



THE LORD MAYOR OF SYDNEY
CLOVER MOORE

19 March 2021

The Hon Scott Morrison MP
Prime Minister of Australia
Parliament House
Canberra ACT 2600

By email scott.morrison.mp@aph.gov.au

Dear Prime Minister

Ongoing support for the City of Sydney economy

Australia can be rightly proud of its success in preventing the spread of SARS-CoV-2 and protecting the Australian community from the Covid-19 pandemic.

The public health measures which achieved this have however severely impacted many areas of the Australian economy, including the economies of our major cities. These impacts will continue for several months.

We therefore request the targeted continuation of the JobKeeper program for sectors still facing hardship due to Covid-19 controls for at least a further six months.

We also join many business, charitable, religious and community organisations in requesting the Government further increase the permanent JobSeeker payment to ensure many of our fellow Australians are not forced to live below the poverty line.

Failing to do this risks imposing high social and economic costs on Australians. These immediate measures are also vital to protect the City of Sydney and greater Sydney economy from job losses and business closures.

Impact on Central Sydney's economy

Prior to Covid-19 the City of Sydney economy generated around \$140 billion; 7% of Australia's economy. City output has suffered a cumulative total decline of about \$7 billion since pre-Covid-19. The impact to the City of Sydney economy is so significant because it is strongly reliant on sectors disproportionately impacted by Covid-19 related restrictions. This includes tourism, hospitality, events, arts, entertainment, leisure and higher education. Prior to Covid-19 there were 23,550 businesses employing 501,828 people within the City of Sydney. Of these, 5,357 businesses (22.75%) employing 74,471 people (14.84% of the total workforce) have been directly impacted by Covid-19 related restrictions.

Within the Sydney CBD prior to Covid-19, 47,424 people were employed in retail or engaged in providing personal services; 9,462 were employed in food and beverage services; and 5,461 were employed in visitor accommodation. Businesses in these sectors comprised approximately 50% of all employers within the CBD, half of which were small businesses.

Tourism has obviously been significantly impacted. The Sydney Visitor Profile for the year ending September 2020 (covering both pre- and post-Covid periods) shows a drop of 28.6% of visitors to Sydney (international and domestic). Visitor expenditure in Sydney dropped by 48.8%.

Tourism Research Australia's visitor survey for December 2020 showed that the number of domestic visitors to Sydney was 47% less than December 2019, with a 41% drop in spending. Given these results, it is not surprising that Sydney's visitor accommodation market is currently the worst performing in Australia and continues to face revenue declines of 67%.

Support required to help businesses rebuild

Many City business are struggling to recover and rebuild. Apart from ensuring their immediate survival, they face the challenge of replacing skilled and experienced workforces lost during the pandemic.

There is widespread concern that many businesses may be forced to close or reduce their operations once they lose the support of the JobKeeper program. According to the most recently available Australian Taxation Office data, over 20,000 businesses with a registered head office in the City of Sydney are still receiving the JobKeeper payment, the highest number for any local government area in Australia. Ending JobKeeper could put thousands of jobs at risk. Coupled with the end of temporary insolvency provisions and rent moratoriums, the likelihood of business closures is high.

In Sydney, this includes the risk of losing visitor accommodation, live music, entertainment and hospitality venues, tourism operators, events, conference and exhibition organisers, and private education providers. These businesses are essential to ensuring Sydney retains its reputation as Australia's global city, major gateway, and an attractive place to live, work and do business. Their loss would undermine Sydney's and Australia's ability to maximise the benefits from international travel once entry into Australia is relaxed.

Business closures and the resulting contraction of the Sydney economy creates a strong risk of extensive job losses, with many people forced to rely on JobSeeker for the first time in their lives. Any further contraction of these impacted sectors also threatens the diversity of the Australian economy. Maintaining and increasing this diversity reduces Australia's reliance on a narrow and limited range of industries, several of which face an uncertain future.

Further support is required

I am concerned that the measures so far announced by your Government will not ensure a successful and inclusive recovery of the Australian economy and the economies of our major cities.

Any increase in unemployment will drive higher levels of homelessness and housing stress. This will place more and more Australians in economic hardship, and increase pressure on social services. In the City of Sydney and Inner South alone, unemployment could be as high as 8.8% by June 2021.

The removal of the JobSeeker supplement and JobKeeper payment is estimated to increase homelessness across Australia by 9%, representing 7,500 more people experiencing homelessness. The number of households under housing stress will increase by 24% to almost 880,000 families.

Continuing JobKeeper and increasing JobSeeker should precede development of a comprehensive economic recovery strategy that embraces the sectors most impacted by Covid-19 and ensures that all Australians enjoy the benefits of recovery.

These measures and a comprehensive recovery strategy are also essential to ensure the continued economic health of our major cities, including Sydney, Australia's only global city and major international gateway.

Given the serious risks of damage to Sydney's and Australia's economy, I urge you to give this matter your urgent attention.

Yours sincerely



Clover Moore
Lord Mayor of Sydney



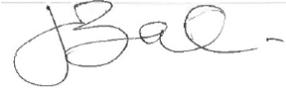
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Member for Sydney



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Katherine O'Regan
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Kerri Glasscock
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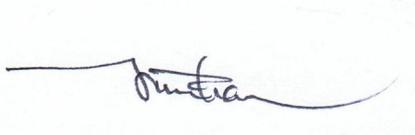
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