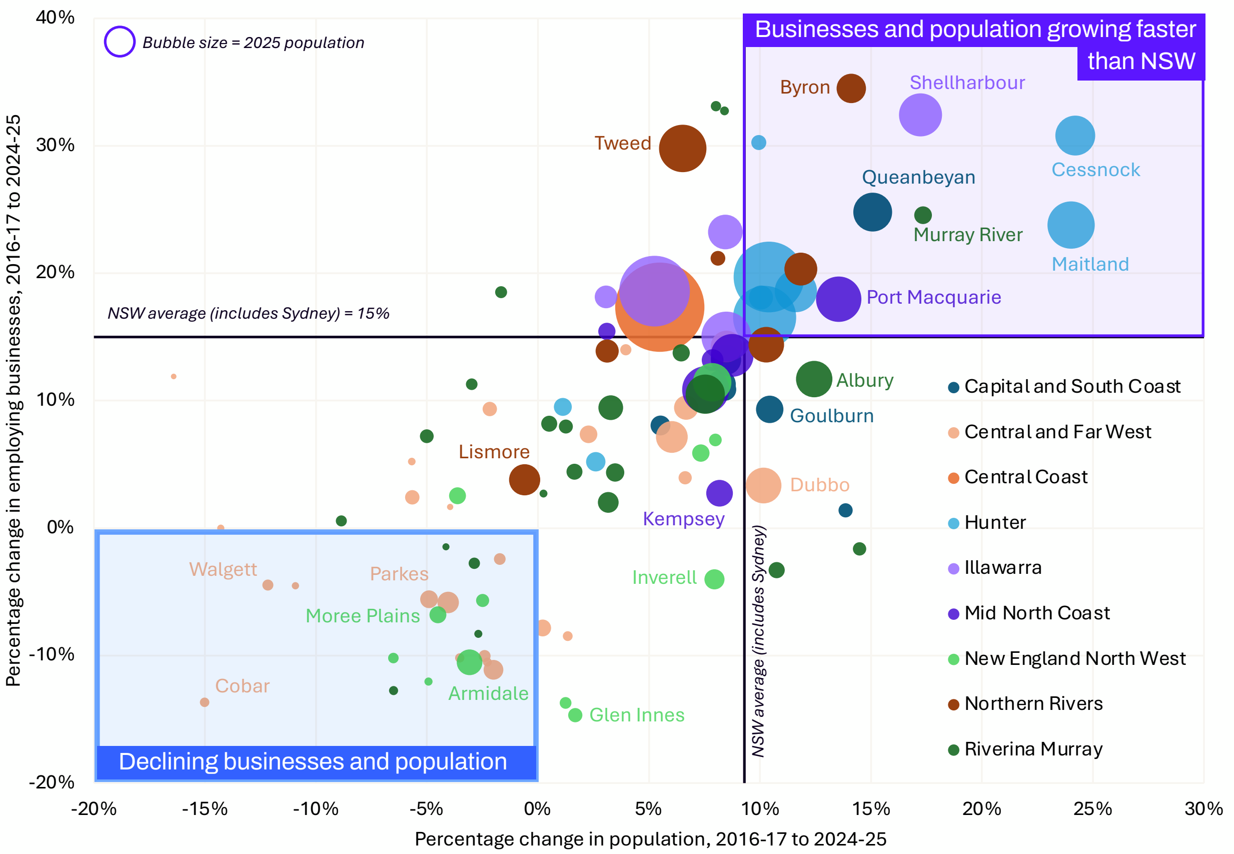
We have analysed the percentage change in the number of businesses with employees, and the percentage change in population, for regional Local Government Areas (LGAs) in NSW from 2016-17 to 2024-25. We have then compared this to the rate of growth for NSW as a whole.

Most regional areas have experienced slower growth in their population and number of employment-generating businesses than the NSW average, which is heavily influenced by rapid business and population growth in Western Sydney. The exceptions tend to be areas near to larger urban centres, such as Shellharbour, Maitland and Queanbeyan, which have grown faster than the state average.

More concerningly, a smaller number of regional LGAs have experienced absolute declines in their population and number of businesses with employees since 2017. This includes some vital regional centres including Lithgow, Moree, Parkes, Broken Hill and Armidale, which has seen a 3% decline in population and an 11% decline in businesses with employees since 2017.

It's not just a regional story. New South Wales as a state is losing businesses elsewhere. NSW has lost 6,000 businesses interstate since 2017-18, including 3,300 in the past three years. Meanwhile,

Figure 11: Percentage change in population (x-axis) and percentage change in businesses with employees (y-axis) from 2016-17 to 2024-25, for NSW Local Government Areas excluding Sydney[5]



[5] Note that around 10% of landmass from the Armidale Regional LGA was transferred to the Inverell LGA during the time period. This will make rates of growth appear marginally lower in Armidale and marginally higher in Inverell.

Queensland has gained 8,600 businesses from interstate, including 4,300 in the past three years. NSW is the only state to experience consistent net outflows of businesses and people to other states.

Finally, we see the impact in the form of rising insolvencies.[39] The proportion of businesses entering insolvency for the first time reached the highest rate in 2024-25 since at least 2009-10, in the aftermath of the global financial crisis.

Figure 12: Net movement of businesses between states, 2017-18 to 2024-25[38]

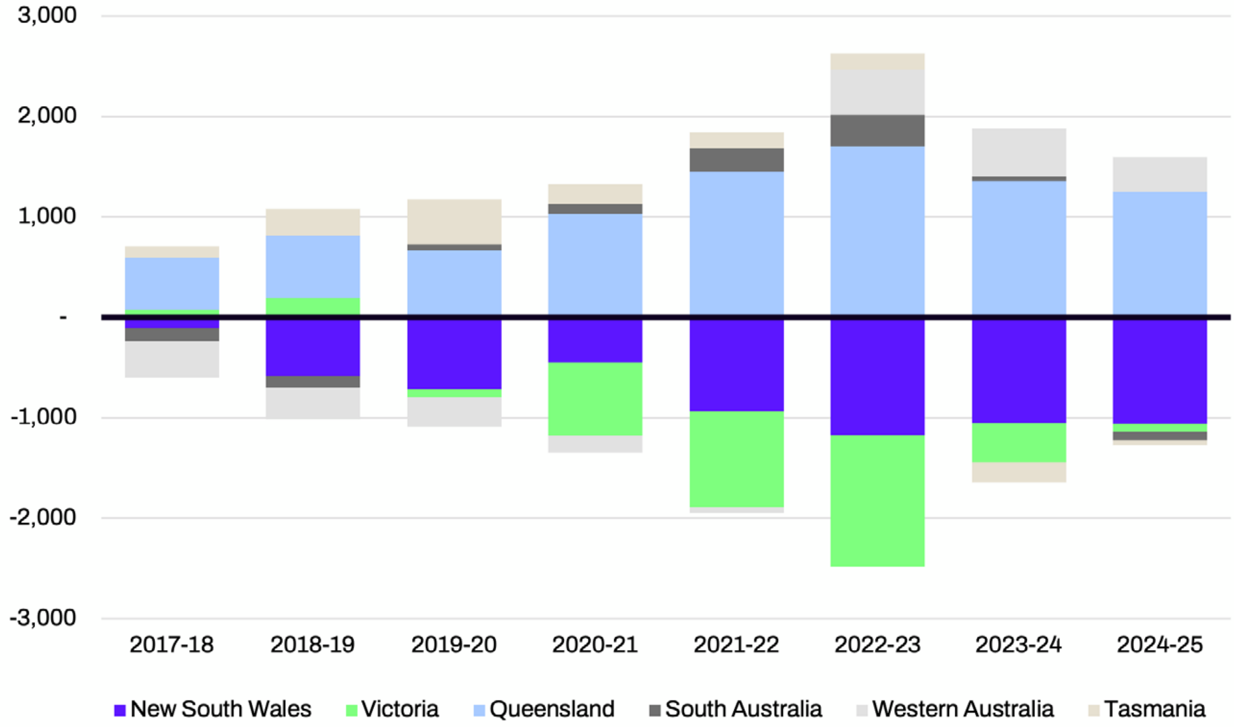
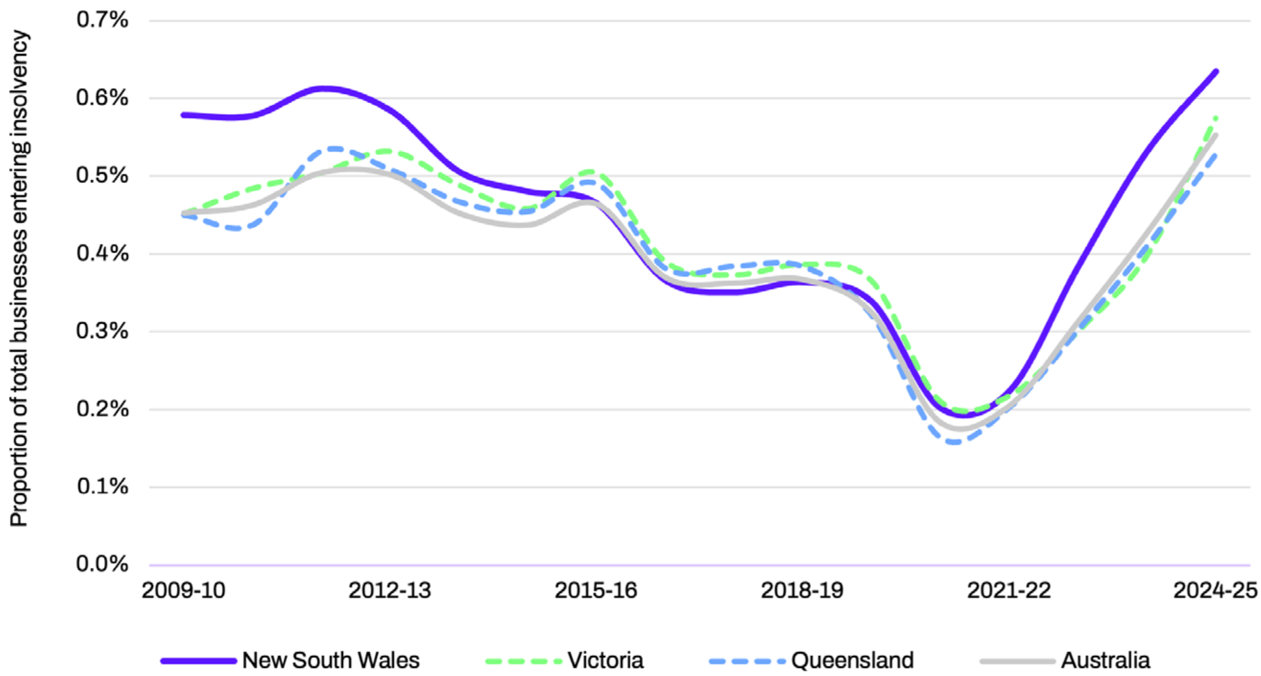


Figure 13: Companies entering insolvency for the first time as a proportion of total businesses, 2009-10 to 2024-25



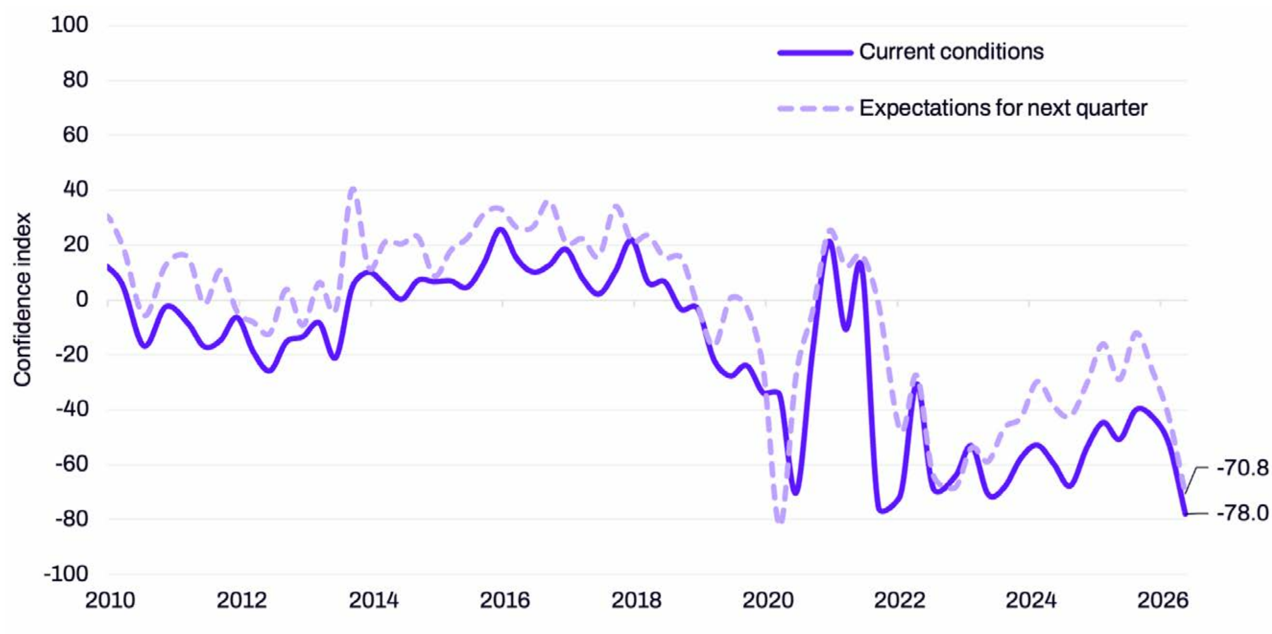
Decline reinforces itself

As rates of entrepreneurship decline, fewer individuals see entrepreneurship as a credible or rewarding pathway through life. Knowing an entrepreneur is a key predictor of an individual's own likelihood of becoming an entrepreneur.[40] Fewer role models means fewer entrepreneurs, so the decline feeds on itself.

In 2013, 80% of people aged 25-34 agreed that 'Australia was a land of economic opportunity, where hard work brings a better life'. By 2025 only 51% agreed.[41] Over roughly the same time (2014-2024), the proportion of people aged 25 to 34 who were entrepreneurs fell from 9% to 4%.[42]

Our Business Conditions Survey shows that business confidence has been negative since 2018 and has recently reached record lows.[43] A barrage of shocks and challenges has entrenched a deterioration in business conditions, and sentiment has followed suit. In some ways, the surprise isn't that NSW has relatively fewer entrepreneurs than it used to; the surprise is we have as many left as we do.

Figure 14: BNSW Business Confidence Index for businesses in NSW, 2010 to 2026



NSW is still a successful economy and great place to live

Of course, even as the proportion of entrepreneurs has declined NSW has remained one of the best places to live anywhere in the world. During this time unemployment has fallen significantly and remains near 50-year lows.[44] The gender wage gap is gradually closing, while female workforce participation has continued to increase. Real disposable household income has increased by about 30% since 2001 and income inequality has remained relatively stable,[45] although progress on Closing the Gap has stalled.[46] We are making significant progress towards decarbonising our economy and transforming our energy system. Western Sydney has emerged as one of Australia's fastest-growing and most significant economies.

There have also been countless business success stories – great and small – over this time. Perhaps most obviously, NSW has gained prominence as a home for globally successful tech startups such as Atlassian and Canva, enhancing NSW's international reputation as a place for business.[47]


Mike Quan I Triple 888 I Western Sydney I Member since 2012

A BETTER FUTURE IS POSSIBLE

Our point is not that NSW needs more entrepreneurs, or at least, we do not think that the main goal of government policy should be to increase the proportion of entrepreneurs by any means possible.

Instead, our focus is the conditions affecting entrepreneurship in NSW. It is time to recognise that our economy is supporting fewer of our entrepreneurs to succeed, and that we all lose as a result.

If we want an economy which delivers better outcomes for all people in NSW then we should start by making it easier to run and grow a business here. If we want more people in NSW to view entrepreneurship as something they could do, then we should make it easier for entrepreneurs to succeed.

If NSW gets this right, then one outcome would be an increase in the proportion of entrepreneurs. But this will happen because of an entrepreneurial system which is functioning better, not just by encouraging more people to enter the same defunct system.

So, what must change for NSW to become a better place for entrepreneurs?

There is no single reason why entrepreneurship has declined – if only it were that simple. There are many reasons, from shifting personal motivations to national tax settings.

Equally, there is no silver bullet. Changing our trajectory will require a coordinated, systemic response of many changes all with the same aim of making NSW a better place for entrepreneurs.

The rest of this paper sets out what this could look like. It summarises research from the University of Sydney Business School's Innovative Organisation and Technology Research Hub on the barriers across the entrepreneurial lifecycle which are making it harder to run and grow a successful business in NSW, and what can be done to remove those barriers.

Saxbys Soft Drinks | Mid North Coast | Member since 1958

Zac Kelly | Unjumble | Sydney | Founded in January 2025 | Member since July 2026

Zac started Unjumble in 2025 to help local SMEs connect directly with local verified freelancers. The platform gives businesses access to experts across branding, websites, marketing, content creation, development, as well as AI.

Case study: Perspectives on the future of entrepreneurship

What does entrepreneurship mean to you?

Taking a risk on an idea you believe in. Backing that you offer something others don't, then having a crack at proving it.

What do you think the future of entrepreneurship will look like?

It'll revolve around humans. There's always a counter-culture, and people make emotional choices. The businesses that lean into their humanity will win.

What skills will future entrepreneurs use?

Creative thinking and storytelling, definitely undervalued at the moment. In a world of commodities, it's the story around a thing that sets it apart.

What advice would you give to aspiring entrepreneurs?

Ask the whys. Why is it done this way, and could it be done better? That's how we came to the realisation a localised freelancer marketplace was needed and built Unjumble.com.

What can the government do to make entrepreneurship easier?

Invest in infrastructure and training so founders build here and stay here. Give them real opportunity, and fewer will take their ideas overseas. There should be an extra benefit to the outsized risk entrepreneurs take.

What do you think makes a successful entrepreneur, and why?

Grit and time. Having an idea at the pub with mates is the easy part. Taking the risk, then working through everything that comes with it is not. We still have a long way to go.

Case study: Perspectives on the future of entrepreneurship

What does entrepreneurship mean to you?

Entrepreneurship means having the vision and determination to continually grow and evolve our family business while staying true to our values. It's about embracing innovation, identifying new opportunities, and adapting to change, so we can continue to grow, remain a market leader, and leave the business stronger for the next generation than it was for ours.

What do you think the future of entrepreneurship will look like?

Entrepreneurship will increasingly be about resilience and adaptability, not just starting new businesses. As costs rise, consumer expectations change, and technology evolves, successful businesses will stay true to their core values while continuing to innovate.

What skills will future entrepreneurs use?

A combination of traditional business skills and modern capabilities. Strong leadership, problem-solving, and resilience will remain essential, but they will also need to embrace technology and be willing to continually learn and adapt.

What advice would you give to aspiring entrepreneurs?

Don't be afraid to take the first step, but understand that success doesn't happen overnight. Be prepared to work hard, listen to those around you, and learn from setbacks as much as your successes. Seek mentors and never stop learning. Most importantly, stay true to your values.

What can the government do to make entrepreneurship easier?

Reduce unnecessary red tape, simplify regulations, and provide greater access to practical business support and mentoring. Encouraging investment in skills development, innovation, and Australian manufacturing would help businesses grow and remain competitive.

What do you think makes a successful entrepreneur, and why?

A successful entrepreneur is someone who combines vision with action. They recognise the importance of working as part of a team, building trust, and creating a business that is successful and sustainable for the future. They are also not afraid to ask for advice, knowing that learning from others is a strength, not a weakness.

Justine McAlpine | Three Threes Condiments | Western Sydney | Founded in 1919 | Member since 1930

Established in 1919, Three Threes Condiments is a fifth-generation Australian family-owned food manufacturing business producing pickles, relishes, and condiments. From its beginnings in Stanley and Winifred McAlpine's Redfern kitchen, the business has grown into a large-scale operation in Lidcombe. Justine has been part of the Three Threes legacy since 1990 and, as General Manager, is heavily involved in the daily business operations.

Hear more about Three Threes Condiments here:

3. THE ENTREPRENEURSHIP LIFECYCLE

Steve Pastor I Kings of Neon I Central Coast I Member since 2025


KINGSofNEON

A LIFECYCLE FRAMEWORK FOR GROWING EMPLOYMENT-GENERATING BUSINESSES

This analysis begins with a simple question. **If 1,000 people in New South Wales seriously consider starting a business, what happens to them?**

How many of those 1,000 potential entrepreneurs actually start an employment-generating business? How many of those businesses succeed, and why do others fail?

To put it another way: for NSW to gain one additional large successful business (for example having 200+ employees or $50m+ turnover), how many entrepreneurs does it take to try?

To explore these questions, we have developed a simple model of the paths entrepreneurs follow and the outcomes they reach. Our model traces from before they start their business, to starting it, to growing it, to reaching maturity, and finally to what happens at the end of that business journey. **We call this the entrepreneurial lifecycle** and it has five stages: pre-start, start, grow, mature, and exit.

This lifecycle view is useful because it shows that entrepreneurship does not fail at a single point. Potential can be lost even before a person starts. It can be lost when a founder confronts the legal, payroll, insurance and managerial obligations of becoming an employer. It can be lost when a firm reaches the point where the founder can no longer personally hold the knowledge, customer relationships, operations and cash-flow discipline together. It can be lost in the mature stage when firms survive but fail to renew. It can also be lost at exit when the system allows hard-won founder knowledge to disappear into private memory rather than circulate into mentoring, investment, advisory work, employment, succession or repeat founding.

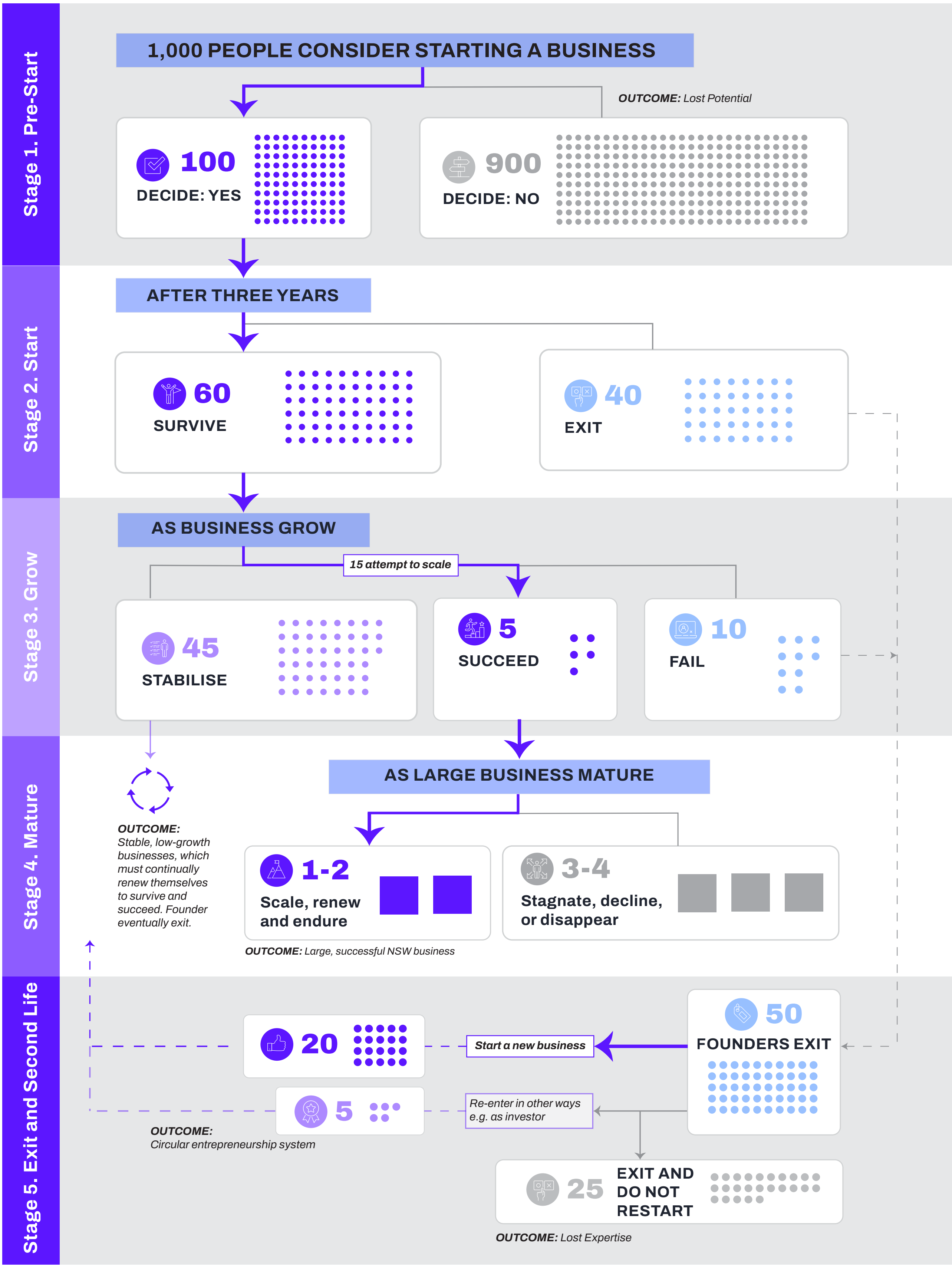
This analysis reframes entrepreneurship as a system of transitions: from aspiration to action, from founder-only activity to first employment, from small local survival to scalable management capability, from mature operation to renewal, and from exit to second-life contribution. It is these transitions through the lifecycle which are the greatest sources of friction and causes of failure.

This analysis also helps to show how more entrepreneurs in NSW could be supported to succeed, by focusing on these barriers and transition points. The analogy we use is fixing a leaky plumbing system. If we can find the leaks in the system where entrepreneurs exit because they are prevented from succeeding or discouraged from trying, then we can figure out what causes those leaks, fix them, and support more people to circulate through our entrepreneurial system as successful business creators.

The entrepreneur's journey in NSW

The NSW Entrepreneurial Lifecycle uses a simplified 1,000-person flow (1,000 serious potential founders -> around 100 start a business -> around 60 survive -> around 5 reach mature scale -> 1-2 become durable anchor businesses) to indicate where entrepreneurial capacity is currently lost, where firms stabilise without scaling, and where capability can return through exit and second-life recycling. These figures are illustrative policy-design numbers, not a forecast or a measured NSW cohort.

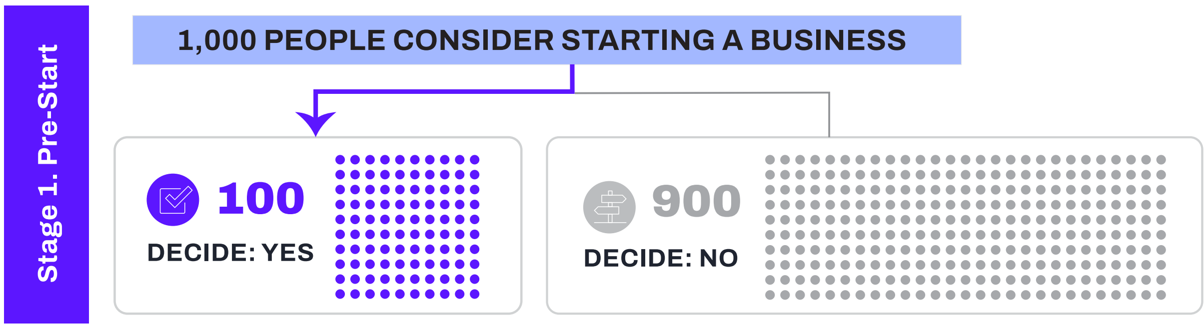
Figure 15: The NSW Entrepreneurship Lifecycle



Evidence note: The 1,000-person flow is a policy frame, not an observed cohort. The supporting figures combine population benchmarks, business survival evidence, missing-middle stock data and succession evidence. The outcomes are illustrative endpoints, not forecasts.

STAGE 1: PRE-START

Pre-start is the first stage of the lifecycle. It covers the period from the first time an individual considers starting a business up to the point where that business comes into existence. This stage is about understanding aspirations, motivations and pathways into entrepreneurship.



Lifecycle estimate: Of 1,000 serious potential founders, around 100 start a business and around 900 do not proceed. Supporting benchmarks: GEM population data show 5.8 per cent nascent activity and 10.5 per cent early-stage activity.[48]

The aspiration gap is structural, not merely psychological

Most potential entrepreneurs exit the system before they truly enter. The first leak happens at the point when a person decides whether or not entrepreneurship is credible and feasible for them.

Public narratives often treat this as motivation, but it is better understood as pathway fit. A person can be highly ambitious yet still reach the rational conclusion that entrepreneurship is not a good choice in their circumstances.[49, 50]

However, some people are unnecessarily dissuaded from entrepreneurship for reasons that policy makers can influence. For example, public perceptions of entrepreneurship can make it feel exclusive and out of reach. Likewise, pathways into entrepreneurship often don't feel relevant or accessible.[51]

Public narratives often reinforce a narrow idea of entrepreneurs as young high-growth technology founders in inner Sydney. In reality much of the business base is older, practical, sectorally diverse and deeply embedded in families and local communities across the state. When public narratives highlight pitch decks, venture capital, accelerators and CBD networks, many plausible founders do not see entrepreneurship as relevant to them.[52, 53, 54, 55]

NSW would benefit if we collectively shared a wider understanding of what entrepreneurship is, who does it and who contributes to it. Many employment-generating firms are not venture-backed technology plays; they are community-embedded, service-oriented, care-related, trade-based, regional, family or professional firms.

The pre-start stage is where social, cultural and economic barriers can be most significant. Women founders, regional founders, culturally and linguistically diverse founders, First Nations founders and founders from lower socio-economic backgrounds may all face the same formal rules, but not the same practical pathways. They can differ in savings, networks, collateral, trust in institutions, family expectations, local adviser availability, digital access, transport burden, language, cultural safety and confidence in dealing with government. When it comes to supporting entrepreneurs through this stage of the lifecycle, the lesson is that a one-size-fits-all program may appear neutral while still filtering people unevenly.[56, 57]

Research on entrepreneurship helps explain why this is not simply psychological. Entrepreneurial self-efficacy, perceived behavioural control and founder identity are shaped by institutions, social class, networks and prior experience.[58]

NSW-specific evidence reinforces this point. Research in the Central-West of NSW found that potential, intending and actual entrepreneurs perceive barriers before start-up, including non-financial barriers shaped by social context, networks and institutional expectations. This supports the case for pre-start support that is local, trusted and practical, rather than only promotional.[59]

The regional dimension is especially important. The 2018 regional start-up inquiry identified thinner networks and a persistent 'leave-to-succeed' narrative.[60] This matters because local role models are infrastructure. If a young founder in Griffith, Dubbo, Wagga Wagga, Lismore or Western Sydney has few visible local role models, or is implicitly told that real opportunity sits elsewhere, then local entrepreneurship feels less plausible to them.

The same pattern appears when founder support is concentrated in central-city networks, when travel time makes participation unrealistic, or when advisers understand software fundraising better than they understand a family enterprise, cultural education business, home-care provider or industrial services firm.

Pre-start support should therefore aim to provide multiple pathways into entrepreneurship. This does not mean pushing everyone into entrepreneurship. It means making the routes visible, realistic and differentiated. Schools, TAFEs, universities, chambers, industry associations, councils, migrant business networks, First Nations enterprise organisations and professional bodies can all help to create clearer pathways into entrepreneurship that flex in response to what a person needs.

The aim should be to remove barriers to entry so entrepreneurship feels plausible to more people. What is required is a more inclusive understanding of what entrepreneurship is and who it is for, backed up by a system of accessible and practical pathways into entrepreneurship tailored to people's resources, risk appetite, sector and stage of life.

Tim Polo | Claroe | Mid North Coast | Founded March 2026 | Member since July 2026

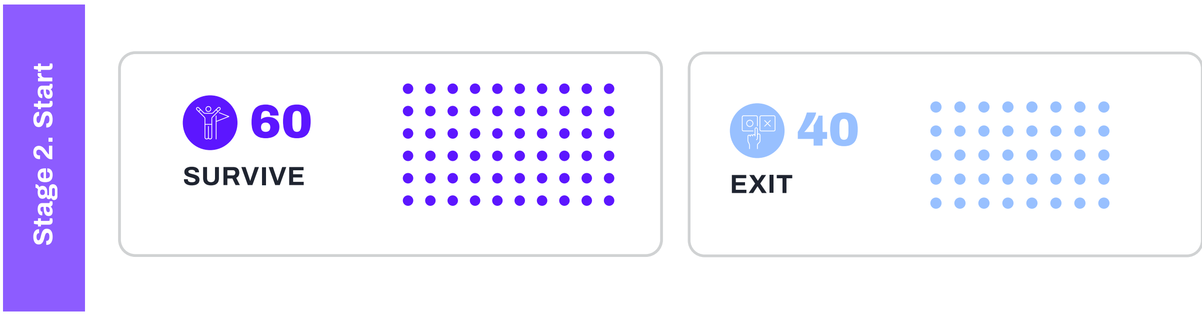
Claroe was founded in Coffs Harbour in 2026 by Tim, a structural and software engineer who spent almost a decade working across local government and industry on the Mid North Coast. Rather than following a traditional startup pathway, Tim's move into entrepreneurship grew directly from his professional experience, not just venture-backed technology startups. After using AI to automate aspects of his own engineering work and introducing similar changes within his workplace, he recognised an opportunity to help other businesses adapt to the technology: *"I started Claroe because I can see that AI can be used to help so many people."*

Tim expects entrepreneurship to become more accessible as individuals recognise they can build and test ideas with fewer constraints than in the past. *"It used to feel like there were very few entrepreneurs. That is changing, and more entrepreneurs are springing up as people realise they can build things themselves with the help of AI."*

STAGE 2: START

The Start stage of the lifecycle covers the early steps once a business is established. The actual time taken to pass through this stage of the lifecycle will vary based on the entrepreneur, their business, their industry and so on. But generally, we mean for this to cover the first two or three years of business operations.

This stage is about understanding the challenges facing early entrepreneurs, and especially the vital transition when the founder hires their first employee.



Lifecycle estimate: Of the 100 who start, around 60 survive to three years and around 40 close or exit early. Supporting evidence includes the ABS annual exit-rate benchmark and ScaleSuite survival analysis showing 61.0 per cent three-year survival for employing firms versus 43.3 per cent for non-employing firms.[61, 62]

The first-employee threshold is where viable firms often stop

The Start stage begins with a business registration, but this is the easy part. The early days of a new business may feel uncertain and fraught with risk, but the founder also enjoys substantial flexibility in how they adapt and respond.

Business ownership becomes considerably more complicated at the point a founder decides to hire their first employee. From this decision the founder begins to transition from selling work to organising work; from personal income to payroll; from informal help to legal employment relations; and from a flexible solo practice to a system which must pay people correctly and on time, while also managing further employer obligations. This transition changes the business psychologically, financially and administratively.

The survival evidence makes the first-employee threshold important. 61% of firms with employees survive up to three years in NSW, compared to 43% for businesses without employees.[63] That does not mean hiring causes survival in a simple linear way, because more capable firms may be more likely to hire. Nevertheless, hiring is a strong signal of organisational development. It shows that a firm is building capacity beyond the founder. This transition also matters to policy-makers because employment-generating firms are more likely to innovate and invest, and make significant direct contributions to jobs, local income, workforce development and community economic resilience.[64]

The problem is that the first-employee threshold is also where friction intensifies. Founders who hire staff must understand awards, classifications, penalties, overtime, records, superannuation, leave, casual conversion, contractor boundaries and safe systems of work. For a small firm, these are not abstract rules. They are risk points that can create anxiety before the first job advertisement is even posted.

Revenue settings also matter. NSW payroll tax applies above the annual threshold of $1.2 million in wages, a threshold which has not changed since 2021. At the current rate of 5.45% it becomes salient as wages grow. For a firm approaching the threshold (from 5 – 25 employees depending on industry), this is not just about tax but about the psychology of growth. The founder begins to ask whether hiring the next person will trigger additional obligations, reduce margin, complicate systems or force restructuring before the business has management depth. Payday Super and related payroll reforms add a further need for discipline. These measures may have sound public purposes, but founders experience them as transition pressure.

Businesses need practical help to pass through this difficult transition. NSW needs a first-employer readiness layer that bundles payroll education, Fair Work guidance, HR templates, award navigation, accountant and legal referral, wage-cost modelling, insurance basics, work health and safety guidance, and mentoring from founders who have already crossed the threshold. The design principle is simple: do not send the founder to ten disconnected websites at the moment they are deciding whether to create a job.

Local chambers are well positioned to deliver this layer because trust matters. Founders often seek advice from accountants, bookkeepers, peers and industry bodies before they approach government. A lifecycle system should use these trusted intermediaries rather than duplicate them. The way knowledge and innovation 'diffuses' through the economy from one business to another strengthens this point: industry associations can aggregate member experience and translate general knowledge into practical action.[65]

Adam Drummond | Vortex Entertainment | Riverina-Murray | Founded 2024 | Member since 2024

Adam and his family founded Vortex Entertainment after they identified a gap in the market for family-friendly entertainment in regional NSW. "*We wanted to create a place for families where all ages could be entertained under one roof*," after reflecting on the challenge of finding activities that catered to his own young children.

Key partnerships helped bring the business to life. Adam credits his business partners, supportive banking arrangements, and a collaborative landlord who "*bent over backwards to ensure we had a great start*" and "*managed all the compliance for the site*". However, starting the business was not easy. "*Cost and cash flow, plainly*" were the biggest barriers. Adam noted that fitting out a venue like his was "*capital heavy*", and while regional businesses face the same upfront costs as metropolitan operators, they have a smaller customer base.

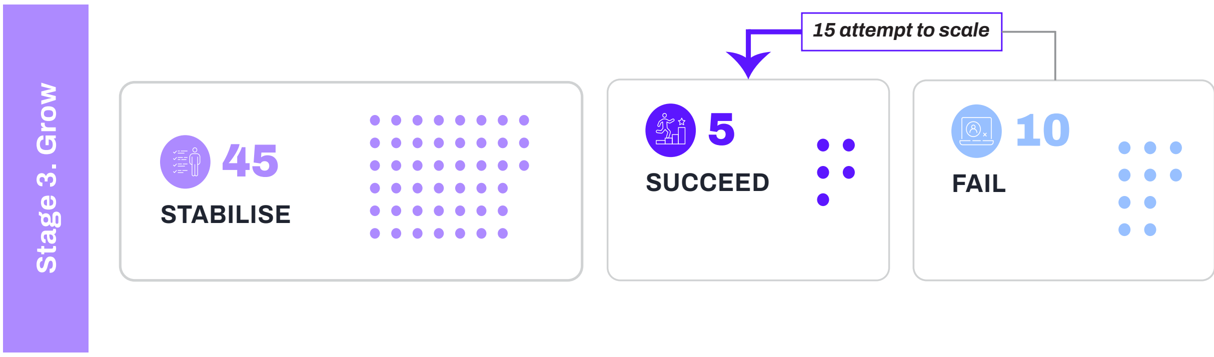
Adam believes government support should better reflect the realities of regional and seasonal businesses. Support that could ease cash flow pressures are often out of reach, which he says "*adds to the pressure of running a small business.*" Reducing start-up costs and improving access to funding and practical business support would help more regional businesses establish and grow.

His advice for aspiring entrepreneurs is to "*be willing to back yourself and then do the unglamorous work to make it real*." Success, he says, requires both "*conviction to take the risk*" and the discipline to adapt as you grow.

STAGE 3: GROW

The Grow stage of the lifecycle covers from when a business' survival feels more secure (usually once businesses are three-plus years old) and they start to grow into a more durable business. Businesses reach a fork in the path at this stage: most become stable, low-growth businesses, while a minority will attempt to scale into larger, more-complex firms.

This stage is about understanding the barriers which prevent NSW's businesses from achieving their growth ambitions. Specifically, it looks at business progression and why NSW has developed a 'missing middle'.



Lifecycle estimate: Around 60 businesses reach this point in the simplified funnel, but most stabilise without scaling. Medium-sized businesses with 20-199 employees account for about 2.5% of all businesses, showing the missing-middle problem.[66]

The missing middle is about high costs and under-supported capability

The Grow stage of the lifecycle is where the NSW entrepreneurial system looks weakest. It is during this stage that NSW's 'missing middle' of medium-sized enterprises emerges.[67]

Tax and cost pressures sit at the centre of the Grow stage. Rising wages, rent, energy, insurance, interest rates, workers compensation, professional advice and compliance costs make the first senior hire, new systems, equipment or export expansion harder to fund. Compared to some other states in Australia, NSW (and especially Sydney) is a high-cost business environment, especially for insurance,[68] rent and business real estate.[69]

The policy issue is not that every cost can be removed; it is that cumulative cost uncertainty discourages firms from making the management and productivity investments needed to move beyond founder-led operation.

Within the business itself, the founder risks becoming a bottleneck as their business scales. The key transition is the movement from owner-managed survival into a firm with systems, leadership, repeatable processes, market discipline and capability beyond the founder.[70]

Young growing firms tend to remain heavily reliant on their founder, even once they have employees. The founder holds customer relationships, technical knowledge, quality control, pricing judgment, hiring intuition, cash-flow discipline and strategic memory. This is sustainable while the business is small. But the founder risks becoming a bottleneck once the business reaches a size or complexity too great for one individual to manage. Evidence suggests firms approach this threshold once they have around 30 employees.[71] Beyond this size businesses become too complex and the founder is stretched too thin.

Part of the explanation for this bottleneck lies in the capacity of a business to change as it grows. A growing business needs a certain amount of prior knowledge and maturity to recognise and make use of advice, technology, finance and market opportunities. In a small firm, that capability can live almost entirely in the founder. That is fragile.

If the founder is exhausted, overextended or simply not across all aspects of business operations, then the firm cannot easily absorb new digital tools, compliance changes, AI, export opportunities or major process improvements.[72]

This challenge is compounded because many Australian businesses still undertake little or no structured performance assessment and underinvest in improving management capability.[73] This matters for NSW because it suggests that addressing the missing middle is about more than improving access to finance to support growth; firms also need the management capability to deploy capital effectively. Capital without robust management can accelerate poor decision making, while capable firms without access to markets or growth markets may remain constrained.

A credible missing middle response must therefore be bundled. It should combine peer CEO networks, subsidised first senior hire support, advisory board formation, financial restructuring clinics, management accounting support, digital systems diagnostics, procurement readiness, export and interstate market advice, leadership development and targeted regional delivery. The most useful program may not look like a traditional grant. It may look like a practical growth clinic in which a firm leaves with a 12-month capability plan, a small advisory board, a cash-flow model, a hiring roadmap and named support providers.[74, 75]

Nicole Beaumont | Snowgums Property Services | Western NSW | Founded 2023 | Member since January 2026

Snowgums Property Services has grown steadily since Nicole began operating the Orange-based property maintenance business in 2023. The business today employs a dozen staff and provides residential, commercial and NDIS-approved cleaning and property maintenance services. Nicole's ambition is to continue growing the business while building *"a team I can trust and rely on,"* allowing her to focus more on strategy and less on day-to-day operations.

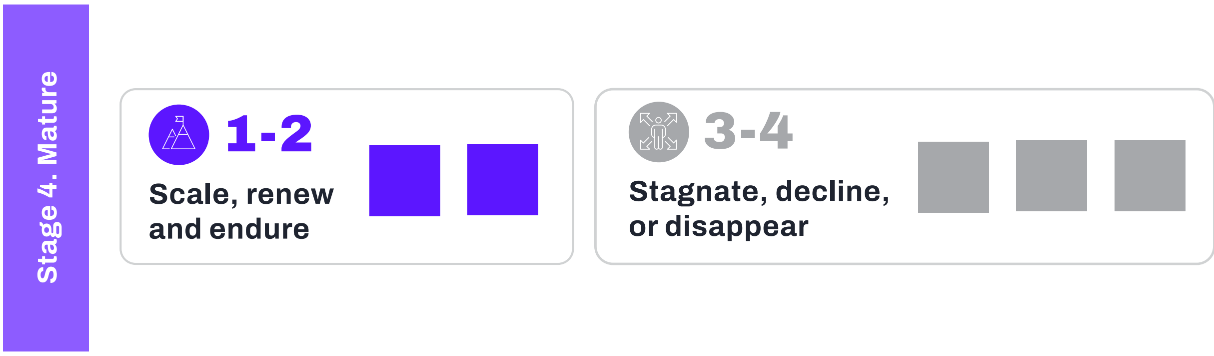
Like many businesses in the 'missing middle', Snowgums faces the challenges that come with growth. Nicole wears *"a lot of different hats. I'm the property manager, bookkeeper, salesperson, marketer and customer service team all at once."* With so much responsibility concentrated on the owner, finding the time and resources to focus on growth can be difficult. Rising costs, compliance requirements and finding reliable staff are also ongoing challenges, particularly in regional areas where there is a smaller workforce and additional travel between jobs.

Nicole believes the *"real difference"* for businesses like hers would be *"reducing unnecessary red tape and making it easier to employ people."* She also sees a need for more support to help regional businesses find and train staff. Reflecting on entrepreneurship, Nicole says *"what makes a successful entrepreneur is persistence and resilience"*. Business growth, she notes, requires owners to *"adapt, keep moving forward, and stay focused on goals when challenges arise."*

STAGE 4: MATURE

The Mature stage of the lifecycle refers to the ongoing period in which a business has reached a desirable steady state, and is now a durable anchor business embedded into its local economy and wider supply chains. Businesses which reach this stage have not 'finished' their journey – successful mature businesses must constantly find ways to renew themselves, or they risk decline.

This stage is about understanding the barriers preventing businesses reaching maturity, and the challenges to renewal and productive growth facing businesses which reach this level.



Lifecycle estimate: Around 5 of the original 1,000 serious potential founders reach mature scale, although only 1 or 2 will be able to renew and endure as large successful businesses. The renewal challenge is supported by evidence that NSW spends approximately 1.8 per cent of GSP on R&D, while digital, AI, cyber and decarbonisation capability gaps shape mature-firm renewal.[76, 77, 78, 79]

Renewal, not mere survival, is the right frame

Mature businesses should not be treated as finished businesses. Survival is not the same as renewal. A firm can survive for years while becoming less productive, less adaptive, more digitally exposed, less attractive to younger workers and more vulnerable to supply-chain, cyber, climate or succession shocks. Policy should therefore focus on renewal capability: the ability to upgrade systems, absorb technologies, manage knowledge, adapt business models and sustain good employment.[80]

For mature firms, cost and macroeconomic pressures detract from renewal. Higher and volatile costs for finance, energy, insurance, labour, cyber and compliance compete with the same pool of management time and cash needed for technology upgrades, governance, decarbonisation, workforce development and productivity improvement. Without accessible support, mature firms may remain viable but under-invest in the systems and capabilities that keep them competitive.

For most mature firms, innovation is about making incremental improvements to business operations by adopting and adapting innovation from elsewhere. Fewer than 2% of firms are engaged in developing 'new-to-the-world' innovations.[81] This helps to reframe responses to NSW's declining productivity growth: enabling the remaining 98% of firms to understand, adapt and implement existing innovation matters alongside supporting the 2% to pursue radical innovation.

This means that most mature NSW firms may not need a laboratory or access to R&D accelerators as part of their continual renewal. Instead, their requirements may include a new inventory system, workflow automation, cyber hygiene, data dashboards, AI governance, customer relationship management, energy-efficiency planning, export compliance, staff training or a better pricing model.

AI makes the renewal challenge visible. Many small and medium firms are now exploring how best to integrate AI into their business operations. These tools can reduce administrative load, improve marketing, support customer service and sharpen forecasting. They also create risks: hallucinated outputs, privacy exposure, intellectual property leakage, cyber vulnerabilities and over-reliance on tools that staff do not fully understand. A future-readiness policy should therefore be neither hype nor fear. It should help ordinary firms adopt tools safely, ethically and productively.[82]

Cybersecurity has become part of mainstream business capability. A small manufacturer, accountancy practice, building subcontractor, health provider or hospitality group can be severely damaged by a cyber incident. Yet many owner-managers lack the time, expertise and trusted advice needed to assess risk.[83] This is exactly the type of problem that local chambers and industry associations can address through practical diagnostic tools. The policy question is how to make taking action on cyber simple enough for time-poor firms to implement.

Decarbonisation has a similar logic. Many smaller firms may not have direct reporting obligations, but they are increasingly affected by procurement requirements, supply-chain questions, customer expectations, finance conditions, energy costs and sector-level transition plans. Treating climate capability only as a compliance problem misses the business opportunity. Firms that can measure energy use, reduce waste, document supply-chain practices, improve materials and explain their transition story may gain access to customers that less prepared competitors cannot serve.[84]

Supporting businesses at this stage of the lifecycle is therefore about encouraging renewal and enabling future-readiness. It should include AI and digital adoption clinics, cyber health checks, decarbonisation readiness, management accounting dashboards, staff capability planning and sector-specific implementation templates. The delivery model should not assume that founders have spare time to search for fragmented resources. The support should be curated, practical and delivered through trusted intermediaries.

Steve Facer | Chess Industries | Western Sydney | Founded 1967 | Member since 2014

Chess Industries is a NSW mechanical engineering and manufacturing business with roots dating back to 1967. CEO Steve's company Gatmore, acquired Chess in 2003 and has since grown it to more than ten times its original size.

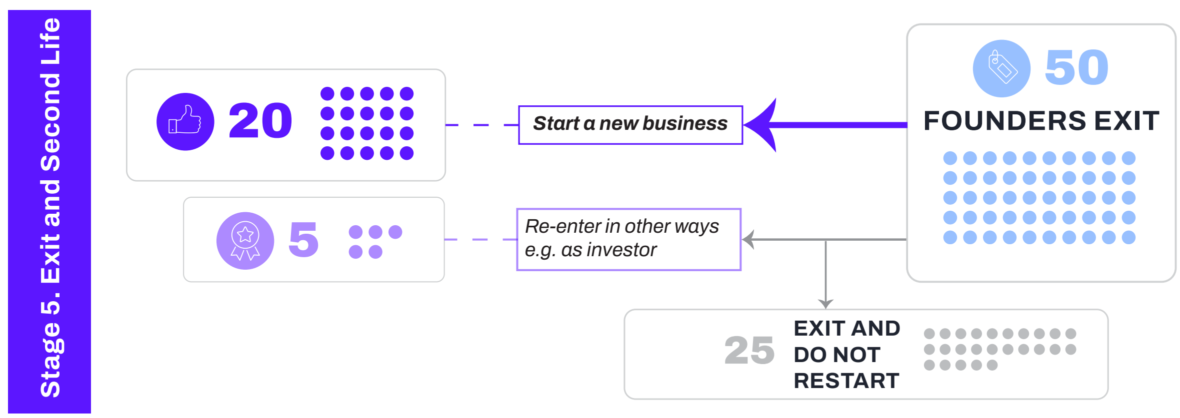
Despite its success, operating a mature business continues to present challenges such as staying relevant to the current market conditions. Steve says the company's "*largest single expense is wages and most prominent activity is managing staff*", while "*government taxes and rules continually get more complex*". Rising insurance costs have also become a "*genuine burden*", particularly workers compensation, which he believes is often overly complex. Access to finance was "*in earlier years, a roadblock*".

To support businesses like Chess Industries, Steve believes government should "*look more local first*" on internal projects such as defence, rail fleet, etc. and provide financing, grants or attractive loans to help businesses expand. He says entrepreneurial success "*usually builds slowly*" and requires the pursuit of a "*steady path*", strong corporate values, to "*stay current*" and to "*grow by taking selective paths*".

STAGE 5: EXIT AND SECOND LIFE

The Exit and Second Life stage covers what happens to entrepreneurs at the end of their business journey. Entrepreneurs can enter this stage from any of the other stages, and they may enter it by choice or by necessity. From this stage entrepreneurs may exit the system entirely, or be recycled back in as new business founders, advisers, investors or the like. It turns the lifecycle from a sequential linear progression into a circular system, with entrepreneurs flowing through its stages.

Entrepreneurs accrue vital knowledge, skills, networks, experience and capital throughout their journey. The purpose of this stage is to understand how to keep as much of that as possible in NSW's entrepreneurial system.



Lifecycle estimate: There is a significant evidence gap at this stage of NSW's lifecycle. Exit and succession risks are material: 48% of Baby Boomer business owners plan to exit within one to five years, while only 19% of family businesses have a documented succession plan.[85, 86]

A circular ecosystem is stronger than a linear pipeline

The exit stage is one of the most overlooked parts of entrepreneurship policy. Business exits are often treated as failure, but that is too narrow.[87] Exit can mean closure, sale, merger, succession, restructuring, insolvency, retirement, family transition, strategic redeployment or a founder moving into employment. Some exits are painful. Some are rational. Some free capital and capability for better uses. The policy question is what the ecosystem does with the experience created by those journeys.[88]

ABS records 126,500 business exits in NSW in 2024-25.[89] Even if many are very small, the aggregate experience pool is large. Each exit can contain knowledge about customers, pricing, hiring, regulatory friction, digital adoption, supplier relationships, local markets, mistakes, resilience and sector dynamics. If that knowledge disappears privately, NSW loses learning. If it is captured through mentoring, advisory roles, alumni networks, founder-in-residence models, second-life employment, local investment and business transfer pathways, the system becomes more intelligent.

The entrepreneurial lifecycle rejects the simplistic idea that successful founders become angels and failed founders disappear. Entrepreneurs often boomerang between founding, employment, advisory work and renewed entrepreneurship.[90] They may need time out of the system for personal reasons or to rebuild confidence. They may also become valuable employees in other growth firms because they understand uncertainty, customers and commercial trade-offs. A circular ecosystem makes these movements visible and productive.[91]

NSW currently lacks a highly visible founder recycling infrastructure. There are networks, informal mentors and investors, but not a systematic lifecycle mechanism.

Family business succession belongs in this discussion. Many employment-generating businesses are not start-ups. They are established firms facing owner retirement, family transition, sale or closure. A narrow start-up policy can miss this completely, even though business transfer may preserve jobs more effectively than new venture creation. A founder recycling layer should therefore include succession clinics, business transfer advice, buyer-seller matching, tax-aware transition guidance and pathways for younger entrepreneurs to acquire viable existing firms rather than starting from zero.[92]

The concept also changes how regional policy is framed. In regions, founder knowledge is often place-specific. A retired manufacturer, hospitality operator, civil contractor, care provider or agribusiness founder may hold trusted relationships that cannot be replaced by a generic online resource. Founder recycling in regional NSW could therefore act as local economic infrastructure. This is not some nostalgic notion about regional businesses – this is about ensuring regional economies keep practical knowledge, commercial trust and market memory circulating where distance makes support thinner.

Mike Quan | Triple 888 Studios | Western Sydney | Founded 1986 | Member since 2012

Established in 1986, Triple 888 Studios is a second-generation family-owned marketing and communications agency led by Mike Quan, who took over the business founded by his father. Operating for almost four decades, the Harris Park-based business provides strategic marketing and communications services to clients across a range of industries.

Mike's business has navigated significant market shifts and unexpected setbacks over its time. One of its more notable challenges came when a major pharmaceutical client, which had been with the business since its inception, moved its operations overseas as part of its global restructuring program. The experience reinforced the importance of diversification and recognising, as Mike acknowledges, that businesses must be prepared to "*play in the global environment*".

By remaining agile, expanding its services and responding to changing customer needs, Triple 888 Studios has continued to evolve. Central to this success has been a focus on people, with Mike believing that "*finding the right people makes the difference*." Today, the business continues to build on its legacy through strong customer relationships, "*maintain our customer-focused culture, and preserving our commitment to quality and responsiveness.*"

SUMMARY OF FINDINGS

For each stage of the lifecycle, we have summarised the key barriers facing entrepreneurs and their firms, as well as the enablers which help entrepreneurs to successfully pass through that stage. We have organised these according to how they relate to individual founders, their firms, and our wider economy.

Barriers to entrepreneurship across the lifecycle

	Individual	Organisational	Ecosystem
Pre-start	Low confidence; fear of failure; access to resources and networks.	Support mechanisms are often tailored to tech/digital startups, not ordinary employment-generating businesses.	Regional gaps, weak local networks and concentration of resources in metropolitan areas.
Start	Fear of public failure; access to resources and networks.	Hard to navigate grants, awards, payroll, insurance, WHS and other employer obligations; support is often concentrated in technology sectors.	Weak regional finance and advice networks; unequal access to startup capital.
Growth	Founder fatigue; difficulty shifting from doing everything to leading others; lack of management expertise in founders' teams.	Weak managerial systems; cash flow and cost pressures make the first management layer hard to build.	Limited capital, senior talent and practical growth support outside major networks.
Mature	Founder identity tied to the business; founder reluctance to delegate; renewal feels risky when margins are tight.	Digital, cyber, AI and governance gaps; under-investment in systems, skills and renewal.	Weak knowledge diffusion; low industry-research collaboration; declining economic complexity.
Exit	Succession delayed until crisis; incapacity to renew and develop new capabilities.	No written succession or exit plan; disorderly transfer risks jobs, customers and knowledge.	Few mechanisms to recycle founder knowledge, capital and networks into the next generation.

Enablers to entrepreneurship across the lifecycle

	Individual	Organisational	Ecosystem
Pre-start	Confidence-building; entrepreneurial literacy; practical pre-start skills; early mentoring.	Peer mentoring; corporate and community entrepreneurship pathways; university and TAFE programs.	Visible regional role models; sandboxes for experimentation; clear local entry points.
Start	Resilience support; practical help to make the first hire.	Simple first-employer templates; procurement pathways; payroll, HR, insurance and WHS clinics; peer support.	Local chambers as the front door; coordinated navigation; inclusive founder pathways; local government as an early customer.
Growth	Leadership coaching; learning from past failure; support to move from operator and creator to manager.	First senior-hire support; advisory boards; digital systems and cash-flow capability.	Patient capital; growth clinics; management-development support; peer CEO networks; scale-up support.
Mature	Founder wellbeing; confidence to renew; support to make long-term investment decisions.	Digital, cyber and AI health checks; decarbonisation planning; governance and knowledge systems.	Applied research partnerships; innovation-diffusion intermediaries; renewal support.
Exit	Second-life pathways; confidence recovery; serial entrepreneurship.	Employee ownership, management buyout or family succession support; business-transfer readiness.	Founder alumni networks; adviser and investor matching; circular ecosystem design.

Cross-stage structural barriers

The lifecycle analysis identifies five structural barriers that exist across the full entrepreneurial cycle, consistently shaping the incentives entrepreneurs have, the paths they follow, and the outcomes they reach.

1 A fragmented entrepreneurial ecosystem without clear orchestration	NSW has many support actors, but no single entity appears to hold a clear mandate to orchestrate support for employment-generating businesses across the full lifecycle. Business NSW and the chamber network are plausible candidates because of their geographic reach and relationships with local business communities, but this role would require formal mandate, resourcing and measurement.
2 High costs and a compliance load which accumulates over time	High costs and cumulative compliance obligations shape decisions across the lifecycle. These lead potential founders to delay entry, new firms to avoid hiring, growing firms to postpone senior hires or systems investment, mature firms to defer renewal, and exiting owners to delay transfer planning. The problem is the cumulative effect of cost uncertainty, payroll obligations, insurance, rent, energy, finance, procurement and reporting requirements on owner-manager decision-making.
3 Support is narrowly-targeted and hard to access, especially outside Sydney	The metropolitan technology founder should not be treated as the default model of entrepreneurship. Founders in regional areas, non-technology sectors, the care economy, agriculture, trades and creative industries represent substantial employment potential, and support should be triaged by place, sector, business model and growth trajectory. These founders face structural informational disadvantage: weaker peer connections, less visible pathways, reduced access to professional advice and fewer early-stage capital links.
4 Low economic complexity entrenched by weak support for incremental innovation	Most businesses do not produce breakthrough innovation, but incremental improvements in products, processes, customer relationships and business models are central to productivity. NSW policy is stronger on knowledge creation than on diffusion across the broad business base. Different support is required for firms adopting practical innovation than for firms creating new-to-the-world technologies.
5 Future-Readiness: AI, Cybersecurity, and Decarbonisation	AI, cybersecurity and decarbonisation cut across all five stages as both barriers and enablers. Startups may use AI to reduce early labour intensity, while mature SMEs need support to build digital capability, cyber readiness and decarbonisation capacity before compliance and market pressures outpace them.

Chess Industries I Western Sydney I Member since 2014

WHAT THIS ANALYSIS TELLS US

Entrepreneurial potential does not dissipate at a single point: it leaks across all stages of the lifecycle.

A person may have high motivation but be constrained in acting. A business may survive its first three years but never hire a first employee. A growing firm may stall before it can professionalise its management. A mature firm may lack the capacity or resources to adopt new technologies and begin to stagnate or decline. An exiting founder may leave the ecosystem entirely rather than reinvesting their experience. Each of these moments reflects a system-level barrier for the entrepreneur, not an individual shortcoming.

The end result of these leaks is that, of 1,000 entrepreneurs who journey through the lifecycle, just one or two are likely to end up running a large and successful 'anchor' business in NSW.

Entrepreneurship will always involve risk and therefore always involve failure. Yet our analysis shows that many entrepreneurs fail for avoidable reasons.

The points to a practical policy question: what would NSW need to change to lift the number of potential founders who become large durable employers, from 1–2 of every 1,000 toward 3 or 4?

Mike Quan I Triple 888 I Western Sydney I Member since 2012

Principles to design a better entrepreneurial system

Our lifecycle analysis identifies many issues, but four cross-stage conditions shape the whole system: tailored pathways, transition friction, ecosystem coordination and circular recycling. These conditions are more useful than a long list of disconnected programs because they show why barriers recur in different forms at different stages.

The first condition is tailored pathways. Founders differ by sector, place, age, identity, resources, risk appetite and growth ambition. A founder building a medical device venture, a migrant food manufacturer, a regional home-care service, a construction compliance consultancy and a First Nations cultural enterprise do not need identical support. A professional system should triage. It should ask what the founder is trying to build, where they are located, what stage they are in, what capability is missing, and what risk they face next. It should also track how these evolve over time. This is how support becomes precise rather than generic.

The second condition is reducing transition friction. Tax, payroll, reporting, legal structure, insurance, grants, procurement, cyber, workplace rules and finance requirements do not matter evenly across the lifecycle. They bite hardest at thresholds: leaving employment, hiring the first worker, reaching payroll tax thresholds, installing management systems, upgrading digital infrastructure, entering export markets, restructuring ownership or exiting. Policy design should therefore ask not only whether a rule is justified, but where it lands in the founder journey.

The third condition is coordination. NSW has many support actors: government agencies, universities, accelerators, incubators, councils, industry associations, professional advisers, chambers, investors, procurement bodies and community organisations. The issue is not simply the absence of support. It is the difficulty of navigating it. For a time-poor founder, fragmentation is a cost.

The fourth condition is circularity. The system should not be measured only by entry counts. It should track progression, employment generation, capability upgrading, business transfer, founder recycling and second-life contribution. A circular ecosystem asks how knowledge returns.

These four conditions are consistent with a design-driven approach to innovation. The aim is not only to analyse the system, but to redesign the user journey.[93] A founder should be able to move from interest to action, from first hire to growth, from mature operation to renewal and from exit to second life without losing visibility of the next step.

The goal of policy is not to remove all risks or try to prevent all businesses from failing. The goal is to remove avoidable confusion, poorly timed friction and institutional blind spots that increase risk and cause viable firms to stop unnecessarily.

LEARNING FROM GLOBAL PEERS

Declining rates of entrepreneurship is a trend seen across most countries, especially ones similar to Australia. However, some countries are bucking the trend and offer valuable lessons for NSW.

The Global Entrepreneurship Monitor Consortium (GEM) provides global measures of entrepreneurial activity in countries, including measuring 'Total early-stage Entrepreneurial Activity (TEA)' and 'Established Business Ownership (EBO)'. GEM assesses economies against a National Entrepreneurial Context Index (NECI), providing a comparative lens to view how economies support entrepreneurship through policies, infrastructure and social norms.

International examples are not chosen as a direct blueprint for NSW, but because they show the benefits of organising support for entrepreneurs across different stages of the lifecycle rather than as disconnected programs. Australia has not participated in GEM studies for several years, so recent local data is limited.

Case Study: United Arab Emirates

Targeted support across the lifecycle enables an increasingly entrepreneurial culture

The United Arab Emirates (UAE) has ranked first globally on GEM's NECI for the past five years. The UAE has the highest rates of adults intending to start businesses, including for cohorts of adults who had left a business within the past 12 months and those who had not.[94] This indicates the UAE has a highly resilient entrepreneurial group who return to entrepreneurship after exiting out of a business, recycling knowledge, networks and experience from their previous attempts.

The UAE placed first for upper-income GEM economies in 'Government Policy: Support and Relevance' and 'Government Entrepreneurial Programs'.[95] Three of their targeted programs include SkillUp, StartUp and ScaleUp, which are deliberately targeted at different lifecycle stages and provide support for business operations, exports, digitisation, growth funding and support to expand into new markets.[96]

With a strong focus on scaling startups into the export market, the UAE has the highest rate of early stage entrepreneurs with customers outside of their own country across all GEM participating economies, with over half of early-stage entrepreneurs having a customer outside of the country and 40.7% of early state entrepreneurs reporting over 25% of their revenue being from international customers.[97] In comparison, in the 2018 report just 8% of Australian entrepreneurs aimed for over 25% of revenue from international markets, compared with an average of 26% for other developed economies.[98]

Case Study: Canada

Supporting rural businesses and succession planning

Canada placed 14th out of 53 GEM economies in the NECI. Additionally, Canada reports the second highest rate of entrepreneurial activity amongst women (23.6%) among upper-income GEM participating economies and Canada is one of six GEM participating economies where more than 25% of adults are actively running or starting a business, showcasing their strong entrepreneurial intent and accessible environment.[99] In comparison, in 2017 GEM estimated Australia to have just 12.2% of Australians actively engaged in starting and running new businesses.[100]

Community Futures Canada is a federally-funded and locally-run network of non-profit economic development offices (267 of them nationally) that operate as developmental lenders using different criteria to banks, specifically because access to credit is a challenge for rural entrepreneurs. Each office provides business development services, loans, and financing to small and medium-sized businesses, with a mandate covering everything from launch through to succession. Since 2000 the program has loaned more than $6.3 billion to 135,000 businesses.[101]

Canada's Futurpreneur proposes pathways for younger entrepreneurs to acquire viable existing businesses. Futurpreneur offers financing to purchase an existing business through its Financing and Mentoring program, providing collateral-free financing in partnership with the Business Development Bank of Canada plus two years of mentorship.[102] 76% of Canadian business owners plan to exit within the next decade, representing $2 trillion in assets, yet fewer than 10% have a formal succession plan.[103] This is a response to the same "missing exit pathway" problem which exists in NSW.

Case Study: Estonia

Cultivating better business conditions by maximising local advantages

Estonia placed 13th out of all participating GEM economies on the NECI. Estonia boasts 7.14 unicorns (privately held startups valued at over US$1 billion) per million people, the highest of any country with a population over 1 million, a rate 14 times higher than Australia's 0.5 unicorns per million people.[104]

Estonia created an e-residency program allowing foreign entrepreneurs to establish an online business in Estonia, giving them access to Estonian digital services, banking and the European market. Since 2014 the program has seen 142,332 e-residents founding 43,024 companies.[105] Estonia has also focused on strong digital infrastructure and platforms, and competitive tax rates. Estonia holds the record for being the fastest place for entrepreneurs to set up a company online.[106]

In a UN report measuring the provision of online services, telecommunication connectivity and human capacity, Estonia was ranked second on the E-Government Development Index and Australia ranked 8th out of 193 ranked countries.[107] For the twelfth year in a row, Estonia is #1 in International Tax Competitiveness amongst OECD countries. In comparison, Australia ranked 7th overall but 29th for corporate tax.[108] Reflective of their supportive environment, the Estonian start up sector has grown consistently, and tripled in turnover from 2021 to 2025.[109]

Estonia has successfully established a digital and tax environment that encourages entrepreneurs to set up, operate and grow businesses, allowing them to capture the benefits of this entrepreneurialism.

THREE FUTURES FOR NSW

The lifecycle analysis points to three possible futures for NSW entrepreneurship. They are presented as directional scenarios rather than forecasts. Their purpose is to show how different policy choices change the system logic.

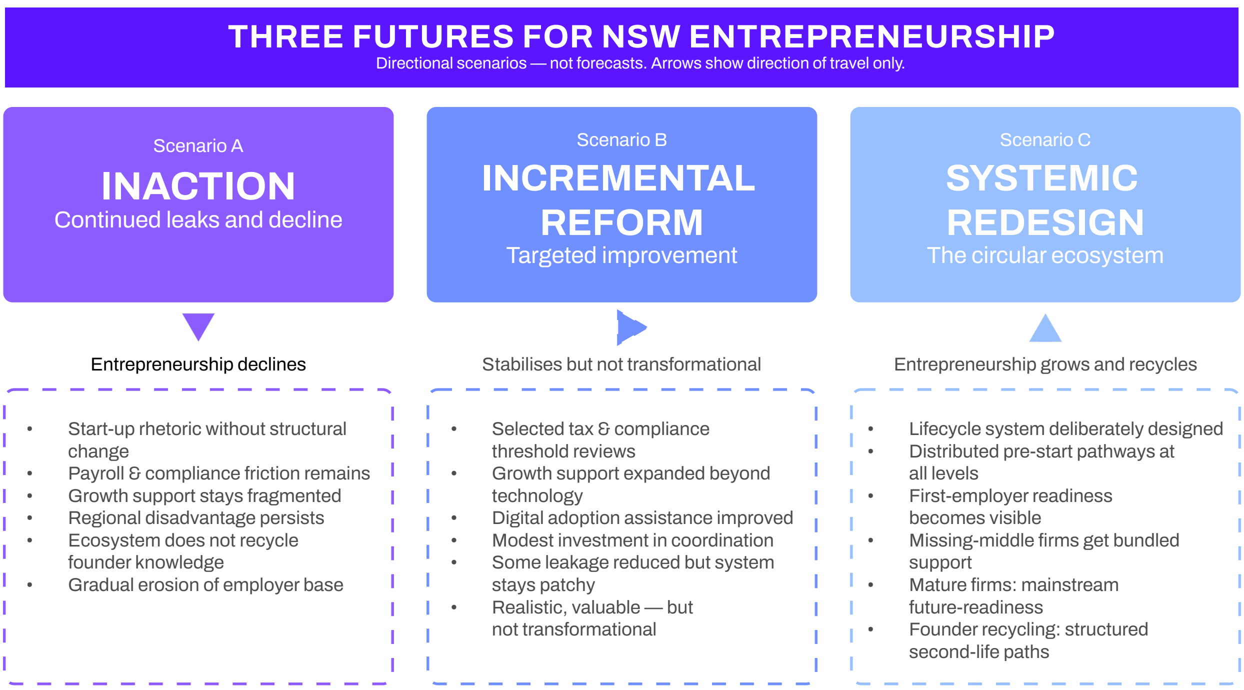
The first scenario is inaction: **continued leaks and decline.**

In this future, NSW retains a strong start-up rhetoric but does not materially change structural support across the lifecycle. Payroll and compliance friction remain confusing for first employers. Growth support stays fragmented. Scale-up support remains too concentrated in narrow sectors. Regional founders continue to experience distance as a structural disadvantage. Mature firms receive scattered digital and innovation messages but limited practical implementation support. The ecosystem does not build on the experience of prior founders. The result is gradual erosion in employment-generating business ownership and greater dependence on a narrower employer base.

The second scenario is incremental reform: **targeted improvement.**

In this future, NSW reviews selected tax and compliance thresholds, expands growth support beyond technology, improves digital adoption assistance, invests modestly in coordination and pilots mentoring and support programs among founders. The system stabilises some leakage but does not fully change the architecture. Some more

Figure 16: Three futures for NSW entrepreneurship




Melissa Confectionary I Sydney West I Member since 2026

firms cross the first-employer threshold and some growth-ready firms receive better support, but the system remains patchy. This scenario is realistic and valuable, but it is not transformational.

The third scenario is systemic redesign: **the circular ecosystem.**

In this future, NSW builds a deliberate lifecycle system. Pre-start pathways are distributed through schools, TAFEs, universities, chambers, councils and community networks. First-employer readiness becomes a visible support layer. Missing middle firms receive bundled capability packages that combine leadership, senior hires, advisory boards, finance, tax, digital systems and market access.

Mature firms receive mainstream future-readiness support. Exiting founders are invited into structured second-life pathways. Measurement shifts from entry counts to transition quality, employment generation, capability and recycling. This is the scenario most consistent with the paper's diagnosis.

The difference between these futures is not necessarily budget size. It is design coherence. A modest but well-connected lifecycle system may outperform a larger collection of fragmented initiatives. The design task is to make the next step visible at each transition, to bring trusted intermediaries into delivery, and to measure whether firms actually move through the system.

4. WHAT WE NEED TO DO

RECOMMENDATIONS FOR A MORE ENTREPRENEURIAL FUTURE

We believe that New South Wales can once again become a home for entrepreneurs.

We are calling for a state-wide mission for NSW to become the best place in Australia to start and scale any business.

This mission can't be an advertising campaign. It must be a coordinated and long-term effort to systematically revamp the experience of entrepreneurship in NSW by improving all stages of the entrepreneurial lifecycle.

We want this to have the same invigorating effect as other NSW Government missions, such as reaching net zero or solving the housing crisis. Meeting these challenges requires government to act wholistically across policy areas and to collaborate. It reframes businesses and communities as delivery partners. Rebuilding our entrepreneurial system should be treated in the same way and with the same urgency.

This means taking intentional steps to make it easier to run a business in NSW by addressing the unsustainably high costs and red tape barriers which impede business growth.

It means organising a system of business support which is intentionally designed around the entrepreneurial lifecycle: tailored to businesses' circumstances, targeted at the transitions which cause most friction and failure, coordinated to provide a quality end user experience, and circular to minimise the risks and impacts of failure.

It also means raising aspirations for entrepreneurship, equipping people with the tools they need, and establishing pathways into entrepreneurship for people at all life stages, starting from school.

Over time, this mission should drive cultural change to embed an entrepreneurial mindset in NSW, resulting in a stronger economy and higher living standards.

The NSW Future Entrepreneurs Strategy

The first step is for the NSW Government to work with businesses, councils, research and education providers, investors and community groups to co-develop the **NSW Future Entrepreneurs Strategy.** The Strategy will help deliver the mission to make NSW the best place in Australia to start and scale any business.

This would differ from a normal 'small business strategy' by its focus on the needs of entrepreneurs as people and their journey through the entrepreneurial lifecycle.

The Strategy should have three complementary objectives:

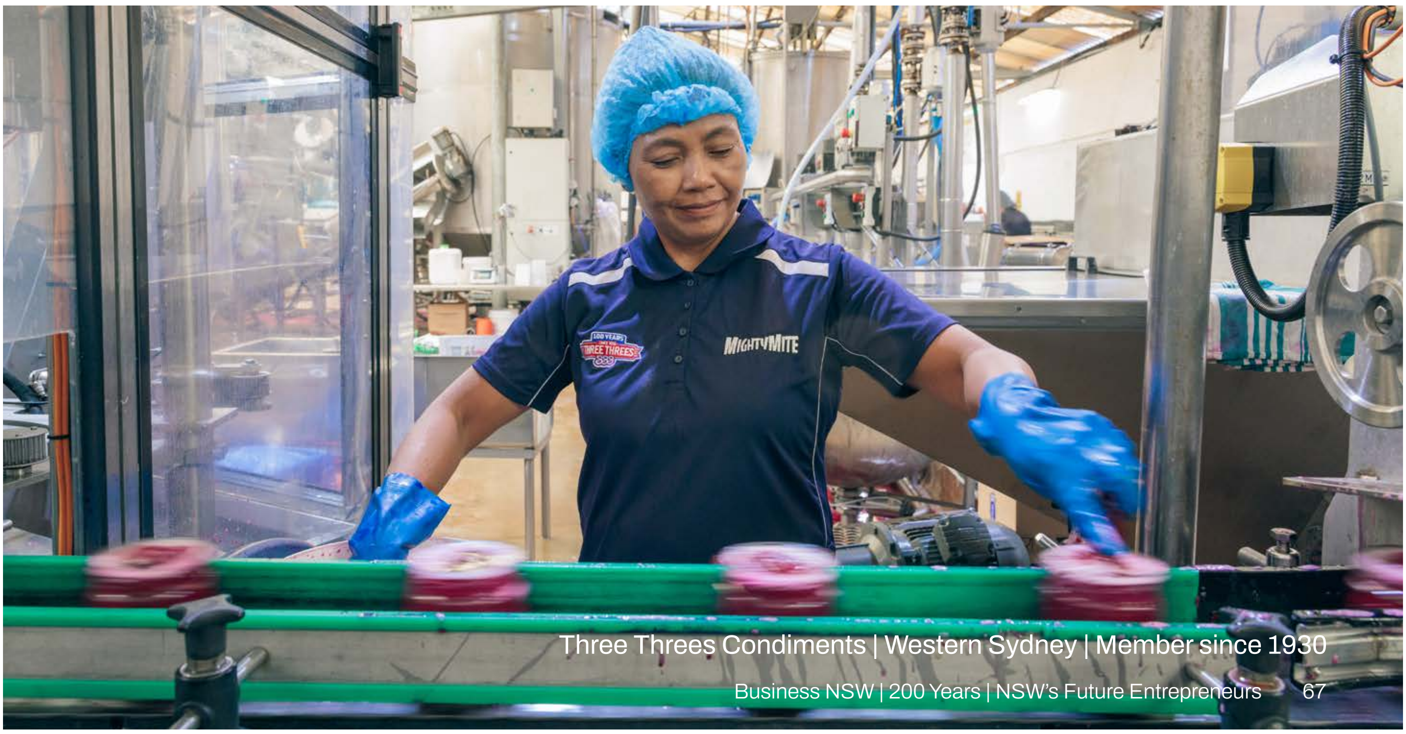
1. Make it easier to run a business in NSW by lowering costs and reducing frictions
2. Help businesses to succeed by coordinating a system of business support across the entrepreneurial lifecycle
3. Make more people aspire to be entrepreneurs and give them the pathways, tools and networks they need to succeed.

This paper provides suggestions on actions to take for each of these objectives. We have not tried to set out a complete plan for what the Strategy should contain or how it should be implemented, as this will be for partners to come together to decide.

The Strategy should set measurable goals, noting that the goal isn't to increase the number of employment-generating businesses by any means necessary; the goal is to improve business conditions so that more employment-generating businesses start, survive and grow. This could include developing a public Entrepreneurship Lifecycle Dashboard to track whether entrepreneurship in NSW is becoming easier or harder.

The Strategy should also establish clear accountability across government. Entrepreneurship policy cuts across tax, regulation, skills, procurement, insurance, digital adoption, infrastructure, innovation, regional development and industry policy. The Strategy must coordinate activity across all of these areas, and not be a series of isolated programs operating in silos.

As part of developing the Future Entrepreneurs Strategy, the NSW Government could also refine our simple entrepreneurial lifecycle model and apply it to different cohorts to understand distinct barriers and challenges. For example, the lifecycle analysis could be used to identify additional barriers facing First Nations or regional founders, or for businesses in the creative industries.



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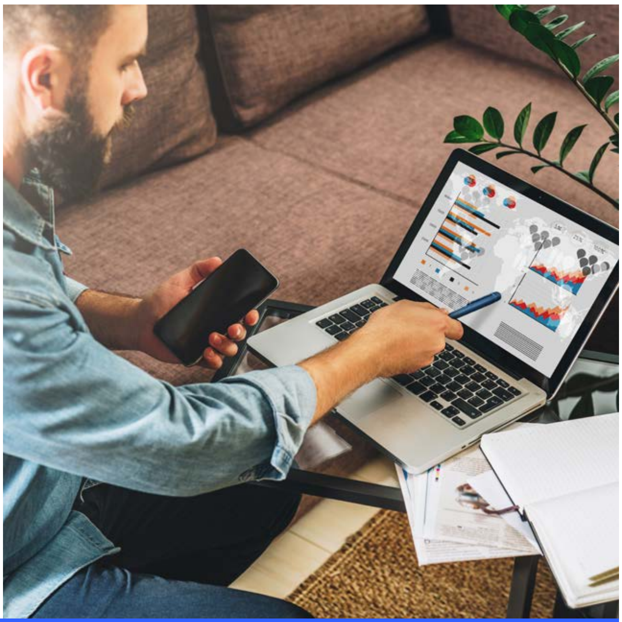

Objective #1: Make it easier to run a business in NSW by lowering costs and reducing frictions

A key challenge in the way of NSW's entrepreneurs is the high costs and complexity of starting and growing a business here.

The NSW Government should reduce the cost barriers facing employment-generating businesses, starting with payroll tax. Payroll tax is one of the clearest examples of how the tax system can work against entrepreneurship. It applies when a business grows its workforce, meaning the tax becomes more relevant precisely when a firm is deciding whether to hire, expand or add management capability.

Payroll tax is just one issue among many. The NSW Government should review the state-based costs, rules and thresholds that most discourage people from starting, hiring, investing and growing.

The review should examine payroll tax, workers compensation, insurance, energy costs and reliability, licensing and approvals, procurement access and complexity, duplicative reporting requirements, planning and local government processes affecting business expansion, and the drivers of business relocation from NSW to other states.

As part of the NSW Future Entrepreneurs Strategy, the NSW Government should:

- Commit to reduce the payroll tax rate below 5%, lift the payroll tax threshold from $1.2 million to $1.5 million, and index the threshold annually to prevent bracket creep.
- Continue reform to the workers' compensation scheme so it is financially sustainable and supports better outcomes for businesses and employees.
- Reduce insurance cost pressures and support more businesses to appropriately insure themselves, including by reforming the Emergency Services Levy without adding to business costs.
- Improve energy affordability and reliability for small and medium businesses. This can be done by reducing energy infrastructure recovery cost pressures on businesses, speeding up planning approvals for new renewable projects, recognising and planning for the ongoing need for gas, and supporting businesses to electrify and improve efficiency.
- Simplify public procurement access across government, especially for smaller contracts that young local firms can compete for, and continue to raise the target for the volume of public procurement delivered by NSW's small and medium-sized businesses.
- Streamline and simplify licensing and reporting requirements.
- Benchmark NSW against other states on the cost of starting, hiring and scaling.

Regulatory reviews need to be narrowly targeted or they risk relying on generalisations about businesses' experiences. The NSW Productivity Commission's current review of red tape specifically facing businesses in the hospitality sector is a good blueprint to follow.

The goal is not deregulation for its own sake. We want to ensure that taxes, rules and charges do not unnecessarily discourage businesses from creating jobs, investing in productivity or growing beyond the founder.

Tim Polo | Claroe | Mid North Coast | Founded March 2026 | Member since April 2026

Case study: How is AI affecting entrepreneurship?

As the founder of Claroe – a new business helping other firms to integrate AI – Tim believes that AI can help businesses improve productivity while supporting staff to remain relevant as workplaces evolve.

One of the significant impacts of AI is the way it is changing the economics of entrepreneurship. Historically, starting and scaling a business often required technical expertise, larger teams, and significant amounts of capital investment. Today, Tim believes AI is lowering some of these barriers. "*The biggest change AI makes for entrepreneurs is that being a small team is now an advantage, not a hindrance.*" When properly integrated into a business, AI can take on tasks that have previously required staff, making AI feel more "*like an employee, not a piece of software.*"

AI has also changed the way Tim runs his own business. By creating what he describes as a "*business brain*", he uses AI to bring together business information, research, and operational knowledge to support decision making. Tim says "*When every touch point in the business is recorded, every email, every phone call, every meeting, AI has access to more data than any human can analyse.*"

Looking ahead, Tim believes entrepreneurs should focus on how technology can reshape business models. "*At the moment it feels like everyone is asking the question 'how much time can AI save me in my business?'*" he said. *"I think this is the wrong question.*"

Instead, he says that AI is changing how businesses are designed, operated and scaled. He encourages business owners to consider "*what does a business look like in the year 2050, when it has fully incorporated AI?*"

In Tim's view, he likens AI's emergence to the adoption of computers in building a business: "*We don't even think twice about it, because we are computer-native. That is where we are heading with AI.*"

Objective #2: Help businesses to succeed by coordinating a system of business support across the entrepreneurial lifecycle

NSW's businesses do not lack support programs. But our system of business support remains fragmented and confusing to access. Further, certain types of businesses, founders and industries tend to be over-served. Others which do not fit the mould are under-served.

NSW needs coordinating principles for the way business support programs are designed, targeted and accessed. We believe the entrepreneurial lifecycle can help: it provides a framework for understanding when and why people and businesses need support at different stages, and also offers insight into how that support should be delivered.

Using the lifecycle model to deliver support would mean targeting the barriers and transition points across the lifecycle that businesses need most help to navigate. It would mean tailoring support to the needs of individual businesses, rather than generic packages. It would mean expanding support to stages of the lifecycle not currently well-served, especially during the final 'exit and second life' stage.

Support should be delivered by the intermediaries that businesses work with most: local chambers, industry bodies, accountants, professional advisers and education partners. There is also a clear need for a well-resourced publicly funded business support program.

There are four transition points across the entrepreneurial lifecycle which should be the focus of business support.

1. First employee support

NSW should help founders hire confidently, correctly and sustainably by providing packages of support which include:

- Wage-cost calculators
- Award and classification guidance
- Payroll and superannuation readiness
- Workers' compensation and insurance guidance
- Basic HR and WHS templates
- Payroll tax threshold information
- Accountant, bookkeeper and legal referrals
- Mentoring from experienced employers.

The aim should be to make first employment a supported transition, not a leap into the unknown.

2. Missing middle growth support

NSW should help more small firms become durable medium-sized employers by supporting businesses with growth ambitions or growth constraints, particularly those growing from around 5 to 50 employees. Support should include:

- Business diagnostics
- Leadership and management development
- Support for first senior hires
- Financial management and cash-flow capability
- Procurement readiness and simplified public access

- Export and interstate market advice
- AI and digital systems implementation
- Peer CEO networks
- Regional growth clinics.

The goal is to help firms build the capability to scale beyond the founder and the initial team.

3. Future-ready business support

For most firms, remaining productive and competitive isn't about breakthrough R&D, it is about the incremental process of absorbing new ideas and deploying them through better systems, refined processes, upgraded technology and stronger management. Support should cover:

- AI for business
- Cyber resilience
- Digital workflow tools
- Data and management dashboards
- Energy efficiency
- Decarbonisation readiness
- Supply-chain capability
- Staff training
- Management capabilities and governance
- Continuous improvement practices

Support should be sector-specific and accessible to time-poor business owners.

4. Succession, transfer and founder recycling support

NSW should seek to keep more founder knowledge, capital and relationships circulating through our entrepreneurial system. There needs to be more support for succession, business transfer and second-life pathways, including:

- Voluntary founder alumni networks
- Confidential exit learning interviews
- Mentoring and advisory matching
- Board and advisory pathways
- Regional founder circles
- Succession clinics and business transfer guidance
- Pathways for younger entrepreneurs to acquire viable existing businesses
- Second-life pathways for exited founders as mentors, investors, advisers or repeat founders.

This is especially important for regional NSW. In many communities, founder knowledge is place-specific. Retiring business owners often hold trusted customer relationships, supplier knowledge, local market understanding and practical experience that cannot be replaced by a generic online resource.

Chess Industries I Western Sydney I Member since 2014

Objective #3: Make more people aspire to be entrepreneurs and give them the pathways, tools and networks they need to succeed.

The final part of the puzzle is making entrepreneurship feel relevant and worthwhile.

Entrepreneurship is more than an economic activity, it is a personal choice shaped by culture. People are more likely to start a business when they can see others like themselves doing it, when they understand the pathway, and when they are connected to trusted networks that make the first steps feel less isolating.

The goal should be to make starting and running a business feel possible for more people.

This is a long-term endeavour to embed cultural change. This is why the entrepreneurial mission underpins our recommendations, because it helps to sustain activity over time.

The starting point should be for the NSW Government to bring together the organisations across NSW which help to set cultural norms and provide pathways into entrepreneurship. This includes Business NSW, local chambers, schools, TAFEs, universities, councils, industry bodies, First Nations enterprise organisations, migrant business networks and existing entrepreneurs.

This cohort should focus on three areas of action.

1. Tell a broader story about who entrepreneurs are

NSW should deliberately widen the public image of entrepreneurship, including our shared understanding of entrepreneurial ‘success’. The future entrepreneur may be a nurse building a care business, a tradesperson hiring apprentices, a migrant food manufacturer, a First Nations cultural enterprise, a regional manufacturer, a professional services founder, a technology founder, or a young person acquiring and renewing an existing local business. All of these are successful outcomes which should be welcomed.

Public campaigns and initiatives should showcase entrepreneurs across different regions, sectors, ages and backgrounds, with a focus on employment-generating businesses. This should include founders who have hired their first employee, grown beyond the founder, renewed an established business, taken over a family business, or returned to the ecosystem as mentors and advisers.

We need to be patient and recognise that public perceptions will change slowly. It’s important for people to be aware of entrepreneurship as a credible option from early in life, beginning with guidance and role models in school, even though most people will not be in a serious position to consider entrepreneurship until they are older.

Over time, success will be measured by an increase in the number of people who see entrepreneurship as something they could do. This will require NSW to develop a more robust approach to monitoring entrepreneurial activity than currently exists.

2. Build practical pathways for early-stage entrepreneurs

NSW should create and sustain clearer pathways for people who are interested in entrepreneurship but not yet ready to launch a business. The aim should be to support exploration and de-risk the early steps.

These pathways should help aspiring entrepreneurs:

- Understand different routes into business ownership including testing the benefits of various legal structures.
- Test demand for a product or service. At the simpler end, this could include access to information on local service demand to support decision-making. More complex support would include expanded access to living labs, sandboxes and research partnerships to test ambitious ideas in low-risk environments.
- Understand costs, risks and compliance obligations bespoke to their circumstances.
- Understand and assess available funding and finance opportunities, including grants and research partnership funding for new businesses engaged in R&D.
- Access and build relationships with trusted advisers.
- Explore acquisition, succession or management buyout pathways, helping entrepreneurs gain a clearer understanding of the whole entrepreneurial journey, not just the start.
- Connect with local founders and business networks.
- Acquire skills and knowledge relevant to entrepreneurship, supporting more people to improve their fundamental understanding of entrepreneurship and their personal suitability to it.

This should be embedded across schools, TAFE, universities and adult learning, so that people are prepared not only to get jobs, but to create them.

3. Strengthen local networks and peer support

Entrepreneurship is easier to imagine when people are connected to others on the same path. NSW should support stronger local peer networks for aspiring and early-stage entrepreneurs, including founder circles, mentoring groups, local business visits, pre-start clinics and sector-based peer learning.

Local chambers are already central to this work, and their reach could be expanded further. They are often the most trusted and accessible business institutions in their communities. They understand local markets, local barriers and local opportunities. They can provide the "front door" for people who may not identify with government programs, accelerators or metropolitan start-up networks.

Chambers could be supported to:

- Host regular pre-start and early-stage founder sessions
- Connect aspiring entrepreneurs with existing local business owners
- Build peer groups for new and potential founders
- Refer people to accountants, bookkeepers, councils, TAFEs, banks and industry bodies
- Identify local succession and business acquisition opportunities
- Feed local intelligence back into the NSW future entrepreneurs strategy.

Kings of Neon | Design and Manufacturing | Central Coast | Founded 2019 | Member since 2025

Case study: The importance of networks

Kings of Neon is a Central Coast business founded by Steve Pastor in mid-2019. From its startup roots Kings of Neon has grown into an international custom signage business, serving major global brands including the NFL, Coca-Cola, and McDonalds, just to name a few. For Steve, the business' growth demonstrates the critical role that networks play in helping entrepreneurs access opportunities, build confidence, and accelerate growth.

"*Honestly, they've been everything,*" Steve said of the role networks have played in his entrepreneurial journey. "*Kings of Neon was bootstrapped with no outside capital, so my network was my capital.*"

Kings of Neon's first major customer was Twitter, which came through a connection, rather than through marketing. The relationship helped open doors to other global brands. Steve believes networks are particularly important in business-to-business markets, where trust underpins business relationships: "*people buy from people they trust, and trust travels through networks faster than any marketing budget.*"

Networks also connected Steve to advisers, peer learning and growth opportunities. Steve highlights One Life Club, E-commerce Equation, and Shark Tank Australia as important sources of support throughout the business' growth journey.

Steve has three pieces of advice for aspiring entrepreneurs:

1. Give first. Show up with value before you ask for anything. The best relationships I have started with me helping someone with no expectation of return.
2. Be visible. Speak at events, post consistently, put yourself in rooms where your customers and peers are. Opportunities find people who are seen.
3. Play the long game. The connection you make today might pay off in five years. Treat every relationship like it matters, because you never know which one changes your trajectory.

Hear more about Steve's story here:

5. WHERE TO FROM HERE

Chess Industries | Western Sydney | Member since 2014


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NEXT STEPS

Building a stronger entrepreneurial future for NSW is a long-term endeavour, requiring systemic change to be sustained for years. But policy makers and the business community can start right now.

First steps

The NSW Government should begin by establishing the mission to make NSW the best place in Australia to start and scale any business. They should put the call out for partners across NSW to join them in this mission, and they should begin the process of preparing the NSW Future Entrepreneurs Strategy.

Short-term (within one year)

Who should act	Steps to take
NSW Government, businesses and peak bodies, councils, unions, research and education providers, investors and community groups	Develop the NSW Future Entrepreneurs Strategy, focusing on three complementary objectives: 1. Make it easier to run a business in NSW by lowering costs and reducing frictions 2. Help businesses to succeed by coordinating a system of business support across the entrepreneurial lifecycle 3. Make more people aspire to be entrepreneurs and give them the pathways, tools and networks they need to succeed. The Strategy should contain actions that partners will work together to deliver. This is not about government shouldering all responsibilities. As part of developing the Strategy, the NSW Government could apply our lifecycle framework to different cohorts – for example female founders or inland regional businesses – to understand specific challenges.
NSW Government	Take immediate action on the cost pressures facing NSW businesses, starting with a commitment to reduce the payroll tax rate below 5%, lift the payroll tax threshold from $1.2 million to $1.5 million, and index the threshold to prevent bracket creep.
NSW Government	Improve awareness of entrepreneurial outcomes by developing a dashboard to benchmark NSW against other states on the cost of starting, hiring and scaling.
Business NSW and local Chambers of Commerce	Enhance efforts to work together on strengthening business networks across the state, sharing resources and knowledge to support more businesses to connect, grow and succeed.

Medium-term (within three years)

Who should act	Steps to take
NSW Government	Maintain an ongoing review of business costs and frictions across the lifecycle, ensuring NSW becomes and remains the best place in Australia to start and scale a business. Priorities include further insurance reforms, speeding up planning approvals, reducing skills shortages and supporting apprenticeships, increasing the supply of serviced industrial land across the state, and placing downward pressure on energy costs.
NSW Government, businesses and peak bodies, local chambers and business support providers	Implement and coordinate a system of support across the entrepreneurial lifecycle, targeting the transition points and barriers which are the main causes of failure. Support should continue to be delivered by multiple intermediaries, but the experience for businesses should feel less fragmented and easier to navigate.
NSW Government, businesses and peak bodies, local chambers, schools, TAFE, universities, community groups and others	Develop practical and varied pathways into entrepreneurship that support broader cohorts to meaningfully explore entrepreneurship and de-risk the initial steps. Expand access to entrepreneurship support programs and facilities - including startup hubs and accelerators - beyond the existing metropolitan footprint. What works for Sydney's Tech Central may be applied successfully to other parts of the state at appropriate scales. Partners should pilot initiatives and evaluate what works, with successful initiatives expanded further.

Longer-term (embedding an entrepreneurial culture)

Who should act	Steps to take
NSW Government, businesses and peak bodies, local chambers, schools, TAFE, universities, community groups and others	Build an entrepreneurial culture through sustained public awareness campaigns to reshape the public perception of entrepreneurship in NSW, making it feel like a credible option which is available to more people.
NSW Government, businesses and peak bodies, local chambers, schools, TAFE, universities and community groups	Embed entrepreneurial pathways through schools, TAFE, universities, local communities and business networks, making entrepreneurship a mainstream career option and helping more people to acquire relevant skills and knowledge earlier in life.
NSW Government, businesses and peak bodies, industry accelerators and incubators, research and education institutions, investors and community groups	Cultivate the future-focused industries NSW already excels at, including software and digital services, clean energy and net zero manufacturing, healthcare and biotech, defence industry, agriculture, education, creative industries and financial services. The aim should be to support a more complex, competitive and diversified economy with deeper industry specialisms and more sources of productive growth across the state.
NSW Government, businesses and peak bodies, councils, unions, research and education providers, investors and community groups	Refresh the NSW Future Entrepreneurs Strategy periodically, finetuning programs in response to changing conditions, and ensuring NSW remains on track for the mission to become the best place in Australia to start and scale any business. The ambition of this mission can and should be raised over time.

NSW'S FUTURE IS ENTREPRENEURIAL

For 200 years, New South Wales has been shaped by people who saw opportunity where others saw uncertainty. They built businesses, created jobs, strengthened communities and helped make our state one of the most prosperous places in the world. The question for us now is whether we are creating the conditions for the next generation to do the same.

This report argues that entrepreneurship in NSW is in decline, but decline is not destiny. The barriers identified throughout the entrepreneurial lifecycle can be reduced. The pathways into business ownership can be strengthened. More people can be encouraged to see entrepreneurship as a credible and rewarding choice. With sustained effort, NSW can become a place where more businesses start, more businesses grow and more businesses succeed.

Achieving this will require leadership from government, business, education institutions, industry bodies and entrepreneurs themselves. It will require us to think beyond individual programs and focus instead on building an entrepreneurial system that supports people at every stage of their journey. Most importantly, it will require ambition: a shared belief that NSW can become the best place in Australia to start and scale a business.

This paper is intended as the beginning of a conversation, not the end of one. We invite policymakers, business leaders, educators, community organisations and future entrepreneurs to help shape the NSW Future Entrepreneurs Strategy and the reforms that follow. The choices we make today will influence the businesses, industries and opportunities of tomorrow. If we get this right, the next chapter of NSW's story will be written by a new generation of entrepreneurs building a more dynamic, prosperous and resilient future for us all.

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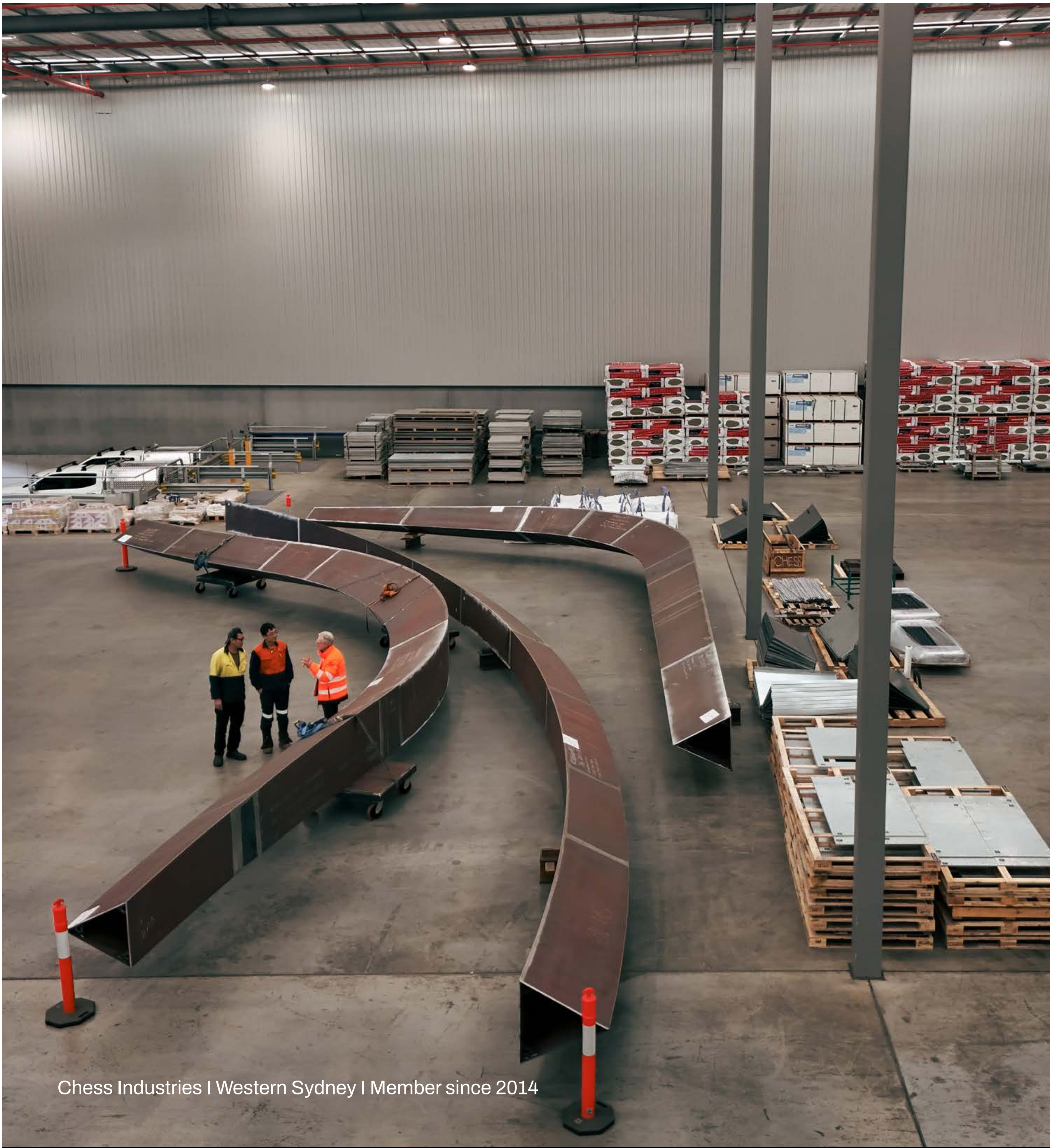

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