

BUSINESS CONDITIONS AND SENTIMENTS

Insights from a survey of businesses run by the Australian Bureau of Statistics on 10-17 March 2021

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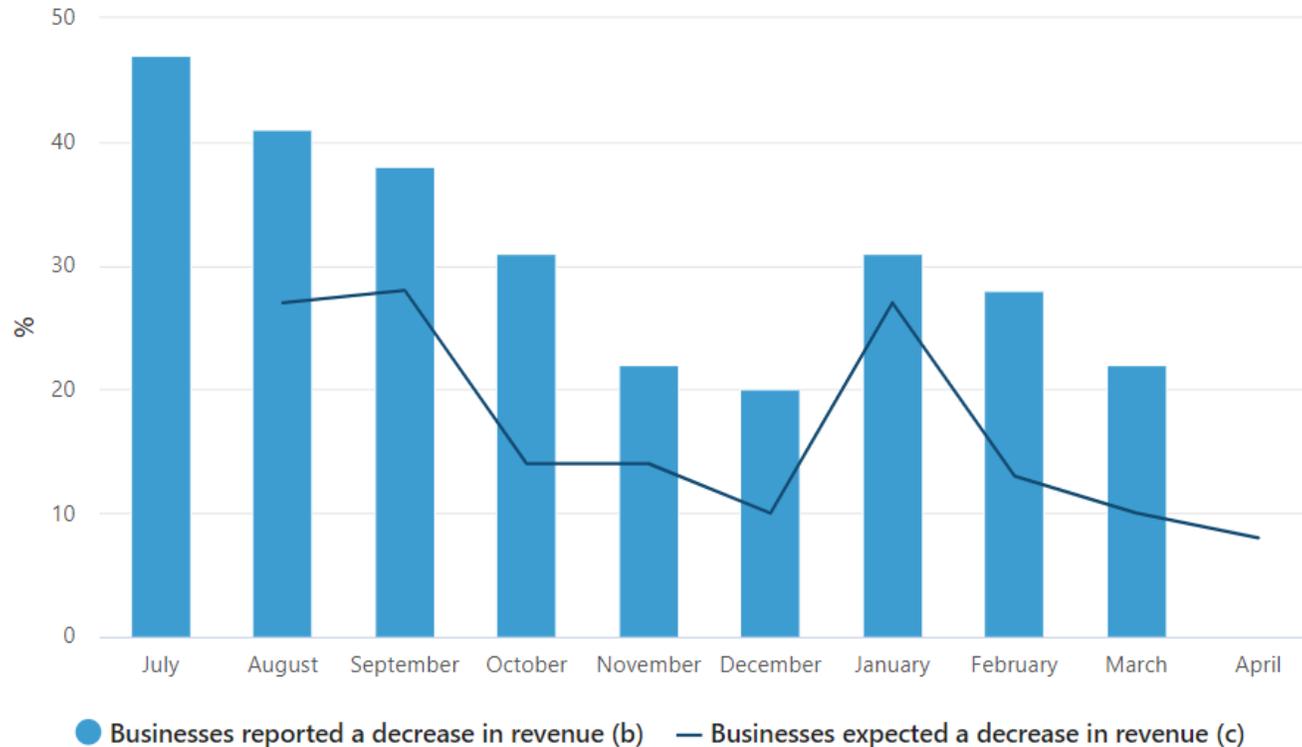
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OVERVIEW

- The Australian Bureau of Statistics (ABS) ran a survey of businesses in mid-March.
- The survey showed that the business outlook continues to improve. Businesses reported improved financial circumstances and less reliance on government support measures.
- The proportion of firms expecting revenue to decline has fallen substantially and further improvements are expected in April.
- The share of firms finding it easy or very easy to meet their financial commitments rose from 23% in August 2020 to 46% in March 2021.
- Similarly, the proportion of firms finding it difficult or very difficult to meet their financial commitments has fallen from 35% in August 2020 to 17% in 2021.
- The housing boom is providing solid support to the rental, hiring and real estate services sector. There appears to be relatively little financial stress in that sector with almost 70% expecting find it easy or very easy to meet their financial commitments over the next three months.
- Some sectors are still facing trouble meeting their financial commitments. A sizeable share of businesses in arts and recreation (42%) and accommodation & food services (29%) reported it would be difficult or very difficult to meet their financial obligations in the next three months.
- Close to 30% of firms accessed at least one measure of government support, with wage subsidies (including JobKeeper) the most widely accessed. Only 3% of businesses reported to have deferred loan repayments.
- Wage subsidies were used most heavily by the information, media & telecommunications sector (38%) closely followed by construction (34%) and manufacturing (33%)
- The survey also included insights on employment. Nearly nine in ten employing businesses reported that they have a sufficient number of employees. Looking forward, one in five businesses plan to increase staff numbers over the next three months.

REVENUE

Reported and expected decrease in revenue, July 2020 to April 2021 (a)(b)



(a) Proportions are of all businesses

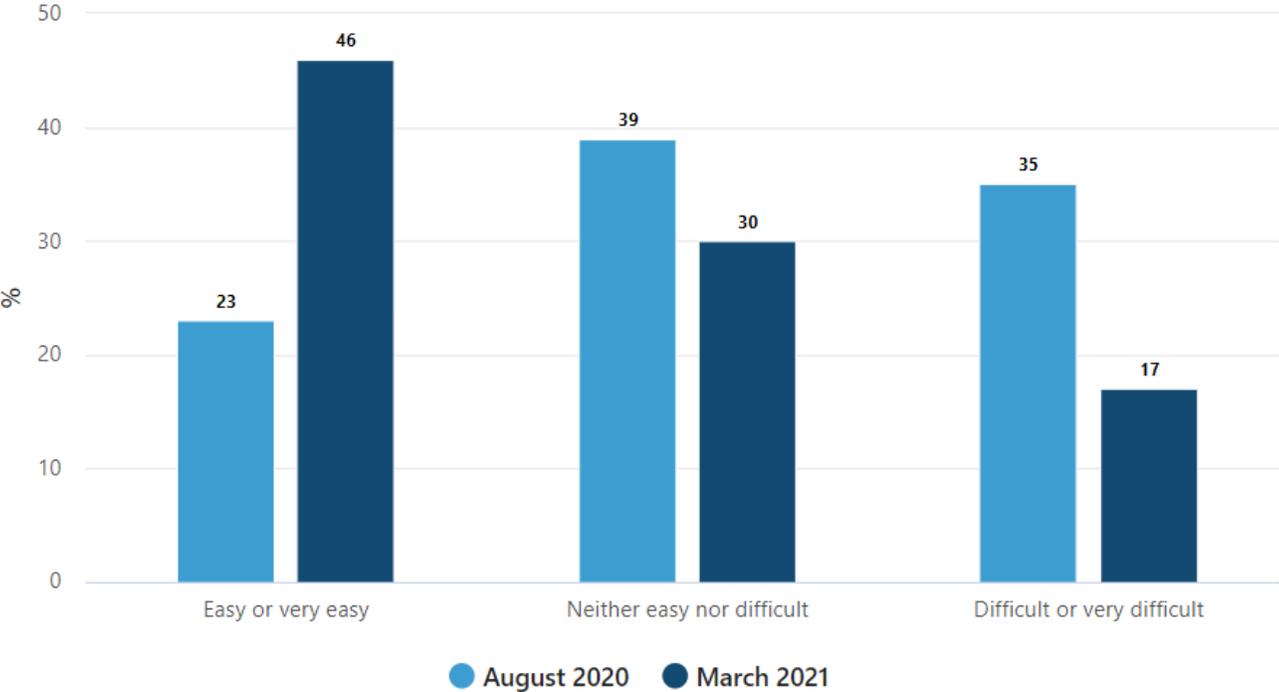
(b) Businesses reported changes over the last month

(c) Expectations for the indicated month as reported by businesses in the previous month of collection

- The outlook for revenue has improved and is expected to improve again in April.
- In January, 31% of firms expected revenue to decline. By March this had fallen to 22%.
- Eight per cent of firms expect revenue to decline in April.
- The improved outlook for revenue reflects the ongoing re-opening of the economy and the reductions in social distancing restrictions.
- Over the months since the survey began employment has risen, unemployment has fallen and aggregate income has increased.

ABILITY TO MEET FINANCIAL COMMITMENTS

Business ability to meet financial commitments over the next three months, August 2020 and March 2021 (a)(b)



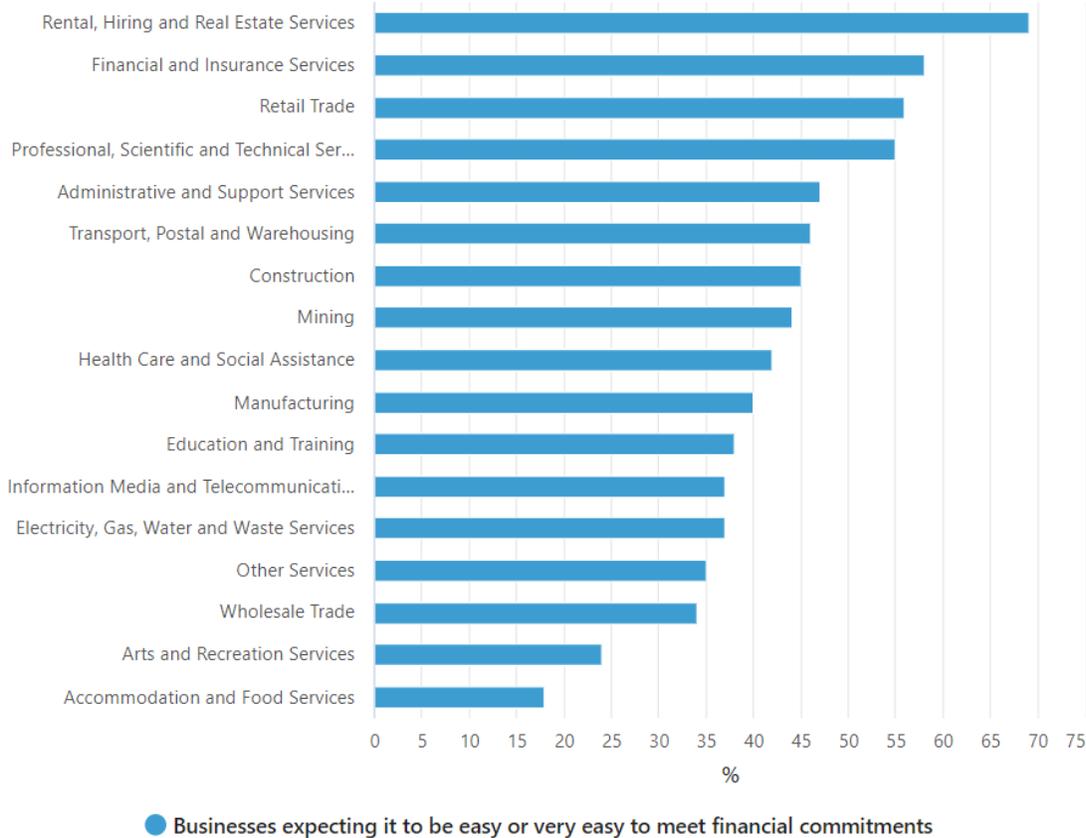
- An indicator of improvement in the health of firms is their ability to meet their financial commitments.
- The proportion firms finding it easy or very easy to meet their financial commitments has risen from 23% in August 2020 to 46% in March 2021.
- At the other end of the spectrum, the proportion of firms finding it difficult or very difficult to meet their financial commitments has fallen from 35% in August 2020 to 17% in March 2021.

(a) Proportions are of all businesses

(b) The sum of the component items does not equal 100% because businesses could respond "Dont know" or "Not applicable"

ABILITY TO MEET FINANCIAL COMMITMENTS

Businesses expecting it to be easy or very easy to meet financial commitments over the next three months, by industry (a)



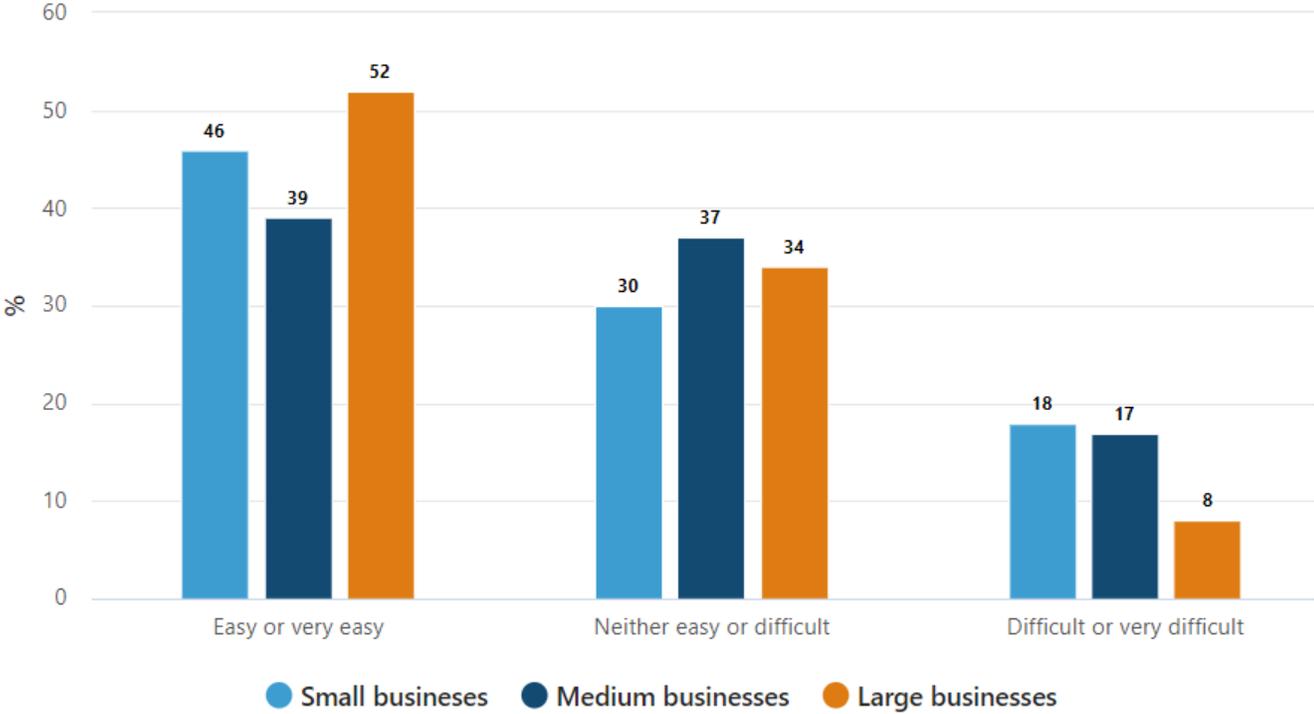
(a) Proportions are of all businesses

Source: ABS

- The housing boom is providing solid support to the rental, hiring and real estate services sector. There appears to be relatively little financial stress in that sector with almost 70% of firms expecting find it easy or very easy to meet their financial commitments over the next three months.
- Financial & insurance services, retail trade and professional, scientific & technical services each reported that over 50% of firms were finding it easy or very easy to meet their financial commitments.
- In August 2020, 13% of firms in the accommodation & food services sector were expecting to find it easy or very easy to meet their financial commitments over the next three months. In March 2021, this proportion had risen marginally to 18%.
- Some sectors still face trouble meeting their financial commitments. A sizeable share of businesses in arts and recreation (42%) and accommodation & food services (29%) reported it would be difficult or very difficult to meet their financial obligations in the next three months.

ABILITY TO MEET FINANCIAL COMMITMENTS

Business ability to meet financial commitments over the next three months, by employment size (a)(b)

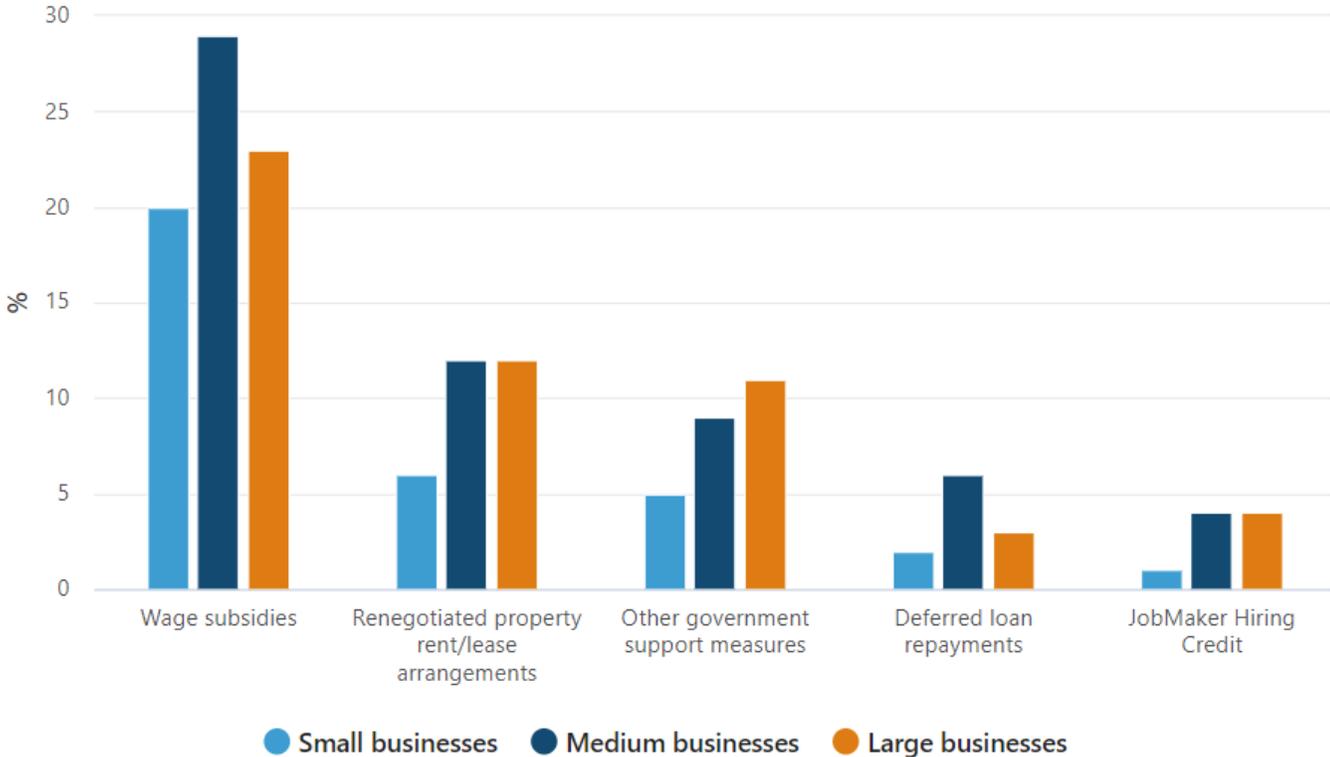


- An encouraging proportion of small businesses (46%) expect to find it very easy or easy to meet their financial commitments over the next three months but 18% expect it to be difficult or very difficult.
- A little over 50% of large businesses, those with 200 or more employees, are finding it easy or very easy to meet their financial commitments while 8% expect to face difficulties in the next three months.

(a) Proportions are of all businesses
(b) The sum of the component items does not equal 100% because businesses could respond "Dont know" or "Not applicable"

SUPPORT MEASURES

Support measures accessed by businesses, by employment size (a)



(a) Proportions are of all businesses

- Close to 30% of firms accessed at least one measure of government support, with wage subsidies (including JobKeeper and support for apprentices) the most widely accessed.
- Among small businesses, 20% accessed wage subsidies while only 1% of them used the JobMaker hiring credit.
- Wage subsidies were accessed most by businesses in the information, media & telecommunications sector (38%) closely followed by construction (34%) and manufacturing (33%).
- Only 3% of businesses reported to have deferred loan repayments. They were most widely used within the retail trade (11% of firms) and renegotiated property rental arrangements were most widely used by the accommodation & food services sector (18% of firms).

EMPLOYMENT

Whether businesses have a sufficient number of employees (a)(b)

	Small businesses	Medium businesses	Large businesses	All businesses
	%	%	%	%
Business has sufficient employees	87	79	83	87
Business does not have sufficient employees	12	20	14	12
Don't know	1	0	3	1

(a) Proportions are of all businesses

(b) The sum of the components may not equal 100% due to rounding

- Nearly nine in ten (87%) employing businesses reported having sufficient number of employees. This is consistent with December 2020 results (83%).
- Employing businesses that did not have a sufficient number of employees (12%, compared to 15% in December) reported on factors influencing the number of people they employed.
- Two thirds of these businesses reported that the main factor influencing the number of employees was the inability to find suitable staff. This compares to 60% in December.

EMPLOYMENT

Top workforce actions employing businesses plan to take over the next three months (a)(b)(c)



(a) Proportions are of employing businesses
(b) 4% of businesses reported 'Reduce staff hours' and 2% reported 'Reduce staff numbers'
(c) Businesses could select more than one response

- The most common planned workforce action over the next three months was retraining existing staff (24%) followed by hiring more staff (19%).

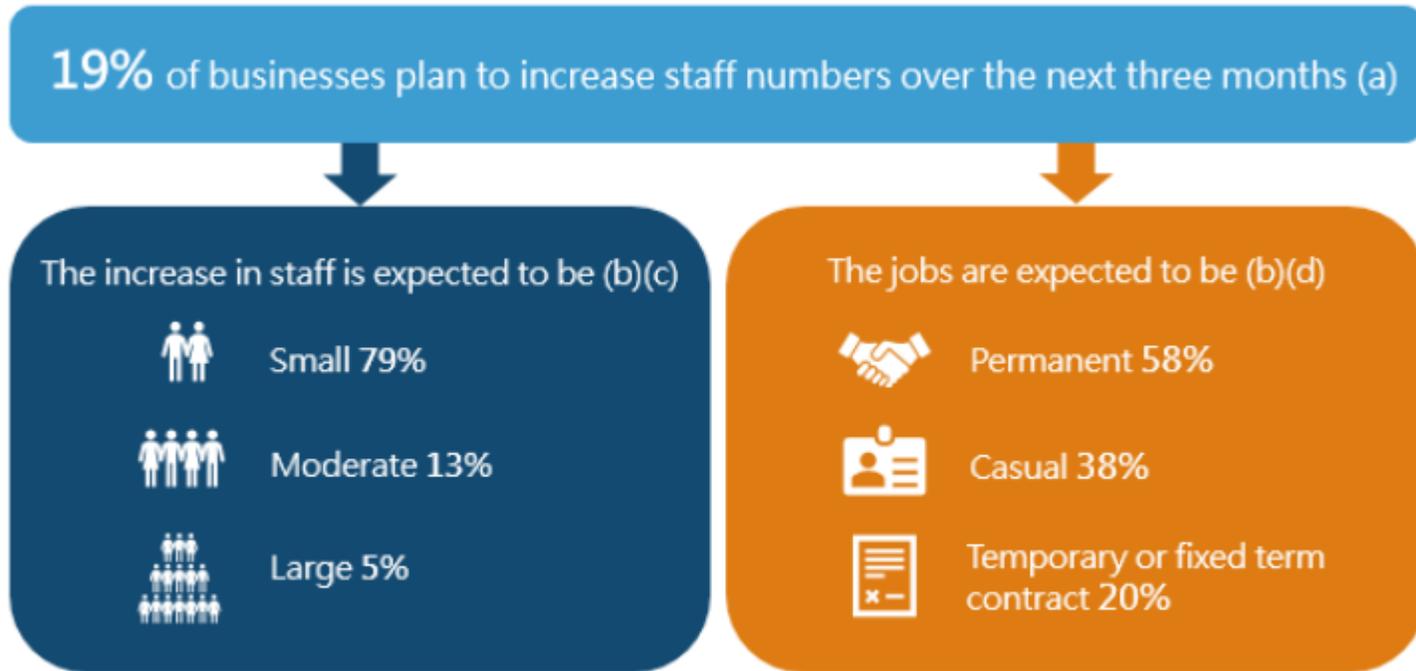
EMPLOYMENT

Top workforce actions	Top industries
 Retrain existing staff	53% Education and training 46% Accommodation and food services 37% Arts and recreation services
 Increase staff numbers	38% Education and training 34% Health care and social assistance 32% Administrative and support services 32% Arts and recreation services
 Rearrange job roles and responsibilities	34% Accommodation and food services 33% Health care and social assistance 30% Administrative and support services

(a) Proportions are of employing businesses
 (b) Businesses could select more than one response

- By industry, businesses in the education and training (53%), and accommodation and food services sectors were most likely retrain staff (46%).
- Businesses in education and training (38%) and health care and social assistance (34%) were most likely to increase staff numbers.

EMPLOYMENT



(a) Proportions are of employing businesses
(b) Proportions are of businesses that plan to increase staff numbers over the next three months
(c) The sum of the component items do not equal 100% as businesses could respond 'Don't know'
(d) Businesses could select more than one response

- One in five (19%) employing businesses plan to increase staff numbers over the next three months.
- Medium and large businesses were twice as likely as small businesses to report they expect to increase staff numbers over the next three months (39% and 36% compared to 18%).
- The majority of businesses expect the increase in staff would be small (79%) and that most of the jobs would be permanent (58%).

SURVEY DETAIL

- The ABS renamed this survey to Business Conditions and Sentiments. It was previously called Business Indicators, Business Impacts of COVID-19.
- In responding to the survey, businesses are asked to provide a best estimate only, without accessing records or reports.
- The survey was conducted through a telephone based survey between 10 and 17 March.
- The survey is based on a random sample of approximately 2,000 units stratified by industry and employment size.
- The final response rate was 64% (or 1,275 responding businesses).
- The survey sample is re-weighted to adjust for non-responses.
- Businesses who did not respond might not have done so because they are adversely impacted by COVID-19. If this were the case there is potential for systematic bias in these estimates. That would mean that the responses in this survey would underestimate the impact of COVID-19 on businesses.

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