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SIX-POINT PLAN TO RESTORE ECONOMIC VITALITY TO NSW AFTER GST RIP-OFF

The great NSW GST rip-off means the NSW Government should target six key areas of economic and business development if we are to supercharge productivity and maintain our status as the best state to start and grow a business.

Following the dismal allocation of GST revenue to NSW, Business NSW has highlighted investment attraction, slashing red tape, productivity improvement, taxation reform, housing supply and busting business costs as the key areas which require the most urgent attention.

Business NSW CEO Daniel Hunter said “our six-point plan is a designed to help pull us out of this forecasted per-capita recession at a time when money is tight and we have been ripped off in the latest GST carve up”.

“We will improve conditions for the state by slashing red tape, boosting productivity, investing in skills and AI, building the housing we need and reforming businesses taxes,” Mr Hunter said.

The six-point plan is part of Business NSW’s [submission](#) ahead of the 2024-25 State Budget in June.

“This budget is an opportunity to help reshape our state over the coming decade, especially when you consider labour productivity peaked in March 2022 and fell from there for five consecutive quarters to levels last seen in March 2016,” Mr Hunter said.

“It is vital that this budget helps bolster productivity as well as consumer and business confidence into the 2024-25 financial year.”

More than one in five (22%) of businesses cited government regulations/red tape as a barrier to expansion in late 2023.

Taxes and government charges were cited by 30% of businesses in late-2023 as a key barrier to expansion. One in three businesses still cited skill shortages as a key barrier to business growth.

“Against headwinds of deteriorating business confidence, rising costs of energy and insurance and the short supply of housing, it is important that this budget continues to build NSW as the best state to start a business in, move a business to, or expand a business in,” Mr Hunter said.

“This year is a critical year for reshaping and reforming our educational systems, with the State VET review, apprenticeship incentive scheme review and the university accords all culminating this year.

“Strong and targeted investment in under resourced parts of our system will go a long way to ensure that businesses have access to a good labour market that has appropriately skilled workers to tackle the problems of tomorrow.

“Rising business costs (in particular energy and insurance) and access to skills and workers across every sector remain a significant challenge, while supply chain issues continue to hamper access to goods.

“It is imperative that the NSW Government adopts our six-point plan to ensure that NSW does not fall into a per-capita recession.”

Six key budget recommendations for the NSW Government

- Investment attraction: Renewed focus on support for inbound investment and overseas trade, working to raise the profile of NSW in the international marketplace;

- Slashing red tape: Continue the welcome planning reforms. Fast-track the Business Bureau and enable NSW businesses to access a “single-touch” payroll tax system;
- Productivity improvement: NSW VET Review supported by strong investment in vocational education and training. Focus on AI, digital literacy and automation take-up. Prioritise key logistics infrastructure investment;
- Taxation reform: lay out a pathway in the upcoming financial year to commit to reducing payroll tax rate from 5.45% to below 5% and increasing the threshold to at least \$1.3 million;
- Housing supply: continue reforms to prioritise housing for skilled and essential workers across NSW;
- Busting ballooning business costs: fast-track changes to the Emergency Services Levy funding model. Fast track energy generation, transmission and storage to bring energy bill relief as soon as possible. Promote smart energy usage.

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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