PRE-BUDGET SUBMISSION TO THE NEW SOUTH WALES GOVERNMENT

FEBRUARY 2021

BUSINESS NSW

FOREWORD

Business NSW welcomes the opportunity to provide a pre-Budget submission for the 2021/22 NSW Budget.

As NSW's peak business organisation, *Business NSW* has more than 30,000 member businesses across NSW. We work with businesses spanning all industry sectors including small, medium, and large enterprises.

Operating throughout a network in metropolitan and regional NSW, *Business NSW* represents the needs of business at a local, state and federal level.

Business NSW acknowledges the achievements of the NSW Government in supporting the recovery of businesses from the ravages of COVID-19 pandemic, and particularly in tracing and controlling recent COVID-19 outbreaks.

NSW is the envy of many other jurisdictions around the world, both for our minimal health impacts and also for avoiding significant economic damage. Even during recent outbreaks, NSW's contact tracing was exemplary, managing to control the spread of the virus and avoiding lengthy lockdowns across the state.

Continuing outbreaks are expected to be 'the new normal,' at least until the widespread administration of vaccines. Conducive conditions for business over the coming year will rely on both the speed of vaccination deployment and continued ability to contain outbreak clusters.

Less than four months have passed since the NSW Treasurer handed down the 2020-21 Budget. In his speech, he described that Budget as the "plan for a prosperous, post-pandemic NSW." The short gap between budgets means that our priorities have not changed much. A return to growth will be vital to restoring productive employment and repairing the state's finances. NSW's businesses will be essential for that to occur.

Business NSW is pleased that the NSW Government addressed many of the recommendations contained in our October 2020 Supplementary Pre-Budget Submission.

Our pre-Budget submission for the 2021/22 NSW Budget builds on our 2020 submission in key areas to further hasten recovery from the effects of the pandemic. This submission is in two parts:

- **Part 1: The state of NSW** identifies the existing conditions in NSW collated from a range of sources including our December 2020 Business Conditions Survey of more than 500 businesses.
- **Part 2: Recommendations** considers the State Outcomes and makes recommendations in key areas to achieve the outcomes and to support a jobs-led recovery.

PART 1: THE STATE OF NSW

Current business conditions

The impact of COVID-19 over the last 12 months has been significant. However, our Business Conditions Survey in December 2020 indicated that businesses in NSW were recovering from a very challenging year. The survey showed that the NSW Business Confidence Index reached positive territory for the first time since the 2018 June quarter (see Chart 1).

This strong performance came before new COVID-19 restrictions were introduced over the Christmas-New Year period due to the COVID-19 outbreak clusters in the Northern Beaches and Western Sydney. Those restrictions reduced confidence and business conditions, particularly in affected regions and industries most susceptible to restrictions on people's movements and other COVID-related restrictions.

However, the improvement in business confidence prior to those outbreaks reflected growing optimism about the economic situation as governments lifted some of the major restrictions that had been brought in earlier in 2020 (see Chart 2). Business communities responded positively to the reopening of both the NSW-Victoria and NSW-Queensland borders, with the heavily impacted Murray and New England and North West regions showing the strongest rebound compared to the September 2020 quarter.

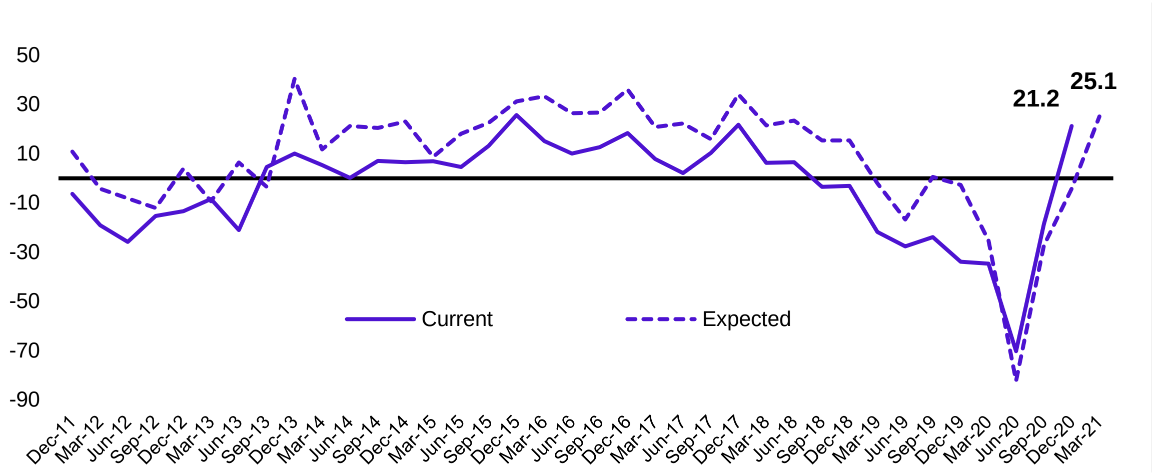
Each of the key measures assessed in our survey showed improvement. With government restrictions easing, consumer spending continued to recover, helping more businesses to increase sales revenue and profitability. This improved operating environment helped more businesses to hire staff and increase capital spending compared to the September 2020 quarter.

Despite these findings, it was clear from our research that full recovery is still a long way off.

Businesses continue to struggle financially, with more reporting decreases in staff and reduced capital spending than reporting increases. It will require further strengthening in consumer spending for these businesses to begin to rehire and reinvest.

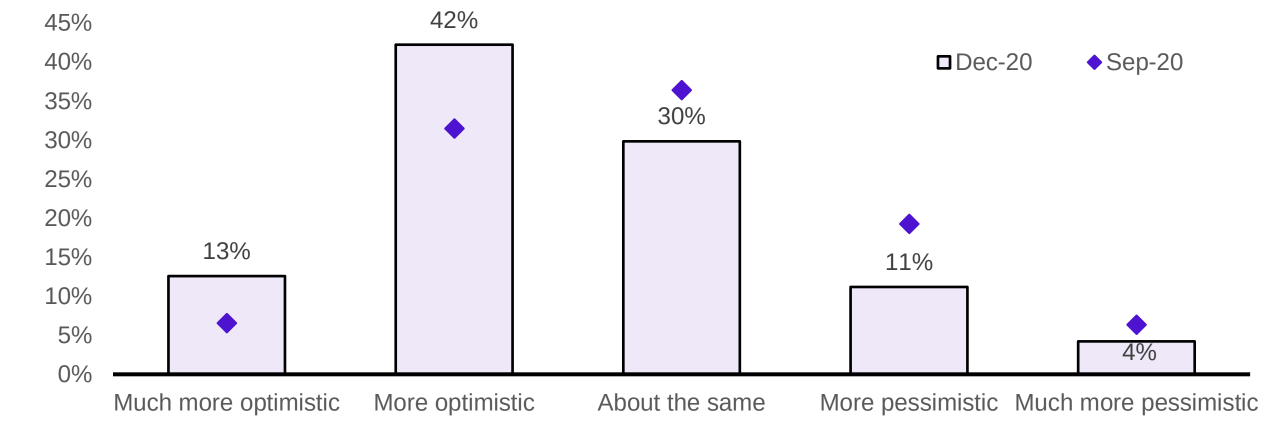
One in four respondents reported a high risk of business failure when support measures such as JobKeeper end in March 2021. Payroll tax deferral arrangements, loan repayment holidays and other key support mechanisms are also scheduled to conclude by this time (see Chart 3).

Chart 1 – Business confidence (December 2020)



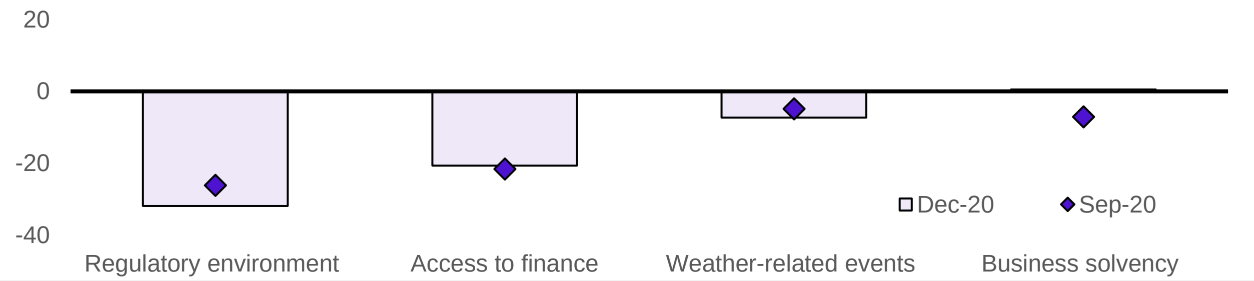
Source: Business Conditions Survey, *Business NSW*, December 2020. Note: Expected is for the March 2021 quarter. See full report for details on index values.

Chart 2 – When thinking about your business, how optimistic are you about the impact of COVID-19 compared to three months ago?



Source: Business Conditions Survey, *Business NSW*, December 2020.

Chart 3 – Factors weighing on business*



Source: Business Conditions Survey, *Business NSW*, December 2020.

*Index scores calculated as the percentage of respondents indicating the factor was more favourable minus those indicating the factor was less favourable. A positive number implies an improvement whereas a negative number implies a deterioration.

Jobs growth and expansion remain slow

Hiring still lags improvements in other key measures. Only 16.7 per cent of respondents to our Business Conditions Survey reported increased staffing levels over the December 2020 quarter, though this is an improvement compared to the September quarter (11.4 per cent) (see Chart 4).

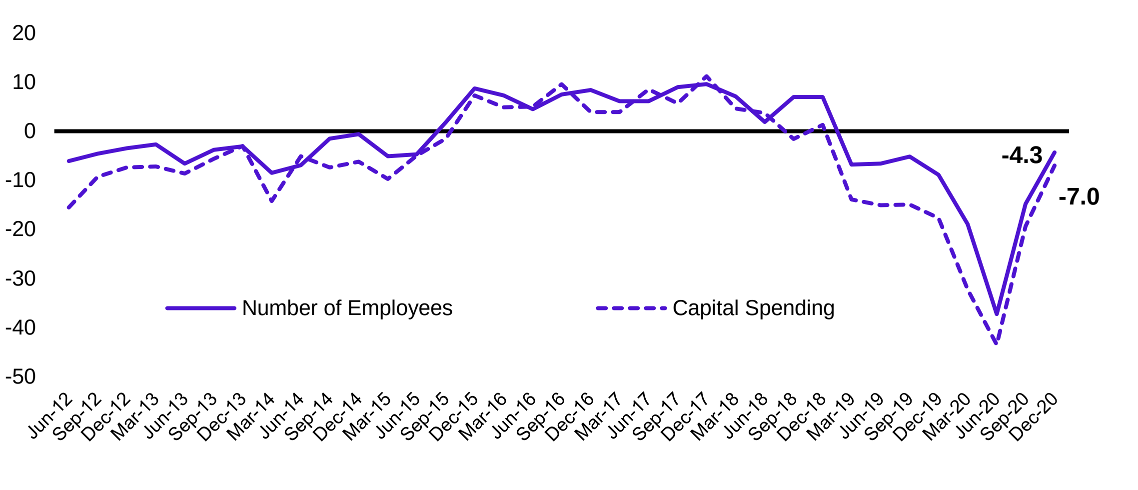
There was also a modest increase in businesses reporting increased capital spending over the previous quarter (28.8 per cent in December compared to 23.6 per cent in September) (see Chart 4).

An increasing number of businesses are looking to expand their capacity to meet demand. For the first time since the 2019 December quarter, more businesses are prioritising expansion (38.4 per cent) than prioritising downsizing their business (29.9 per cent) (see Chart 5).

This uncertainty is consistent with broader labour force data. Despite national improvement in unemployment rates and increases in the creation of new jobs, NSW unexpectedly recorded more than 17,000 jobs lost in December. Participation fell by 0.4 percentage points to 65.5 per cent.

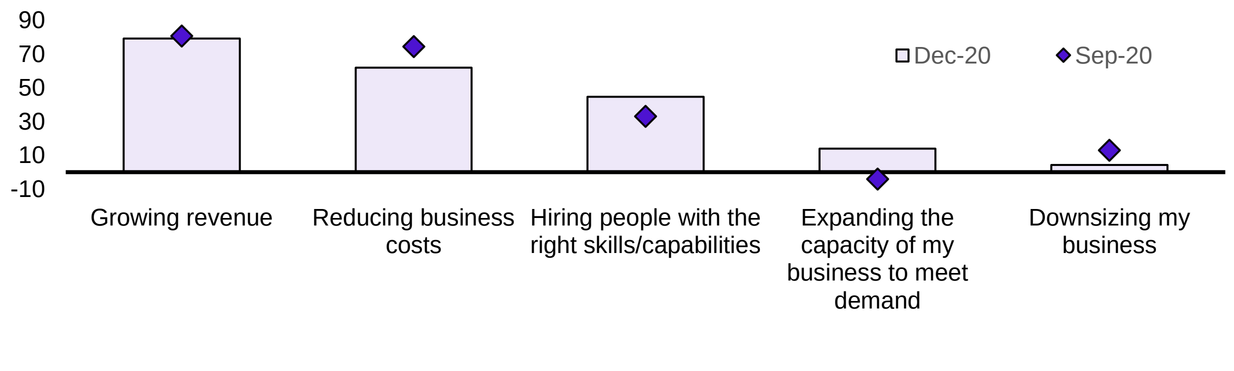
Business NSW collected this data in the first half of December, so it does not reflect the impact of COVID-19 related lockdowns in late December.

Chart 4 – Staff numbers and capital spending



Source: Business Conditions Survey, *Business NSW*, December 2020. Note: See full report for details on index values.

Chart 5 – Business priorities



Source: Business Conditions Survey, *Business NSW*, December 2020.

Some regions and industries are still behind

Despite overall improvement, our Business Conditions Survey showed that regions directly impacted by the southern and northern border closures tracked behind the rest of the state (see Table 1).

Regions that are most reliant on interstate and international visitors, including Illawarra, Newcastle, and Eastern Sydney (including the CBD and Northern Beaches), reported relatively lower activity than other parts of the state. This suggests that businesses in these regions have less ability to absorb a further hit from a re-imposition of stricter restrictions in the event of future outbreaks.

Accommodation, food services and retail continued to bounce back after being hardest hit in the June 2020 quarter. Arts and recreation services are falling behind relative to the rest of the economy as restrictions still in place severely affect their operations.

Table 1 – Regional performance

Region	Business Confidence#		Unemployment rate*	Youth Unemployment rate*
	December 2020 Quarter (Index)	Past Four Quarters (Index)		
NSW	21.2 (n=546)	-34.5 (n=3924)	6.5%	13.2%
Central Coast	22.2 (n=19)	-28.5 (n=137)	5.3%	9.9%
Capital Region	13.8 (n=33)	-54.0 (n=226)	4.3%	7.1%
Central West	24.0 (n=26)	-37.2 (n=172)	4.2%	8.9%
Coffs Harbour – Grafton	33.3 (n=16)	-31.5 (n=130)	8.3%	13.7%
Far West and Orana	11.1 (n=10)	-29.8 (n=84)	1.8%	3.9%
Hunter Valley	15.8 (n=22)	-30.5 (n=190)	5.7%	14.6%
Illawarra	4.8 (n=24)	-46.0 (n=189)	7.0%	16.1%
Mid North Coast	58.8 (n=19)	-41.2 (n=170)	7.9%	16.1%
Murray	41.2 (n=18)	-24.4 (n=172)	4.6%	7.0%
New England and North West	17.9 (n=40)	-34.5 (n=194)	6.4%	13.4%
Newcastle and Lake Macquarie	31.6 (n=19)	-28.8 (n=212)	7.6%	17.5%
Richmond – Tweed	31.7 (n=43)	-25.9 (n=243)	5.0%	9.5%
Riverina	21.4 (n=15)	-33.1 (n=127)	5.4%	6.3%
Southern Highlands and Shoalhaven	40.9 (n=23)	-25.2 (n=123)	4.7%	8.4%
Sydney	14.1 (n=125)	-36.3 (n=1449)	6.0%	12.9%

*Data updated as of 12 January 2021, annual averages used for regional unemployment rates (excluding NSW). This averaging method obscures the full impact of COVID-19 on regional labour markets. #Index is calculated as the percentage of respondents reporting a stronger economy minus the percentage reporting a weaker economy. A positive number implies improving conditions while a negative number implies conditions are weaker. ^Eastern Sydney includes Eastern City, North and South districts; Western Sydney refers to Western and Central cities as designated by the Greater Sydney Commission. Full regional results available at: https://www.businessnsw.com/advocacy/surveys/business-surveys

Winding back support a risk

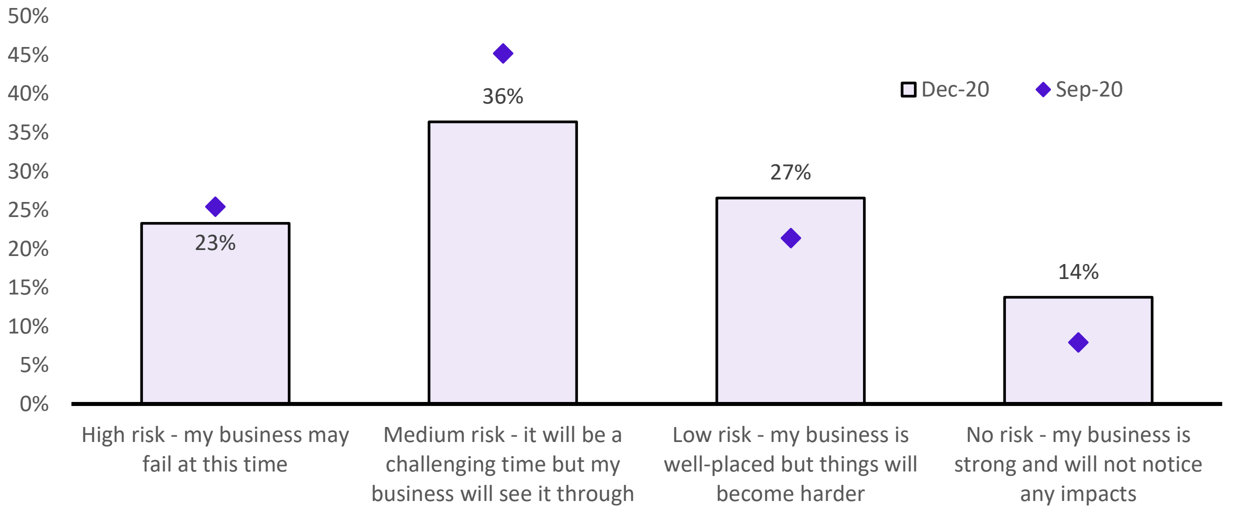
The December 2020 Business Conditions Survey raised concerns about readiness of businesses for the end of JobKeeper in March 2021. While some businesses are getting ready for when this happens, many are not.

Despite overall increases in confidence, 23 per cent of businesses state that they are at a high risk of failure when supports such as JobKeeper, tax relief, interest waivers and other measures end (see Chart 6). This vulnerability will hang over the small business sector for much of the year and will need to be factored into decisions around when and how support measures are withdrawn.

A rapid scaling back of JobKeeper and other support may result in a second wave of instability as businesses are forced to re-examine the viability of their current operations. This is particularly relevant considering the potential for future COVID-outbreaks.

That is why *Business NSW* has called on the Commonwealth Government in its Pre-Budget Submission to the Commonwealth Government to provide a new program of wage support for businesses affected by ongoing government restrictions. If there is no replacement support beyond March, the NSW Government should urgently develop further support measures for NSW businesses.

Chart 6 - What is the risk your business will face serious challenges when support measures such as JobKeeper, tax relief, interest waivers and other measures end?



Source: Business Conditions Survey, *Business NSW*, December 2020.

Skills and human capital a priority

In December 2020, 44 per cent of businesses reported experiencing a skills shortage, and 40 per cent reported that COVID-19 had made it more difficult to address their skills needs.

The percentage of businesses experiencing a skills shortage increased from September 2020 (39.8 per cent with a shortage), but was lower than historical trends (55.4 per cent in July 2019 and 59.8 per cent in March 2017).

The largest skills shortages were found in Agriculture, Forestry and Fishing (71.4 per cent), Construction (67.9 per cent), Manufacturing (60.6 per cent), and Accommodation and Food Services (57.4 per cent).

These industries have been most severely affected by a combination of:

- increased demand in some industries
- the departure of temporary skilled migrants from Australia during 2020
- the closure of international borders limiting access to working holiday makers and skilled migrants
- longstanding skills shortages in some occupations.

Businesses reported a wide variety of occupations in shortage, including numerous vacancies for electricians, automotive mechanics, fitters and turners, hairdressers and baristas and front of house staff.

Across all industries and occupations, the majority of businesses (60 per cent) reported that it was harder to fill experienced positions than entry-level positions. Half of respondents (51 per cent) reported that shortages were due to applicants not having the right skills, capabilities, qualifications, or experience.

A third (33 per cent) of respondents attributed their skills shortages to the JobSeeker rate being too high, and 29 per cent reported that applicants' wage demands were too high.

Whilst the lack of skilled migration had a relatively low impact on businesses' ability to access skills overall (14 per cent overall), almost half (42 per cent) of those businesses were in the Accommodation and Food Services industry.

Overall, 72 per cent of businesses reported that the shortages had resulted in increased workload for current staff. Almost half (45 per cent) reported that the shortages had resulted in lost business.

This data is consistent with anecdotal feedback received by *Business NSW* over the last few months (see below).

Business needs: what businesses told us about skills and human capital

“The biggest issue we are facing in the next few years is labour. Access to labour is primarily the issue, which has been compounded by the border closures and our reliance on foreign workers to pick fruit. We’ve tried a lot of things, but we can’t get locals to pick fruit.”

Agriculture, Forestry and Fishing business, Coffs Harbour-Grafton

“The growth and productivity of my business will be directly affected by the absence of skilled labour. The more I have to outsource, the more it costs me to manufacture my product.”

Retail Trade, Newcastle

“Regional towns need willing workers otherwise the opportunity will be lost. Please provide incentives to people in cities to at least temporarily move to regional areas.”

Accommodation and Food Services business, New England and North West.

PART 2: RECOMMENDATIONS

In response to NSW Treasury's request that pre-Budget submissions focus on lifting performance against the State Outcome indicators identified in the 2020-21 Budget, *Business NSW*'s recommendations address the following areas:

- Customer Service:
    - Excellence in Customer Service
    - Fair, secure and efficient markets
- Education
    - Educational foundations for success
    - High-quality standards for schooling in NSW
    - Skilled and employable workforce
- Health
    - Keeping people healthy through prevention and health promotion
    - Planning, Industry and Environment
    - Connecting communities to resilience and sustainable energy and local environments
    - Create a strong and liveable NSW
    - Sustainable, secure and healthy water resources and services
- Premier and Cabinet
    - Effective and coordinated Government
- Regional NSW
    - Mineral and petroleum industries generating prosperity, safely
    - Stronger and cohesive regional communities and economies
    - Stronger primary industries
- Stronger communities
    - People have a safe and affordable place to live
- Transport
    - Sustainable transport systems and solutions supporting economic activity
    - Connecting our customers' whole lives
    - Successful places for communities
- Treasury
    - A strong, resilient and diverse economy
    - A sustainable fiscal environment enabling delivery of outcomes
    - Stewardship of the public sector performance and financial system

The relevant State Outcomes are also identified at the beginning of each of the following sections.

Economic strategy

Recovery from COVID-19 requires putting growth and jobs first.

Less than three months have passed since the Treasurer handed down the 2020-21 Budget. In his speech, he described that Budget as the "plan for a prosperous, post-pandemic NSW."

The short gap between Budgets means that priorities have not changed much. A return to growth will be vital to restore productive employment and repair the state's finances. NSW's businesses will be essential for that to occur.

Relevant State Outcomes

- A strong, resilient and diverse economy
- A sustainable fiscal environment enabling delivery of outcomes
- Stewardship of the public sector performance and financial system

Minimising the impact of the pandemic over the rest of the year will require an efficient, rapid rollout of vaccinations, as well as a more predictable approach to lockdowns and restriction measures. Business conditions will become more challenging as the supports provided by the Commonwealth to businesses, most significantly JobKeeper, expire in early 2021. This is likely to have the highest impact in sectors affected by continuing restrictions. Businesses set up to serve international visitors in tourism and education are particularly vulnerable, but those sectors' supply chains extend to businesses in all kinds of sectors located throughout the state.

Investment in productive assets will be important. The infrastructure pipeline is already well-stocked with projects including those which have been fast-tracked over the past year. City-shaping projects, like the three Metro lines in development, WestConnex and the Western Harbour and Northern Beaches tunnels, will set Greater Sydney up for success for decades to come.

A strong jobs narrative

Getting people back into work is a critically important part of recovering from the economic impact of COVID-19. *Business NSW's* report *Back on Track* proposed adopting employment targets to give people greater confidence about their futures. An employment target is a no-regrets measure that has the potential to amplify the impact of initiatives aimed at boosting jobs.

Back on Track recommended that the Commonwealth and the states work towards returning the unemployment rate to below 6 per cent by June 2022. We note the Commonwealth has since committed to retaining fiscal support measures until the unemployment rate is below 6 per cent. A similar commitment from the NSW Government would provide confidence that all tiers of government are working towards a jobs-led recovery.

Fiscal sustainability over the medium to long-term

In the short-term, the NSW fiscal position is likely to be difficult. In the 2020 Budget, the Treasurer set out the expectation that NSW could return to budget surplus by 2024, at the earliest. Keeping expenses under control remains the most important mechanism to ensure prudent budget management. Business NSW supports efforts to make government agencies more efficient, such as by improving and optimising government service delivery with digital transformation.

The NSW Government currently commits itself to keep expenses growth below long-term average revenue growth (as set out in the *Fiscal Responsibility Act 2012*). Expenses growth has been kept below long-term average revenue growth of 5.6 per cent as defined in the *Fiscal Responsibility Regulation 2013*. Forecasts over the forward estimates rely on slowing expenses growth to below the rate that nominal gross state product and revenue are able to grow.

Business NSW notes the Government's fiscal responsibility architecture does not directly establish a robust constraint on the size of government: the 5.6 per cent expenses growth ceiling exceeded projected growth of nominal gross state product. Due to the lingering scarring effects of the pandemic, expenses may continue to increase more rapidly than the state's economy grows. The 5.6 per cent target is significantly higher than forecast revenue growth over recent forward estimates (both pre-pandemic and in the 2020 Budget).

Business NSW again recommends that nominal gross state product be used to benchmark expenditure growth, to prevent the fiscal gap from widening.

Supporting business transformation

A priority for Government support should be to facilitate the most productive utilisation of economic capacity. Many businesses have had to undertake significant transformations to change the way they do business, which has required significant investments to upgrade facilities and alter business processes to adapt to COVID-19.

As JobKeeper starts to be wound back, there is likely to be a new wave of business transformation as old business models can no longer be sustained. *Business NSW* believes there is a compelling case for the Government to support these businesses or business owners in transitioning to their 'new normal'. *Business NSW* has developed more detailed proposals outlining the type of advice and support the Government could provide. *Business NSW* is able to provide these proposals separately on request.

Back on Track called on Government to issue vouches for small businesses to obtain professional financial advice from trusted advisors. This will support businesses in making well-informed decisions in the crucial period when support measures lapse.

Discount rates

Back on Track recommended that procedures for discounting benefits in Benefit-Cost Assessments (BCAs) be reviewed, particularly in light of low interest rates, to properly value projects capable of delivering benefits well into the future. The purpose of re-examining discount rates is to ensure that future benefits are not undervalued when considering the merit of potential government investments.

Aside from the opportunity cost of capital, *Business NSW* does not believe there is a compelling reason to discount benefits accruing to future generations. It is therefore appropriate to adjust discount rates to reflect the lower interest rate environment within which governments now operate.

The need for Treasury to review discount rates has become more pressing due to COVID-19. A much broader range of considerations are relevant to project selection than would normally be the case. This includes the need to maximise utilisation of spare capacity in the economy. Some types of projects, although they may have a relatively favourable BCR, may be less effective at absorbing spare capacity given their long lead times and specialised capability needs. The review should also examine other aspects such as the discounting of benefits that flow across state borders.

Recommendations:

1. Adopt a 6 per cent unemployment target in line with the Commonwealth target.
2. Use nominal gross state product as the predominant basis for benchmarking expenditure growth to address the emerging fiscal gap and ensure the *Fiscal Responsibility Act 2012* remains fit for purpose to safeguard the sustainability of state finances.
3. Provide vouchers to support businesses accessing financial advice.
4. Conduct a comprehensive review of the application of discount rates in policy decisions.

COVID-19 response

Success in containing and vaccinating against COVID-19 will determine this year's economic outcomes.

Relevant State Outcomes

- Keeping people healthy through prevention and health promotion
- A strong, resilient and diverse economy
- Effective and coordinated Government

The success of the response to COVID-19 will shape business conditions in NSW over the coming budget year. Widespread vaccination will reduce the susceptibility of NSW's residents to COVID-19. Effective track-and-trace and local containment measures will avoid the need for broader restrictions on movement and business activity, the most damaging part of the response to date.

Business conditions in the wake of the pandemic remain fluid. Between the time of this submission being lodged and the State Budget, the most important measures sustaining businesses through the pandemic are likely to have ended or been altered significantly. As was noted in Part 1 of this submission, 23 per cent of businesses stated in the most recent *Business NSW* Business Conditions Survey that they are at a high risk of failure when supports such as JobKeeper, tax relief, interest waivers end.

These concerns are greatest in businesses catering to international visitors and group activities. Businesses in the Arts and Recreation Services, Education and Training, and Retail Trade sectors were among those most likely to report being at greatest risk. While borders stay closed to international tourists and international students, these sectors will face ongoing challenges and may need targeted support if they are to resume activity when borders open. At time of writing, the Commonwealth has indicated it is evaluating options for post-JobKeeper arrangements.

Business NSW supports calls made by the Australian Chamber of Commerce and Industry (ACCI) to introduce a new program of wage subsidy support targeting businesses heavily impacted by international and state border closures. Aimed at preserving future jobs and skills, the wage subsidy would:

- be set at $450 per week per employee if business turnover is down over one-third or $700 per week per employee if business turnover is down over two-thirds, relative to the same quarter in 2019
- be tested quarterly to confirm eligibility
- be available to those employed on or before 1 January 2021
- retain the industrial relations flexibilities of the JobKeeper payment.
- At time of writing scheduled to end, if it ends, critical for tourism, government must consider support it can provide for affected businesses

At the time of writing, JobKeeper is scheduled to end at the end of March 2021. JobKeeper has been aa critical tool sustaining businesses through the pandemic. While we agree with the sentiment that businesses should be able to sustain themselves, we have concerns that there are some businesses where government restrictions, not low productivity, are the barriers to their viability. As a result, there may be a role for the NSW Government in addressing some of these concerns should the Commonwealth not decide to meet these requirements. NSW should develop a plan indicating its intentions to support businesses affected by ongoing restrictions in the event JobKeeper is withdrawn and not replaced at the Commonwealth level.

Governments in neighbouring states have continued to impose border closures and travel restrictions in an ad hoc and unpredictable manner. The outbreak in Greater Sydney over the Christmas-New Year 2020-21 period has again highlighted the tendency for border closures to be used as an action of first resort, and for states to be reluctant to reopen even after multiple days without community transmission of COVID-19.

Business NSW recognises the efforts made by the NSW Government over the past year to encourage neighbouring states to make responsible decisions. Clarity and consistency over the conditions in which states will close and reopen their borders would be preferable to the current pattern of arbitrary decision-making, and we support further efforts by the NSW Government to reach inter-state agreement on closures.

Vaccines

Vaccination against COVID-19 has begun overseas, with the Australian vaccination campaign scheduled to begin in mid-February 2021. The vaccination program appears central to understanding 'what comes next' as businesses look to emerge from remaining restrictions. With a significant proportion of the population vaccinated, particularly those most vulnerable to the effects of COVID-19, there will be a diminishing need for states to resort to the most damaging types of restrictions on social and commercial activity. The faster the vaccine is deployed, the better the conditions for society and the economy.

Questions remain over the future of international travel. As vaccination of overseas citizens gathers pace and as more Australian residents are themselves vaccinated there is the potential for those that have been vaccinated to be admitted into the country. Actions currently underway to verify and mutually recognise other countries' vaccination efforts will be vital to facilitating international travel once more.

While recognising it is still too early to identify when borders will reopen, *Business NSW* encourages NSW to lead the development of a national strategy covering:

- the conditions upon which the border will reopen
- state/territory and the Commonwealth Government's position on international travel bubbles
- outbound restrictions on Australian residents
- arrangements for international students
- the use of digital 'vaccine passports'.

As NSW has been the main clearinghouse for international arrivals, its contribution to the development of the reopening strategy will be essential.

Recommendations:

5. Accelerate the roll out of COVID-19 vaccinations across NSW.
6. NSW should develop a plan indicating its intentions to support businesses affected by ongoing restrictions in the event JobKeeper is withdrawn
7. Contribute to the development of a national plan to safely reopen international borders including when and how international borders will operate in a COVID-safe way, and which cohorts will be prioritised to enter Australia.
8. Develop clear and consistent criteria, in collaboration with neighbouring states and territories, for when state border closures may occur, allowing businesses and individuals to plan with confidence.

Tax

Tax reform can lead to better employment and land use outcomes.

Relevant State outcomes

- A strong, resilient and diverse economy
- A sustainable fiscal environment enabling delivery of outcomes
- Stewardship of the public sector performance and financial system

With growth and employment top priorities over the coming year, the NSW Government should reduce the burden of taxes which discourage employers from taking on staff and making productive investments.

Property tax reform

The Stamp Duty overhaul is attractive in principle, but the details will determine the impact on businesses

Business NSW has been a longstanding advocate of reform to stamp duty. Stamp duty is a tax on transactions which disincentivises efficient use of land and property, contributing to problems in NSW's housing market.

The Treasurer's announcement last year of the NSW property tax proposal was a positive step, and *Business NSW* will work closely with the Treasury as the proposal is developed. Property tax reform is important in improving housing affordability and the efficiency of NSW taxes. But the proposal will also have an impact on purchasers and renters of commercial and agricultural property. Those impacts will need to be fully understood to ensure that a burden is not simply shifted from owners of residential property to those of commercial property.

The attractiveness of opting-in to the proposed land tax option will be determined by the exact rates at which the different tax regimes are set. If paying the annual land tax for just three or four years will leave property owners worse off than if they had paid the up-front lump sum of stamp duty, land tax will only be attractive to a small subset of businesses.

Business NSW will provide additional detail in its property tax reform submission.

Payroll tax

Payroll tax reforms last year were a boost for business. Payroll tax reform is still a priority for businesses. There is scope for the NSW Government to begin tackling payroll tax in 2021 to ensure payroll tax does not become an obstacle to economic recovery and employment.

Payroll taxes are state taxes, but payroll tax reform will require Commonwealth involvement. Payroll tax accounts for around a third of NSW's own-source revenue. Accordingly, alternative revenue sources must be found for state governments.

As a result, there is still a need for the Commonwealth and state governments to come together to set themselves the challenge of ensuring payroll tax does not get in the way of employers' ability to hire staff during our economic recovery. There are a range of options available, some of which were considered in Australia's Future Tax System Review (the Henry Review). However, most would need a degree of partnership with the Commonwealth, including:

- a cash flow tax
- giving states and territories a share of income tax
- a broad-based labour value-added tax
- collecting payroll tax through the PAYG withholding system.

Each of these options requires further detail including analysis of costs, benefits, and SME impacts. But all can reduce the tax administration costs associated with the current payroll tax system. *Business NSW* accepts that more fundamental reforms to payroll tax would require careful consideration, and supports the recommendations of the Thodey Review of Federal Financial Relations and the Productivity Green Paper which called for a national approach to reform. States and territories, together with the Commonwealth, should explore the merits of these proposals so we can get rid of a tax that will obstruct economic recovery.

While this more substantive reform will take time, there has been an opportunity to ensure payroll tax is not an impediment to employment growth in the near term. In last year's NSW Budget, the Treasurer announced a welcome suite of alterations to payroll tax, including raising the minimum threshold, temporarily reducing the effective rate, and introducing the Jobs Plus Program providing payroll tax relief to businesses adding more than 30 jobs in NSW. The Treasurer should commit to keeping these alterations in place, at least until the 6 per cent unemployment target is passed.

Recommendations:

9. Continue development of property tax replacement for stamp duty in consultation with commercial property owners.
10. Work with the Commonwealth to develop a solution for replacing payroll tax.
11. Extend payroll tax relief measures until unemployment falls below 6 per cent.

Education and skills

Vocational education and training (VET) is vital for getting people back in work and making businesses more productive.

Relevant State outcomes

- Educational foundations for success
- High-quality standards for schooling in NSW
- Skilled and employable workforce

Increase VET funding

Access to labour and skills has become a key challenge for many businesses across the state as they struggle to find skilled and unskilled workers to support the jobs-led recovery.

As discussed at page 8 of this submission, almost half of businesses reported currently experiencing a skills shortage, despite high unemployment rates. *Business NSW* considers the Vocational Education and Training (VET) sector to have a critical dual role: supporting people into work and ensuring that businesses can source the skills they need to support recovery.

For many years, funding for the VET sector has fluctuated. The 2021 Productivity Commission Report on Government Services showed these fluctuations – with overall Government funding for VET lower than it has been at almost any point over the last 20 years. Over the last two years, *Business NSW* notes that the NSW Government has significantly increased its quantum of VET funding – from $877 million in 2017 to $1.2 billion in 2019. Whilst this is a significant investment, it still falls far behind what NSW needs and is less than Government investment in VET in 2001 ($1.4 billion in 2005 dollars). In addition, Commonwealth funding to VET in NSW has significantly reduced over the last few years from $674.5 million in 2017 to $582 million in 2019.

This has resulted in lower participation rates and businesses reporting inadequate quality training of out-of-date skills, a lack of available courses, particularly in regional areas, and, ultimately, low employer satisfaction with VET. This is confirmed by NCVER data which has seen a 12.5 per cent reduction in employer satisfaction with the VET system between 2011 and 2019.

Accordingly, the new national agreement provides an opportunity to reset the relationship between the Commonwealth and NSW, and provide greater clarity, transparency and consistency around funding responsibilities, ensuring the right balance between quality, compliance and efficiency.

It may also be an opportunity to reconsider transferring greater responsibility for VET to the Commonwealth in order to align it more fully with the rest of the tertiary education sector. Irrespective of how responsibilities are structured, the agreement must carry forward the commitment made by all Governments in the Heads of Agreement to a real increase in overall VET funding.

VET reforms for quality and engagement

Business NSW participated in the consultation on the Review of the NSW Vocational Education and Training Sector and was enthused by the discussions. However we note that the Final Report from the Review is still to be released. *Business NSW* hopes that implementing its recommendations will help address some of the key challenges not requiring Commonwealth / state agreement.

Refine JobTrainer courses

JobTrainer has been a significant investment by both the Commonwealth and NSW Governments. However, course availability could be improved. For example, there are no part-qualifications nor full-qualifications available in hospitality under JobTrainer. This is a key concern for businesses that are already experiencing skills shortages. For example, more than 57 per cent of Accommodation and Food Services businesses reported skills shortages in the December 2020 Business Conditions Survey.

Reconsider how to tackle youth unemployment

The NSW youth unemployment rate remains high, with young people still among the hardest hit by the COVID-19 pandemic. For young people unable to find work, the Commonwealth Government's JobMaker Hiring Credit, and other programs such as the JobSeeker allowance, have had a material impact. However, there is still scope for NSW to offer additional youth support.

Business NSW, through its Skillsroad platform, delivered a pilot program as part of the Youth Employment Innovation Challenge (YEIC). Despite positive outcomes, this program is not funded beyond its pilot period. The YEIC was part of the broader Smart, Skilled and Hired program which also appears to have ended. The NSW Government should review the successes and failures of these recent youth employment programs with a view to offering a new suite of programs to support young people into work that go beyond the availability of subsidised training.

Recommendations:

12. Ensure that the new national agreement for skills carries over the commitment to a real increase in overall VET funding.
13. Focus VET reform priorities on improving quality and better industry engagement.
14. Review the list of courses available under the JobTrainer program and include hospitality courses.
15. Review the successes of recent NSW youth employment programs and develop and deliver a new program that supports young people into work.

Housing and planning

Problems in the housing market reduce employment and quality of life.

Housing shortages

Housing shortages have become a significant constraint on business activity across the state. Problems with housing availability have been exacerbated by the loss of homes during the 2019-2020 bushfire season, and by shifting patterns of housing demand during the COVID-19 pandemic.

Some communities, particularly in regional NSW, have struggled to accommodate a recent surge in housing demand. Employers who are trying to take on more staff are finding their efforts blocked as staff cannot find places to live.

Relevant State Outcomes

- A strong, resilient and diverse economy
- Create a strong and liveable NSW
- People have a safe and affordable place to live
- Excellence in Customer Service
- Effective and coordinated Government
- Stronger and cohesive regional communities and economies

Temporary housing has proven difficult to mobilise quickly, with proposals held up in planning approval processes. The result has been jobs foregone and growing challenges attracting key workers to some regional towns. For example, in Bellingen, more than a third of a police officer's salary would be swallowed up in rent each month. Healthcare workers in Batlow have had to sleep in tents overnight because housing is not available.

In bushfire affected regions, a combination of limited availability of skilled workers to rebuild homes, and drawn-out insurance and planning approval processes, have left housing in particularly tight supply. People who lost their homes have occupied all spare capacity, leaving no slack to accommodate temporary workers or new arrivals.

Meanwhile, high and rising house prices in Sydney continue to contribute to the challenge of attracting and retaining young employees in the city. There has been little let-up during the pandemic in house price inflation, despite dramatic reductions in international migration and international student arrivals.

These outcomes prove that NSW is still far from having solved its housing market challenges. The balance between rigorous assessment processes and meeting people's housing needs still tilts too far in the direction of deliberation and delay.

Though the NSW Government has reduced its projections for population growth over the coming years, that should not be used as an excuse to resist housing approvals. Furthermore, due to changes in commercial property usage, there may be opportunities to re-purpose buildings currently used for office space to meet some of those housing needs.

Changes to the stamp duty regime will also affect the housing market in coming years. This is considered in the Tax section above.

Planning approvals

Over the past year, the Government has taken several welcome actions to attempt to speed up planning approvals. The Planning System Acceleration Program comprises several key reforms aimed at supporting "productivity, investment and jobs during COVID-19", including:

- fast-tracked assessments across the state with additional supports for 'horizon projects'
- support for LGAs to speed up their own approval processes
- dedicated funding for infrastructure in Blacktown and The Hills
- a potential overhaul of the infrastructure contributions system.

The success of these reforms to date should give the government confidence to make them permanent, and to rule out any reversion to slower pre-pandemic systems. However, there is still ample scope and considerable community need for these processes to be made even quicker, less onerous in terms of informational and compliance requirements, and more responsive to crises like the loss of housing during the bushfires.

Precinct infrastructure

The NSW Government has made significant investment in essential city shaping infrastructure including Sydney Metro, Westconnex and the Western Harbour Tunnel, as well as Sydney Fish Markets and the Sydney Football Stadium.

However, more work needs to be done with an eye to ensuring that Sydney as a global city functions to support growth and productivity. This requires focusing on developing the infrastructure in and around key precincts across Greater Sydney, including:

- Pyrmont
- Macquarie Street East
- Circular Quay
- Tech Central.

These precincts generate and support employment, and therefore need local connectivity and amenity to ensure that the investment in the large infrastructure projects maximises their economic potential. Achieving this requires greater priority, coordination and support for local infrastructure, such as local roads, foot paths, and public spaces. In turn, this requires further reduction of planning impediments that continue to delay projects and add costs. Government has a number of units empowered to address these issues, including the Coordinator General, Planning Delivery Unit at NSW Department of Planning, Industry and Environment and Restart NSW.

While current projects have continued, the medium-term pipeline (2022 and 2023) is weak. As it currently takes two to three years to drive major projects through the planning system, this looming gap will need to be addressed.

As noted in Part 1, businesses connected to hospitality, tourism and travel have been particularly heavily affected by the pandemic and the restrictions on the economy that have had to be introduced. The restoration and recovery of those sectors will require particular attention from government over the next year. Measures such as ‘Dine and Discover’ will address this in select areas (including the Northern Beaches and The Rocks) before being rolled out state-wide. Those areas should be a focus for additional investment support as Australia prepares for the reopening of international borders and the resumption of travel- and tourism-based business activity, when pandemic conditions allow.

Recommendations:

16. Remove planning system barriers to new housing starts.
17. Review rules to enable conversion of office/commercial buildings for residential use in certain cases.
18. Make permanent changes to planning procedures that have enabled ‘fast-tracking’ of developments in NSW.
19. Accelerate the development of key precincts including Pyrmont, Macquarie Street East, Circular Quay and Tech Central.
20. Enhance and prioritise local infrastructure around key precincts through the Coordinator General, Planning Delivery Unit at NSW Department of Planning, Industry and Environment and the Restart NSW Programme including Sydenham interchange.
21. Facilitate and bring forward investment in precincts that are critical to the restoration of the hospitality and tourism sector including The Rocks, Sydney and the Central Business District.

Infrastructure

Accelerated development of projects in the pipeline a top priority.

Transport infrastructure

The state has made significant progress throughout the past year accelerating development of major transport infrastructure projects committed to in previous budgets. Construction on Metro West has begun, while Metro Greater West and the Sydney Harbour Tunnel have moved closer to commencing.

Infrastructure Australia developed the Infrastructure Priority List over the last several years, identifying projects and 'initiatives' (i.e. groupings of smaller projects or early-stage proposals in need of greater definition or refinement).

Relevant State outcomes

- A strong, resilient and diverse economy
- Create a strong and liveable NSW
- People have a safe and affordable place to live
- Stronger and cohesive regional communities and economies

Given the state of public finances and the need for budget repair, *Business NSW* does not consider it appropriate to propose extensive new infrastructure projects beyond those on the Priority List. However, there are items on the list which have not yet received the support and prioritisation extended to the fast-tracked projects:

- Parramatta Light Rail Stage 2 has been a longstanding focus for *Business NSW*. Its status should be resolved and the project resumed.

- The Picton Road upgrade project between the Illawarra and South-West Sydney received funding for business case assessment this year. That progress should be built on, with the NSW and Commonwealth governments jointly funding the upgrade of this important but dangerous corridor to motorway standard – two lanes in each direction, separated the entire way.

- Significant planning and investment in rail infrastructure is needed now to support local business and industry as well as the residents of the Illawarra region. Population growth in the Illawarra, as well as the reliance of established industry on heavy freight, means that the already strained capacity of the South Coast Line will become increasingly acute in the near term, with flow on effects for road capacity and regional growth. *Business NSW* supports the proposals made by the *Illawarra Business Chamber* to fund the South West Illawarra Rail Link.

In recent years, Government has funded a series of programs aimed at improving regional transport infrastructure. Fixing Country Roads, Fixing Country Rail, Bridges for the Bush and the Regional Freight Pinch Point and Safety Program have made valuable contributions will smaller projects that rarely attract newspaper headlines.
In recent years, Government has funded a series of programs aimed at improving regional transport infrastructure. Fixing Country Roads, Fixing Country Rail, Bridges for the Bush and the Regional Freight Pinch Point and Safety Program have made valuable contributions will smaller projects that rarely attract newspaper headlines.

Business NSW recognises that budget availability will be tighter this year, but it is important that these programs continue to identify opportunities for productive investments in regional NSW. In southern NSW, some projects that would benefit from funding include:

- **Upper Murray - Jingellic Rd Upgrade.** Greater Hume Council needs $900,000 for the upgrade of 5 small bridges. The council already has co-funding from the Federal Government
- **Upgrade of Mulwala Bridge** (over Lake Mulwala) to facilitate cross border travel with Yarrawonga, Victoria

- **Feasibility Study into a Western Arterial Road (from Corowa) into the Ettamogah Rail Hub** (see also *Business NSW*'s submission to the parliamentary inquiry into Inland Rail and regional NSW).

Water infrastructure

During the last period of drought in NSW, it became clear NSW's water infrastructure was not meeting the state's needs under critical conditions. While drought concerns have eased over the past year, it is important not to allow complacency to set in. Now is the time to be focusing on drought proofing communities, not when drought has already set in.

Business NSW set out its priorities for water reform and infrastructure investment in its response to the Commonwealth Productivity Commission's National Water Reform Issues Paper. Additional analysis can be found in the submission, which highlights priorities for water management for urban and regional areas, including:

- improving inter-agency and inter-government governance of water management
- embracing water efficiency practices being demonstrated by Sydney Water and Hunter Water
- setting standard guidance as to when water restrictions will be introduced.

These measures are aimed at reducing consumption and ensuring most efficient use of existing water resources. However, *Business NSW* remains concerned that supply constraints have been insufficiently addressed.

At time of writing, major dam storage projects (including the Warragamba raising and the Dungowan replacement) are in what have been lengthy approvals processes. Our concern is that, while decisions about the fates of each of those proposals are made on the characteristics of those projects, the aggregate effect of those decisions is not able to be factored in. This creates two risks:

- lengthy approval and appeal processes may prevent the additional dam capacity from being in place by the time of the next major NSW drought
- NSW's water needs will be underserved if more obstacles are placed in the way of dam construction.

Recommendations:

22. Work to advance infrastructure projects on the *Infrastructure Priority List.*
23. Fund and progress:
    a. Parramatta Light Rail Stage 2
    b. Picton Road motorway upgrade
    c. South West Illawarra Rail Link (SWIRL).
24. Learn from and roll out water efficiency practices demonstrated by Sydney Water and Hunter Water.
25. Set common standards for when water restrictions will be introduced.
26. Complete the approvals process and begin works to add to NSW's dam capacity.

Energy

Electricity infrastructure roadmap key to development, but other aspects of the net zero plan must not be neglected

Last year saw major developments in NSW's energy policy. The *Electricity Infrastructure Investment Bill (2020)* has set the stage for a sweeping makeover of NSW's electricity market, introducing a new auction-driven process for renewable generation, storage, and electricity firming capacity and an increased role for the NSW Government in planning the electricity system. The implementation plan for that roadmap will develop through 2021. If NSW can deliver the bill savings it has claimed it can achieve, it will be welcome relief for businesses in NSW for whom energy costs remain a concern.

Relevant State Outcomes

- Connecting communities to resilient and sustainable energy and local environments
- A strong, resilient and diverse economy
- Mineral and petroleum industries generating prosperity, safely
- Stronger primary industries

The policy design challenges for such a large and complex reform are substantial. Done well, it has the potential to put the NSW economy on track to cut greenhouse gas emissions by 2050, while keeping the costs of transition under control. Done poorly, it could leave billpayers on the hook for growing costs while reliability deteriorates. Decisions taken over the next few months will determine which track we are on.

To date, public consultation and transparency about the Roadmap has been disappointingly limited. *Business NSW* expects to see proper consultation with all relevant stakeholders, including businesses, in early 2021. The Roadmap's objectives of lower costs and cleaner power provision are admirable, but these good intentions must not be used as pretexts to avoid proper and necessary scrutiny of the detailed implementation plans.

Business NSW awaits further detail from the Government on other elements of its Net Zero Plan Stage 1. The introduction of the Electricity Infrastructure Investment Bill has set out the Government's intentions on the supply side. However, elements of the Net Zero Plan aimed at supporting businesses to reduce their demand remain largely undeveloped. Last year Government announced the government announced last year a $450 million Emissions Intensity Reduction Fund but has not yet provided detail on how that will be allocated and prioritised. Further policy development is also needed on the Primary Industries Productivity and Abatement Program.

There is a risk, as all institutions involved in Australia's energy policy framework have found, that attention gets drawn towards supply issues and away from addressing demand side options, even where they are more cost-effective. For the Government's Net Zero Plan to achieve its objective of reaching net zero emissions by 2050 at the least cost to Australian businesses and the public, it is important that these demand side possibilities not be neglected.

There has also been much-needed progress to address NSW's short-term gas supply challenge. The Narrabri Gas Project received clearance from both the Commonwealth and NSW governments and now just requires the proponent Santos to make its final investment decision. The Port Kembla LNG import terminal has also shown promising signs, with fast tracked planning approval for the terminal and its connecting pipeline, and a potential FID in the first quarter of 2021.

The Commonwealth Government's 'gas fired recovery' plan looks likely to address the pipeline capacity constraints that need to be removed. The longer-term outlook for the sector is less clear. Pilot projects for hydrogen and biogas indicate possible future directions, but much more work is needed before the full extent of the role either will be able to play is fully understood.

Drought and bushfires may have receded behind COVID-19 in the public eye, but the impacts of climate change on NSW businesses, particularly those in regional and coastal areas, will continue to grow.

Recommendations:

27. Develop detailed implementation plans for the Electricity Infrastructure Roadmap, with better consultation with stakeholders including businesses.
28. Complete work on business energy demand reduction initiatives from the Net Zero Plan, identifying priorities for funding via the Emissions Intensity Reduction Fund and Primary Industries Productivity and Abatement Program.

Supporting NSW regions

Support accelerating transition to 'new ways of working'.

Ensuring cross-border competitiveness

Relevant State outcomes

- Connecting communities to resilience and sustainable energy and local environments
- Create a strong and liveable NSW
- Effective and coordinated Government
- A strong, resilient and diverse economy
- Stronger and cohesive regional communities and economies
- Prepare for natural disasters.

In previous years, *Business NSW* has raised issues experienced by businesses operating close to state boundaries. However, the extraordinary challenges brought about by COVID-19 related state border closures, some occurring with minimal notice periods, has brought newfound urgency to the problem.

Lack of coordination and a beggar-thy-neighbour policy among some state governments has been dismaying. While the challenges posed by COVID-19 are not trivial, poor communication and a lack of consistency have meant that impacts on businesses in border regions have been worse than they needed to be. The blame for many of these problems lies not in NSW, but with neighbouring states. However, we still encourage NSW to attempt to form constructive working relationships with other states to ensure that a clear and consistent set of rules are applied to decisions over border closures in coming months, particularly as vaccine rollout begins to alter the risk profile from the disease.

Border communities are also disadvantaged in benefit-cost assessment processes due to the discounting of benefits which accrue over state lines. *Business NSW* welcomes the pragmatic approach taken to address concerns relating to cross-border issues and recommends this approach be adopted for any future issues that become apparent.

To ensure future policies do not give rise to new cross-border issues, *Business NSW* believes all new policies should be subject to specific consideration as to how border communities will be affected. However, we note that it is difficult for this to occur without robust regulatory impact assessment processes. The NSW Cross-Border Commissioner has a vital role in advocating for the interests of border communities, but it is challenging for the Commissioner to properly assess policies if a broader assessment of costs and benefits (including proper stakeholder consultation) is not performed. The NSW Government should also continually monitor policy changes in neighbouring jurisdictions and make changes to the regulatory and policy environment to ensure NSW businesses are not disadvantaged.

Regional resilience

While COVID-19 has dominated the world's attention, it is not long ago that a different crisis unfurling in NSW's regions was grabbing headlines. Bushfires, preceded by drought, had a devastating effect on regional businesses, particularly those in agricultural sectors and communities. The arrival of major rainfall for the first time in several years has eased these pressures through 2020 and into 2021. But lessons should not be forgotten.

Additional steps are needed to better prepare NSW to respond to natural disasters and other economic shocks. Particular care is needed to contain the cost of other government-related fees and charges such as workers compensation premiums.

Business operations can be disrupted by events lying well outside the business owners' control, and any disruption to a small business's operations will have a significant impact on cash flow. As we have seen from the recent bushfires, many small businesses were indirectly impacted by adverse weather events which were not covered by their insurance policies. Both direct and indirect impacts need to be considered and accommodated for. An example of an indirect impact of the bushfires is winemakers whose grapes have been affected by smoke and are no longer suitable for producing wine.

Insurance

Insurance has risen to become the top priority for cost control mentioned by businesses responding to *Business NSW*'s business conditions surveys. Recent disasters, including bushfires, floods and now COVID-19, have exposed inadequate or inappropriate insurance provision across the small business sector. Businesses, particularly those in bushfire or flood-prone locations, are finding in some instances that property is effectively uninsurable, with no providers willing to offer commercial insurance to them.

Fast-rising premiums in public liability and professional indemnity insurance products have been cited by members as a significant barrier to small business participation in government procurement and contracting processes, even when government is dedicating efforts to make procurement more accessible.

Business NSW is aware of modelling suggesting that the contribution of the Emergency Services Levy (ESL) to insurance premiums could increase by 50 per cent for some SMEs. Given the ESL is a highly unfair and inefficient tax, there could be few compelling reasons justifying an increase in the ESL at this time (notwithstanding the need to ensure the appropriate provision of emergency services).

The ESL should be abolished. In the absence of broader reform, *Business NSW*'s recommendation in *Back on Track* was that flexibility for increases in the ESL be smoothed out to avoid dramatic increases in the contribution of the ESL to insurance costs.

Support for regional jobs

The ABS June 2020 data noted that capital cities had a net loss of 10,500 people from internal migration, the largest quarterly net loss on record. This increased demand for living in regional areas will lead to a growing pressure to significantly improve employment opportunities and supporting infrastructure in those areas.

Accordingly, *Business NSW* commends the NSW Government for its commitment to move more public service roles to regional areas . By leading as a key employer, government can identify regulatory barriers and other impediments to success and pave the way for other businesses to follow its lead.

It is important that the NSW Government invests further in the social and physical infrastructure, such as telecommunications upgrades to support additional employment opportunities across regional NSW.

Regional Plans put in place in 2017, especially in the Central Coast and North Coast, no longer correspond with expected population growth and economic development, in the wake of changes to living patterns resulting from COVID-19. The Central Coast Regional Plan also fails to reflect the problems stemming from the financial crisis at Central Coast Council. As a result, *Business NSW* encourages government to review all Regional Plans, starting with the Central Coast and North Coast, to bring them in line with those changes in circumstances.

Recommendations:

29. Put in place a mechanism to review all new policies for their impact on border communities.
30. Abolish the Emergency Services Levy on insurance products and replace it with an alternative means of funding emergency services.
31. Review the NSW Regional Plans, commencing with the North Coast Regional Plan and Central Coast Regional Plan.

Ease of doing business

Regulatory reform and communication with business could be improved further.

The NSW Government must communicate the availability of support initiatives to small and medium businesses.

Regulatory rules contained within public health orders (PHO) can be complex and misinterpreted or unclear. Businesses have reported significant confusion around the applicability of rules, particularly when a business is offering two or more different services in two different industries. For example, for an art gallery containing a coffee shop it was unclear which relevant PHO requirements applied.

Relevant State Outcomes

- Effective and coordinated Government
- A strong, resilient and diverse economy

The NSW Government's response to COVID-19 outbreaks has been to offer welcome financial support. However, the roll out of other initiatives, like Dine and Discover NSW, have taken many months with very few businesses aware of the fund and fewer have registered for the scheme. Small to medium businesses are particularly at risk of missing out on potential gains from this scheme and others like it.

To address these issues, *Business NSW* recommends extending the Business Concierge initiative, successfully introduced during the bushfires of 2019/20, to help business better understand compliance requirements and available supports. The NSW Government should also ensure that small and medium enterprises in particular are made aware of new initiatives. One method would be to undertake an extensive communications strategy, in partnership with industry as trusted advisor, to ensure that small and medium enterprises are aware of grants and subsidies available to them.

Recommendations:

32. Extend the scope of the Business Concierge to provide additional support for interpreting Public Health Orders.
33. Develop an extensive communications strategy to ensure small and medium businesses are aware of available grants and subsidies.

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