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FUEL CRISIS SPARKS REDUCED HOUR AND WFH REQUESTS

The fuel crisis is forcing almost half of businesses to review staffing levels and hours, prompting calls for job-saving tax relief for regional businesses.

Business NSW has provided the first clear, statewide picture of how the issue is affecting businesses and the broader state economy.

A survey of more than 630 employers has revealed:

- 84 per cent of businesses say the conflict is already impacting their operations, with 37 per cent reporting a significant or severe impact
- 47% of business owners say they are reviewing staffing levels and hours
- 29% of businesses have had to reduce hours or income of staff
- 19% of business report staff have asked for extra WFH days to save on fuel
- 35 per cent report staff are experiencing growing uncertainty around employment and job security

Business NSW CEO Daniel Hunter said these figures show cost pressures are moving rapidly from the balance sheet to employment outcomes, particularly for regional employers.

“When costs spike this quickly, cutting working hours or jobs for staff is the last thing employers want to do. But sometimes, there is no other option.” Mr Hunter said.

“Employers are doing the right thing by their staff, but higher fuel, freight and supplier costs leave fewer options to absorb the shock.

“As any small and medium business owners know, payroll tax compounds the cost because it is effectively a tax on employment.

“That’s why Business NSW is calling for a significant reduction in the rural and regional payroll tax rate to ensure labour-intensive businesses are not taxed into insolvency.”

At 5.45 per cent, NSW has one of the highest payroll tax rates in the country, with a threshold frozen at \$1.2 million despite years of wage growth and inflation.

A NSW business with a \$4 million annual taxable wages bill would save an estimated \$110,000 if it were in regional Victoria – which has a far lower payroll tax rate.

Mr Hunter said across sectors, business owners say the same thing: ‘We are absorbing costs and are squeezed between fuel and freight surcharges on one side and customers spending less on the other’.

“We are hearing clear, repeated requests for immediate relief and stronger oversight, including certainty of diesel supply, action on price gouging, temporary fuel tax relief, and targeted regional payroll tax relief to protect jobs before businesses start closing.

“We learned during COVID that early payroll tax relief works.

“If governments want to protect jobs and regional workforces, acting now to ease payroll tax pressure is far cheaper than dealing with unemployment later.”

“More than 3600 NSW businesses entered insolvency for the first time between July and early March, a 21 per cent increase on 2024.

“New South Wales alone recorded more than 10,000 insolvencies, nearly matching the combined total of Victoria and Queensland over the past three years.”

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. We represent almost 50,000 businesses.

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