

# Small Business And Jobs Smashed By COVID-19 Lockdowns

Analysis by free-market think tank the Institute of Public Affairs of recently released data from the Australian Bureau of Statistics reveals that over 230,000 small businesses are expected to close and 470,000 jobs will be permanently destroyed once COVID-19 support measures are inevitably removed.

- Approximately 10% of small businesses expect to cease operating once government support, such as the JobKeeper wage subsidy, is removed. This is the equivalent to slightly more than 230,000 out of 2.3 million small businesses currently in operation. This compares to just 2% of large businesses which expect to cease operating once government support is removed.
- The closure of 230,000 small businesses would permanently destroy 470,000 jobs, based on average small business employment. This is approximately the same number of jobs that were created across Australia in the two years leading up to the beginning of the COVID-19 lockdown measures in March.
- From June to July, approximately 47% of small businesses reported a decrease in revenue compared to 40% of large businesses, while only 15% of small businesses reported an increase in revenue compared to 26% of large businesses.

## **Comments attributable to Kurt Wallace, Research Fellow at the Institute of Public Affairs.**

“The disproportionate destruction of small businesses by the COVID-19 lockdown measures is demonstrated by their heavy reliance on government support, such as JobKeeper, for survival.”

“It is unsustainable for small businesses to continue to rely on government support for survival. Governments should cut red tape, cut taxes, and carve small businesses out of the *Fair Work Act 2009* to support small business recovery.”

“The legacy of the lockdown restrictions will be an economy dominated by large conglomerates with local communities being stripped of the small businesses that

are integral to their character.”

“Small businesses embody the dignity of work, aspiration, resilience, community, and reward for hard work and merit. They are the very core of the Australian way of life.”

Note: ABS data is from *Business Indicators, Business Impacts of COVID-19, July 2020*. A small business is defined as employing fewer than 20 employees; medium as between 20 and 199 employees; large as 200 or more employees.

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Source:

<https://ipa.org.au/publications-ipa/small-business-and-jobs-smashed-by-covid-19-lockdowns>

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