

BACK ON TRACK

What businesses need to recover from the economic impacts of COVID-19



CEO Message

COVID-19 presents a once in a generation challenge for our business community.

Businesses have had to make enormous sacrifices to keep all of us safe during this global health crisis. Unfortunately, this has come at great cost, with many businesses having to close their doors or lay-off staff.

Governments have taken decisive action to protect citizens against COVID-19 and limit the economic damage resulting from restrictions on large parts of our economy.

While Australia has performed well compared to other countries, outbreaks in Victoria and the subsequent risks presented to NSW underscore the persistent threat posed by COVID-19.

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

Our survey suggests there are significant challenges ahead. Governments must delicately balance the need to get back to normal while containing the risk of instability when support measures, such as JobKeeper, are wound back later this year.

Based on our survey results, we've identified ten key priorities for business recovery. These Business Recovery Drivers will protect and steady the economy in the short-term and, in the longer-term, lay the foundation for our future success.

The onus now rests on our political leaders to work together to get our economy back on track.

Stephen Cartwright
Chief Executive Officer

Business impacts

Revenue down

43%

1/2 due to government restrictions

1/3 due to lack of customer demand

Outbreak hurting optimism

24%

expected a stronger economy, before Victoria was locked-down

19%

expected a stronger economy when surveyed after the lockdown



Business outlook

2 IN 3

believe Australia will recover faster than comparable countries

Most beneficial NSW policies

- Relief from fees and charges
- Payroll tax relief
- \$10,000 grant

Least likely to be back to normal by October

- Tourism
- Construction
- Transport
- Hospitality
- Education

8 IN 10

businesses expect to be back to normal by October 2020

What businesses said about JobKeeper

2 IN 5

would be closed without JobKeeper

3 IN 4

said it made their staff much better off

2 IN 3

said it will help their business to 'snap back'

1 IN 3

have no plan for when payments stop

ONLY 1 IN 2

will be able to maintain current hours and headcount when payments stop



OUR 10 BUSINESS RECOVERY DRIVERS

Immediate priorities

Steady and protect the economy

Recovery driver 1

Sign a compact to return unemployment to below 6%

The Commonwealth and state governments should boost confidence by signing a compact to return the unemployment rate to below 6 per cent.

Checklist

- Sign compact
- Implement recovery drivers to achieve target
- Promote the target to boost business and consumer confidence

Recovery driver 2

Think beyond 'step three'

The Commonwealth and state governments should provide businesses greater certainty about when and under what conditions restrictions will be lifted.

Checklist

- Continue to tailor restrictions to contain health risks
- Develop 'step four' so businesses can plan ahead
- Work with industry to improve COVID safety while reducing the economic impact of restrictions

Recovery driver 3

Establish a Youth Jobs Guarantee

The Commonwealth Government should introduce a range of measures to invest in our youth, with their futures backstopped by a Youth Jobs Guarantee.

Checklist

- Introduce a wage subsidy for new and existing apprentices
- Boost funding for pre-employment programs like Productivity Bootcamp
- Boost employment opportunities for young people by implementing a jobs program modelled on the UK's Kickstart scheme

Recovery driver 4

Implement JobKeeper 2.0

The Commonwealth Government should replace JobKeeper with a new rebate to protect vulnerable jobs.

Checklist

- Continue to support industries heavily impacted by restrictions
- Implement a new rebate, paid to employers, to ensure an orderly transition away from JobKeeper
- Tailor policies to ensure support is targeted to viable businesses

Longer-term initiatives

Reducing business costs

Recovery driver 5

Regulatory reform for growth

The NSW Government should deliver our five-point regulatory reform plan to drive business growth.

Checklist

- Implement our five-point regulatory reform plan
- Improve regulatory quality by prioritising growth objectives when reviewing new and existing regulation

Recovery driver 6

Provide affordable, reliable energy

The NSW Government should expand the energy supply market and remove unnecessary costs on business.

Checklist

- Remove NSW taxes from energy bills
- Approve the Narrabri gas field
- Boost business energy efficiency support

Business-friendly government

Recovery driver 7

Fix the Federation

The Commonwealth and state governments should work together to deliver better government and improvements in key areas such as tax.

Checklist

- Consider recommendations from Thodey Review at National Cabinet
- Pursue comprehensive tax reform
- Transfer responsibility for skills funding to the Commonwealth

Letting businesses grow

Recovery driver 8

Solve payroll tax

The NSW Government, in partnership with the Commonwealth and other state governments, should ensure payroll tax does not deter employers from hiring staff.

Checklist

- Lower the impact of payroll tax on job creation
- Improve payroll tax administration by considering changes to the tax base
- Re-examine reform options identified in the Henry Tax Review

Recovery driver 9

Improve workplace relations

The Commonwealth Government should create a workplace relations system that cuts red tape, creates jobs and boosts living standards through improved productivity.

Checklist

- Ensure productivity is central to workplace relations
- Simplify workplace relations for small business

Capacity building

Recovery driver 10

Build a seamless state economy

The NSW Government should build a seamless state economy to connect regional NSW and deepen labour markets.

Checklist

- Invest in infrastructure to improve regional connectivity
- Pilot remote worker hubs in NSW public service
- Remove tax barriers to business relocation