

Pre-budget survey insights

Data summary

The survey was conducted to understand the key issues business owners and leaders across Australia would like to see addressed in the 2020-21 Federal Budget. Given the current environment, many of the questions focus on the impacts of COVID-19 and how the Australian economy is going to recover.

Rate the extent to which your organisation has been impacted by COVID-19 in each of the following areas (1 = major decline, 4 = no change, 7 = major improvement)

<i>By industry</i>	# of respondents	Cash Flow	Investment	New business	Existing Business	Workforce size	Revenue	Profitability
A – Agriculture, Forestry and Fishing	7	2.71	3.17	2.80	3.29	4.00	2.43	2.71
B – Mining	4	4.25	3.50	4.00	4.25	3.75	4.25	4.00
C – Manufacturing	6	3.33	3.50	3.40	3.83	3.83	3.33	4.00
E – Construction	16	2.81	2.86	2.94	3.31	3.44	2.69	2.69
F – Wholesale Trade	11	3.91	3.20	3.27	3.27	3.55	3.55	3.27
G – Retail Trade	10	2.10	2.70	3.14	2.33	3.20	2.00	2.20
H – Accommodation and Food Services	3	2.67	3.00	2.67	3.00	3.00	2.67	2.67
I – Transport, Postal and Warehousing	2	3.50	3.00	3.00	3.50	3.50	3.00	2.50
J – Information Media and Telecommunications	7	3.00	2.57	2.57	2.00	3.00	2.43	2.43
K – Financial and Insurance Services	18	3.67	3.31	3.24	3.65	3.71	3.72	3.72
L – Rental, Hiring and Real Estate Services	16	2.50	2.38	1.93	2.44	3.44	2.31	2.69

M – Professional, Scientific and Technical Services	60	3.10	3.33	3.19	3.23	3.64	3.12	3.19
N – Administrative and Support Services	3	4.00	3.67	3.67	4.00	4.67	4.00	3.67
P – Education and Training	7	2.29	3.00	3.40	2.71	3.71	2.57	2.43
Q – Health Care and Social Assistance	14	2.50	3.30	3.18	3.25	3.58	2.50	2.79
R – Arts and Recreation Services	4	1.75	2.50	3.00	2.50	3.00	1.25	2.00
S – Other Services	11	3.45	2.70	4.00	3.55	3.90	3.18	3.50
Grand total	199	3.02	3.06	3.10	3.16	3.58	2.93	3.04

Industry insights: With anything over a 4 being a positive average, the data suggests that some industries may have seen slight growth in a few areas, such as administrative and support services in workforce size and mining in revenue. As expected, however, almost all industries have experienced a decline in the majority of areas. The hardest hit sectors include accommodation and food services and arts and recreation.

By workforce size	# of respondents	Cash Flow	Investment	New business	Existing Business	Workforce Size	Revenue	Profitability
1 (sole trader)	28	3.04	3.25	3.68	3.22	3.74	3.37	3.33
2 - 10	72	3.14	3.17	3.15	3.31	3.71	3.04	3.17
11 - 50	53	2.81	2.80	2.82	3.17	3.42	2.70	2.85
51 - 100	13	3.15	3.23	3.42	2.85	3.69	2.54	3.08
101 - 250	14	2.57	2.75	2.38	2.57	3.07	2.43	2.43
251 - 500	7	3.29	3.20	3.75	2.50	3.43	2.29	2.43
501 - 1,000	4	4.00	3.67	3.50	4.25	4.25	4.25	3.50
1,001 – 2,000	3	3.33	4.00	4.00	4.00	4.33	3.33	3.33
2,001 – 5,000	2	3.00	2.00	2.50	2.50	3.00	4.00	4.50
5001+	3	3.00	2.67	3.00	2.67	3.67	3.00	2.67
Grand Total	199	3.02	3.06	3.10	3.16	3.58	2.93	3.04

Workforce size insights: Smaller businesses, tended to be less affected. This also supports our insights from the data collected at our recent external events, including JobKeeper webinars, and reinforces the idea that smaller businesses may be more agile and better able to adapt to changing conditions. Generally, businesses of all sizes were in decline in most areas, however. Once again, sample sizes are small and may make making generalisations about businesses of that size difficult.

Of the below options, in what areas has your organisation adapted in response to COVID-19

Actively reduced expenses	131	65.83%
Actively deferred capital expenditure	74	37.19%
Requested rent relief from landlords	56	28.14%
Actively decreased investment / growth strategies	51	25.63%
Reduced workforce size	48	24.12%
Renegotiated or paused debt repayments with lenders	35	17.59%
Actively increased investment / growth strategies	36	18.09%
None of the above	12	6.03%
Increased workforce size	8	4.02%

Has your organisation accessed any of the below Government support measures?

JobKeeper	121	60.80%
Cashflow boost	106	53.27%
Payroll tax refunds or waivers	60	30.15%
Rent relief	39	19.60%
Investment (depreciation) allowances	36	18.09%
Land tax discounts, exemptions or deferrals	10	5.03%
NSW Govt grant	1	0.50%
SA Govt grant	1	0.50%
Apprentice wage subsidy	1	0.50%
Business support fund	1	0.50%

Percentage of those currently receiving category of support that want it to continue into next year

71.90%	71.70%	83.33%	92.31%	100%	58.91%
JobKeeper	Cashflow boost	Investment (depreciation) allowances	Payroll tax refunds or waivers	Land tax discounts, exemptions or deferrals	Rent relief

To what extent would the following stimulus measures support your business in the next 12 months?

Average ratings (1 = minimal impact, 5 = major impact)

3.26	2.85	2.27	1.67
Reduction in tax rates	Grants and subsidies	Capital allowance	Loss carry back

In which of the following areas do you believe government spending is most critical in the 2020-21 budget period?

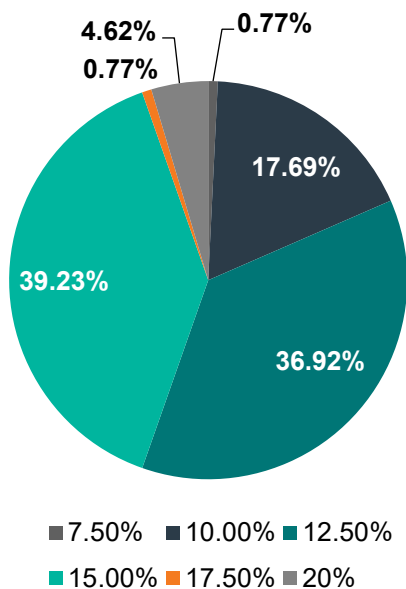
Average ratings (1 = minimal impact, 5 = major impact)

4.15	4.10	3.66	3.34	3.17
Infrastructure	Health	Education	Transport and communications	Home building
2.91	2.87	2.59	2.44	
Defence and public safety	Fuel and energy	General public services	Recreation and culture	

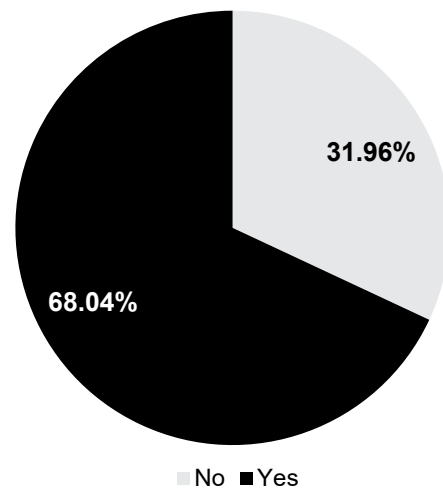
How do you anticipate stimulus and support measures will help your business in the 2020-21 budget period?

Support payment of operating expenses	119	59.80%
Increase workforce size	62	31.16%
Expand to new markets	48	24.12%
Increase capital expenditure	45	22.61%
Pay down debt	38	19.10%
Grow capital reserves	34	17.09%
Take on new debt	7	3.52%
Supporting Australian manufacturing	1	0.50%

What GST rate would you support, if it could be balanced with reductions to other taxes?
Only asked of those who answered 'Yes' to the previous question.



Do you support a change to the GST rate and reduction of other duties, including PAYG, state-based taxes and/or personal income tax, in the current environment?



Do you support the resurgence of local manufacturing in Australia?

5.53%	1.01%	8.54%	28.64%	56.28%
Strongly against	Against	Uncertain / no change	Support	Strongly support

Which of the following areas would assist in supporting the resurgence of the manufacturing sector? Only asked of those who answered support or strongly support to the previous question.

Education and training	86	50.89%
Pay roll tax reductions	101	59.76%
Grants and subsidies	83	49.11%
Income tax reductions	65	38.46%
Investment allowances	112	66.27%
Industrial reform	102	60.36%
Tariffs	33	19.53%
R&D support	94	55.62%
Govt must buy >70% Australian products, especially for defence	1	0.59%
50% reduction in energy costs	1	0.59%

What do you believe will be the economy's greatest challenge in the coming 12 months?

Unemployment	119	59.80%
Funding the budget deficit	38	19.10%
Access to business capital	17	8.54%
Access to business debt	5	2.51%
Employment Law / red tape	1	0.50%
Population growth	1	0.50%
No increase in GDP due to migration	1	0.50%
Finding a sustainable balance between managing the health and economic crisis attached to COVID-19. Currently weighted to health which is not sustainable.	1	0.50%
Reducing regulations and industrial awards	1	0.50%
Restructuring to support Australian manufacturing	1	0.50%
China	1	0.50%
Business and consumer confidence	1	0.50%
Investing in the right areas for future generations	1	0.50%
Confidence	1	0.50%