

20 July 2020

GETTING BUSINESSES BACK ON TRACK

The state's peak business organisation, **Business NSW**, said that a Youth Jobs Guarantee is one of the top ten priorities needed to recharge the economy as we recover from the impacts of COVID-19. These top ten priorities are detailed in a new **Business NSW** report called [Back On Track](#).

"This week's Economic and Fiscal Update from the Federal Treasurer must give the business sector confidence about the road ahead, particularly given the new risks that have emerged in Victoria and NSW," said **Business NSW** CEO Stephen Cartwright.

"Uncertainty about the health crisis and the future of business support programs, such as JobKeeper, is having a massive chilling effect on the appetite of business owners to hire staff and invest for the future," Mr Cartwright said.

"The Recovery Drivers discussed in our report are aimed at ensuring that businesses stay open, staff are rehired and that the foundations for future economic growth are set in place.

"These Drivers include a Federal and State Government Compact committing to returning unemployment to below 6 per cent by June 2022, providing greater certainty on the pathway ahead for businesses currently affected by restrictions, supporting young people through a Youth Jobs Guarantee and replacing **JobKeeper** with a new rebate to protect vulnerable jobs.

"Our future living standards depend on our resolve to reduce the cost of doing business and improving competition in markets. That is why we urgently need regulatory reform to drive business growth, concrete steps to improve NSW's energy outlook and investment in new infrastructure to unlock economic capacity in regional NSW.

"We would also like to see greater co-operation, including through National Cabinet, to implement overdue reforms to federal financial relations, payroll tax and workplace relations.

Business NSW conducted a **Business Recovery Survey** of more than a thousand businesses in June 2020 to better understand the operating environment and to identify what needs to be done to navigate the crisis through to the other side.

The survey suggests there are significant challenges ahead:

- On average business revenue has fallen 43 per cent, around half of which is due to government restrictions on trade and a third due to lack of customer demand.
- Around one in three recipient businesses have not planned for when **JobKeeper** payments stop

- One in two recipients indicated they will be unable to maintain current hours and headcount after **JobKeeper** ends
- Outbreaks in Victoria, and the subsequent risks to NSW, underscore the persistent threat posed by COVID-19. Before Victoria was locked-down, 24 per cent expected the economy to strengthen over the next three months. Now only 19 per cent are expecting an improvement
- Tourism, construction, transport, hospitality and education businesses are least likely to be back to normal by October
- Only 29 per cent of businesses said they would likely be in a position to hire new staff by October 2020.

“Despite the challenges ahead, there is a real opportunity to take advantage of Australia’s success in managing the health crisis.

“Two in three businesses believe Australia will recover faster than comparable countries, while eight in ten businesses expect to be operating back to normal by October.

“In this global crisis, Australia has an opportunity to seize and then capitalise on its reputation as a safe and reliable place to invest, work and study,” Mr Cartwright said.

Our Research Report and Recovery Drivers are available at businessnsw.com.

About Business NSW

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

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