Sensis Business Index
Australia’s Leading Small and Medium Business Outlook & Confidence Survey
Spring 2020 - September to November 2020
How Australia’s small businesses are recovering from Covid-19
Introduction

The Sensis Business Index is based on 2,019 online interviews conducted between September and November 2020 (Sept n=506, Oct n=508, Nov n=1005) with small and medium business proprietors or managers employing up to 199 people.

This sample is drawn from metropolitan and major non-metropolitan regions throughout Australia with targets set for location and industry on page 23. Glow is responsible for fieldwork and Dynata for sampling.

The Index is a survey of Australia’s small and medium businesses (SMBs) which commenced in 1993 to measure and track:

• SMB business activity over the last three months
• Expectations for the current quarter
• Overall confidence among SMBs

The Index samples SMBs nationally, enabling broad scrutiny of this sector and relevant trends and issues. It examines differences by location, business size and industry. The aim is to reflect the attitudes and behaviour of SMBs, which comprise some 98%* of Australian businesses and make up 67%* of the country’s GDP (*Deloitte).
Business confidence has doubled in fourth months.

Business confidence about the future of the national economy has doubled since September, according to the November wave of the Sensis Business Index.

In September when asked about what the economy would be like in 12 months just 19% said it would be better. That sentiment has risen considerably since, reaching 23% in October, 32% in November and now sits at 38% - double the September figure.

Those businesses believing the economy will be worse in a year has almost halved, going from a whopping 56% in September to just 30% in the December Index.

The confidence is across the board – every state and territory – and the changes are considerable. In Tasmania, for example, 54% of businesses in September said the national economy would be worse in 12 months. Now that figure is down to just 23%.

To see where business think we are heading is really sobering taking into account the lockdowns and sacrifices businesses have had to make. This really is great news coming into Christmas.

The loss of JobKeeper at the end of March next year will have the biggest impact on the retail sector with pessimism rising.

The November wave showed that 42% of Retail businesses said the loss of JobKeeper would have a major impact on their business. The 42% was up from 33% in November.

Overall 31% of businesses said the loss of JobKeeper would have a major impact, 53% a moderate impact and for 15% no difference.

The percentage of businesses in Victoria worried about the loss of JobKeeper went down from 35% in October to 28%. However, they were the only ones more optimistic along with Western Australia which went from 27% of businesses worried in the previous wave to just 12% now.

All other states were more pessimistic about the loss of JobKeeper with South Australia and NSW increasing significantly in just a month. NSW went from 23% to 33% and South Australia from 27% to now 44% of businesses believing the loss of JobKeeper would have a major impact on their business. Queensland, Tasmania and the ACT were pretty much unchanged.
SMB confidence
SMBs confidence improving

Are you more or less confident than you were three months ago?

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- More
- Less
- The same
SMBs confidence improving

And thinking about the next six months, how confident do you feel about your business prospects? Would you say you are…

- Extremely confident about the future: 14% (SEP), 12% (OCT), 12% (NOV)
- Fairly confident about the future: 42% (SEP), 46% (OCT), 46% (NOV)
- Neither confident nor worried about the future: 22% (SEP), 20% (OCT), 24% (NOV)
- Fairly worried about the future: 16% (SEP), 14% (OCT), 13% (NOV)
- Extremely worried about the future: 7% (SEP), 6% (OCT), 5% (NOV)
And thinking about the next six months, how confident do you feel about your business prospects? Would you say you are…
Factors underpinning confidence – profitability predictions

How do you estimate the following key indicators will change (excluding normal seasonal changes) for your business over the next three months? (n = 2,019, Sept, Oct, Nov 2020)

- **Your cost of sales**: 8% decrease, 60% no change, 25% increase
- **The average prices you charge for your goods or services**: 8% decrease, 69% no change, 18% increase
- **The size of your workforce**: 16% decrease, 64% no change, 14% increase
- **Your total wages or salaries bill**: 16% decrease, 55% no change, 21% increase
- **Your overall profitability**: 22% decrease, 42% no change, 31% increase
- **The total value of your sales of goods or services**: 18% decrease, 47% no change, 30% increase
Recovery from Covid-19
Covid-19 recovery

Percentage of SMBs back to pre Covid levels or well ahead (November):

- Tas - 58%
- WA - 47%
- QLD 42%
- NSW – 36%
- Vic - 34%
- ACT - 33%
- SA - 29%

Most pessimistic: 12 month or more to get back to pre Covid levels (November):

- SA - 36%
- Vic - 33%
- Qld - 30%
- WA - 28%
- Tas - 27%
- ACT - 27%
- NSW - 25%
JobKeeper – a concern for 2021

Are you accessing JobKeeper for yourself and/or your staff?

- **NOV**: Yes - 23%, No - 77%
- **OCT**: Yes - 30%, No - 70%
- **SEPT**: Yes - 36%, No - 64%

When JobKeeper ends in March 2021, what impact do you believe it will have on your business?

- It will have a major impact on our business:
  - **SEPT**: 20%
  - **OCT**: 25%
  - **NOV**: 15%
- It will have a moderate impact on our business:
  - **SEPT**: 40%
  - **OCT**: 40%
  - **NOV**: 30%
- It won't make any difference:
  - **SEPT**: 60%
  - **OCT**: 60%
  - **NOV**: 55%
- Other:
  - **SEPT**: 10%
  - **OCT**: 5%
  - **NOV**: 5%
Access to finance

Compared to two months ago, do you think it is currently...

- Easier to access finance
- About the same to access finance
- More difficult to access finance

Not many SMBs are actively applying for finance. During the quarter, only 16% applied in September, 13% in October and 11% in November.

Of those who applied, 65% were successful in September, 61% in October and 71% in November.
If you need to access finance in the next 3 months, which of these would you consider?

- Credit card
- Overdraft
- Bank loan
- Equity capital raising
- Buy Now Pay Later (Afterpay/ZIP)
- Other
- Personal savings
- None
- Government loan

**Access to finance**

<table>
<thead>
<tr>
<th>Category</th>
<th>Nov</th>
<th>Oct</th>
<th>Sept</th>
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<tbody>
<tr>
<td>Credit card</td>
<td>16%</td>
<td>15%</td>
<td>17%</td>
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<tr>
<td>Overdraft</td>
<td>10%</td>
<td>10%</td>
<td>9%</td>
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<tr>
<td>Bank loan</td>
<td>15%</td>
<td>17%</td>
<td>18%</td>
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<tr>
<td>Equity capital raising</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
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<tr>
<td>Buy Now Pay Later (Afterpay/ZIP)</td>
<td>7%</td>
<td>7%</td>
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<tr>
<td>Other</td>
<td>1%</td>
<td>1%</td>
<td>0%</td>
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<tr>
<td>Personal savings</td>
<td>25%</td>
<td>22%</td>
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<tr>
<td>None</td>
<td>20%</td>
<td>18%</td>
<td>17%</td>
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<tr>
<td>Government loan</td>
<td>6%</td>
<td>5%</td>
<td>6%</td>
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</table>
Access to finance

- During November SMBs around the country saw the Covid-brakes coming off accounts departments.
- Victorian businesses reported above average times to pay (25%) but also was the only state reporting that they were being paid faster than the national average (19%). ACT SMBs also reported that time to being paid had stretched out (24%).
Confidence in the economy
SMBs confidence in the economy increasing

Thinking about the nation's economy overall. In a year from now do you think the nation’s economy will be better, worse or about the same?
Sept – Nov 2020, n=2,019

Thinking about your State/Territory's economy overall. In a year from now do you think it will be better, worse or about the same?
Nov 2020 n=1,005
Overall, do you believe that the Federal Government’s current policies are supportive of small business in general?

- Supportive of small business: 53%, 54%
- No impact: 19%, 22%
- Work against small business: 13%, 17%

Do you believe that your State Government’s policies are supportive of small business?

- VIC: Work against small business 24%, No impact 20%, Supportive of small business 42%
- NSW: Work against small business 16%, No impact 23%, Supportive of small business 50%
- QLD: Work against small business 21%, No impact 22%, Supportive of small business 42%
- SA: Work against small business 19%, No impact 19%, Supportive of small business 50%
- TAS: Work against small business 6%, No impact 24%, Supportive of small business 60%
- WA: Work against small business 8%, No impact 20%, Supportive of small business 57%
## Approval ratings – what do SMB owners think of the leaders?

<table>
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<tr>
<th>Leader</th>
<th>Approve</th>
<th>Disapprove</th>
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<tbody>
<tr>
<td><strong>Dan Andrews (VIC)</strong></td>
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<tr>
<td>Oct</td>
<td>66%</td>
<td>34%</td>
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<td>Nov</td>
<td>61%</td>
<td>39%</td>
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<td><strong>Gladys Berejiklian (NSW)</strong></td>
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<td>Oct</td>
<td>77%</td>
<td>23%</td>
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<td>Nov</td>
<td>76%</td>
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<td><strong>Anastasia Palaszczuk (QLD)</strong></td>
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<td>Oct</td>
<td>62%</td>
<td>38%</td>
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<td>Nov</td>
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<td><strong>Steven Marshall (SA)</strong></td>
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<td>Oct</td>
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<td><strong>Peter Gutwein (TAS)</strong></td>
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<td>Oct</td>
<td>84%</td>
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<td>Nov</td>
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<td><strong>Mark McGowan (WA)</strong></td>
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<td><strong>Andrew Barr (ACT)</strong></td>
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<td>Nov</td>
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<td><strong>Michael Gunner (NT)</strong></td>
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<td>Oct</td>
<td>50%</td>
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<td>Nov</td>
<td>56%</td>
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Scott Morrison
No change
Approve 72%
Disapprove 28%
If a Federal election was held tomorrow and thinking about the prospects for your business, who are you most likely to support?
Sensis Business Index
About the survey
About the survey

Breakdown of small and medium businesses surveyed n=2,019

- Cultural and Recreational and Other...
- Accommodation, Cafes and...
- Health and Community Services
- Finance and Insurance
- Communication, Property and...
- Transport/Storage
- Manufacturing
- Retail Trade
- Wholesale
- Construction/Building

- 0% 5% 10% 15% 20%
What is the approximate annual revenue of your business?

- Under $10,000: 0%
- $10,000 to $30,000: 5%
- $31,000 to $50,000: 10%
- $51,000 to $100,000: 15%
- $101,000 to $500,000: 20%
- $501,000 to $1 million: 25%
- $1.1 million to $2 million: 20%
- $2.1 million to $6 million: 15%
- $6.1 million to $10 million: 10%
- $10.1 million to $20 million: 5%
- Over $20 million: 0%
- Don't know / Can't say: 0.3%
Full access to the Sensis SMB Business Index data is available. Access includes full data analysis, state and industry based filtering.

For details, please contact Will Clarke, Head of Corporate Communications on 0488 34 54 64 or will.clarke@sensis.com.au

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