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BLEAK OUTLOOK FOR BUSINESSES AMID COST-OF-LIVING CRUNCH

Business confidence has dropped to levels not seen since the pandemic – and before that, the GFC - amid concerns over energy prices, cyber security and interest rates.

The most informative temperature check of business conditions in NSW, the Business Conditions Survey, has revealed a pervasive pessimism from the state's enterprises about the Christmas period.

The survey was conducted by the state's peak business organisation, **Business NSW**, with 870 businesses contributing between 27 October and 7 November.

The headline Business Confidence Index (BCI) came in at -64.3, slightly less negative than the previous reading of -68.6.

However, for the first time since March 2020 (which marked the start of the pandemic and widespread uncertainty), the reading that captures expectations for the next quarter dipped below the headline Business Confidence Index.

Business NSW CEO Daniel Hunter said this suggests businesses are especially downbeat about the near-term economic outlook.

"Businesses don't think things will get better during the Christmas period, they think conditions will get worse," Mr Hunter said.

"Apart from the pandemic, the last time we saw this happen was 2009 in the aftermath of the GFC.

"This survey serves as a wake-up call to all of us that businesses are struggling to emerge from the pandemic."

The report also reveals the state's businesses largely rejected the Federal Budget handed down 25 October 2022.

On a scale of 0 to 10, two-thirds of respondents rated the Budget with a score of 4 or below in terms of its support for the NSW business community. The average score was 3.1 (out of 10).

"There is a consensus that the latest Commonwealth Budget is not doing enough to support business in NSW," Mr Hunter said.

“Business understands the need to build a stronger, more resilient economy and the need to tackle inflation.

“That’s why governments, state and federal, need to press on with skills and tax reforms, support during energy transition, more investment in innovation and a coordinated state-federal productivity agenda.

“In the face of global economic challenges, business does not need industrial relations red tape taking workplaces back to an era of conflict and disruption.”

The Business Conditions Survey also asked businesses about their concerns over cybersecurity, amid the cyberattacks on Medicare and Optus.

Half of all respondents rated their preparedness for cyber attacks at five or less out of ten. The average score was 5.4.

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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