

**Application by the Australian Chamber of Commerce and Industry and Australian Industry Group**

**s.157 – Variation of a modern award to achieve the modern awards objective**

***Clerks – Private Sector Award 2020***

**AM2020/30**

**OUTLINE OF EVIDENTIARY MATERIALS FILED BY ACCI & AI GROUP**

**INTRODUCTION**

1. On 24 September 2020, the Applicants filed an Application and draft determination, seeking to extend the operation of Schedule I of the Clerks- Private Sector Award until 29 March 2020.
2. The Application contained an Annexure B, outlining the Grounds in support of the Application.
3. The Applicants have filed today 12 Exhibits, containing evidentiary material in support of the draft determination.
4. Whilst the Applicants intend to make oral submissions elaborating upon the Grounds in support of the Application and referencing parts of the Exhibits, the Applicants have prepared this Outline for the benefit of the parties and the Commission to identify how the various Exhibits support the Grounds already identified in Annexure B to the Application.

**EXHIBIT 1 - ABS HOUSEHOLD IMPACTS SURVEY AUGUST 2020**

5. The Applicants rely on Exhibit 1 to demonstrate the prevalence of working from home across all industries.
6. In particular, pages 7 and 8 of the Survey, which identify that:
  - (a) only 29.6% of Victorians with jobs attended their workplace in the week surveyed;
  - (b) only 65.8% of the rest of Australians with jobs attended their workplace in the week surveyed;
  - (c) in total, only 55% of Australians with jobs attended their workplaces in the week surveyed; and
  - (d) of the survey participants, 33% of Australians attended the workplace less often than pre-COVID-19, in the relevant week surveyed.

## **EXHIBIT 2 - ABS INSIGHT INTO HOURS WORKED AUGUST 2020**

7. The Applicants rely on Exhibit 2 to demonstrate the ongoing strain on business and business activity that Australia is experiencing in response to the pandemic. This is in turn impacting upon availability of jobs and work hours.
8. In particular, the Applicants rely upon:
  - (a) Chart 7 on page 5, which demonstrates that a significant number of employees are still working fewer than their usual hours (or no hours at all) compared to historical standards; and
  - (b) Chart 8 on page 6, identifying an ongoing marked increase in employees working zero hours for economic reasons. Although this number has decreased since the onset of the pandemic in April 2020, the number of employees working zero hours is still approximately double that of historical norms.

## **EXHIBIT 3 - LABOUR ACCOUNT AUSTRALIA JUNE 2020**

9. The Applicants rely on Exhibit 3 to demonstrate the ongoing strain on business and business activity that Australia is experiencing in response to the pandemic. This is in turn impacting upon availability of jobs and work hours.
10. In particular, the Applicants rely upon pages 2 and 3, which demonstrate substantial falls in both filled jobs and hours of work performed per job across all industries.

## **EXHIBIT 4 - UNEMPLOYMENT RATE**

11. The Applicants rely upon the unemployment rate identified in Exhibit 4 to demonstrate the ongoing strain on business and business activity that Australia is experiencing in response to the pandemic. This is in turn impacting upon availability of jobs and work hours.

## **EXHIBIT 5 - AI GROUP BUSINESS EXPERIENCES OF THE COVID-19 PANDEMIC MARCH TO AUGUST 2020**

12. The Applicants rely on Exhibit 5 to demonstrate:
  - (a) the ongoing strain on business and business activity that Australia is experiencing in response to the pandemic. This is in turn impacting upon availability of jobs and work hours; and
  - (b) the prevalence of working from home across all industries.
13. In particular, the Applicants rely upon:
  - (a) page 1.1 - Sharp drop in demand identified;

- (b) page 1.2 - Employers have moved to home-based work where possible;
- (c) page 7 - 50% of businesses identified reduced customer demand in August;
- (d) page 7 - Second wave restrictions and State border restrictions have also been identified as inhibiting business; and
- (e) page 13 - 55% of respondents introduced working from home as an initial response to the pandemic. The number of people “moving their staff to home based work” has slowed naturally, given that a number of workplaces already have staff at home.

#### **EXHIBIT 6 - AUSTRALIAN CHAMBER - WESTPAC SURVEY OF INDUSTRIAL TRENDS**

- 14. The Applicants rely upon Exhibit 6 to demonstrate the ongoing strain on business and business activity that Australia is experiencing in response to the pandemic. This is in turn impacting upon availability of jobs and work hours.
- 15. In particular, the Applicants rely upon:
  - (a) page 8, which relates to employment expectations;
  - (b) page 7, which relates to profitability and investment expectations;
  - (c) page 11, which demonstrates that 87% of respondents anticipate business conditions to stay the same or deteriorate in the next 6 months; and
  - (d) page 12, which demonstrates 55% of respondents expect profitability to decline.

#### **EXHIBIT 7 - ACCI SME BUSINESS CONDITIONS SURVEY, 3<sup>RD</sup> EDITION - AUGUST 2020**

- 16. The Applicants rely upon Exhibit 7 to demonstrate the ongoing strain on business and business activity that Australia is experiencing in response to the pandemic. This is in turn impacting upon availability of jobs and work hours.
- 17. In particular, the Applicants rely upon Page 3, which demonstrates that 33% of businesses indicated that their overall situation was getting worse and that only 60% of businesses indicated that they were able to operate without Government support.

#### **EXHIBIT 8 - MINUTES OF THE MONETARY POLICY MEETING OF THE RESERVE BANK BOARD - 1 SEPTEMBER 2020**

- 18. The Applicants rely upon Exhibit 8 to demonstrate the ongoing strain on business and business activity that Australia is experiencing in response to the pandemic. This is in turn impacting upon availability of jobs and work hours.

19. In particular, the Applicants rely upon the content of the “*Domestic Economic Developments*” section of the Minutes on page 2, which identify, amongst other things, that:
- (a) Australia experienced its largest single-quarter contraction in GDP in the history of national quarter accounts (-7%);
  - (b) household consumption has contracted significantly in the June quarter;
  - (c) retail sales have declines significantly in Victoria in August;
  - (d) the increase in household consumption expected in September would only “partly” reverse the contraction that has earlier been experienced; and
  - (e) There has been a notable decline in employment in Victoria, which has “erased” recovery from between April and June. Outside of Victoria, recovery in jobs has slowed.

**EXHIBIT 9 - NEARLY A THIRD OF AUSTRALIAN WORKERS HAVE BEEN #WFH - 29 JUNE 2020**

20. The Applicants rely on Exhibit 9 to demonstrate the prevalence of working from home.

**EXHIBIT 10 - OVER TWO-THIRDS OF WORKING AUSTRALIANS HAVE HAD THEIR EMPLOYMENT IMPACTED BY THE ‘CORONAVIRUS CRISIS’ - 24 APRIL 2020**

21. The Applicants rely on Exhibit 10 to demonstrate the prevalence of working from home across all industries.
22. In particular, when asked what employment changes they had experienced since the COVID-19 pandemic, 10% of respondents indicated “*working from home*”, notwithstanding that this was not presented as a response to the survey participants.
23. This demonstrates the significance that working from home has developed since the emergence of the pandemic.
24. The Applicants note that this survey has now been superseded by the more recent Roy Morgan survey at Exhibit 9.

**EXHIBIT 11 - ABS BUSINESS INDICATORS, BUSINESS IMPACTS OF COVID-19, SEPTEMBER 2020**

25. The Applicants rely on Exhibit 11 to demonstrate the increased prevalence of working from home across all industries.
26. In particular, the Applicants rely upon page 3, which identifies 43% of business reported that they had staff teleworking, compared to 28% prior to COVID-19.

## **EXHIBIT 12 - ARTICLE BY PROFESSOR SIPE ABOUT PUBLIC TRANSPORT USAGE**

27. The Applicants rely on Exhibit 12 to demonstrate the marked decline in usage of public transport in Australia, which reflects an increased prevalence of working from home across all industries.
28. In particular, the Applicants rely upon page 3, which identifies that, on a national basis, public transport use declined by 52% between January and July 2020.

**Filed on behalf of ACCI and Ai Group**

**25 September 2020**



 Latest release

# Household Impacts of COVID-19 Survey

Insights into the prevalence and nature of impacts from COVID-19 on households in Australia

Reference period August 2020

Released 31/08/2020

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## Key statistics

- In mid-August, almost half (46%) Australians felt nervous at least some of the time.
- 58% of people reported wearing facemasks due to COVID-19, including all Victorians.
- Fewer people (77%) said they can raise \$2,000 in a week compared with 88% in mid-June.

## About this issue

This publication presents results from the monthly Household Impacts of COVID-19 Survey, a longitudinal survey which collects information from around 1,500 people. This survey is similar in design to the series of eight fortnightly surveys conducted between 1 April to 30 July 2020. The August 2020 survey was collected between 7 August and 17 August 2020 via online forms and telephone interviews.

The August 2020 survey collected information on:

- emotional and mental wellbeing
- precautions taken due to COVID-19
- household financial stress
- use of stimulus payments
- returning to activities as COVID-19 restrictions ease
- job status.

The scope of the survey was persons aged 18 years and over in private dwellings across Australia (excluding very remote areas).

## About this collection

This survey is designed to provide a quick snapshot of the changing social and economic situation for Australian households with particular focus on how they are faring in response to the COVID-19 pandemic. Each cycle will collect information on different topics.

This survey introduces a new panel of respondents but follows on from the fortnightly survey of the same name, which conducted eight cycles from 12 April to 30 July 2020. The results for the most recent fortnightly survey (and links to past releases) can be found in the Past and Future Releases menu of this publication.

In August 2020, there were an additional two detailed releases of results collected as part of the Multipurpose Household Survey (MPHS) during May and June 2020. The most recent results from the detailed MPHS Household Impacts of COVID-19 supplement can be found here: [Household](#)

[Impacts of COVID-19 Survey Detailed Release June 2020](#)

Some topics have been repeated in both the fortnightly and monthly survey. Where relevant, comparisons are made based on the weighted representative data for both surveys.

From 7 August to 17 August, when this survey was conducted, Victoria was identifying an average of 350 cases daily, with a minimum of 278 and maximum of 466 new cases in a single day. New South Wales recorded average daily cases of 11 with a minimum of 5 and maximum of 22 in a single day. Other states and territories were continuing to have low numbers of COVID-19 cases (no higher than two cases but often days with no new cases).

Since the beginning of the pandemic, initiatives in place to help reduce the spread of COVID-19 and support the economy included:

- international travel restrictions
- an economic stimulus package (12 March)
- border control measures for some states and territories
- shutting down of non-essential services and a second economic stimulus package (22 March)
- a Coronavirus Supplement announced on 22 March and paid fortnightly from 27 April to eligible income support recipients along with their usual payments
- a safety net package of \$1.1 billion to expand mental health and Telehealth services, increase domestic violence services and provide more emergency food relief (29 March)
- social distancing rules and additional shutdown restrictions (20–30 March)
- a JobKeeper Payment passed in legislation on 15 April and paid to employers to keep more Australians in jobs and support businesses affected by the COVID-19 restrictions
- easing of restrictions on elective surgery gradually from 28 April
- National Cabinet agreeing on a three-stage plan to ease restrictions (8 May)
- easing of restrictions in many states and territories from mid-May, with most between stage two and three at the time of the survey (with the exception of Victoria as described below).

The second wave of COVID-19 emerged in Victoria from mid-June 2020 leading to stronger restrictions and support within the state including:

- [stage 4](#) restrictions reinstated across metropolitan Melbourne, and [stage 3](#) restrictions applied throughout regional Victoria
- mandatory face coverings in public
- a return to remote learning for schools with onsite access to schools and childcare restricted to essential workers with permits
- closing onsite operation of retail, administration and some manufacturing businesses put in place for 6 weeks (with the exception of essential businesses)
- a Pandemic Leave Disaster Payment introduced for people who are required to take 14 days of leave to self-isolate or quarantine at home or care for someone with COVID-19.

Due to the small sample size and associated high sample errors for this survey, it is not possible to meaningfully compare responses across all states and territories. Where possible, analysis has been conducted comparing Victorian estimates with those for the rest of Australia.

Proportions marked with an asterisk (\*) have a Margin of Error (MoE) > 10 percentage points which should be considered when using this information. For more information about MoE refer to the publication explanatory notes.

## Emotional and mental wellbeing

### Key findings

- Almost half (46%) of Australians felt nervous at least some of the time.
- Two in five (41%) felt restless or fidgety and that everything was an effort at least some of the time.
- Almost one in six people (17%) who reported feelings impacting their emotional and mental wellbeing in August had discussed these with a doctor or other health professional.

### Emotional and mental wellbeing

The survey asked Australians about feelings that impact on emotional and mental wellbeing. The feelings selected are those associated with experiences of anxiety and depression. People aged 18 years and over were asked how frequently in the previous 4 weeks they felt:

- nervous
- hopeless

#### • hopeless

- restless or fidgety
- everything was an effort
- so depressed that nothing could cheer them up
- worthless.

This iteration of the survey gathered information via online forms and telephone interviews. Previous iterations of the survey were collected via the telephone only. This change in survey methodology means that comparisons of results for these questions across the survey cycles should be treated with caution.

In mid-August, Australians reported experiencing feelings associated with poorer emotional and mental wellbeing:

- almost half (46%) felt nervous at least some of the time
- two in five (41%) felt restless or fidgety at least some of the time
- two in five (41%) felt everything was an effort at least some of the time
- one in four (24%) felt hopeless at least some of the time
- one in six (17%) felt so depressed that nothing could cheer them up at least some of the time
- one in six (16%) felt worthless at least some of the time.

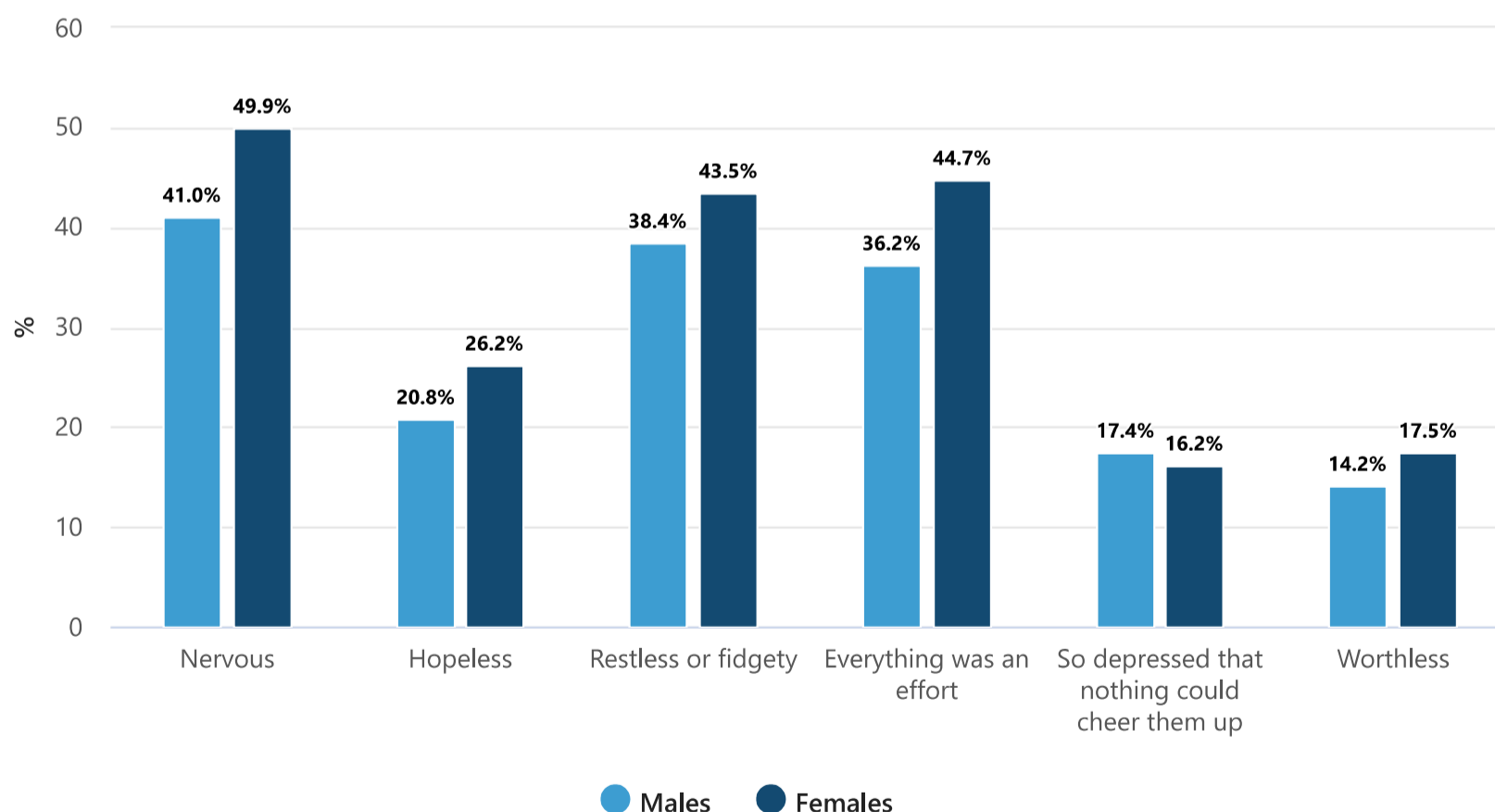
The mid-August results were consistent across Australia with no significant differences reported by people in Victoria when compared to the rest of Australia.

### By sex

In mid-August women were more likely than men to report at least some of the time feeling:

- nervous (50% compared with 41%)
- everything was an effort (45% compared with 36%).

### Persons aged 18 years and over, proportion who reported feelings that impacted on emotional and mental wellbeing at least some of the time, by sex



### By age

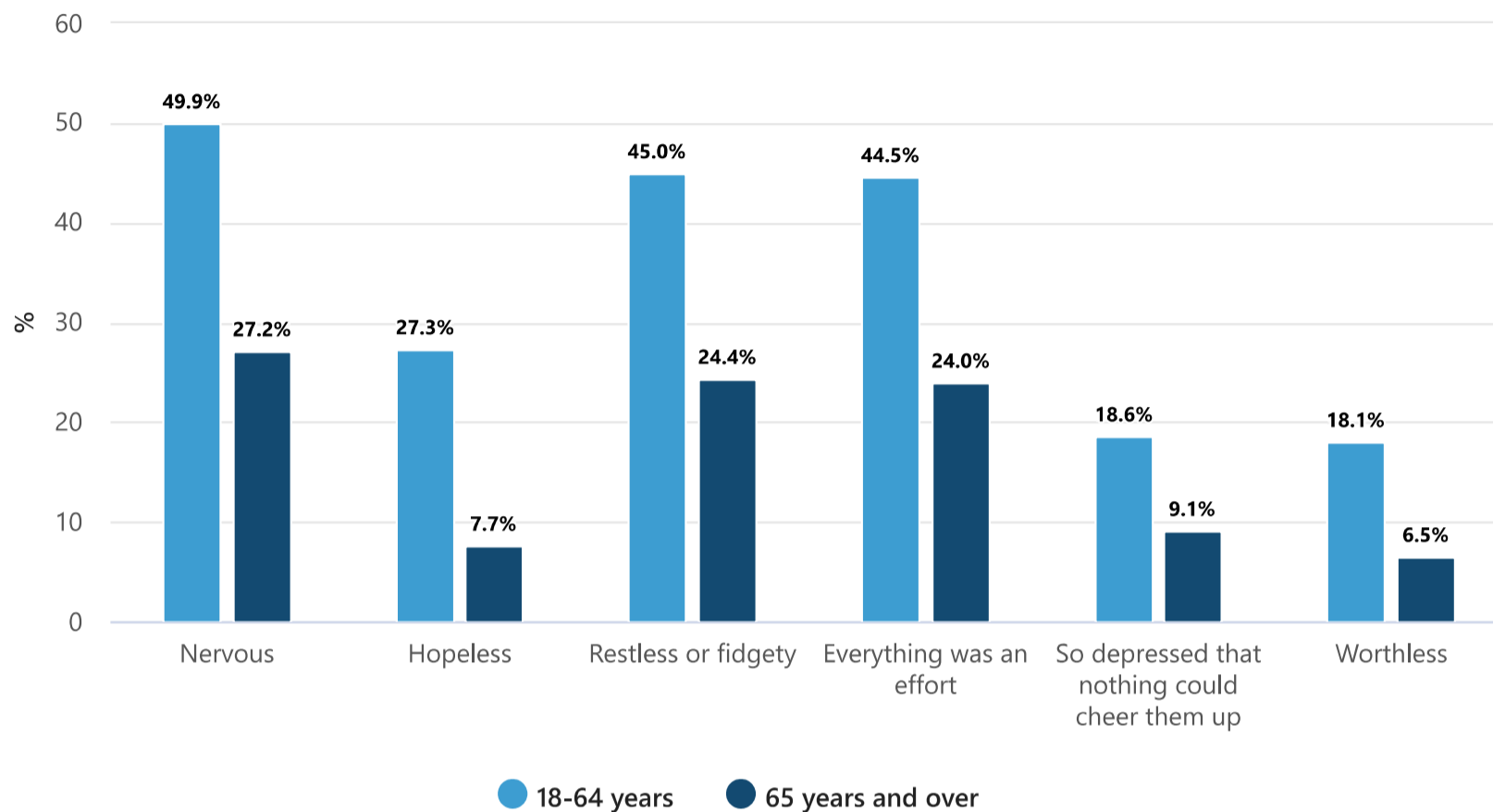
In mid-August people aged 18 to 64 years were considerably more likely than those aged 65 years and over to have felt the following at least some of the time:

- nervous (50% compared with 27%)
- restless or fidgety (45% compared with 24%)
- everything was an effort (45% compared with 24%)
- hopeless (27% compared with 8%)



- so depressed that nothing could cheer them up (19% compared with 9%)
- worthless (18% compared with 7%).

### Persons aged 18 years and over, proportion who reported feelings that impacted on emotional and mental wellbeing at least some of the time, by age



### Seeing a doctor or other health professional

People who had experienced one or more of these feelings at least a little of the time were asked if they had discussed these feelings with a doctor or other health professional. In mid-August, one in six people (17%) who experienced these feelings had discussed them with a doctor or other health professional.

## Precautions

### Key findings

- Three in five Australians (58%) reported wearing a facemask due to COVID-19 in mid-August compared with one in eight (13%) in late June.
- Due to COVID-19, almost all people in Victoria reported wearing facemasks (99%), washing hands regularly (99%), keeping physical distance from people (97%) and avoiding large social gatherings (96%).

### Precautions taken in the last week

From mid-May, most states and territories had begun to ease restrictions. When the survey was conducted in mid-August, however, the number of daily cases in Victoria was averaging around 350. The Victoria Government instituted [Stage 4](#) restrictions in Greater Melbourne from 2 August and [Stage 3](#) restrictions in the rest of Victoria from 5 August. The restrictions included curfews in Melbourne, mandatory facemask wearing and 'Stay at Home' restrictions across the State.

In mid-August, almost all Australians (99%) took one or more precautions in the previous week because of the spread of COVID-19. These included:

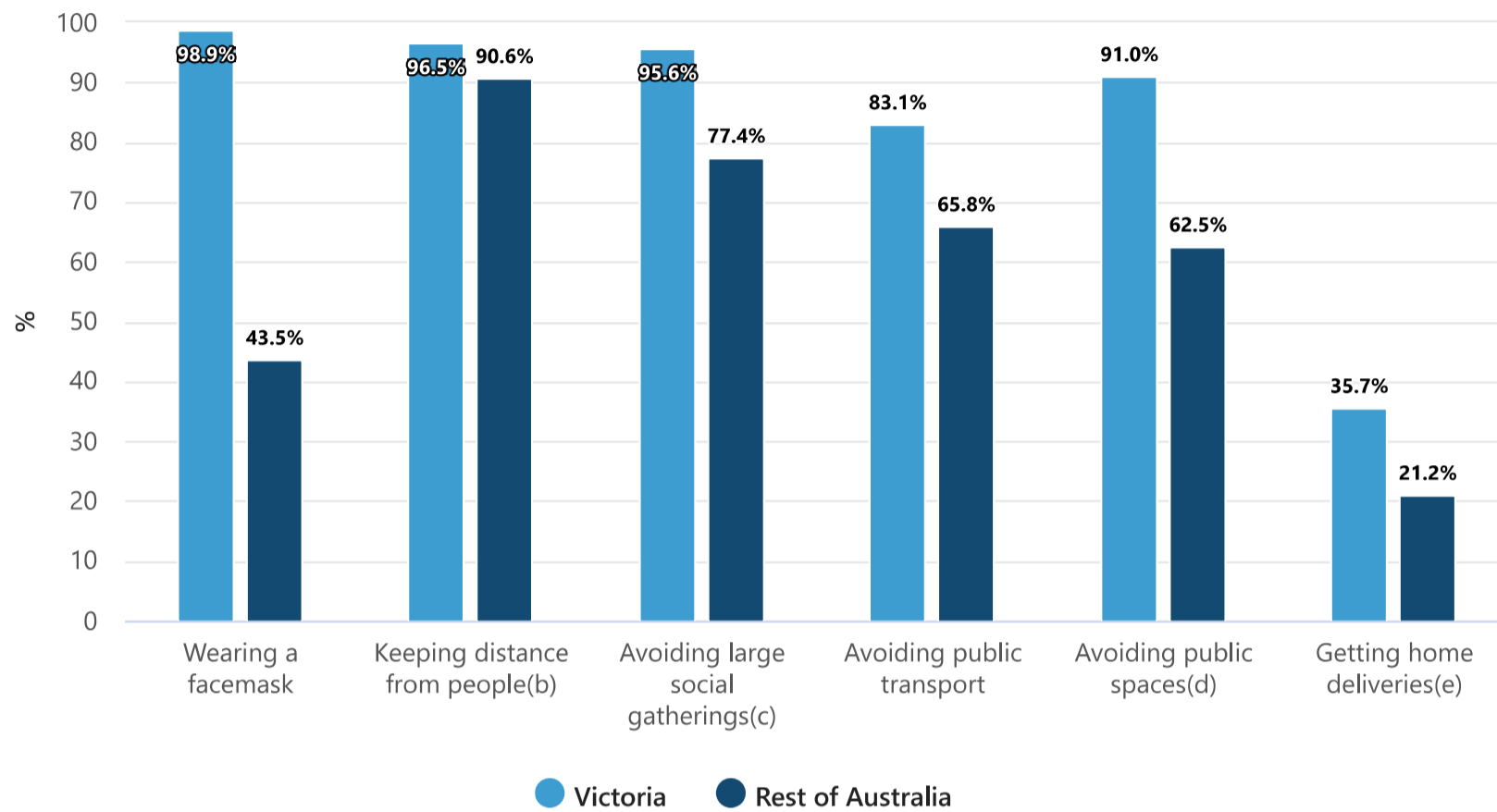
- washing hands regularly (98%)
- keeping physical distance from people (92%)
- avoiding large social gatherings (82%), public spaces (70%) or public transport (70%)
- disinfecting surfaces before using them (70%)
- wearing a facemask (58%)
- getting home deliveries (25%).

Males (62%) were more likely than females (55%) to wear a facemask.

People in Victoria were more likely than the rest of Australia to take certain precautions. These included:

- wearing a facemask (99% compared with 44%)
- keeping physical distance from people (97% compared with 91%)
- avoiding large social gatherings (96% compared with 77%), public spaces (91% compared with 63%) or public transport (83% compared with 66%)
- getting home deliveries (36% compared with 21%).

**Persons aged 18 years and over, precautions taken due to the spread of COVID-19, Victoria and rest of Australia(a)**



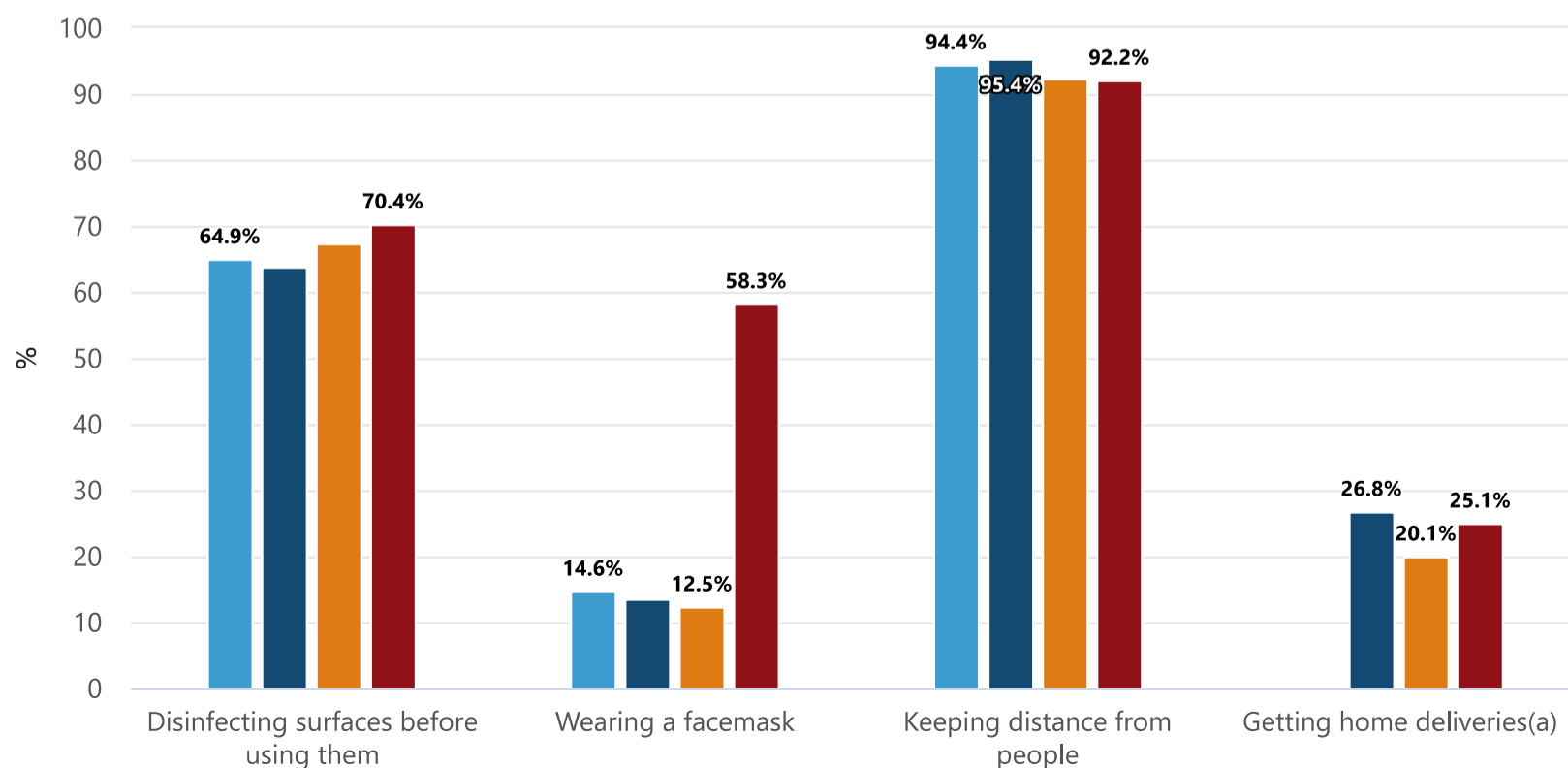
- a. Precautions taken in the week before interview in mid-August.
- b. Including not shaking hands or hugging.
- c. Including friends or family who don't live with you.
- d. Including public events.
- e. Including groceries and household products.

Compared with late June, more people were taking the following precautions in mid-August:

- wearing a facemask (13% in June compared with 58% in August)
- seeking advice from a medical professional (6% in June compared with 11% in August)
- getting home deliveries (20% in June compared with 25% in August).

Compared with late June, more people aged 65 years and over got home deliveries in mid-August (9% in June compared with 16% in August).

**Persons aged 18 years and over, selected precautions taken in the last week due to the spread of COVID-19**



● Early May ● Late May ● Late June ● Mid-August

a. Data on households 'getting home deliveries' as a precaution taken was not collected in early May.

## Returning to activities

### Key findings

- Almost three in four Australians (72%) went shopping in physical retail stores in mid-August.
- In mid-August, over half of Australians with children (57%) sent them to schools or child care in person, and over half of Australians with jobs (55%) attended workplaces in person.
- Participation was much lower in all activities for people in Victoria compared with the rest of Australia, most likely reflecting the higher level of restrictions in that state at the time.

### Activities as restrictions ease

The Australian Government has implemented a national three step plan for easing the COVID-19 restrictions. At the time of the survey, the majority of states and territories were in step 2 or 3 of the national plan. Due to high numbers of new cases in Victoria and clusters in New South Wales, a number of states and territories continued to delay their plans for easing restrictions. The Victoria Government instituted [Stage 4](#) restrictions in Greater Melbourne from 2 August and [Stage 3](#) restrictions in the rest of Victoria from 5 August. The restrictions included curfews in Melbourne, mandatory facemask wearing and 'Stay at Home' restrictions across the state.

The survey asked respondents if they had participated in selected activities in the previous week. These activities were:

- attending a workplace in person
- attending an educational institution in person
- sending children to school or child care in person
- attending a social gathering of more than 10 people
- dining in at restaurants or cafés
- going to licensed venues including pubs or bars
- shopping in physical retail stores
- using a hair or beauty service including a hairdresser, barbershop or beauty salon
- going to a gym, boot camp or swimming pool
- using public recreational areas including beaches, parks, playgrounds and skate parks
- playing sports or attending training sessions.

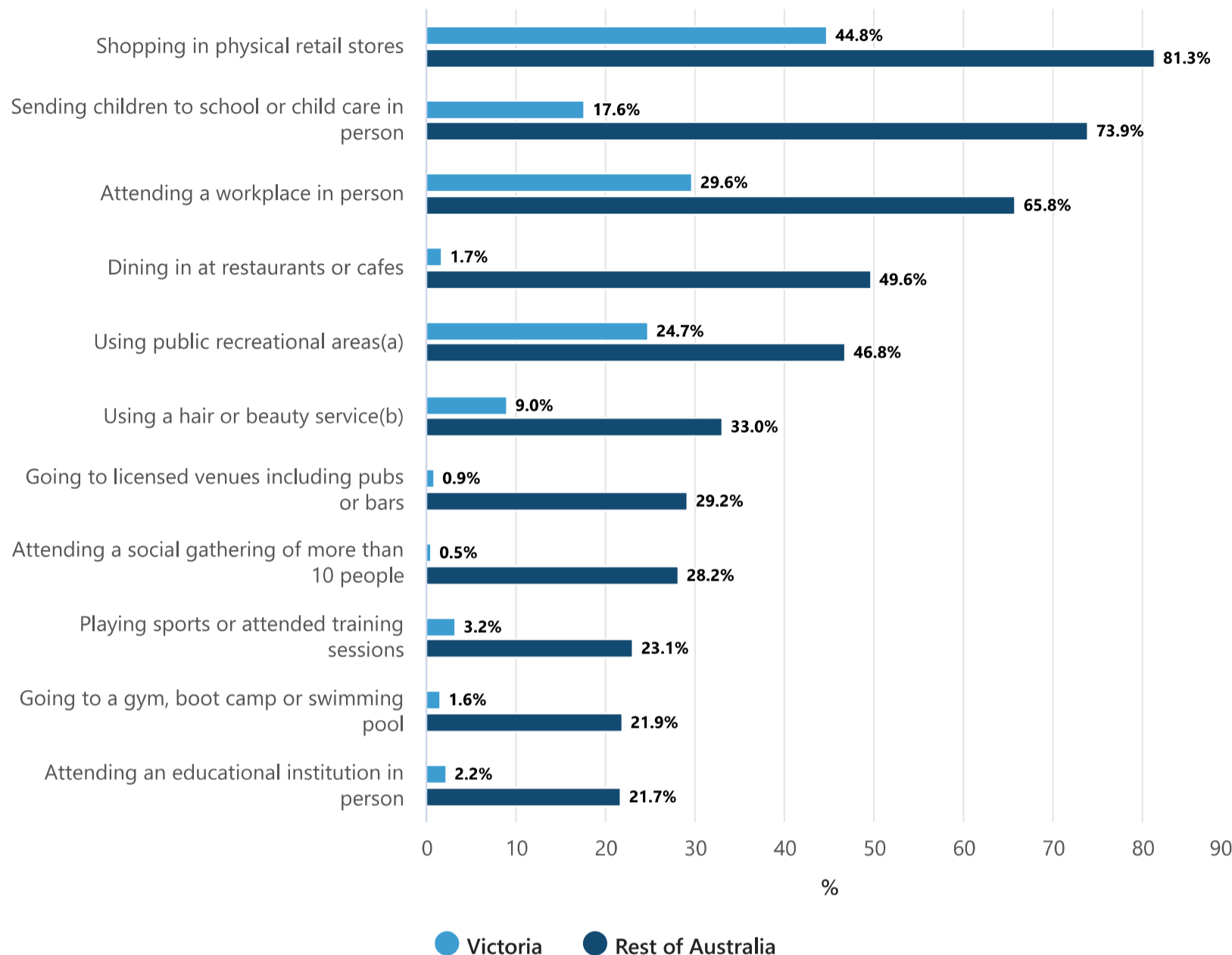
In mid-August, for Australians who usually participate in each activity, the survey found:

- Almost three in four (72%) went shopping in physical retail stores in the previous week (the same as the 72% in mid-June)
- Around three in five Australians with children (57%) sent them to school or child care in person in the previous week (compared with 85% in mid-June)
- Over half of Australians with jobs (55%) attended their workplace in person in the previous week (similar to 56% in mid-June)
- Around two in five Australians (41%) reported using public recreational areas (compared with 50% in mid-June)
- Over a third of Australians (37%) reported dining in at restaurants or cafés (similar to 38% in mid-June).

Compared with the rest of Australia, participation in all activities was much lower in Victoria, most likely due to the stronger restrictions noted above. For people in Victoria:

- Around two in five (45%) shopped in physical retail stores (compared with four in five (81%) for the rest of Australia)
- Around a third (30%) who worked, attended their workplace in person (compared with two thirds (66%) for the rest of Australia)
- Almost one in five (18%) with children, sent them to school or child care in person (compared with three quarters (74%) for the rest of Australia)
- One in 50 (2%) dined in at restaurants or cafés (compared with one in two (50%) for the rest of Australia).

## Persons aged 18 years and over who usually participate in an activity, participation in selected activities in the last week, Victoria and rest of Australia



a. Includes beaches, parks, playgrounds and skate parks.

b. Includes hairdressers, barbershop or beauty salon.

### Changes in usual attendance in person at the workplace

For those who reported attending their place of work in person in the last week, the survey asked about any changes in their attendance when compared to their usual practices before the COVID-19 restrictions.

Over half of Australians with jobs (55%) attended their workplace in the previous week. Of these Australians, when compared to the time before COVID-19 restrictions, the survey found:

- 5% attended their workplace more often in the last week
- 33% attended less often
- 61% attended about the same.

## Household financial stress and stimulus payments

### Key findings

- Three in four Australians (77%) reported their household could raise \$2,000 for something important within a week, a decrease compared with 88% in mid-June.
- Almost nine out of ten Australians (87%) reported their household expects to be able pay bills received in the next three months (compared with 94% in mid-June).
- The Coronavirus Supplement and the JobKeeper Payment were most commonly used to pay household bills by those receiving the stimulus payments.
- Of the Australians receiving the JobKeeper Payment, over three in five (64%) were receiving less income than their usual pay, one in five (22%) were receiving about the same and one in seven (14%) were receiving more.

### Ability to raise money for something important within a week

## Ability to raise money for something important within a week

In mid-August, three in four Australians (77%) reported their household could raise \$2,000 for something important within a week. This is a decrease compared with mid-June, when almost nine in ten Australians (88%) reported their household could raise \$2,000 within a week.

In mid-August, approximately one in eight Australians (13%) reported their household could raise \$500 but not \$2,000 for something important within a week.

The proportion of Australian households unable to raise \$500 within a week increased to 6% in mid-August, compared with 3% in mid-June.

## Ability to pay bills

One in seven Australians (14%) reported their household was unable to pay one or more selected bills on time over the last twelve months due to a shortage of money.

The majority of Australians (87%) reported their household expects to be able to pay bills received in the next three months. This is a decrease compared with mid-June, when almost all Australians (94%) reported their household expected to be able pay bills they received in the following three months. One in 50 (2%) of Australians did not expect to be able to pay bills received in the next three months and 11% reported they did not know if they would be able to make these payments.

## Coronavirus Supplement

From 27 April 2020, the Commonwealth Government paid eligible income support recipients a fortnightly Coronavirus Supplement of \$550 along with their usual payments. The Explanatory Notes in the Methodology will provide further details of eligible recipients.

In mid-August approximately one in eight Australians (13%) said they were currently receiving the Coronavirus Supplement.

Persons aged 18 to 64 years were more likely to report receiving the Coronavirus Supplement than those aged 65 years and over (14% compared with 6%).

When broken down by sex:

- 15% of females reported receiving the Coronavirus Supplement
- 11% of males reported receiving the Coronavirus Supplement.

People receiving the Coronavirus Supplement most commonly reported using it to pay household bills (82%).

The following image provides readers with a word cloud, which is a collection of words depicted in different sizes. The bigger, bolder and repeated words reflect the more commonly reported uses of the Coronavirus Supplement.

Image Description

## Stimulus payment uses for persons aged 18 years and over receiving the Coronavirus Supplement



## JobKeeper Payment

The JobKeeper Payment was introduced by the Commonwealth Government as a subsidy to help keep businesses trading and people employed during the COVID-19 pandemic. Affected employers and sole traders are able to claim \$1,500 per fortnight per eligible employee from 30 March 2020. The Explanatory Notes in the Methodology will provide further details of eligible recipients.

In mid-August approximately one in seven Australians (14%) said they are currently receiving the JobKeeper Payment from their employer.

Persons aged 18 to 64 years were much more likely to be receiving the JobKeeper Payment than those aged 65 years and over (17% compared with 4%).

When broken down by sex:

- 16% of males reported receiving the JobKeeper Payment
- 13% of females reported receiving the JobKeeper Payment.

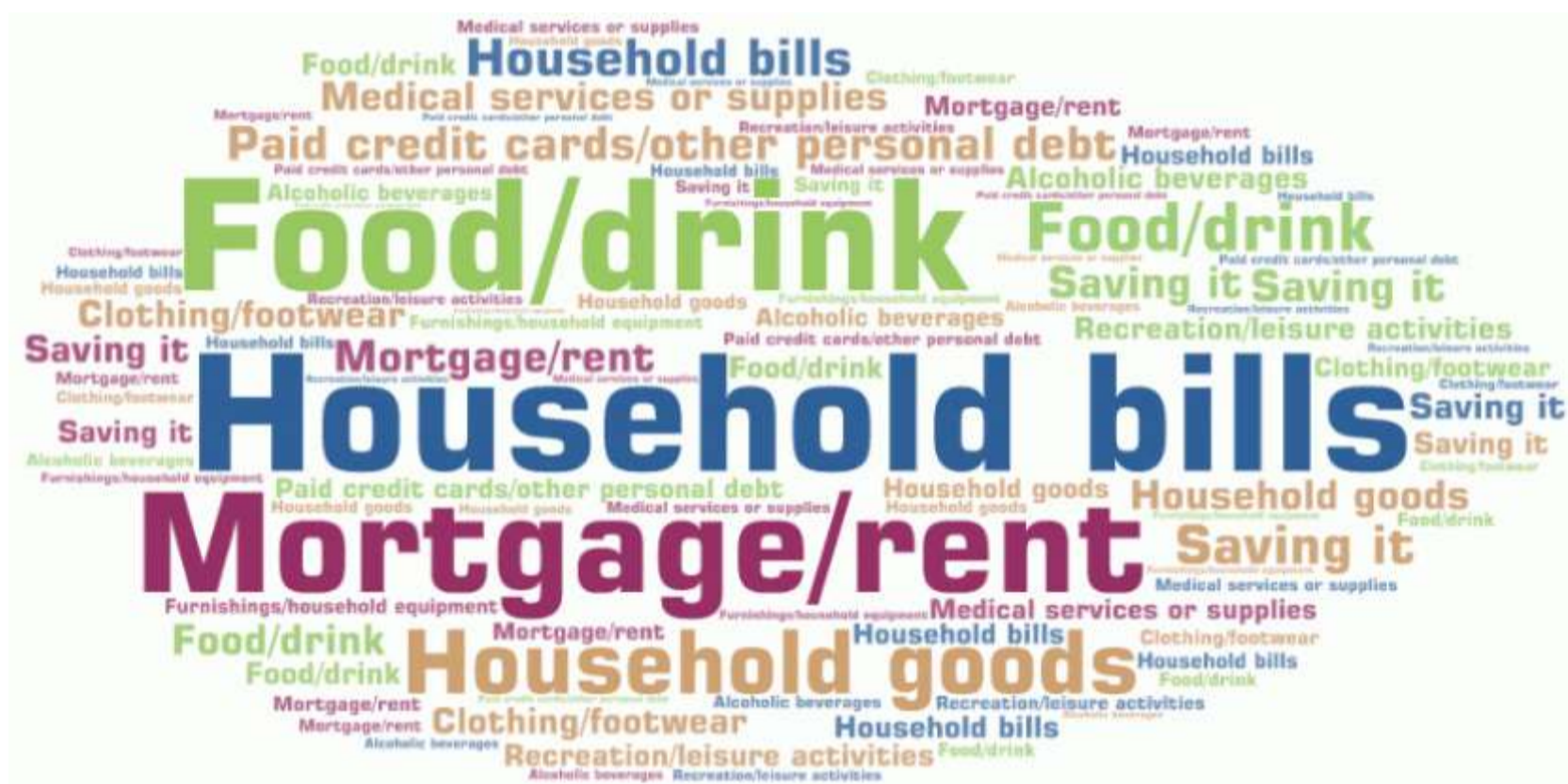
Of the Australians receiving the JobKeeper Payment, approximately three in five (64%) were receiving less income than their usual pay. One in five (22%) received about the same income, and one in seven (14%) received more income in mid-August.

People receiving the JobKeeper Payment from their employer most commonly reported using it to pay household bills (84%).

The following image provides readers with a word cloud. The bigger, bolder and repeated words reflect the more common uses of the JobKeeper Payment.

Image Description

### Stimulus payment uses for persons aged 18 years and over receiving the JobKeeper Payment



## Job status

### Key findings

- The proportion of Australians aged 18 years and over who had a job working paid hours remained stable at around 60% between early July and mid-August.
- One in six people in Victoria (17%) reported having a job and not working paid hours in mid-August (compared to 5% for the rest of Australia).

### Current job status

The survey collected information on the current (mid-August) job status of all respondents. The topic was also collected in the fortnightly survey between April and July. Comparisons are included to show how the employment status of people has changed during the COVID-19 pandemic.

Respondents were asked simple questions about changes to their job situation, rather than the full suite of employment-related questions included in the ABS' Labour Force Survey (see [Questionnaires Used in the Labour Force Survey](#) (cat. no. 6232.0)). The results of this survey are, therefore, not directly comparable to Australia's official Labour Force measures. The Margin of Error (MoE) on these estimates is around seven times greater than for Labour Force statistics (the Labour Force Survey sample is around 50 times larger). More information about measuring the labour market impacts of COVID-19 can be found [here](#).

Table 1 shows the self-reported job status of Australians aged 18 years and over covering the period early March to mid-August. Only selected cycles from the fortnightly survey are included. The full time series is available with the downloadable tables.

**Table 1 - Persons aged 18 years and over, self-reported job status**

	Early March (1st survey cycle)(a)	Early April (1st survey cycle)(b)	Mid-April (2nd survey cycle)	Mid-May (4th survey cycle)	Mid-June (6th survey cycle)	Early July (8th survey cycle)	August 2020 (monthly cycle 1)
	%	%	%	%	%	%	%
Has a job	66.2	63.4	63.6	63.2	64.6	63.5	68.2
Working paid hours	64.0	55.8	56.6	58.7	61.1	60.7	60.3
Not working paid hours	2.2	7.6	7.0	4.5	3.5	2.8	7.9
Does not have a paid job(c)	33.8	36.6	36.4	36.8	35.4	36.5	31.8

a. Job situation four weeks prior to survey in early April.

b. Current job situation at time of survey in early April.

c. Includes all people without a job and should be considered only a loose approximation for the combined "unemployed" and "not in the labour force" groups.

The survey found that the proportion of Australians aged 18 years and over who had a job working paid hours remained stable at around 60% between early July and mid-August, while the proportion of people who had a job and were not working paid hours increased from 3% to 8%. This change was largely influenced by results in Victoria, where 17% of people reported having a job and not working paid hours (compared with 5% for the rest of Australia).

The results of the most recent Labour Force Survey, with data in respect of the two weeks from 28 June to 11 July, collected over the three weeks 5 July to 25 July, can be found using the following link: [Labour Force, Australia, July 2020](#) (cat. no. 6202.0). The August 2020 results will be released on 17 September 2020.

## What's next?

The ABS will follow up with the same people in mid-September to undertake the second cycle of the monthly Household Impacts of COVID-19 Survey. The topics include:

- job status, search intentions and leave availability
- child care arrangements
- health precautions and sources of information
- household finances including stresses, spending and use of stimulus payments
- participation in selected activities.

Information from the September survey will be released in early October 2020.

The ABS would like to thank all participants for their involvement in the survey. The information collected is of value to inform government and community responses to the COVID-19 pandemic.

## Data downloads

### Data item list

[Download XLSX](#)  
[80.63 KB]

### Tables 1 - 10

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### All data cubes

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## History of changes

### Show all

03/09/2020 Word clouds in the Household financial stress and stimulus payments chapter have been updated.

Links to past and future releases of this publication have been removed from the key findings and Explanatory notes and a link in the Explanatory notes has been updated.

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## Previous catalogue number

This release previously used catalogue number 4940.0

## Methodology

[Household Impacts of COVID-19 Survey methodology, August 2020](#)

## Media releases

31 August 2020

**COVID-19 anxiety in Victoria felt Australia-wide**

[View media release](#)







# Insights into hours worked, August 2020

Released 17/09/2020

Source: [Labour Force, Australia, August 2020](#)

## On this page

[Hours worked ranges](#)

[Flows between hours worked categories from July to August](#)

[People working reduced hours](#)

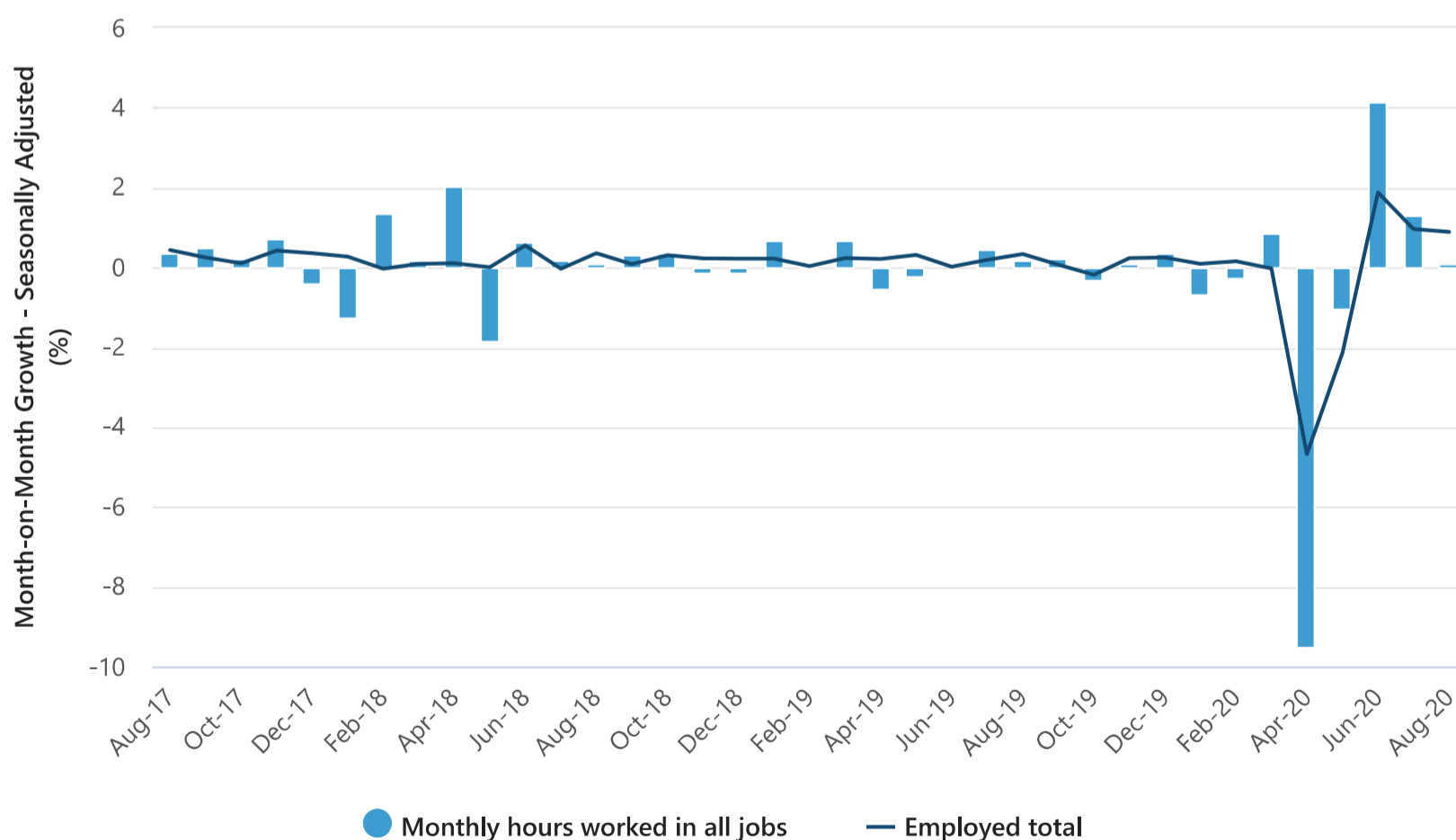
Hours worked fell by 9.5% between March and April in seasonally adjusted terms, which was double the fall in employed people (4.7%). After this large fall in April, the decline in hours worked slowed considerably into May, with hours worked decreasing by a further 1.0%. Between May and June, hours worked began to recover, increasing by 4.2%, alongside a 1.9% increase in employment. In July, hours worked increased by another 1.3%.

While employment continued to grow strongly in August (up 0.9%), the recovery in hours worked slowed, with a 0.1% increase recorded. This small increase reflected a 4.8% decrease in hours worked in Victoria, with all other states and territories recording a combined increase of 1.8%. Further information on state and territory hours worked can be found in [State and territory employment and hours worked](#) insights.

Since the low point in May, total hours worked has increased by 89.5 million hours, recovering almost half (48%) of the 186 million hours decrease between March and May. However, hours worked in August were still 5.4% lower than March.

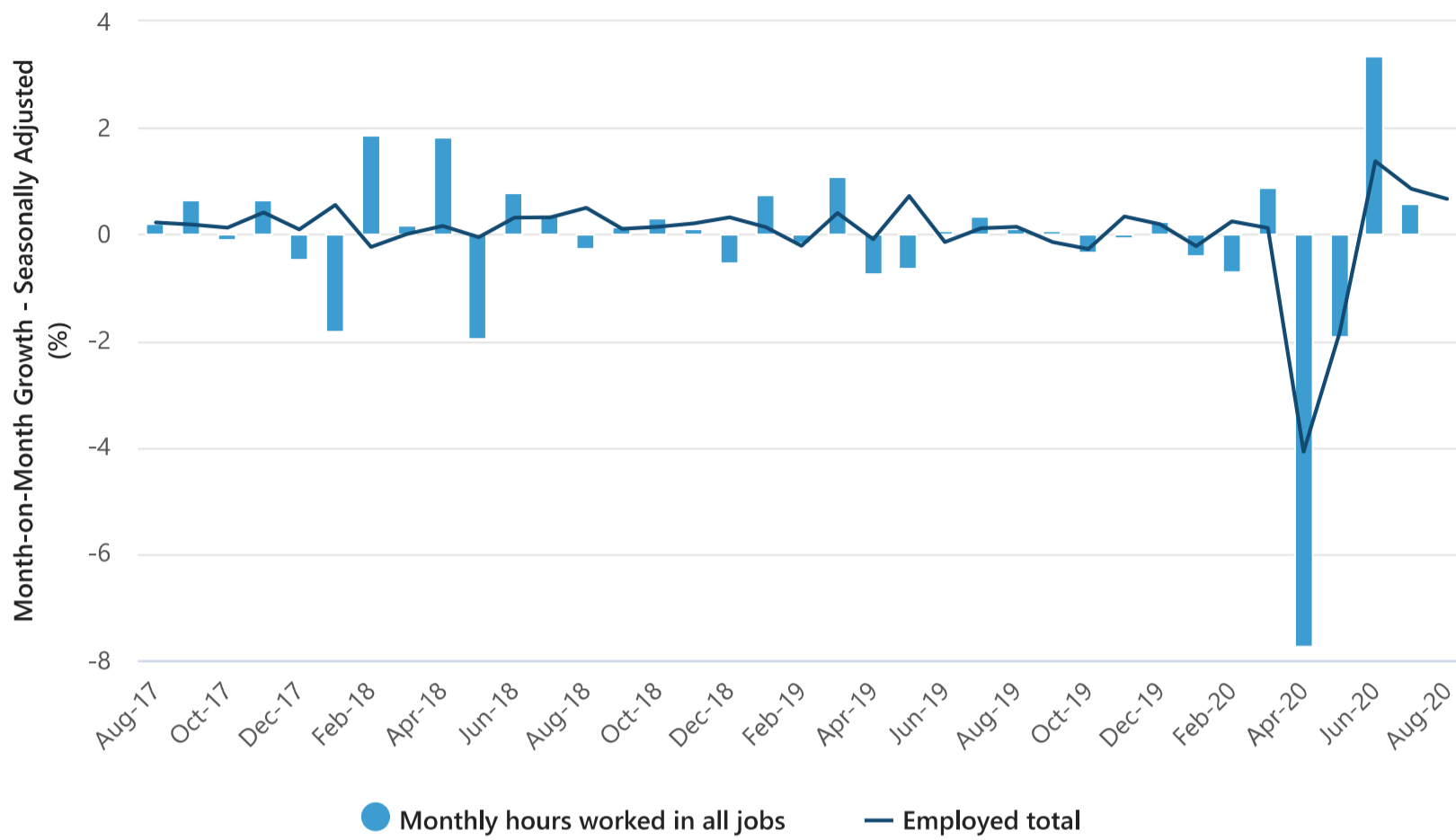
Charts 1, 2 and 3 show the monthly changes in seasonally adjusted hours worked and employment for all people, men and women. Both male and female hours continued to rise between June and July, following the large increases between May and June. Hours worked for women continued to show stronger growth, following the much larger fall in female hours early in the COVID-19 period. In August, there was no growth in male hours worked, while there was a small (0.2%) increase in female hours worked.

Chart 1: Change in employment and hours worked



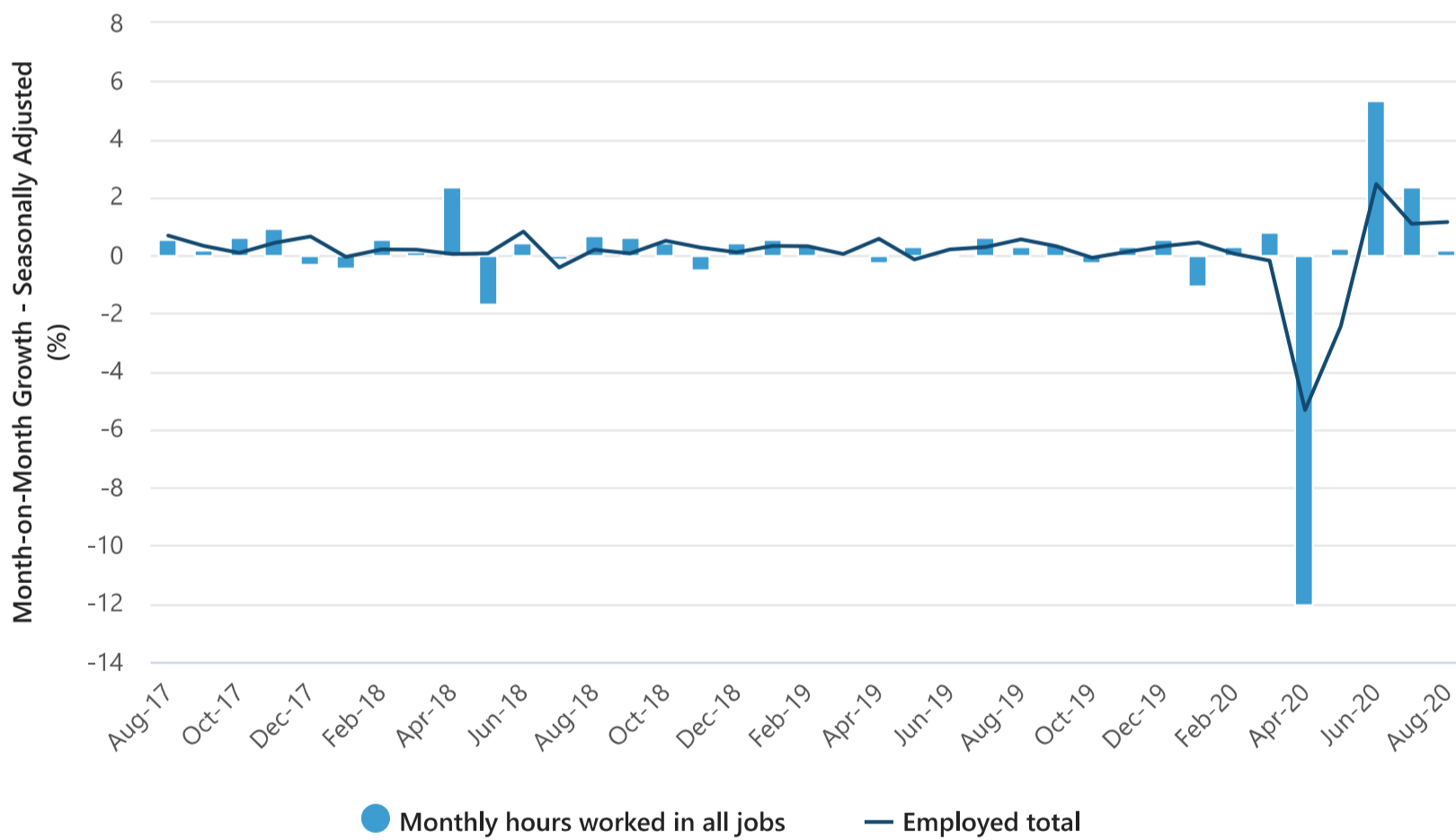
Source: 6202.0 Tables 1 and 19

Chart 2: Change in employment and hours worked, males



Source: 6202.0 Tables 1 and 19

Chart 3: Change in employment and hours worked, females

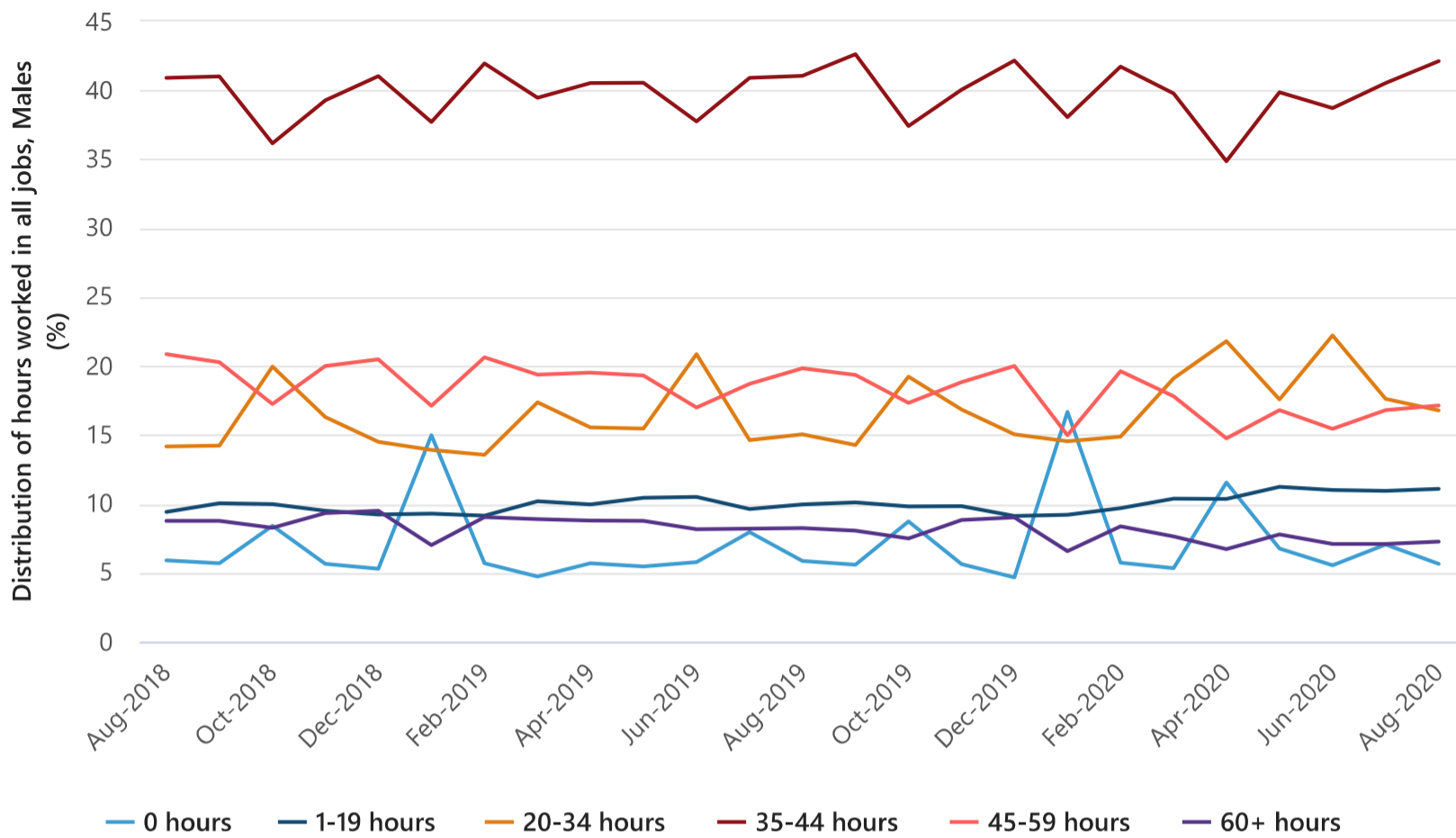


Source: 6202.0 Tables 1 and 19

### Hours worked ranges

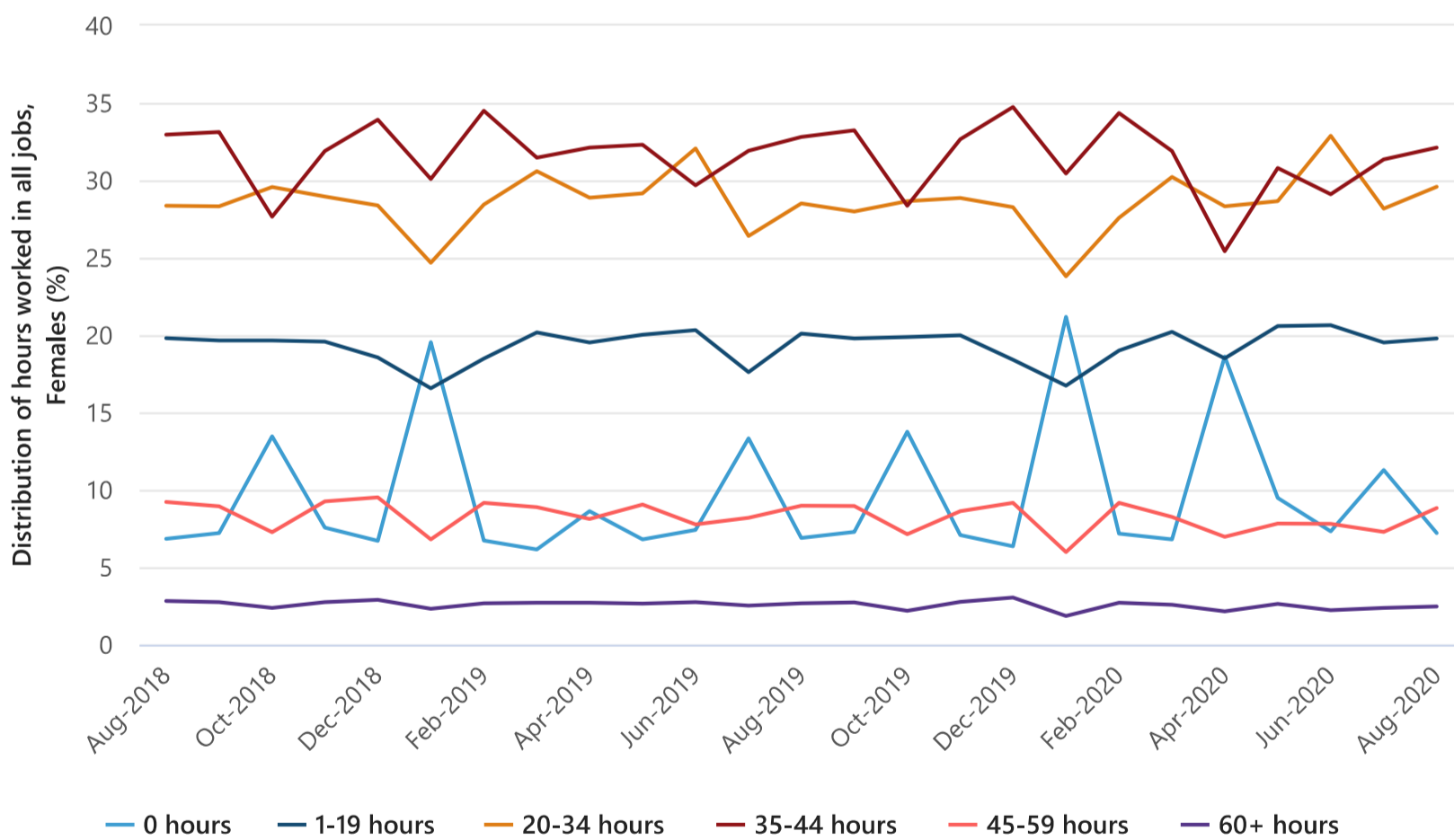
It is also illuminating to examine the number of people working within various hours ranges. Charts 4 and 5 show the distribution of employed men and women across the hours worked categories over the past two years.

Chart 4: Distribution of hours worked in all jobs, Males, Original



Source: 6291.0.55.001 Table 9

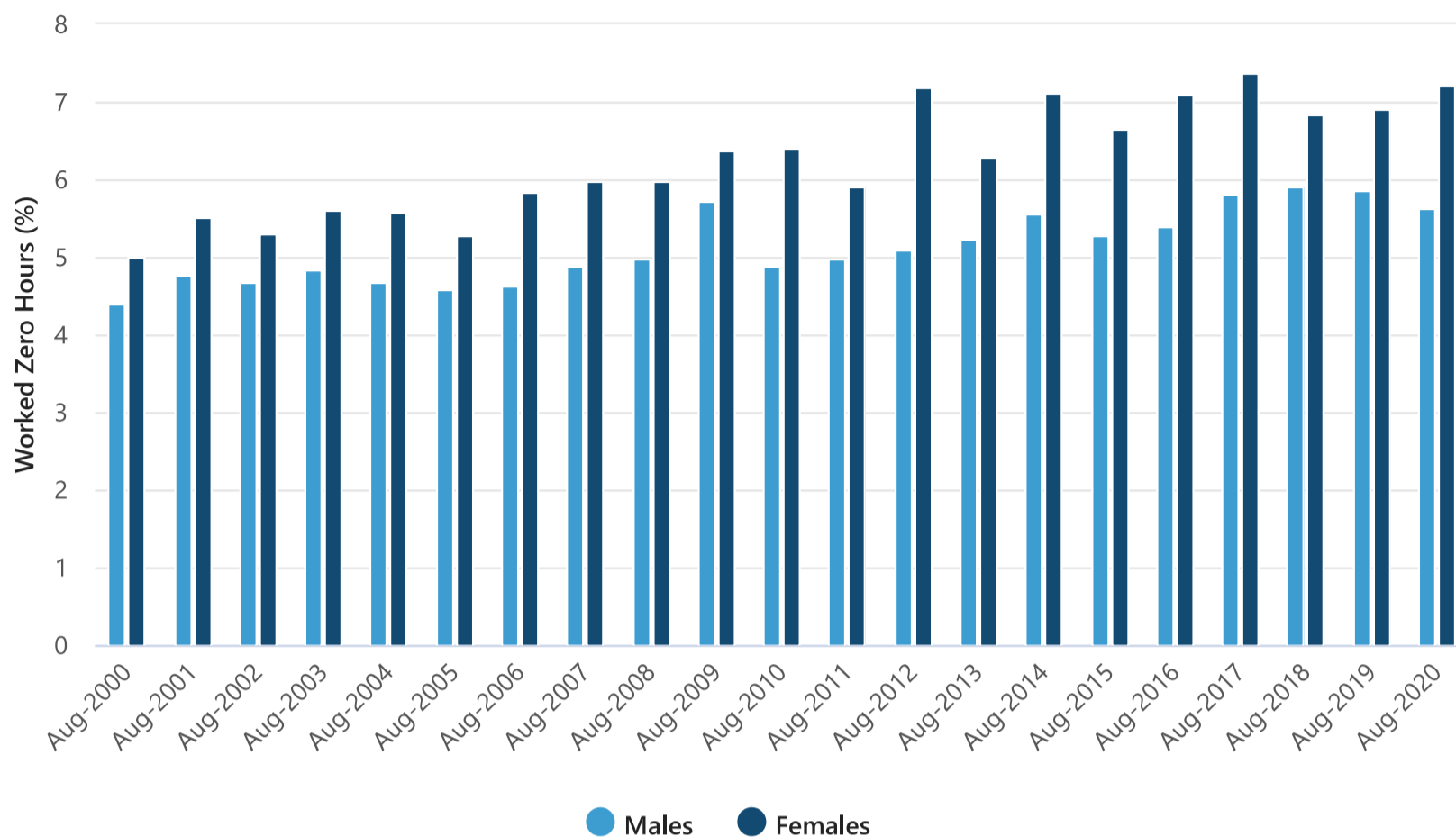
Chart 5: Distribution of hours worked in all jobs, Females, Original



Source: 6291.0.55.001 Table 9

Chart 6 shows that the proportion of employed men and women who worked zero hours in August 2020 was relatively similar to levels in August of previous years, only slightly higher for women and slightly lower for men. These year-to-year comparisons were very different to the record highs for men and women that were seen in April and May 2020 (relative to April and May in previous years).

Chart 6: Proportion of employed working zero hours, Original



Source: 6291.0.55.001 Table 9

## Flows between hours worked categories from July to August

Table 1 shows the proportion of people in each of the hours worked categories in August by their hours worked in July.

Of the employed people who worked zero hours in August, 29% (over 200,000 people) had also worked zero hours in July - indicating that they have been paid for at least some of the past 4 weeks (otherwise they would no longer be classified as employed). This was considerably lower than the 45% recorded between April and May, and the 40% recorded between May and June, but higher than the 22% between June and July.

Almost 11% of the employed people who worked zero hours in August were not employed in July (again, indicating that they received some pay despite not working any hours). This was a slight increase on July (9%), but lower than previous months (16% in June, and 14% in May).

There were also over 120,000 people (1.6%) who moved from working zero hours in July to being not employed in August. This was similar to what was observed between June and July (120,000), but lower than between May and June (150,000), and April and May (450,000).

		August						
		0 hours	1-19 hours	20-34 hours	35-44 hours	45-59 hours	60+ hours	Not employed*
July	0 hours	28.9	7.6	7.4	5.2	6.4	5.8	1.6
	1-19 hours	17.6	55.5	12.3	3.2	3.4	2.1	2.3
	20-34 hours	17.3	18.7	52.3	12.6	8.2	3.9	1
	35-44 hours	17	5.4	20.6	67.2	25	9.3	0.8
	45-59 hours	5.4	2.3	3	8.5	48.4	24.6	0.3
	60+ hours	3.1	0.8	0.7	1.4	7.2	52.4	0.1
	Not employed*	10.7	9.9	3.7	1.9	1.4	1.9	94
Total		100	100	100	100	100	100	100

Source: Longitudinal Labour Force microdata 6602.0

\* Not employed includes all people who were unemployed or not in the labour force.

## People working reduced hours

Chart 7 shows the number of men and women working fewer than their usual hours, or no hours at all, over the past 5 years. The number of men and women who worked fewer than their usual hours (or no hours at all) had a similar peak in April (at around 900,000 for both), however, the subsequent reductions have been much greater for women (a fall of 481,100 since April, compared to over 321,000 for men).

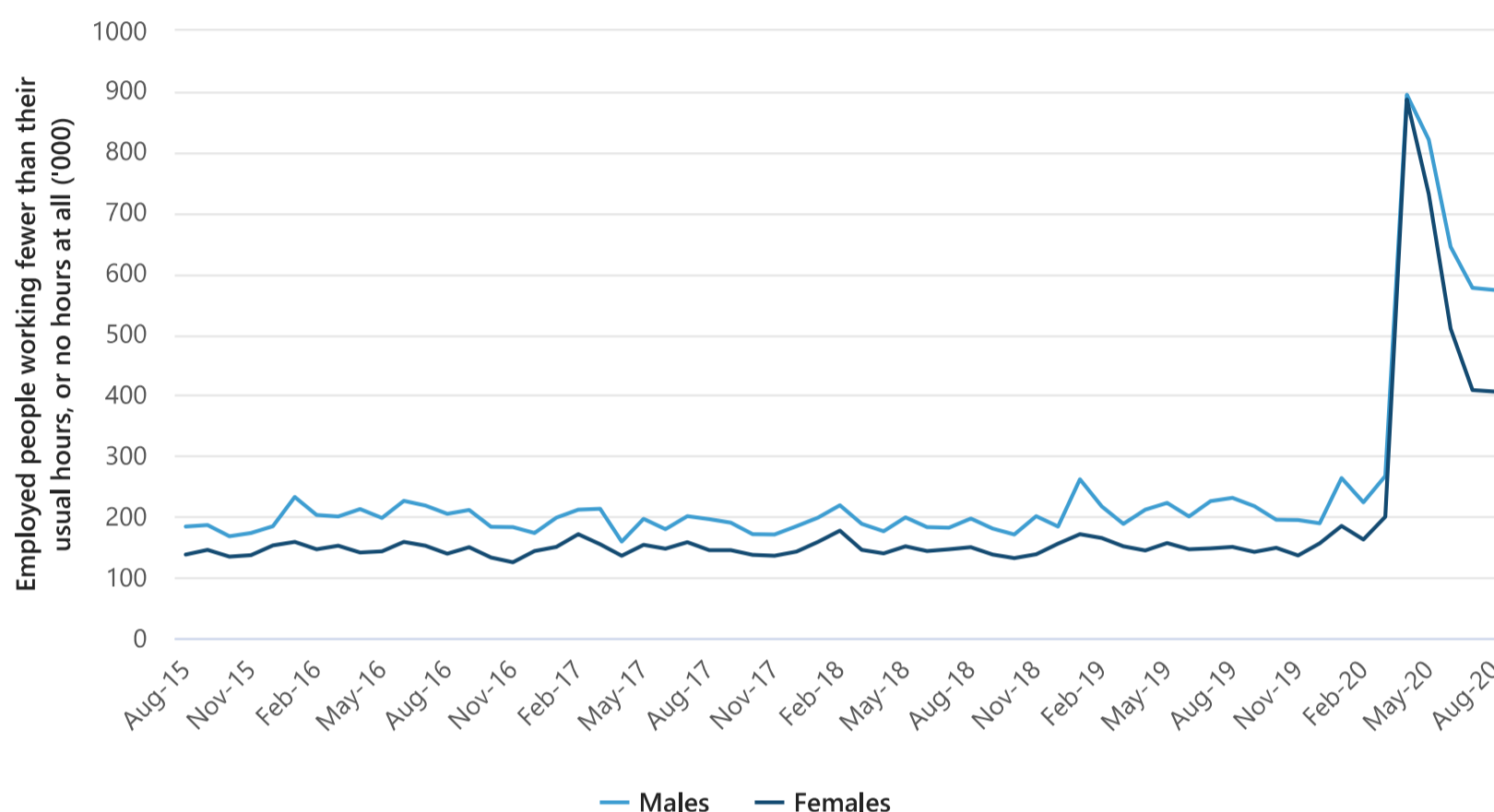
The decline in the number of employed men and women working reduced hours (or not hours at all) from the peak in April has flattened, with the

level recorded in August similar to July for both men and women.

Overall, there were almost one million people who worked fewer than their usual hours for economic reasons in August 2020, a decrease of almost 800,000 since April 2020 (when it was around 1.8 million people). This comprised:

- 400,000 'underemployed full-time workers' (i.e. full-time who worked less than 35 hours in the reference week);
- over 130,000 full-time workers who worked less than their usual hours in the reference week but still worked 35 hours or more; and
- almost 450,000 part-time workers.

**Chart 7: Employed people working fewer than their usual hours, or no hours at all, Original**



Source: 6291.0.55.001 Data Cube EM2a

Of the almost one million employed people who worked less than their usual hours for economic reasons in August:

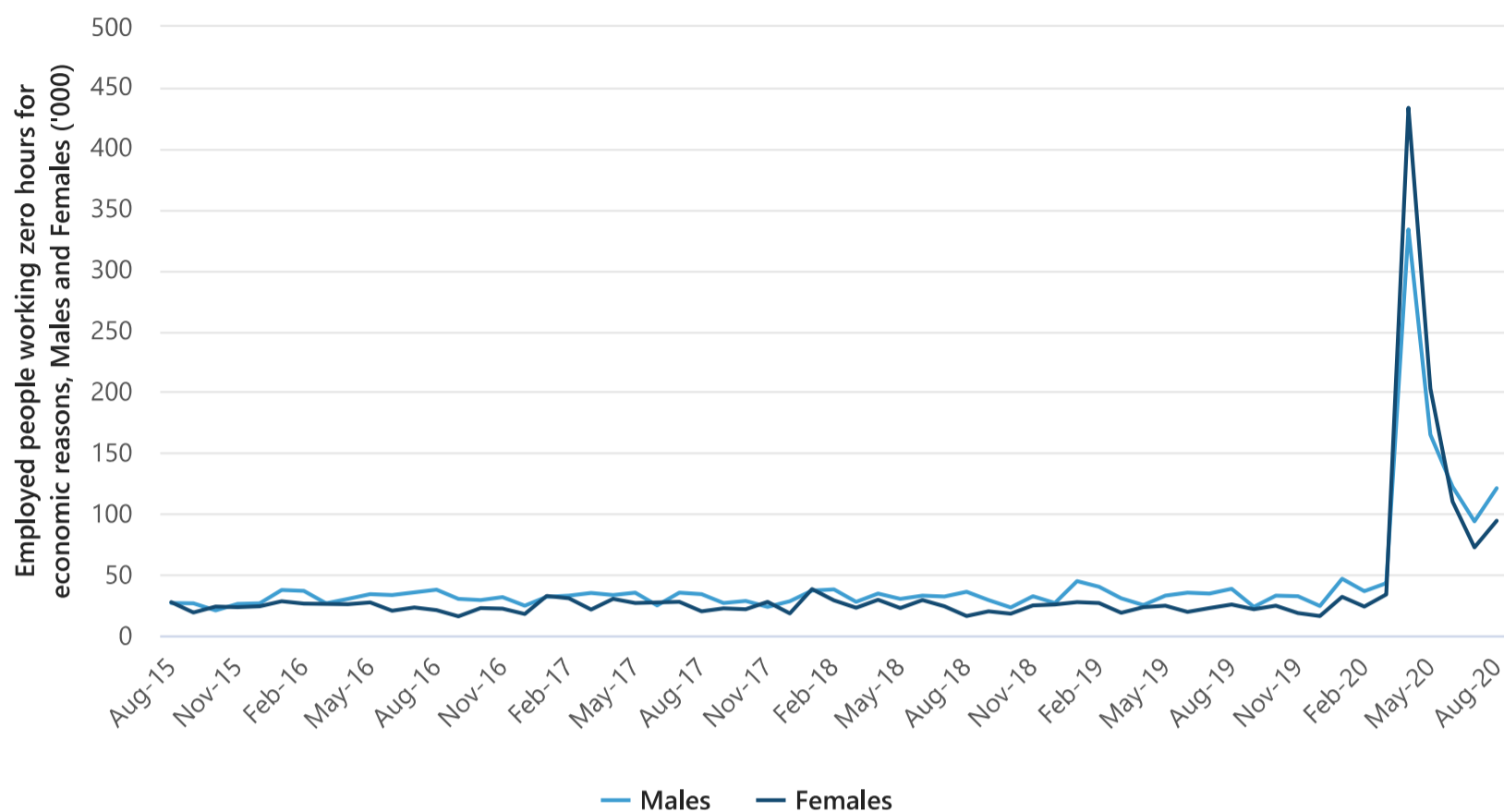
- around 215,000 (or 22%) did not work at all; and
- over 760,000 worked some hours, but fewer hours than they usually work.

Following a 700,000 increase between March and April, the number of people working zero hours for economic reasons decreased by over 600,000 between April and July. However, between July and August it increased by almost 50,000 (a 30% increase).

Around 60% of people who worked zero hours for economic reasons in August usually work part-time hours. This was higher than the proportion of all people who worked less hours than usual (46% of whom usually work part-time hours).

Chart 8 shows that the number of men and women working zero hours for economic reasons increased between July and August, following the declines recorded since the peak in April.

Chart 8: Employed people working zero hours for economic reasons, Males and Females, Original



Source: 6291.0.55.001 Data Cube EM2a

A further 90,000 employed people did not work at all as they began, left or lost a job. The majority of these people left or lost a job. Two-thirds of the people who left or lost a job were in Victoria

Table 2 shows the number of people (and share of all employed) working zero hours for economic reasons in each state or territory. All states and territories recorded very large increases in people working zero hours for economic reasons between March and April, followed by a steady decrease to July. Between July and August, some states recorded modest increases, while in Victoria the number (and share) of people working zero hours for economic reasons almost doubled.

Table 2: People working zero hours for economic reasons, by State and territory, Original

	Aug-20		Jul-20		Jun-20		May-20		Apr-20		Mar-20	
	('000)	% of all Employed	('000)	% of all Employed	('000)	% of all Employed	('000)	% of all Employed	('000)	% of all Employed	('000)	% of all Employed
<b>NSW</b>	45.8	1.1%	41.6	1.0%	63.7	1.6%	121.2	3.1%	261.2	6.7%	30.8	0.7%
<b>Victoria</b>	113.0	3.5%	65.6	2.0%	80.7	2.5%	102.8	3.2%	229.8	6.9%	22.7	0.7%
<b>Queensland</b>	26.2	1.1%	28.4	1.2%	51.0	2.1%	64.9	2.8%	126.9	5.2%	12.0	0.5%
<b>SA</b>	10.1	1.2%	9.5	1.1%	11.6	1.4%	23.5	2.9%	48.0	5.8%	4.5	0.5%
<b>WA</b>	15.7	1.2%	15.4	1.2%	17.7	1.4%	42.0	3.3%	69.2	5.3%	4.8	0.4%
<b>Tasmania</b>	2.7	1.1%	3.8	1.5%	4.5	1.8%	9.1	3.8%	16.8	6.7%	1.4	0.5%
<b>NT</b>	0.5	0.4%	0.8	0.6%	1.3	1.0%	2.3	1.7%	5.1	3.8%	0.3	0.2%
<b>ACT</b>	1.4	0.6%	0.8	0.3%	1.6	0.7%	2.2	0.9%	10.0	4.3%	0.0	0.0%
<b>Australia</b>	215.3	1.7%	165.9	1.3%	232.2	1.9%	367.9	3.0%	766.9	6.2%	76.5	0.6%

Source: 6291.0.55.001 Data Cube EM2b

For further information, email [labour.statistics@abs.gov.au](mailto:labour.statistics@abs.gov.au).



 Latest release

# Labour Account Australia

The Australian Labour Account provides quarterly time series data, consisting of four quadrants: Jobs, Persons, Labour Volume and Labour Payments

Reference period June 2020

Released 9/09/2020

## On this page

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[Key findings](#)

[Analysis](#)

[Jobs](#)

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[Spotlight - Impact of COVID-19, key Labour Account aggregates](#)

[Spotlight - Managing the impact of COVID-19 on the Labour Account](#)

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## Key statistics

- Total number of jobs decreased 7.0% (1,028,400) in seasonally adjusted terms.
- Total number of employed persons decreased 5.4% in seasonally adjusted terms.
- Job vacancies decreased by 96,000 in seasonally adjusted terms.
- Hours actually worked decreased by 9.8% in seasonally adjusted terms.

## Key findings

The number of filled jobs in Australia decreased by 932,400 to 13.6 million in seasonally adjusted terms in the June quarter 2020.

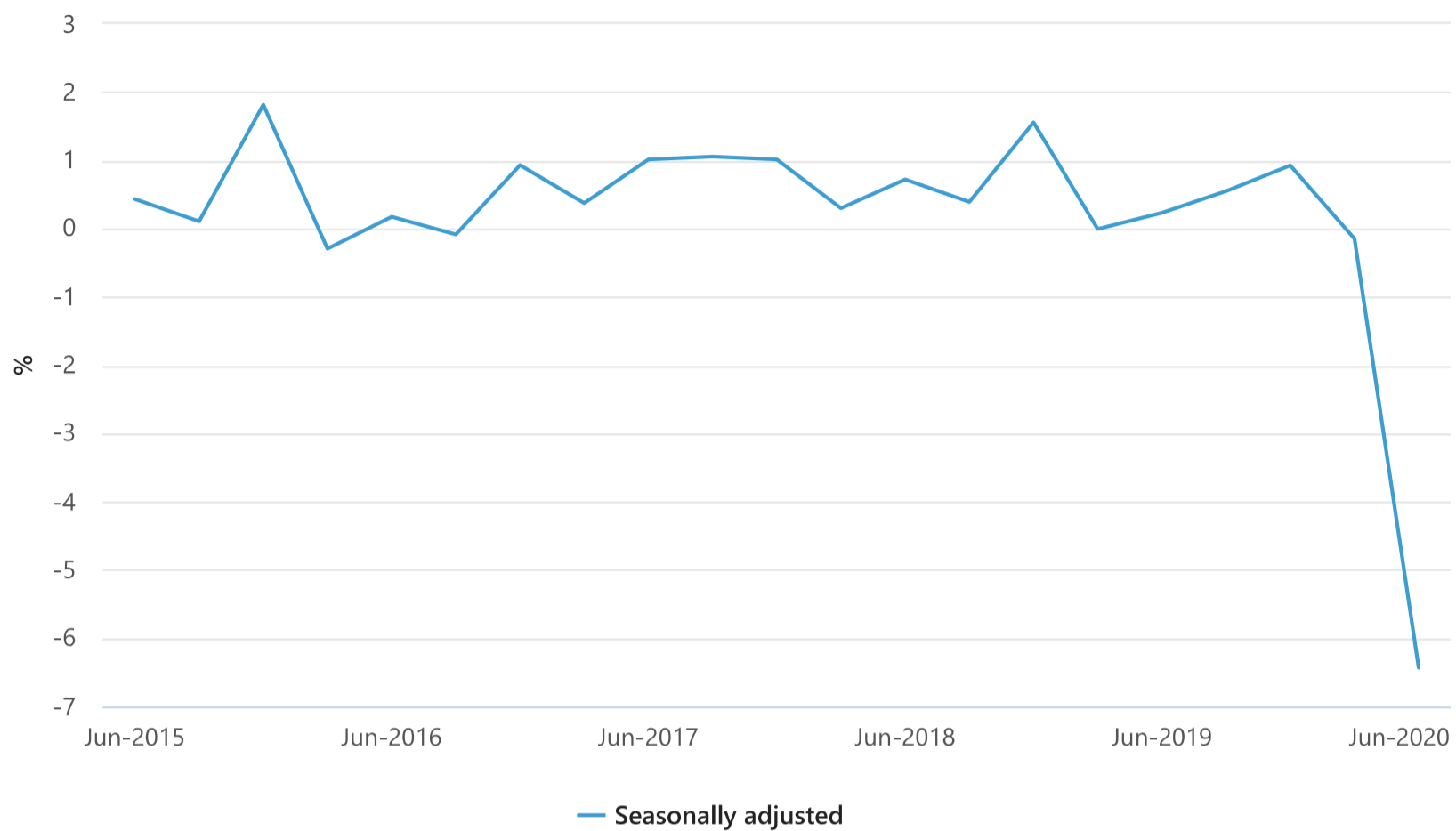
Main jobs decreased by 739,000 and secondary jobs decreased by 193,400.

Hours actually worked decreased by 527.3 million hours to 4.9 billion hours.

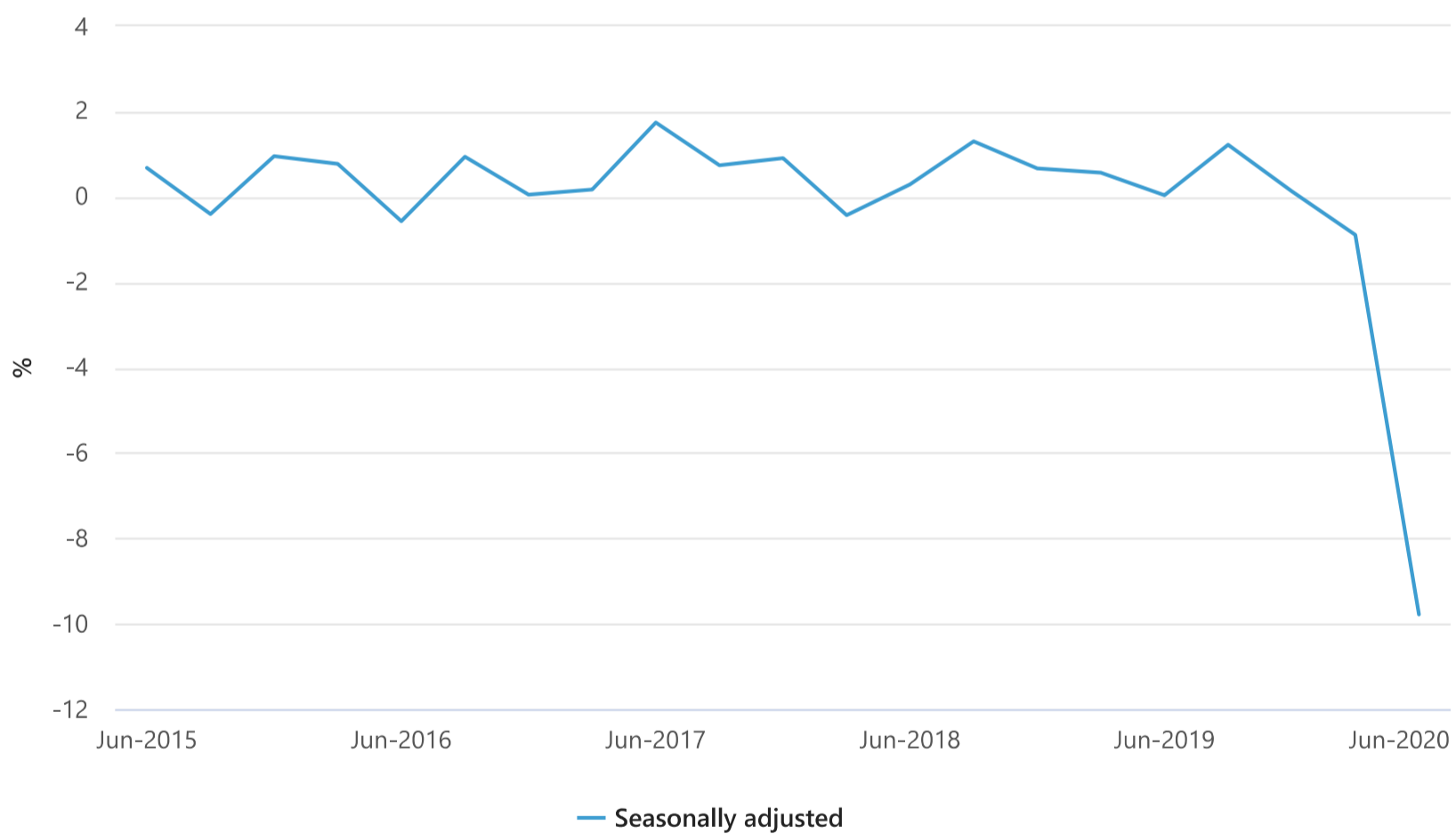
Total labour income decreased by \$1,657 million, resulting in the average labour income per employed person being \$20,259.

Data Item Description	Seasonally Adjusted	
	Mar qtr 2020 to Jun qtr 2020 % change	Jun qtr 2019 to Jun qtr 2020 % change
Filled Jobs	-6.4	-5.2
Main Job	-5.5	-4.6
Secondary Job	-19.6	-13.3
Job Vacancies	-42.1	-43.3
Hours Actually Worked	-9.8	-9.4
Average Hours Actually Worked Per Job	-3.6	-4.4
Average Income Per Employed Person	5.1	6.9

### Filled jobs - growth

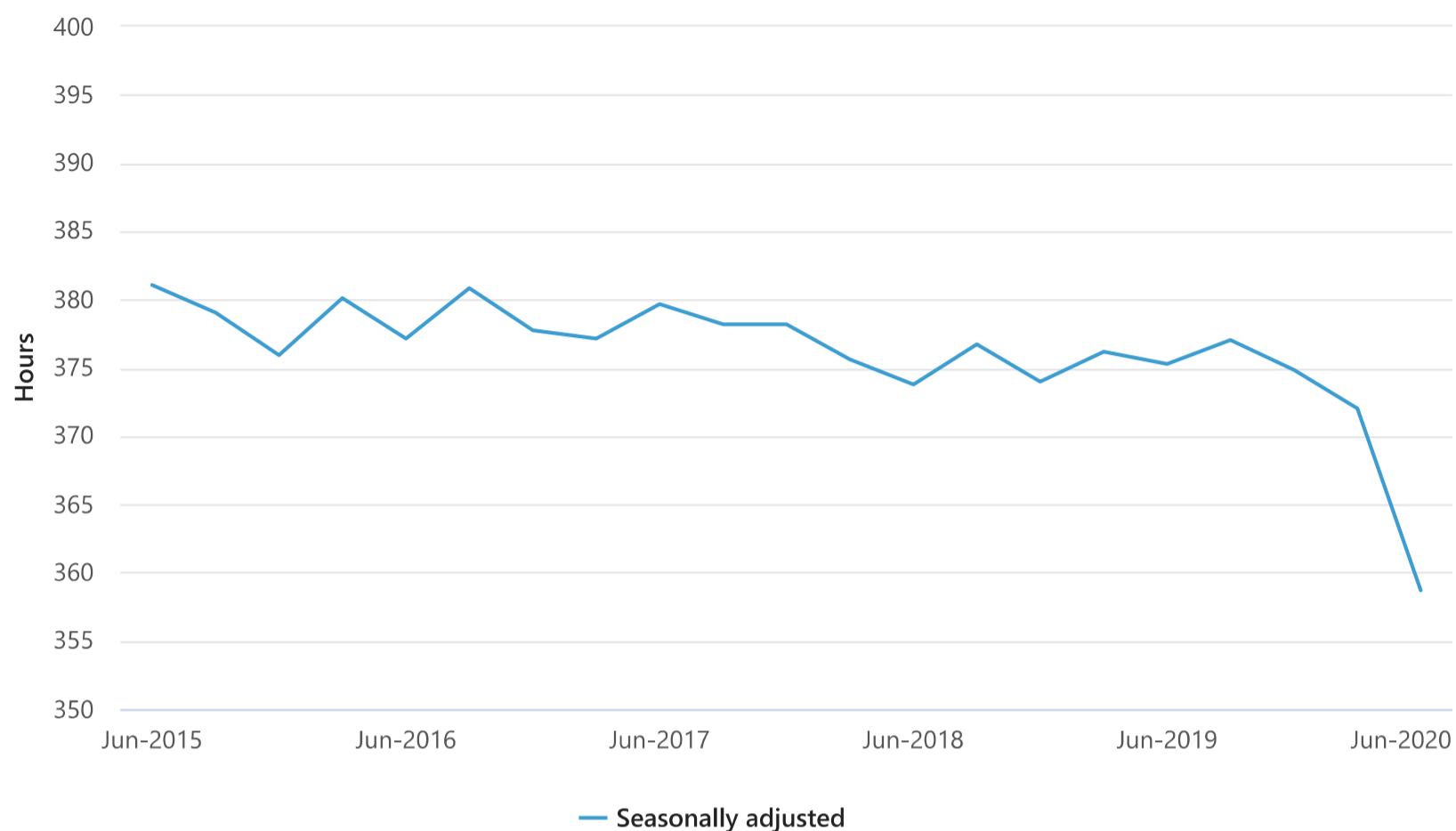


### Aggregate hours worked - growth





## Average quarterly hours worked per job



## Analysis

### Seasonally adjusted

#### Jobs

Filled jobs in Australia decreased by 6.4% in the June quarter 2020, following a 0.1% fall in the March quarter 2020.

Filled jobs fell 5.2% through the year in seasonally adjusted terms.

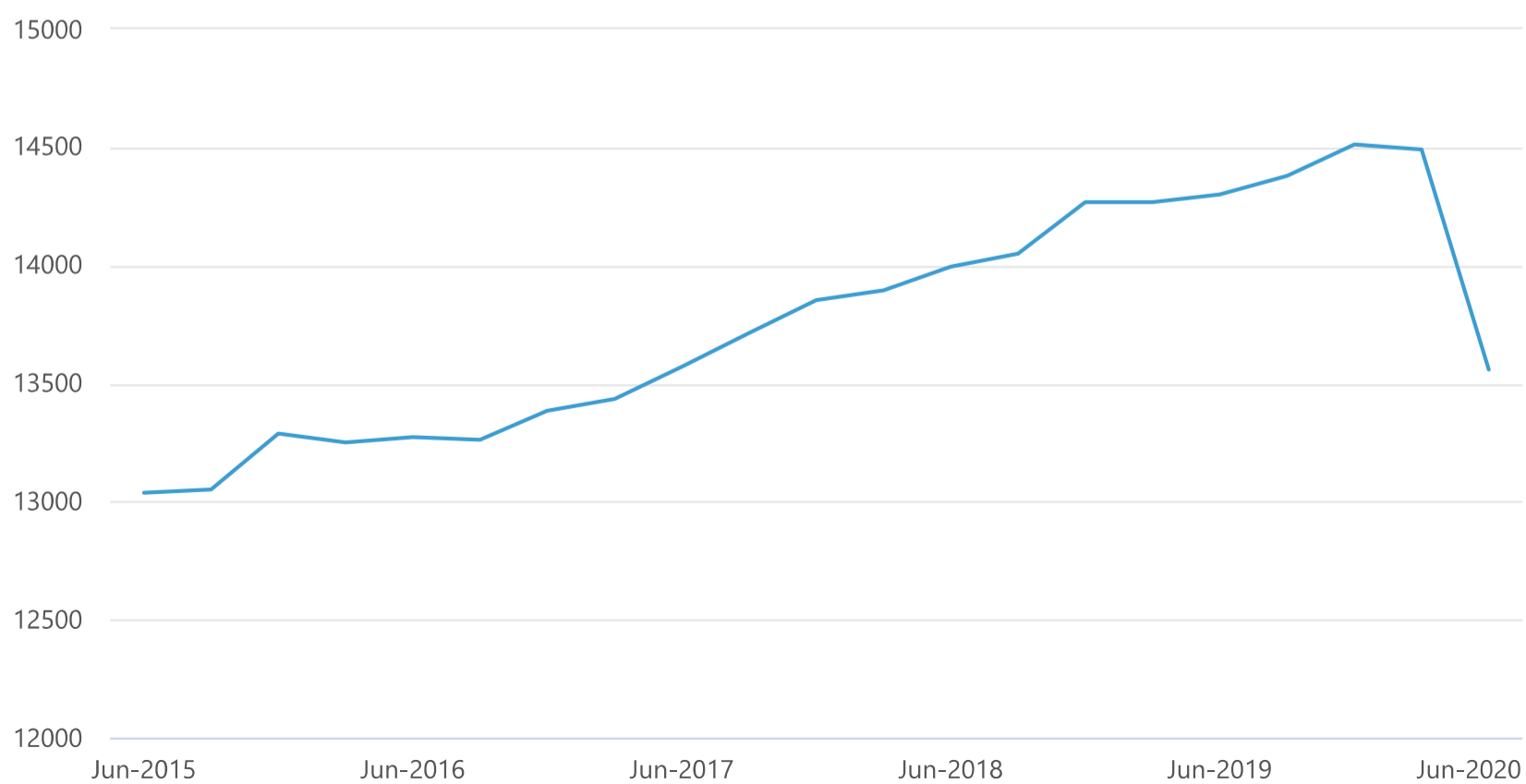
The total number of jobs in Australia decreased by 1,028,400 (or 7.0%), made up of a decrease of 96,000 job vacancies and a decrease of 932,400 filled jobs.

The proportion of vacant jobs (PVJ) decreased to 0.9% in the June quarter 2020, following a recent high of 1.6% in the December quarter 2019.

The number of main jobs fell by 739,000 (a decrease of 5.5%), while secondary jobs fell by 193,400 (a decrease of 19.6%) in the June quarter 2020.

The number of public sector jobs decreased by 1.9% in the June quarter 2020, while the number of private sector jobs decreased by 7.1%.

#### Filled jobs



— Filled jobs ('000)

## Persons

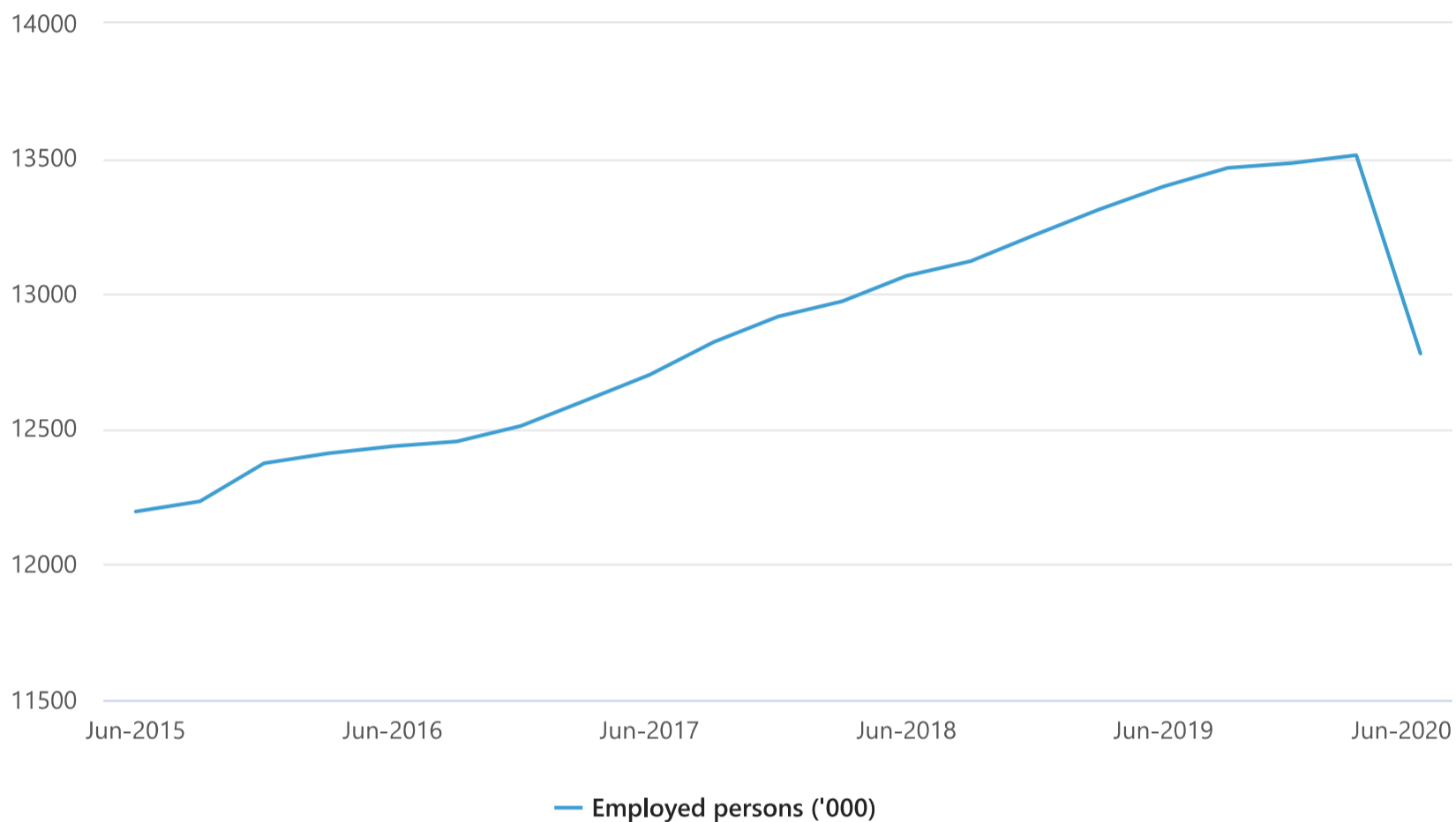
The total number of employed persons decreased by 5.4% to 12.8 million in the June quarter 2020.

The number of multiple job holders decreased by 22.7% in the June quarter 2020.

There were 991,500 unemployed persons in the June quarter 2020, an increase of 280,200 persons from March quarter 2020.

There were 1,698,200 underemployed persons in the June quarter 2020, an increase of 534,000 persons from March quarter 2020.

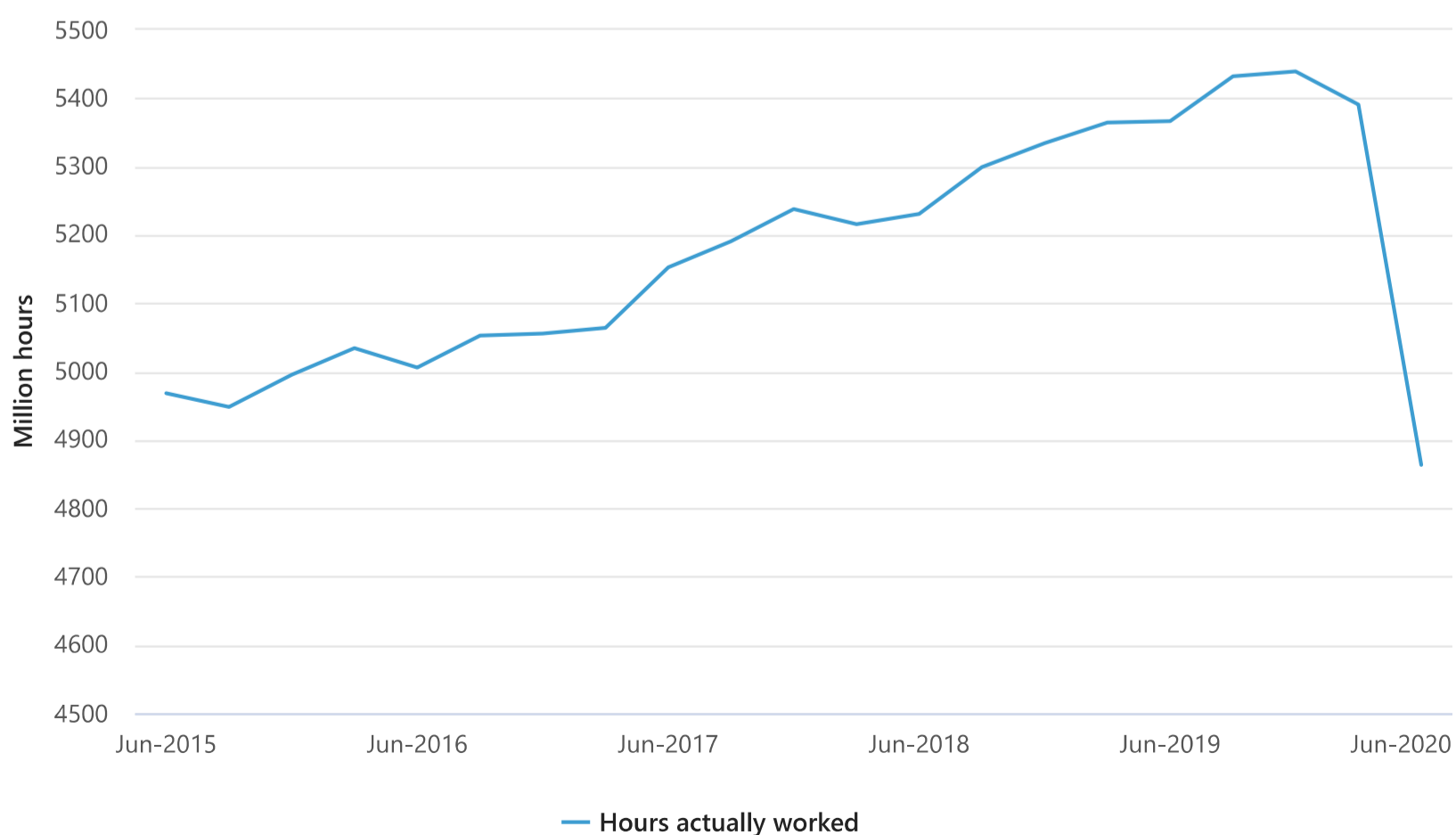
## Employed persons



## Volumes

The total number of hours actually worked decreased by 9.8% to 4.9 billion hours; and the total number of hours paid decreased 10.1% to 5.3 billion hours.

## Hours actually worked



## Payments

Total labour income decreased by 0.6% to \$258,913 million.

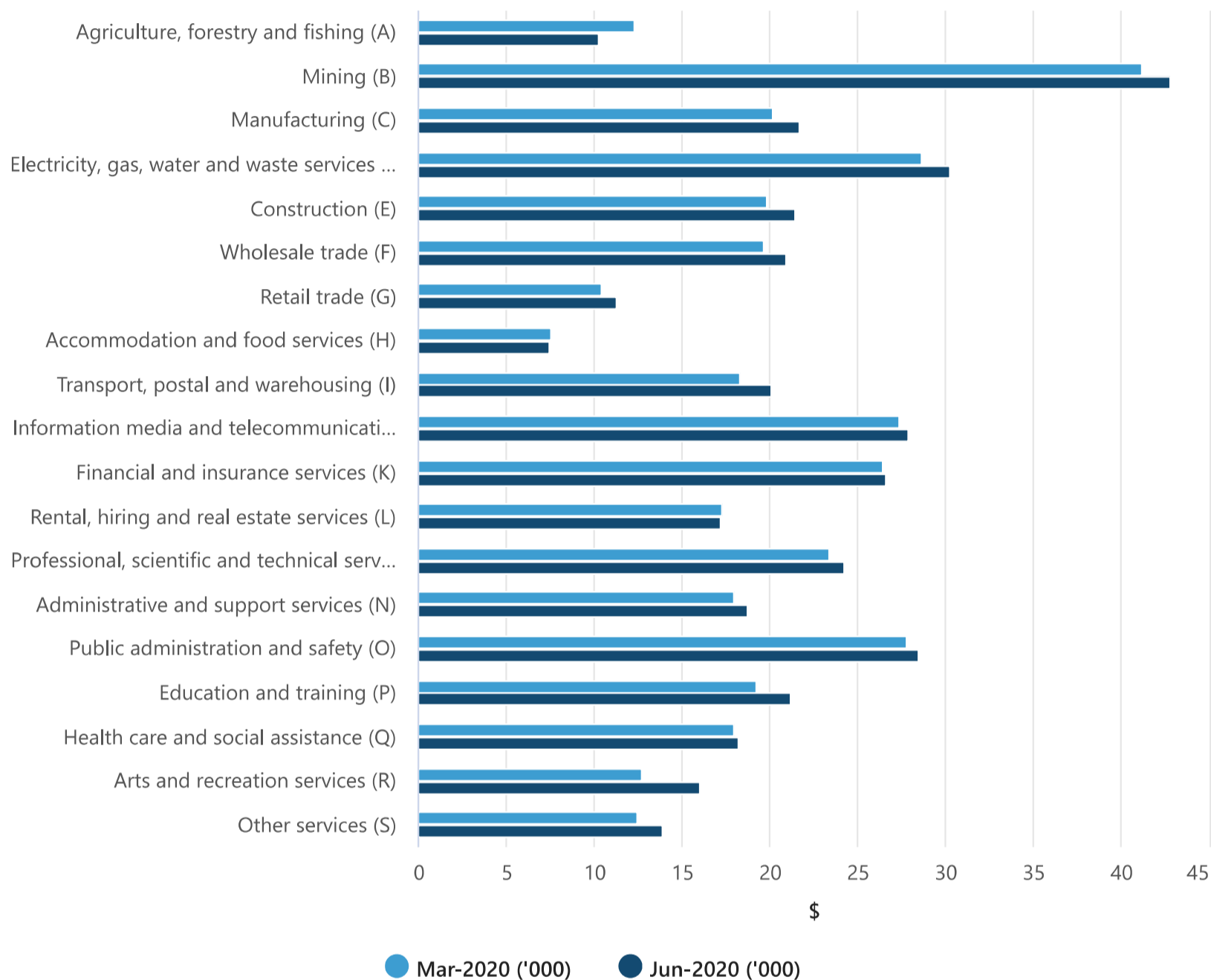
Total compensation of employees decreased by 2.3% to \$233,646 million, and labour income from self-employment increased by 17.9% to \$25,267 million.

## Ratio

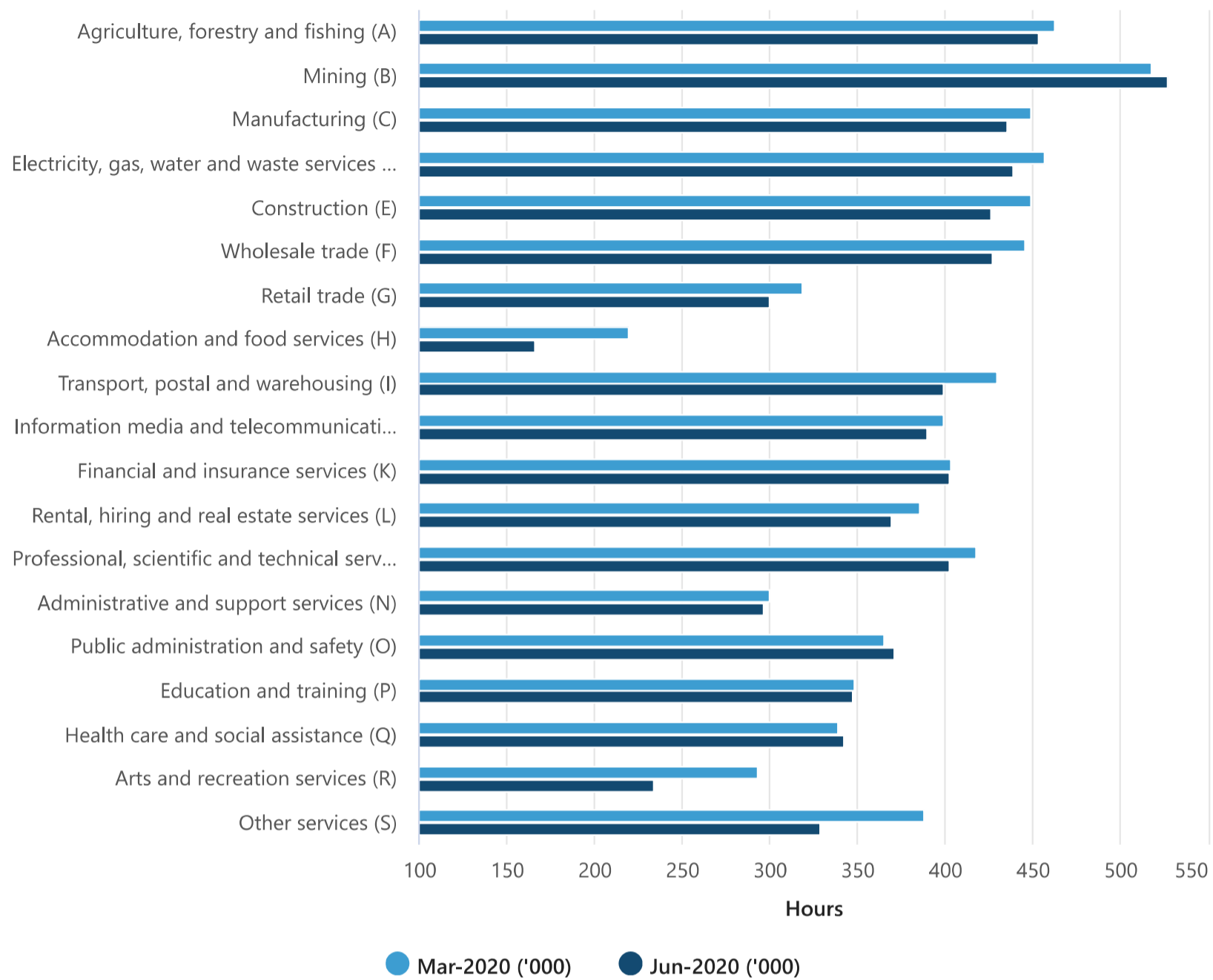
Average income per person increased by 5.1% to \$20,259 in the June quarter 2020.

Average hours worked per job decreased by 3.6% to 359 hours. Average hours worked per job is the hours actually worked divided by all filled jobs.

## Average income per employed person, by industry, Mar qtr 2020 and Jun qtr 2020



## Average hours actually worked per job, by industry, Mar qtr 2020 and Jun qtr 2020



## Jobs

Filled jobs in Australia decreased by 6.4% in the June quarter 2020, following a 0.1% fall in the March quarter 2020. Filled jobs fell 5.2% through the year in seasonally adjusted terms.

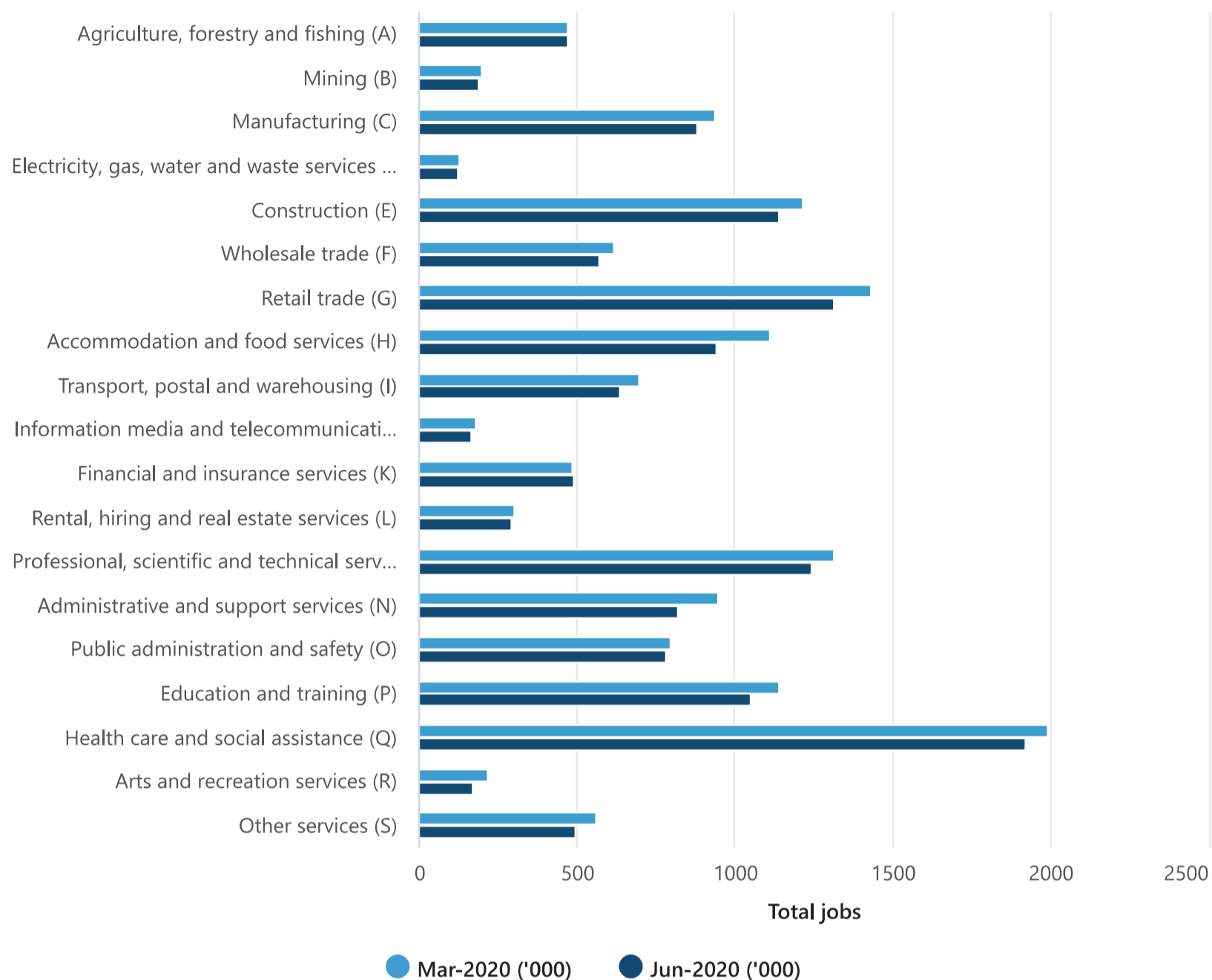
## Labour Account filled jobs, proportion by industry June quarter 2020

Industry	Labour Account Filled Jobs June qtr 2020 (‘000)	Proportion of Total All Industries June qtr 2020 (%)
Agriculture, forestry and fishing (A)	467.6	3.4
Mining (B)	183.9	1.4
Manufacturing (C)	873.4	6.4
Electricity, gas, water and waste services (D)	119.0	0.9
Construction (E)	1,132.8	8.4
Wholesale trade (F)	563.0	4.2
Retail trade (G)	1,301.8	9.6
Accommodation and food services (H)	934.9	6.9
Transport, postal and warehousing (I)	632.3	4.7
Information media and telecommunications (J)	162.1	1.2
Financial and insurance services (K)	482.2	3.6
Rental, hiring and real estate services (L)	293.2	2.2
Professional, scientific and technical services (M)	1,229.5	9.1
Administrative and support services (N)	801.3	5.9
Public administration and safety (O)	771.9	5.7
Education and training (P)	1,046.8	7.7
Health care and social assistance (Q)	1,902.4	14.0
Arts and recreation services (R)	170.5	1.3
Other services (S)	489.8	3.6
<b>Total All Industries</b>	<b>13,558.4</b>	<b>100.0</b>

### Labour Account filled jobs, percentage change by industry, June quarter 2020

Industry	Seasonally Adjusted	
	Mar qtr 2020 to Jun qtr 2020 % change	Jun qtr 2019 to Jun qtr 2020 % change
Agriculture, forestry and fishing (A)	-0.5	-0.2
Mining (B)	-4.0	-3.3
Manufacturing (C)	-6.1	-2.4
Electricity, gas water and waste services (D)	-2.9	-2.2
Construction (E)	-6.2	-0.9
Wholesale trade (F)	-7.1	-2.5
Retail trade (G)	-7.5	-9.0
Accommodation and food services (H)	-15.3	-16.8
Transport, postal and warehousing (I)	-8.8	-8.2
Information media and telecommunications (J)	-5.6	-10.3
Financial and insurance services (K)	1.9	7.2
Rental, hiring and real estate services (L)	-0.3	-0.3
Professional, scientific and technical services (M)	-4.2	0.1
Administrative and support services (N)	-12.0	-12.5
Public administration and safety (O)	-2.0	0.0
Education and training (P)	-6.8	-7.7
Health care and social assistance (Q)	-2.8	2.3
Arts and recreation services (R)	-19.1	-31.0
Other services (S)	-10.6	-15.7
<b>Total All Industries</b>	<b>-6.4</b>	<b>-5.2</b>

## Total jobs, by industry, Mar qtr 2020 and Jun qtr 2020

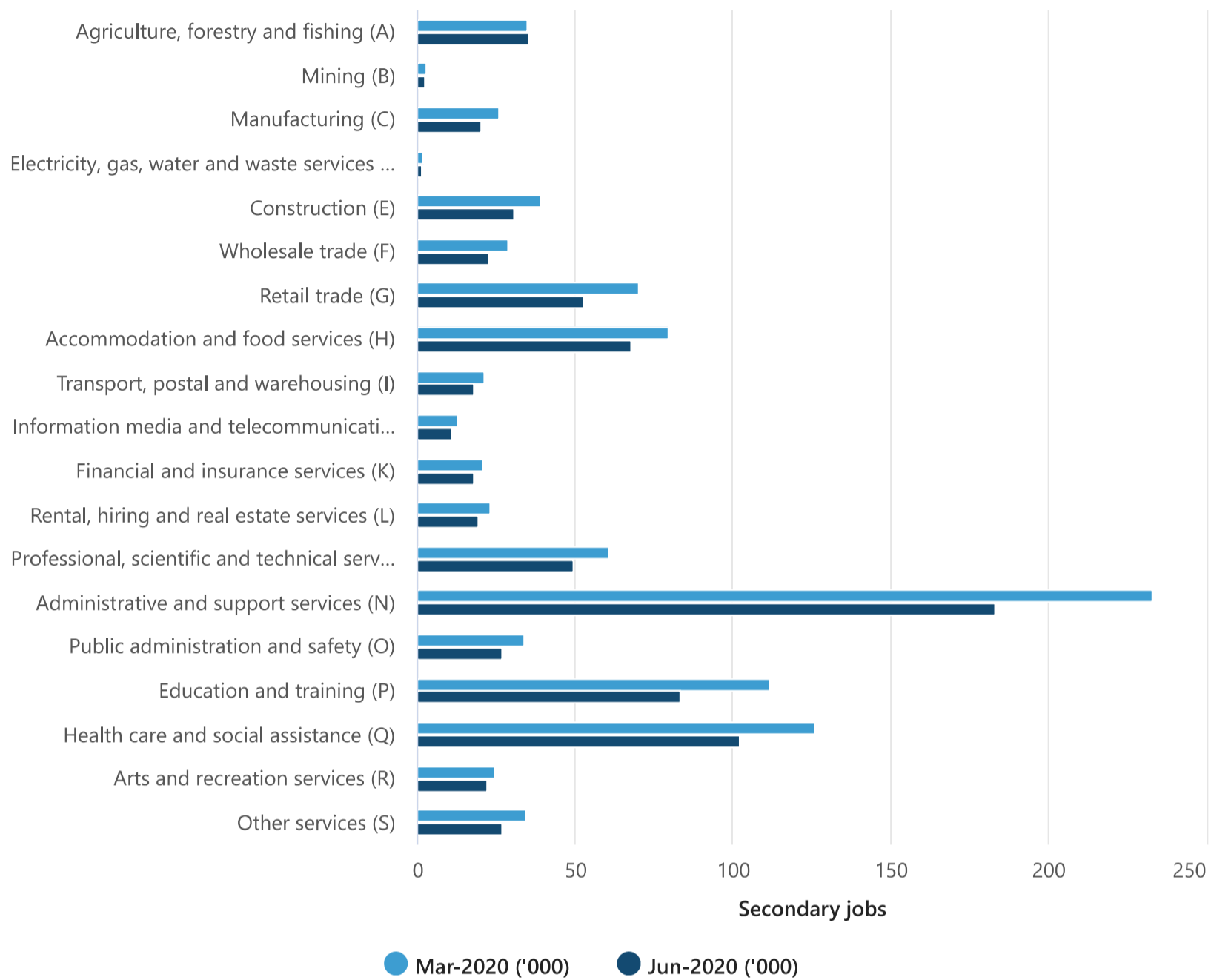


### Secondary jobs

Secondary jobs are where a person is working more than one job at the same time, and may consist of one or more additional jobs. These jobs can be held by persons who have their main job in the same or a different industry. The proportion of secondary jobs to filled jobs was 5.8% in the June quarter 2020 and 6.8% in the previous quarter.

The top three industries who have the highest number of secondary jobs in the June quarter 2020 were Administrative and support services, Health care and social assistance and Education and training.

## Secondary jobs, by industry, Mar qtr 2020 and Jun qtr 2020

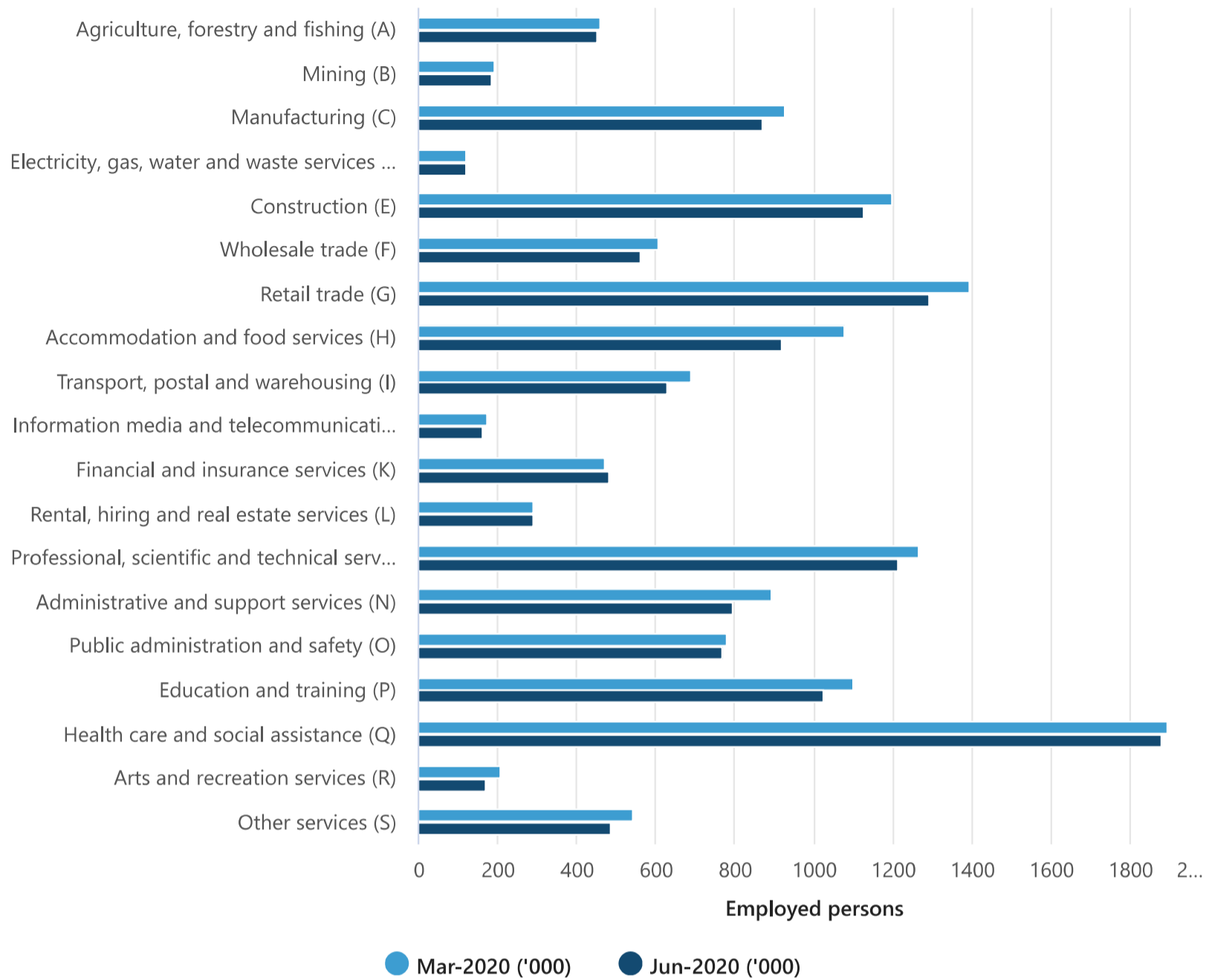


## Persons

The Australian Labour Account produces the number of people employed from an industry perspective. As a result, the sum of employed persons in the Australian Labour Account across industry divisions does not equal the total number of people employed in the whole economy, given some people are employed in multiple industries.

The top three industries who have the highest number of employed persons in the June quarter 2020 were Health care and social assistance, Retail trade and Professional, scientific and technical services.

## Employed persons, by industry, Mar qtr 2020 and Jun qtr 2020



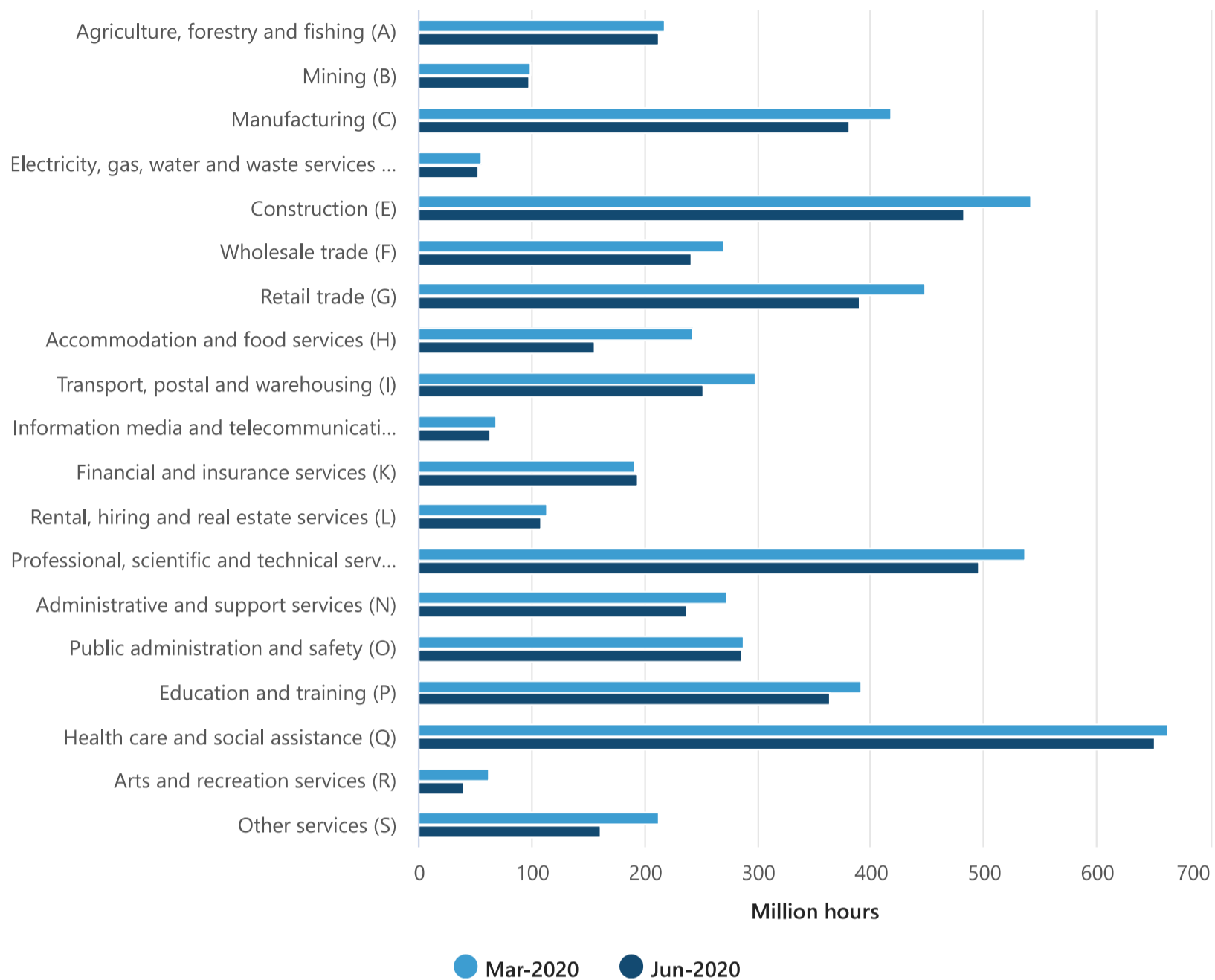
## Volume (hours)

Hours actually worked is the time spent in a job for the performance of activities that contribute to the production of goods and services during a specified short or long reference period.

The top three industries who have the highest number of hours actually worked in the June quarter 2020 were Health care and social assistance, Professional, scientific and technical services and Construction.



## Hours actually worked, by industry, Mar qtr 2020 and Jun qtr 2020

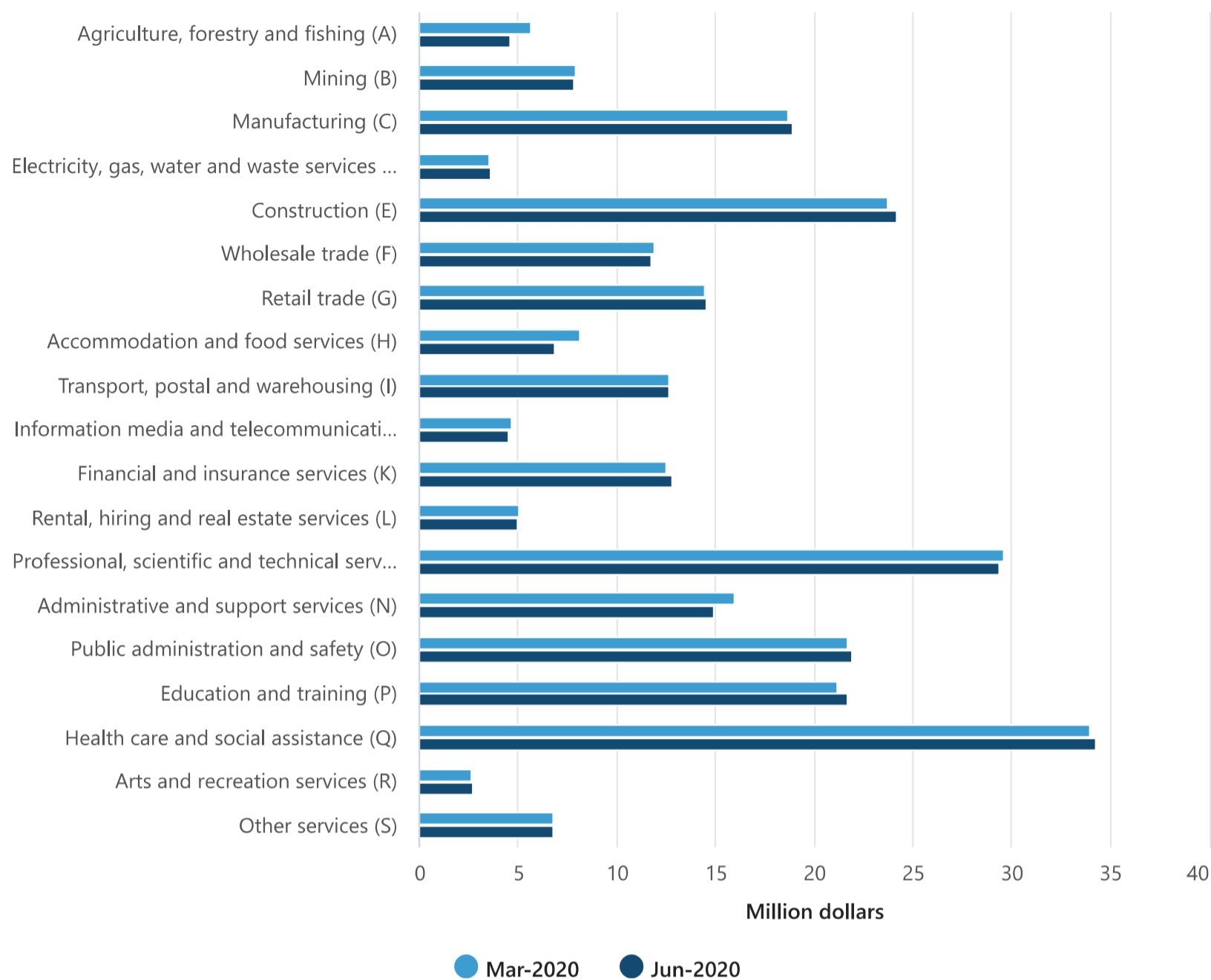


## Payments

The Labour Account Payments quadrant presents the costs incurred by enterprises in employing labour, and the incomes received by people from its provision. Total income consists of compensation of employees and labour income from self-employment. The addition of other related costs to employers to total income will derive total labour costs.

The top three industries who have the highest total labour income in the June quarter 2020 were Health care and social assistance, Professional, scientific and technical services and Construction.

## Total labour income, by industry, Mar qtr 2020 and Jun qtr 2020



## Changes in this issue

### Changes in this issue - impact of COVID-19 pandemic

The ABS has undertaken analysis into the impacts from COVID-19 on the key aggregates from the Australian Labour Account in the June quarter 2020. Current movements are presented with previous June quarter movements, along with information on managing the impact of COVID-19 on the Labour Account, in two spotlight articles in this issue. The spotlight article on the impact of COVID-19 highlights elements in the data that users should pay particular attention to, as the ABS continues to undertake additional analysis and development work.

The ABS is also monitoring and managing the data collection impacts from the COVID-19 pandemic on key inputs into the Labour Account. There was no notable impact on any of these data collection activities for the June 2020 quarter.

### Changes in this issue - revisions

Data in the four quadrants of the Labour Account, both quarterly and annual, have been revised from the previously published estimates.

Revisions may be attributable to a range of factors, including:

- Revisions to quarterly source data, including:
  - i. revisions to data from the Labour Force Survey,
  - ii. revisions to Overseas Arrivals and Departures data,
  - iii. revisions to data from the quarterly Australian National Accounts, and
- Seasonal factors for quarterly seasonally adjusted and trend data have been refined, with the seasonal adjustment method changed from concurrent seasonal adjustment to the forward factors method.

To see the impact of these updates, refer to Table 22. Quarterly Revisions.

## Spotlight - Impact of COVID-19, key Labour Account aggregates

### What is the Labour Account and what are its strengths in measuring the labour market impacts of COVID-19?

The Australian Labour Account has been developed to provide a framework for integrating data from a number of sources (including household surveys, business surveys, and administrative data). By confronting a range of indicators, the Labour Account provides a suite of highly consistent estimates of key labour market variables. While not as timely or detailed as the source data, such as the Labour Force Survey, it provides the best holistic information on the impacts of COVID-19 on the labour market.

The Labour Account can help users make sense of existing labour market data from diverse sources, with the aim of producing a coherent and consistent set of aggregate labour market statistics. Differences in data sources are magnified when data are disaggregated by industry or sector, or in analysis requiring the combination of data from both business and household sources (for example, when combining output and hours worked by industry to derive industry productivity growth rates).

The Labour Account helps address data coherence by:

- bringing together related labour statistics from multiple sources in a single set of tables;
- applying a consistent set of concepts across the data to explore statistical anomalies;
- making transparent adjustments to data to offset conceptual and scope differences; and
- making further informed and documented data adjustments to provide a balanced set of labour statistics.

The Labour Account consists of four quadrant tables: jobs, persons, volume and payments. The Labour Account is able to combine data from the jobs, persons, volume and payments tables to calculate average hours worked, average remuneration (per person and per job), and average labour costs per job.

Traditionally, the Labour Force Survey has been the primary source of information on employment by industry over time. However, industry information is not what the Labour Force Survey is primarily designed to measure, which is the labour force status of the population (that is, whether people are employed, unemployed or not in labour force) and their key demographics.

The ABS considers the Labour Account to be the best source of headline information on employment by industry and sector. While less timely than data available from the Labour Force Survey, the Labour Account has been specifically designed to produce the most comprehensive estimates for industries in Australia, drawing upon a broad range of data sources. It provides an estimate of the number of jobs, hours worked, and associated labour income that align very well with industry measures of output in the economy. In the future, it is expected to lead to improvements in the measurement of productivity, as Labour Account estimates are more consistent with concepts of production and residency which underpin estimates from the National Accounts.

The comparative strength of the industry information in the Labour Account is that it is generally drawn from how businesses have been officially categorised, rather than how employed people (most of whom are employees) describe the business they work in. The Labour Account shows that there are a number of people in the labour market who, when responding to the Labour Force Survey, will describe the business activities that are most relevant to their job, rather than the actual industry of the business that pays their wages or salary.

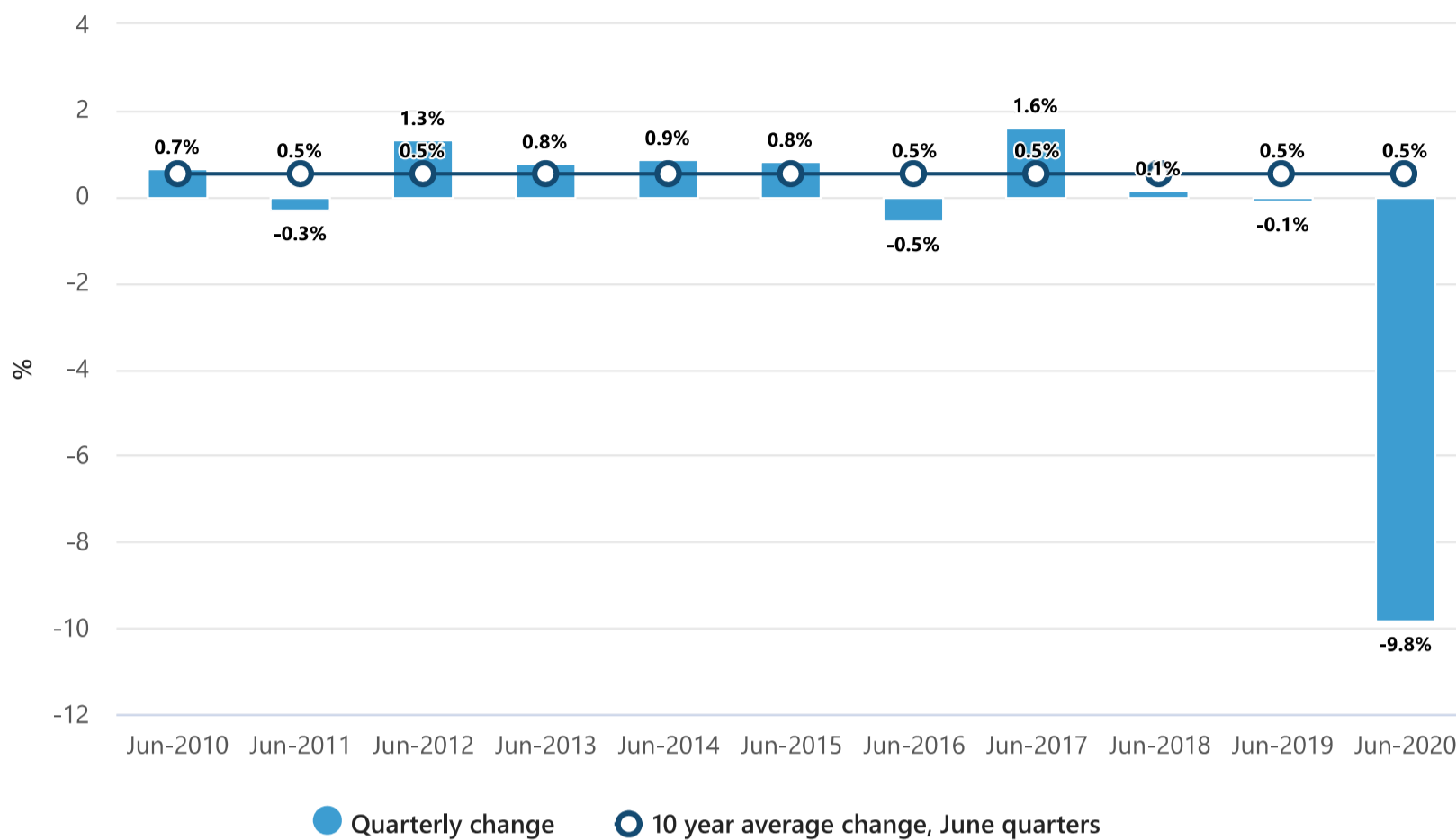
A summary of the COVID-19 impacts on key measures in each of the four quadrant tables (jobs, persons, volume and payments) is provided below. Movements for the current quarter are compared to those of June quarters in previous years, highlighting divergences from historical patterns.

#### Volume (hours)

During times of a significant shock to the economy and the labour market, an earlier and larger impact is usually seen first in hours worked, compared to jobs and employment.

In original terms, hours worked decreased by 9.8% in the June quarter 2020. As can be seen from Graph 1, this was significantly weaker than the June quarter average movement for the 10 years prior to 2020, an increase of 0.5%. In seasonally adjusted terms, hours worked decreased by 9.8% in the June quarter 2020.

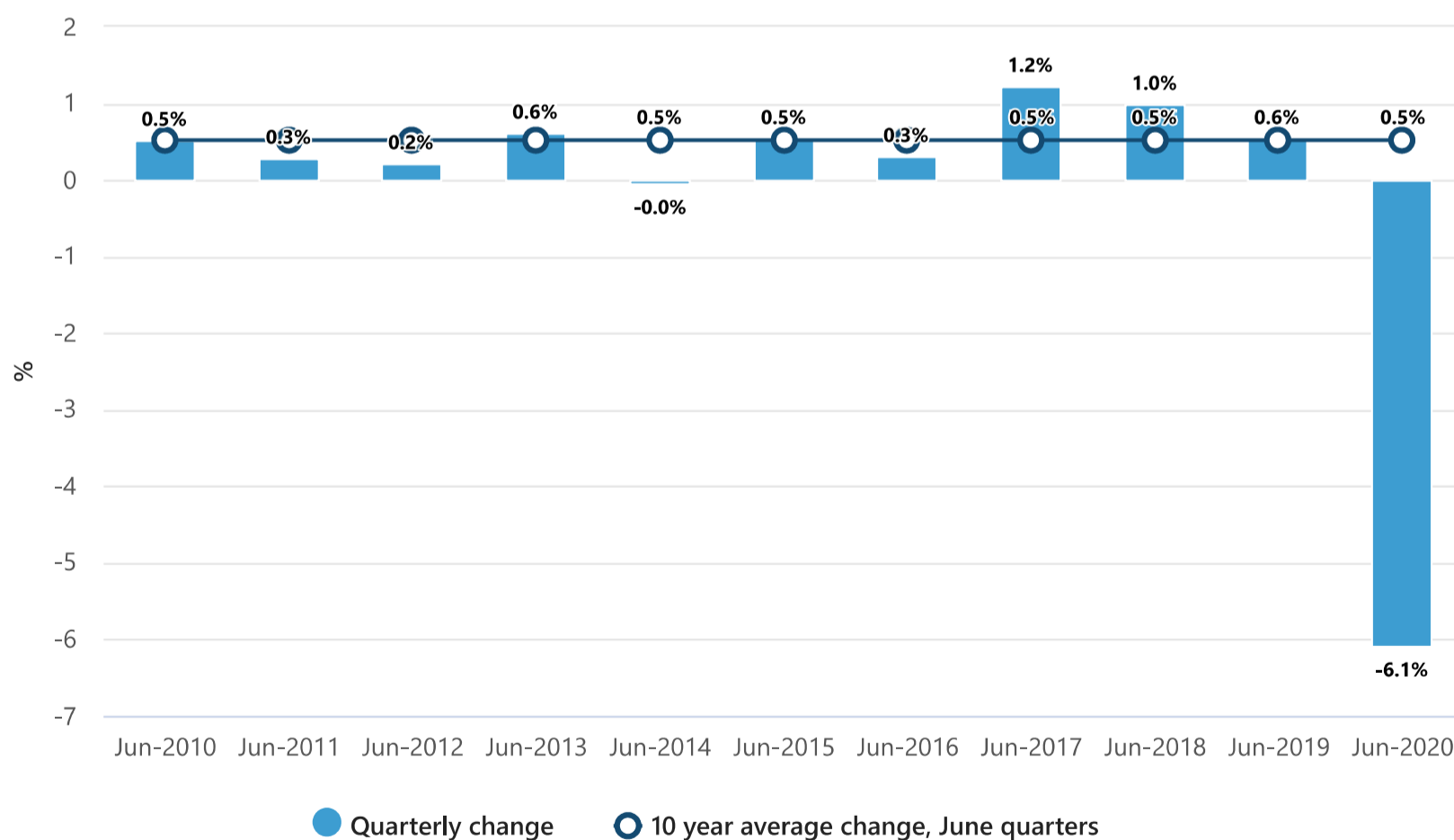
Graph 1 - Change in quarterly hours worked (original), June quarters



## Jobs

The quarterly movement for filled jobs (that is, jobs with a person in them) in the June quarter 2020 was a decrease of 6.1% in original terms. This compared with an average movement for the June quarter over the prior 10 years of 0.5%. In seasonally adjusted terms, filled jobs decreased by 6.4% in the June quarter 2020.

Graph 2 - Change in quarterly filled jobs (original), June quarters

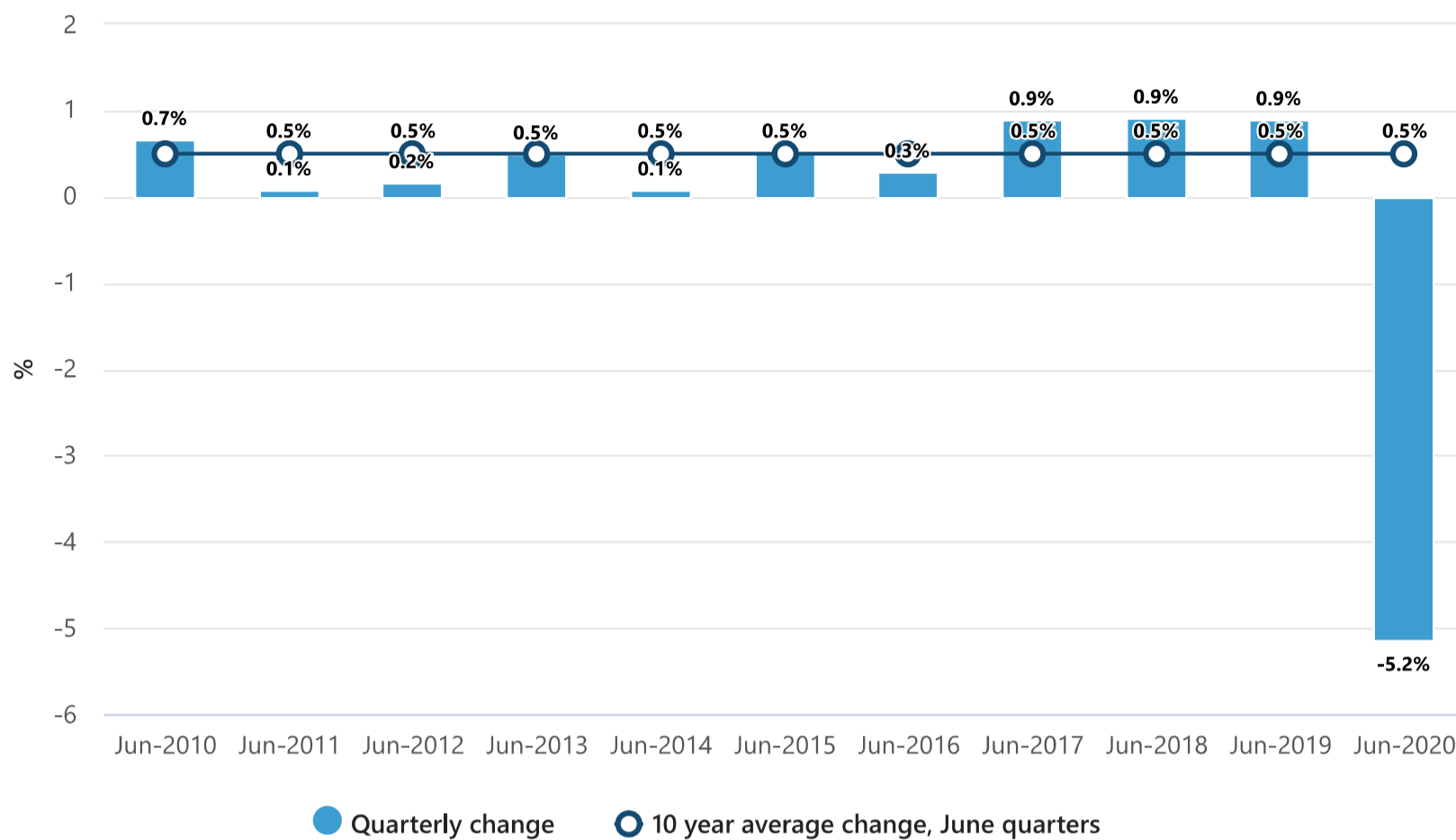


## Persons

The Labour Account estimates in the persons quadrant are underpinned by data from the Labour Force Survey, which showed major changes in employment, unemployment and underemployment through June quarter 2020.

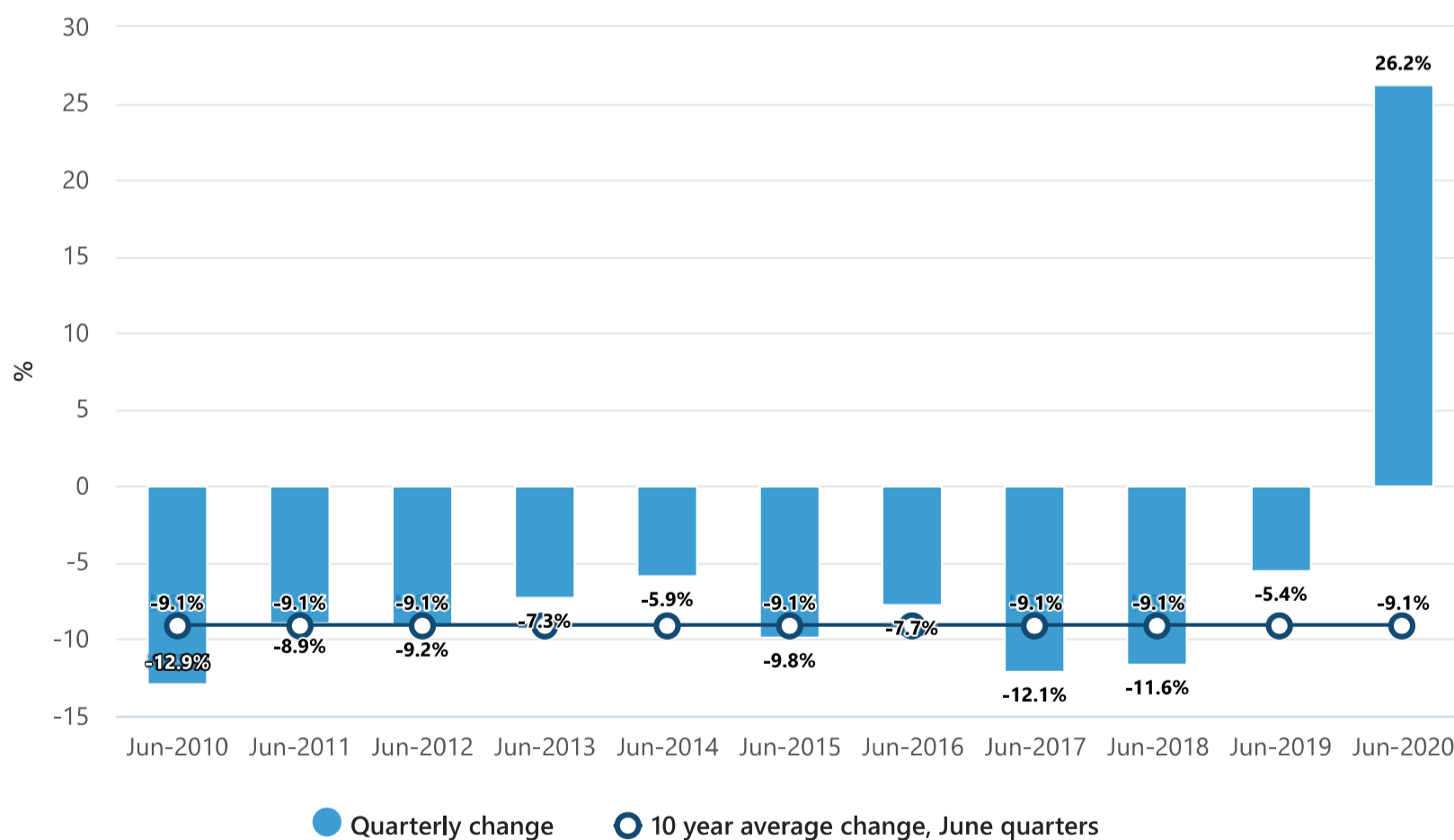
The average movement in original terms for employed persons in the June quarter in the Labour Account for the 10 years prior to 2020 was an increase of 0.5%. In contrast, the June quarter 2020 saw a decrease of 5.2%. In seasonally adjusted terms, employed persons decreased by 5.4% in the June quarter 2020.

Graph 3 - Change in quarterly employed persons (original), June quarters



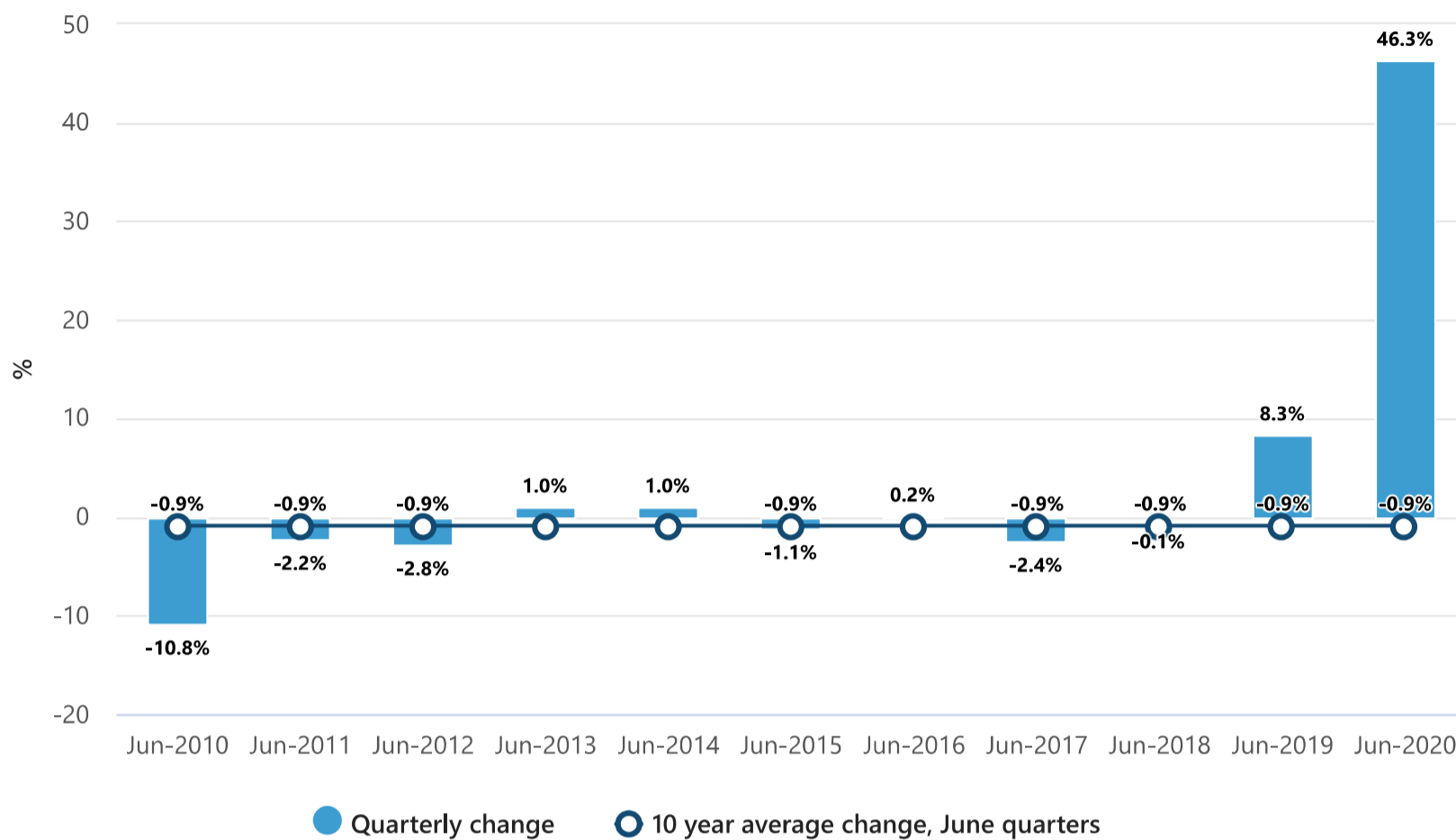
The June quarter 2020 increase in unemployed persons of 26.2% in original terms compared to an average decrease of 9.1% in the June quarter in the 10 years prior to 2020. In seasonally adjusted terms, unemployed persons increased by 39.4% in the March quarter 2020.

Graph 4 - Change in quarterly unemployed persons (original), June quarters



The average movement in original terms in underemployed persons in the June quarter in the Labour Account for the 10 years prior to 2020 was a decrease of 0.9%, compared with a June quarter 2020 increase of 46.3%. In seasonally adjusted terms, underemployed persons increased by 45.9% in the June quarter 2020.

Graph 5 - Change in quarterly underemployed persons (original), June quarters



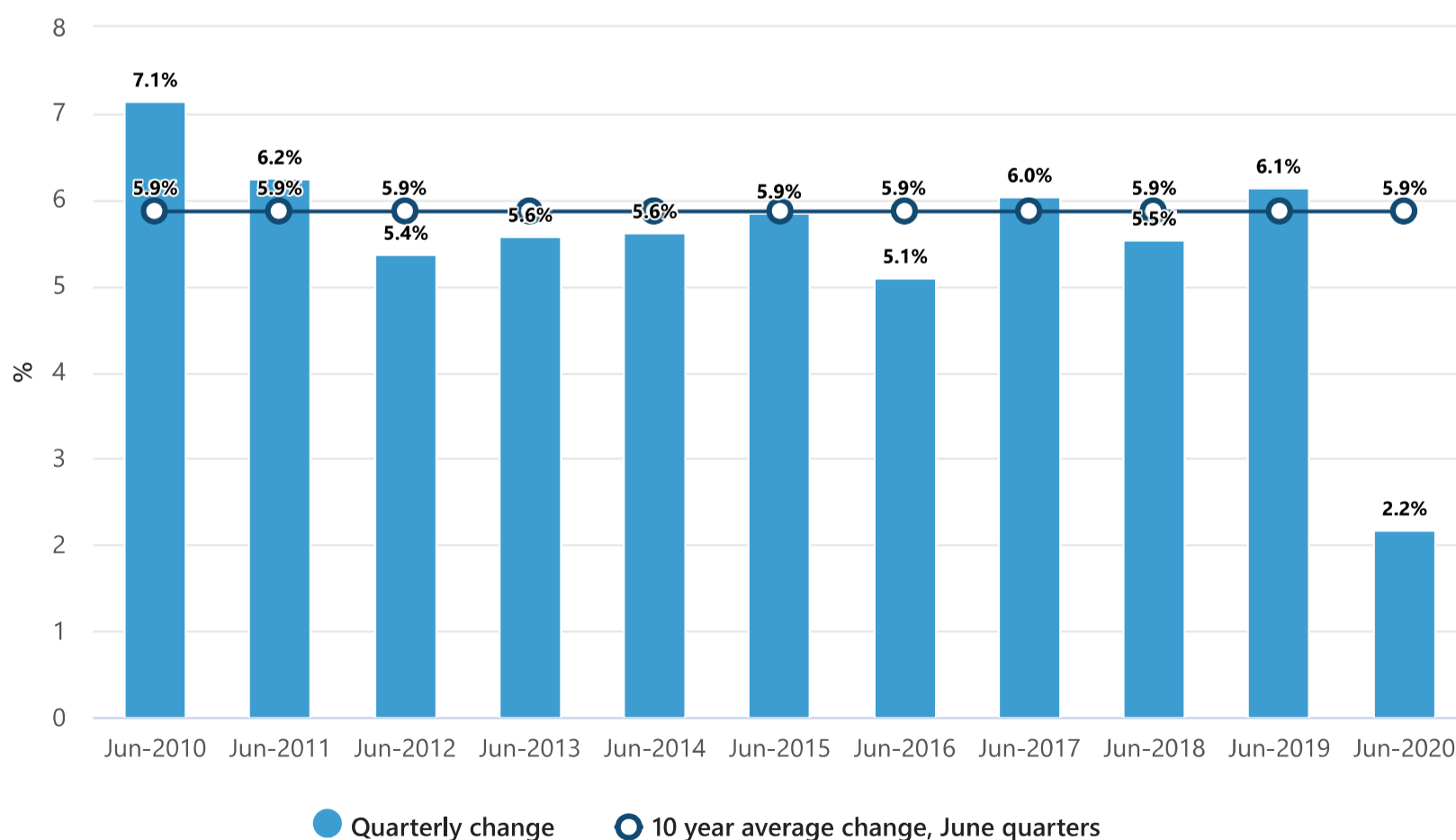
## Payments

On 30 March 2020, the Australian Government announced that the JobKeeper program would support eligible employers and employees to maintain job attachment and earnings through a wage subsidy. Payments are being made to eligible employers who in turn pay their eligible employees through existing payroll arrangements, and are included in the estimates of compensation of employees. This treatment of JobKeeper payments in economic statistics was detailed in an [article](#) released in May.

The average movement in original terms for compensation of employees in the June quarter in the Labour Account for the 10 years prior to 2020 was an increase of 5.9%. The June quarter 2020 increase of 2.2% was lower than this longer term average.

In seasonally adjusted terms, compensation of employees decreased by 2.3% in the June quarter 2020.

Graph 6 - Change in quarterly compensation of employees (original), June quarters



## Further information on the Labour Account

For further information, email [labour.statistics@abs.gov.au](mailto:labour.statistics@abs.gov.au).

## Spotlight - Managing the impact of COVID-19 on the Labour Account

### Seasonal adjustment and trend estimation during COVID-19

Analysis of seasonally adjusted estimates for June quarter 2020 identified significant data outliers and changes to seasonal patterns in published Labour Account data, including some large seasonally adjusted movements for industries substantially impacted by COVID-19 like Accommodation and food services and Arts and recreation services.

As a result, and consistent with a range of other ABS statistics, the seasonal adjustment method used in the Labour Account was changed from concurrent seasonal adjustment to forward factors seasonal adjustment, commencing with the June quarter 2020. All trend series were also suspended from published Labour Accounts data.

Labour Account seasonally adjusted estimates may differ slightly from similar series in other collections, due to minor differences in seasonal adjustment processes or slightly different time series characteristics

The ABS will continue to evaluate the effectiveness of its seasonal adjustment methods and will provide additional information in future releases.

### Update to the adjustment to hours worked for March quarter 2020

To account for the change in hours worked during the last week of March, which occurred outside of the Labour Force Survey reference period, an adjustment was applied to the quarterly Labour Account and National Accounts hours worked measures for the March quarter 2020. Information on this adjustment was included in the release of the [March quarter 2020 Labour Account](#).

This adjustment was recalculated with the June quarter 2020 Labour Account, given hours worked from the Labour Force Survey were rebenchmarked with the July 2020 issue. This rebenchmarking of source data, and the associated revisions to seasonally adjusted Labour Force Survey hours worked, did not significantly change the magnitude of the adjustment for the March quarter 2020.

### Assessing data limitations during COVID-19

The Labour Account is made up of a variety of data sources that comprise the Labour Account Framework. The decision about each data source was made based on the quality and accuracy of the data when the Labour Account Framework was first established in 2017, and no changes to the use of data sources have been required over recent years.

However, the extent of change in the labour market during the COVID-19 period has highlighted some inherent limitations in the use of some data sources in the Labour Account.

Data users should pay particular attention to the following elements of the data, which the ABS is continuing to undertake additional analysis and development work on:

1. Accounting for the secondary jobs of multiple job holders. This has been based on information from the Linked Employer Employee Dataset (LEED) to determine the industry allocation of multiple job holders. Information from the LEED is currently based on data from 2016-17, and may not fully reflect the extent of change in industry distribution which has occurred as a result of COVID-19. The ABS is investigating whether information from the Single Touch Payroll can provide more contemporary and sufficiently comprehensive information, without causing significant disruption to the time series.
2. Accounting for non-residents who are in Australia on a short term basis. This has been based on a combination of Net Overseas Migration and Overseas Arrivals and Departures information, to measure the non-residents who have been in Australia for less than 12 months. These people are out of the scope of the Estimated Resident Population and Labour Force statistics, but are included in the Labour Account (given their production is included in the National Accounts). The Labour Account estimates the number of people based on the flows of people into and out of Australia from the most recent four quarters of Overseas Arrivals and Departures, considered against changes in Net Overseas Migration (which is used to determine changes in the Estimated Resident Population). While the June quarter saw a large reduction in arrivals and departures, as a result of the impact of COVID-19, the relatively short time period meant that an adjustment to the method was not required. This will be reviewed further for future quarters.

In addition to modelling the size of the non-resident short term population, the Labour Account also models their employment, jobs and hours. The ABS will continue to monitor the assumptions underpinning the model, such as the employment-to-population ratio of the population, compared to other groups (especially recent migrants from similar age cohorts). Given the relatively small size of the population, contemporary survey estimates covering the COVID-19 period are subject to relatively high sampling variability and are being used with caution in the model.

3. Reviewing the treatment of employment subsidies in total labour costs. The ABS is currently reviewing the historical conceptual treatment of employment subsidies in 'other related costs to employers' in the payments quadrant of the Labour Account, with the outcome to be communicated in the September quarter 2020 release. In the meantime, the ABS has not published labour cost measures in the June quarter 2020 release. Within the Australian conceptual framework for measures of employee remuneration, employment subsidies are considered to be a negative cost to employers, as an offset to the compensation of employees. JobKeeper payments in the National Accounts are included as an 'other subsidy on production' for the employer, with subsequent payments by employers to employees included within the compensation of employees. JobKeeper supported wages and salaries have been included within the Labour Account compensation of employees measures, in the payments

quadrant.

Further information on the data sources and methods used in the Labour Account, see the [Concepts Sources and Methods](#).

## Size of the statistical discrepancy during COVID-19

The Labour Account compiles independent estimates of the number of filled jobs from both a household and business perspective. The difference between these two estimates is referred to as the "statistical discrepancy". This discrepancy is reduced to zero through the balancing processes of the Labour Account, through producing a single harmonised or "balanced" number of filled jobs for each industry and the total economy.

A significant change in the size of the statistical discrepancy over a short time frame can indicate a change in the level of coherence between business and household based data sources. The absolute size of the statistical discrepancy was similar to recent quarters (1.7% of the household estimate in June quarter 2020, compared with 2.2% in the March quarter 2020), though the business side estimate was larger than the household estimate for the first time since September 2014.

## Further information on the Labour Account

For further information, email [labour.statistics@abs.gov.au](mailto:labour.statistics@abs.gov.au).

## Data downloads

### Table 1. Total all industries - trend, seasonally adjusted and original

[↓ Download XLS](#)  
[3.13 MB]

### Table 2. Agriculture, forestry and fishing (A) - trend, seasonally adjusted and original

[↓ Download XLS](#)  
[2.99 MB]

### Table 3. Mining (B) - trend, seasonally adjusted and original

[↓ Download XLS](#)  
[2.99 MB]

### Table 4. Manufacturing (C) - trend, seasonally adjusted and original

[↓ Download XLS](#)  
[2.99 MB]

### Table 5. Electricity, gas, water and waste services (D) - trend, seasonally adjusted and original

[↓ Download XLS](#)  
[3.02 MB]

### Table 6. Construction (E) - trend, seasonally adjusted and original

[↓ Download XLS](#)  
[2.99 MB]

Show all data (17 hidden) ▼

## Previous catalogue number

This release previously used catalogue number 6150.0.55.003

## Methodology

[Labour Account Australia methodology, June 2020](#)

## Media releases

09 September 2020

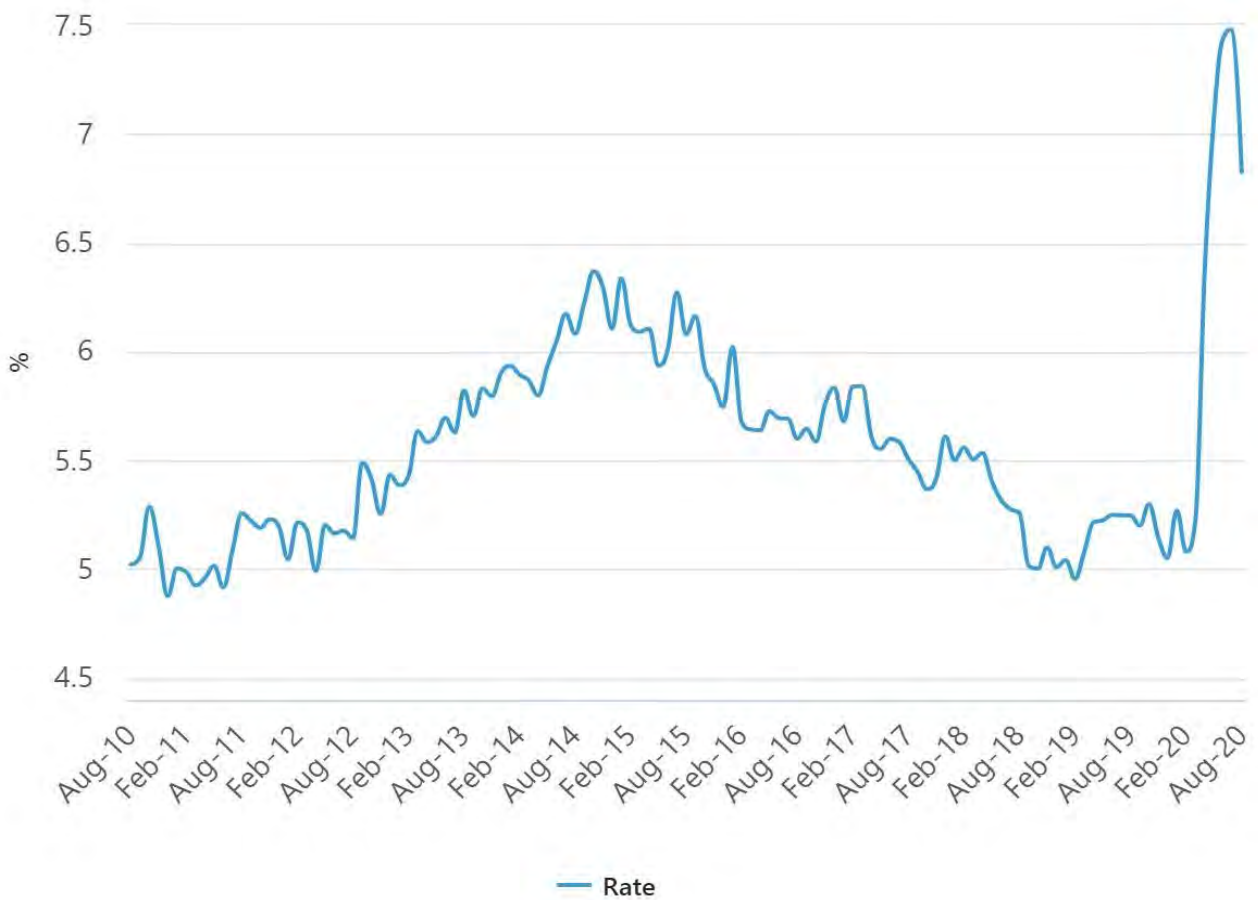
**932,000 jobs lost between the March and June quarters**

[View media release](#)

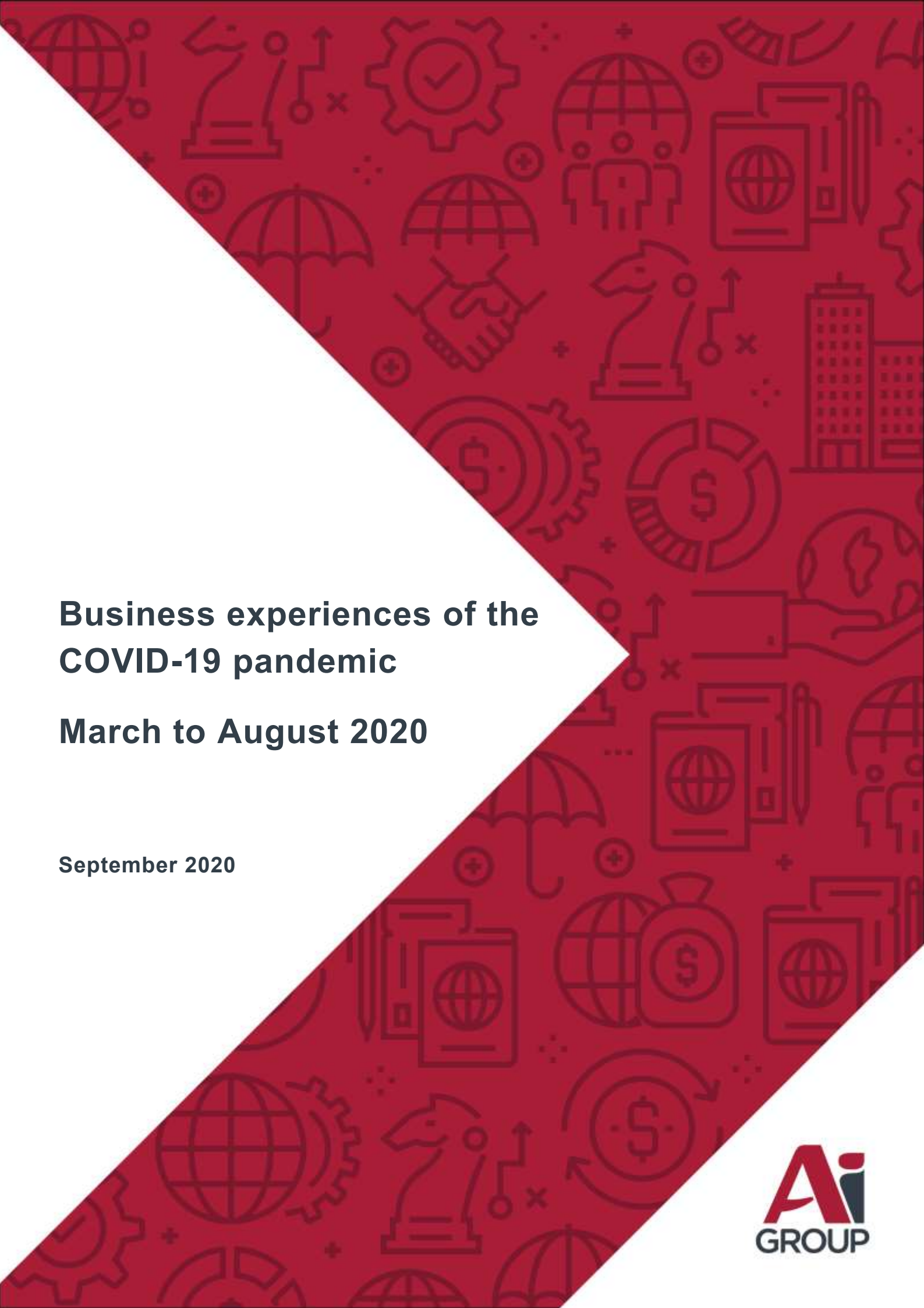




### Unemployment rate, Seasonally adjusted



Source: Australian Bureau of Statistics, undefined August 2020

The background is a deep red color with a white diagonal stripe running from the top-left corner to the bottom-right corner. The red area is filled with a repeating pattern of white line-art icons representing various business and economic concepts, such as gears, globes, handshakes, dollar signs, and buildings.

# **Business experiences of the COVID-19 pandemic**

## **March to August 2020**

**September 2020**

## **About Australian Industry Group**

The Australian Industry Group (Ai Group®) is a peak employer organisation representing traditional, innovative and emerging industry sectors. We are a truly national organisation which has been supporting businesses across Australia for more than 140 years.

Ai Group is genuinely representative of Australian industry. Together with partner organisations we represent the interests of more than 60,000 businesses employing more than 1 million staff. Our members are small and large businesses in sectors including manufacturing, construction, engineering, transport & logistics, labour hire, mining services, the defence industry, civil airlines and ICT.

Our vision is for a thriving industry and a prosperous community. We offer our membership strong advocacy and an effective voice at all levels of government underpinned by our respected position of policy leadership and political non-partisanship.

With more than 250 staff and networks of relationships that extend beyond borders (domestic and international) we have the resources and the expertise to meet the changing needs of our membership. We provide the practical information, advice and assistance you need to run your business. Our deep experience of industrial relations and workplace law positions Ai Group as Australia's leading industrial advocate.

We listen and we support our members in facing their challenges by remaining at the cutting edge of policy debate and legislative change. We provide solution-driven advice to address business opportunities and risks.

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# KEY FINDINGS

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This report forms part of a series of monthly reports by Ai Group about Australia's business experiences of the COVID-19 pandemic, up to September 2020. Throughout 2020, Ai Group has provided assistance, information and advice to thousands of businesses who are experiencing the consequences of activity restrictions and reductions in income due to this pandemic. As part of this process we have collected detailed feedback from Australian businesses about their experiences, through a range of sources including emails, surveys, web queries, phone calls and (remote) meetings.

This report summarises the impacts, responses and requirements of businesses as a result of the COVID-19 pandemic. Ai Group received around 1,300 reports from businesses about their experiences between March and August 2020. They told us:

1. The most frequently reported impact on business from COVID-19 has been a sharp drop in demand. This tapered off somewhat in July and August, but was replaced by heightened concern about state border closures, Victoria's 'second wave' of COVID-19 cases and restrictions (affecting 19% of all businesses reporting to Ai Group and 32% of Victorian businesses in August) and inability to visit clients. Nationally, production is also being hampered by international and interstate border disruptions to supply chains and freight services. Increased workloads due to new OH&S requirements and increased costs due to PPE, distancing and other measures have also been reported by many businesses, resulting in reduced productivity and/or heightened staff anxiety in the workplace (chapter 2).
2. In response to these impacts, businesses initially focussed on risk mitigation and workplace health and safety. They moved staff to home-based work where possible and developed COVID-19 safety plans. As the crisis wore on, reduced demand and revenue have forced more businesses to cut work hours and/or employment. The support of JobKeeper helped to stem job cuts from May, but did not stop them entirely. From May, businesses shifted towards adjusting work practices, work sites and product offerings to accommodate 'safe working' requirements. In August, their focus shifted to adjusting longer-term business plans and strategies (chapter 3).
3. The unique and rapid nature of this crisis has meant businesses everywhere have required urgent assistance with responding to COVID-19 and to various activity restrictions. In March the most pressing need was for clear, straightforward information and directions. Many businesses also needed practical assistance with international and domestic freight, access to PPE and workforce management. From April, the sharp drop in demand saw more businesses seeking financial support. From August, they needed restrictions eased and more certainty about the path ahead. Many also want a stronger focus from national and state governments on infrastructure development, local procurement and investment (chapter 4).

# 1. Ai Group assistance to Australian businesses during COVID-19

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Ai Group has skilled advisers, business improvement resources and a network of experienced business consultants to assist your business, backed by our 140 years of experience in understanding what drives successful Australian businesses.

Ai Group has launched a dedicated [Coronavirus COVID-19 Advice and Resources](#) hub with resources to help you navigate the pandemic and stay up-to-date with the latest information and advice. This site is being updated daily as issues develop.

The Workplace Advice Line is available to Ai Group members every weekday to provide advice on a range of workplace issues. Phone 1300 55 66 77 (press option 1) 8.30am to 5.30pm (AEST) or email [workplaceadvice@aigroup.com.au](mailto:workplaceadvice@aigroup.com.au) for a call back.

Supported by Ai Group Workplace Lawyers and our HR experts, the [HR Resource Centre](#) provides comprehensive and practical HR information, advice and resources. The HR Resource Centre is updated regularly and includes numerous resources to assist member businesses to deal with the HR implications of the COVID-19 crisis.

Developed by our WHS experts, the [Health and Safety Resource Centre](#) provides cutting edge tools, information, advice and resources on topics such as safety management, emergency management, risk management and mental health.

The Ai Group [Economics Resource Centre](#) features a range of regular reports, factsheets and research notes about economics trends and issues that affect Australian business and industry, including the highly regarded Economics Weekly, and the Performance of Manufacturing, Services, Construction and Business Indexes.

Ai Group's Business Improvement & Growth Hub ([BIG Hub](#)) has over 200 Fact sheets, self-assessments, checklists and company case studies to identify internal skill gaps, improve company operations and strategy. It also hosts a consultant referral service to help you find quality providers.

Additionally, Ai Group is a proud Delivery Partner of the Australian Government's Entrepreneurs' Programme in Tasmania, Victoria and Western Australia. Ai Group's Entrepreneurs' Programme Facilitators are working closely with businesses as they seek to pivot towards new markets, product offerings and ways of doing business. If you are ready to transform your business, the [Entrepreneurs' Programme and Ai Group](#) can help you take the next step. Contact [Ai Group](#) to be connected to an Ai Group Entrepreneurs' Programme Facilitator.

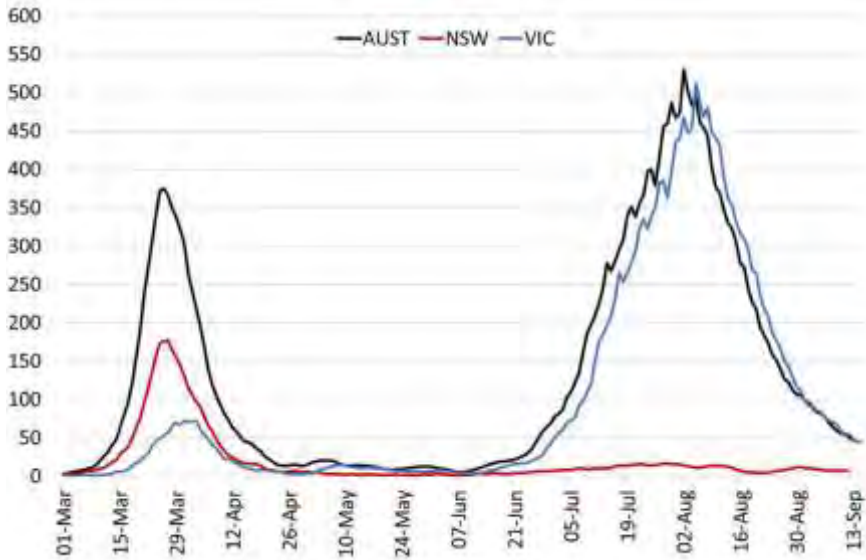
# 2. What is the impact of COVID-19 on your workplace or business so far?

The COVID-19 pandemic commenced in December of 2019 in Wuhan, China and quickly spread to other countries from January 2020. Australia began to experience local infections and related control measures from March. As of September 2020, Australia had experienced two 'waves' of COVID-19 infections. The first wave (March to May) saw infections and activity restrictions in all states. In the second wave (July to September), almost all COVID-19 infections were in Melbourne, Victoria (chart 1).

Australia's governments have responded to COVID-19 with a wide range of public health measures, activity restrictions and financial support (see Chapter 5 below). Direct income support for businesses and individuals is a crucial part of the economic response. The biggest economic impact of COVID-19 has been felt through businesses losing revenue or closing, and through individuals losing their jobs or work hours. The ABS estimates that by late May, 2.3 million people – 20% of Australia's workforce – had been affected by job loss or reduced working hours and income. Some recovery in business activity and employment has been evident since June in all states and territories except Victoria. At the peak of the first wave in April and May of 2020:

- JobSeeker (income support for unemployed people) was being paid to over 1.6 million people, up from around 800,000 receiving benefits prior to March; and
- JobKeeper (income support for employed workers) was being paid to 920,000 business entities in order to support 3.5 million individual workers.

**Chart 2: New COVID-19 cases per day, 1 Mar to 15 Sep (7-day average), Australia, NSW and VIC**



Source: [www.covid19data.com.au](http://www.covid19data.com.au)

Australian businesses reported a range of impacts upon their operations as a result of the presence of COVID-19 and the associated activity restrictions between March and August 2020. These reports are summarised in Table 2.1 and Charts 2.1 and 2.2.

The majority of businesses reported **negative impacts** as a result of COVID-19 in each month, with some improvement evident over these months in states other than Victoria. The move to tough 'stage 4' restrictions in Melbourne and 'stage 3' restrictions in regional Victoria in early August had large implications for businesses in these locations (including enforced closures) but also affected businesses across the country due to disruptions to supply chains. Nationally, businesses were also impacted in August by ongoing state border movement restrictions, lower international demand and uncertainty about the likely timing of a return to improved conditions.

In August, business experiences reported to Ai Group from across Australia included:

- 50% of businesses said they experienced **reduced customer demand** in August, down from a peak of 66% reporting reductions in April. In Queensland, 57% of businesses reported lower demand, as did 53% in Victoria and 52% in NSW. For businesses reporting reduced demand in August, this reduction may have come on top of reductions already felt in the earlier months of 2020.
- Nationally, 19% of businesses said the **second wave of restrictions in Victoria** that came into effect on 2 August 2020 had directly impacted them. 32% of Victorian businesses, 12% in New South Wales and 7% in Queensland said these restrictions were directly inhibiting their trade in August. For businesses that operate nationally across state borders, there was a divergence between states, with a lift towards recovery in some states but stalling operations in Victoria. The long timetable for the 'stage 3 and 4' restrictions in Victoria was also of concern to businesses, with many expecting this to affect demand for some time to come.
- **State border restrictions** inhibited business for 12% of respondents nationally. In Victoria 8% of businesses reporting to Ai Group said that border closures were constraining their ability to operate, as did 20% in New South Wales and 7% in Queensland. Cross-border restrictions have meant that many businesses are unable to visit clients (7% nationally, 7% in Victoria, 8% in New South Wales and 4% in Queensland) which has delayed maintenance projects and resulted in lost sales that rely on face to face interaction or accessing client sites. Within businesses, employees are not able to move across sites, which creates problems and delays maintenance that would, in normal times, be easily resolved.
- **Disruption to supply chains** occurred early in this pandemic, with 15% of businesses reporting disruptions in March, including complications with various inputs, imports and freight. The severity of disruption reduced in June and July but crept up again in August. Across the country, 11% of businesses said supply chains were being disrupted again in August, including in Queensland (14% of businesses reporting to Ai Group), New South Wales (12%) and Victoria (8%). State border checkpoints continue to delay inter-state freight and transit across Australia's state borders. Difficulties obtaining inputs and an inability to source some imported



supplies has pushed more businesses to diversify their supply chains and to seek local sources of inputs. Reliability of supply remained a persistent issue in August, due to reductions in local and international freight.

- **Increased workloads due to HR policy development** as well as COVID-19 safe plans, work permits, and employee management had a big impact on 6% of businesses nationally in August. In Victoria, 10% of businesses reported an increase in this type of workload in the month, compared with 2% in New South Wales and none in Queensland.
- The increase in activity restrictions and the longevity of the restrictions was clearly taking a toll on workers in Victoria in August. Businesses reported concerns about **increased anxiety levels** for their employees and their mental health generally, with 6% of Victorian businesses saying workplace anxiety had increased as a problem in August compared to 2% in New South Wales and none in Queensland).
- **Increased workloads due to new OH&S and healthcare procedures** were still being reported by 6% of businesses in August, down from a high of 25% in the first stages of the pandemic in March. In Victoria, 10% of businesses reported concerns about the increase in this type of workload in August, compared with 2% in New South Wales and no businesses in Queensland. This reflects higher infection rates, level of risk and absence from workplaces in Victoria compared with other states.

New and additional cleaning and COVID-19 safe procedures have become embedded in the routine for many businesses across the country. Some have employed additional cleaning staff or increased the hours of existing support staff.

Many businesses continue to report ongoing extra costs for hygiene consumables (i.e. disposable personal protective equipment and cleaning equipment), but few businesses reported difficulties in purchasing enough PPE or cleaning supplies for their employees and worksites in August.

- **Reduced productivity** has been reported by businesses in every month since March, due to the extra time required to clean machines and workspaces between shifts. This peaked at 9% of businesses reporting to Ai Group in May before reducing in June and July and increasing again in August. 4% of businesses nationally said reduced productivity is a concern in August, including 4% in Victoria, 3% in New South Wales and 4% in Queensland.

Businesses have reported mixed effects on productivity as a result of employees working from home since March, with some noting increases in the time required to supervise, manage and support home-based workers (including, for example, a bigger focus on employee mental health and on work timetables and schedules).

- Businesses reporting that they are **not operating** at all peaked at 6% in March. The small number of businesses reporting closure after March reflects businesses closing and no longer reporting to Ai Group or requesting assistance. A handful of businesses are known to have re-opened after local restrictions were relaxed.

A small number of businesses reported **positive or neutral impacts** in the first two months of the pandemic, but those positive impacts have faded over time, and the neutral impact has reduced. (Table 2.1 and Chart 2.1 and Chart 2.2):

- The number of businesses saying there was **no direct impact** from COVID-19 in the month fell to 15% in August, down from 22% in June and 20% in July (20%). The easing of restrictions in most locations in June and July provided some relief for businesses. The Victorian restrictions in August and renewed difficulties with interstate movement impacted more businesses again in August. 15% of businesses in New South Wales and Victoria reported no direct impact on their workplace in August, as did 11% of businesses in Queensland.
- Several businesses reported a **mixed impact** on their business, with sales falling in some locations but increasing in others. For some businesses, online sales have increased, which partially compensates for the decline in sales in person or through other channels.
- Businesses working on **projects with long timelines** experienced limited impacts throughout this period, however for these businesses the lack of future demand has become a key concern. This includes businesses engaged in construction, engineering and supply to large-scale projects that are already under way.
- 13% of businesses nationally reported **business had improved** in August, down from 18% in July. In New South Wales 15% reported an improvement in August, as did 11% in Victoria and Queensland. The easing of activity restrictions was the main reason given for this improvement in some locations. Optimism was muted by the restrictions in Victoria. Some businesses which had previously experienced a decline noted that the recovery was only partial and was not yet strong enough to make up for reduced business activity in previous months.
- A temporary **initial increase in customer demand** was reported by 11% businesses in March, in the early stages of the pandemic when purchases were brought forward and problematic stockpiling was widespread. The effects of consumer stockpiling (e.g. for food, groceries and medicines) seems to have ended by July and were not reported at all in August. Some businesses who built up inventory as a buffer for potential future shortages have started to run those levels down. Supplier deliveries have fluctuated but generally reduced, as customer demand falls back into more 'normal' shopping patterns.

## What did people say about the impact on their business from the stage 3 and 4 restrictions in Victoria in August?

The COVID-19 stage 3 and 4 restrictions in Victoria commenced from late July and affected businesses inside the state and elsewhere. Business people from across a range of industries that have some or all of their operations located in Victoria told us:

*“The impact has been considerable in terms of staff morale as they adjust to many new standards regarding conduct and interaction with each other. Our company has conducted various training courses to assist our staff in understanding the importance of following the new restrictions - this is for their own benefit as well as that of the company’s ability to comply to the restrictions. The impact on employee mental health should not be underestimated. We are having to get involved in assisting staff in this area - something we have not needed to do in our entire history.”*

*“Regulation has a large impact on businesses both as a direct cost and an opportunity cost. Implementing new regulations - and there have been many of them recently - takes time. The same managers who are spending their time implementing COVID-19 practices are also faced with the challenge of returning their businesses to profit – we can’t do everything. There have been many new regulations recently such as Modern Slavery, Vic Industrial Manslaughter and Wage Theft, all of which mean well and improve our community, but please stop coming up with new and interesting ways to do that for the next three years. Leave us to recover - please.”*

*“The restrictions in Victoria have resulted in approximately one-third of our Victorian customers closing. The balance of customers are doing minimal service work - very little repairs and maintenance.”*

*“These restrictions [in Victoria] appear to have influenced business confidence in New South Wales as well, resulting in slower sales, delayed decisions and a general slowdown in activity. We anticipate a larger decline in our workload for August and September at a minimum.”*

*“We are unable to visit clients and we risk losing interstate business because of stage 4 lock down. In addition, our international supply chains are at risk.”*

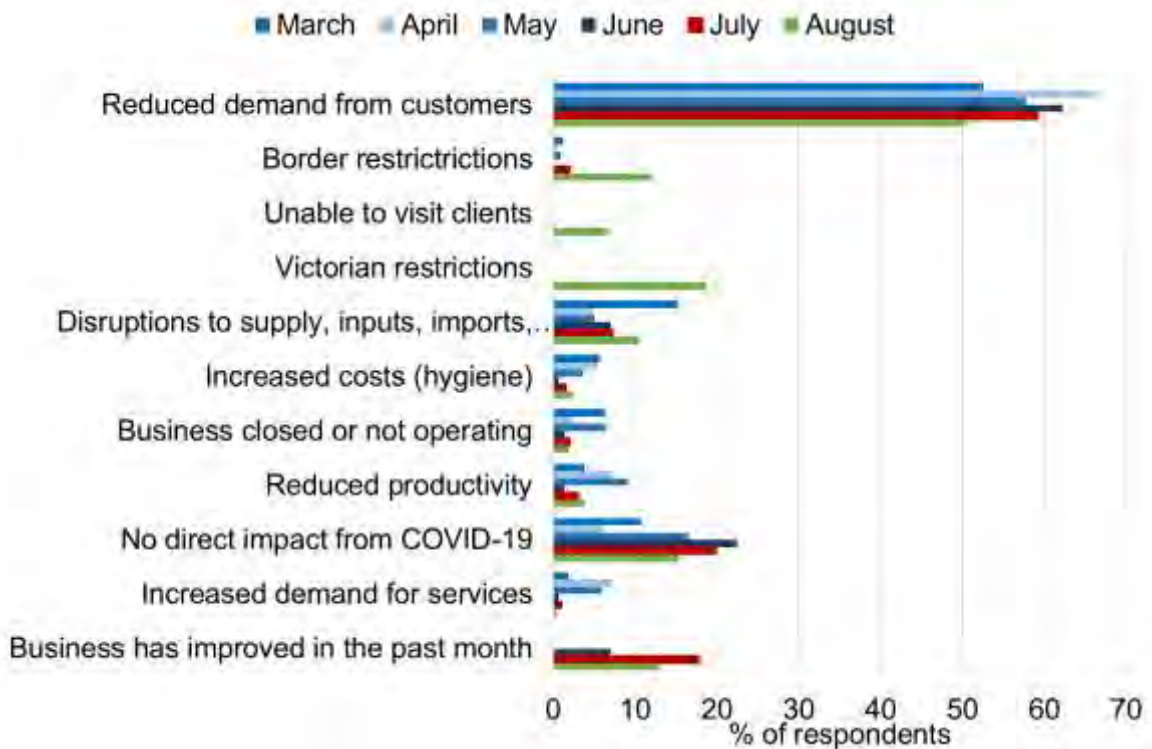
*“Productivity levels are right down due to restrictions, but we are very thankful to still be operating. Management time has been completely consumed with COVID-19 - taking anywhere between 60 to 70% of our time.”*

*“Melbourne sales office is closed - staff working at home. Customers’ offices closed. Sub-contractors closed. Freight delays. Lack of response from professional services. Impact is diabolical. [We are] offering discounted stock to generate sales/cashflow.”*

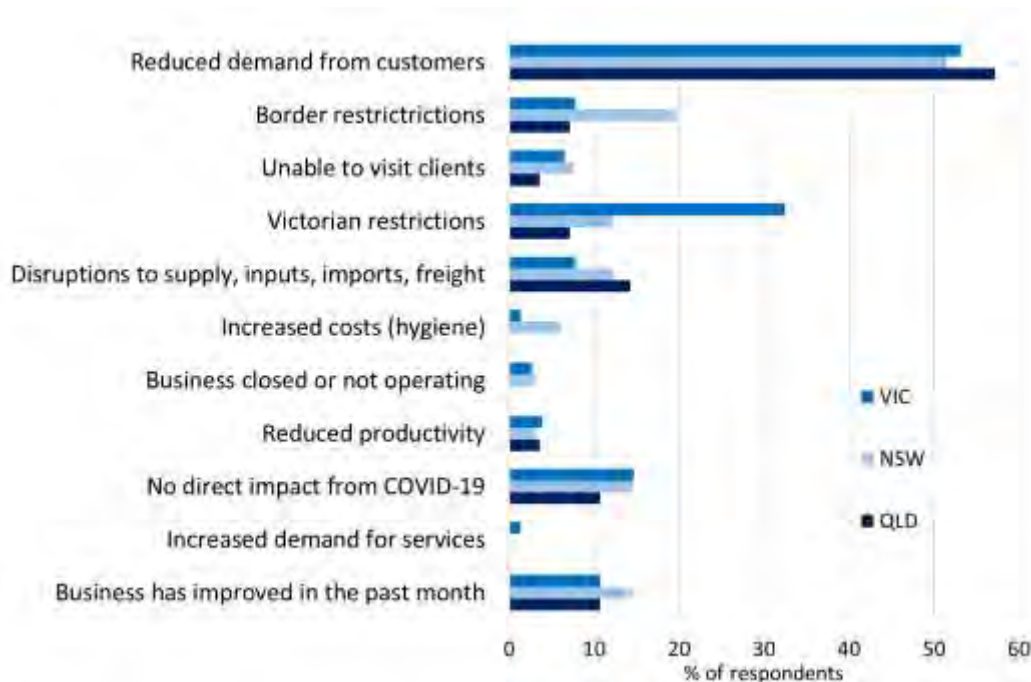
**Table 2.1: What is the impact of COVID-19 on your workplace or business so far?**

	March	April	May	June	July	August
% of businesses (multiple per business possible)	%	%	%	%	%	%
<b>Negative impacts</b>						
Reduced demand from customers	53	<b>66</b>	58	62	59	50
Border restrictions	1	1	1	0	2	<b>12</b>
Unable to visit clients	0	0	0	0	0	<b>7</b>
Victorian restrictions	0	0	0	0	0	<b>19</b>
Disruptions to supply, inputs, imports, freight	<b>15</b>	5	5	7	7	11
Increased work - OH&S procedures	<b>25</b>	13	9	6	5	6
Increased work - OH&S/HR policy	<b>18</b>	2	1	0	2	5
Increased anxiety levels within workforce	<b>20</b>	2	3	1	2	3
Increased costs (PPE, cleaning, hygiene)	<b>6</b>	5	4	1	2	2
Business closed or not operating	<b>6</b>	2	<b>6</b>	1	2	2
Reduced productivity	4	7	<b>9</b>	1	3	4
<b>Neutral / positive impacts</b>	%	%	%	%	%	%
No direct impact from COVID-19	5	6	17	<b>22</b>	20	15
Increased demand for services	<b>11</b>	7	6	1	1	0
Business has improved in the past month	2	0	0	7	<b>18</b>	13

**Chart 2.1: What is the impact of COVID-19 on your workplace or business so far?  
Responses by month, March to August 2020**



**Chart 2.2: What is the impact of COVID-19 on your workplace or business so far?  
Responses by state, August 2020**



### 3. What has been your response?

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Businesses have responded to the COVID-19 global pandemic with a range of strategies. These responses are summarised in Table 3.1 and Charts 3.1 and 3.2.

As of August, Australian businesses told Ai Group:

- **Adjusting business plans** became a primary response for 23% of businesses nationally in August. In Victoria, 27% of businesses adjusted their planning in August, as did 9% in New South Wales and 38% in Queensland. The longevity of the restrictions and the depth of the downturn has meant that short-term changes have made way for longer-term strategy modifications, as businesses plan for a longer and deeper downturn. Included in this planning are changes to staff numbers and workhours, as changes to the JobKeeper wage subsidy come into effect.
- **JobKeeper** supported employee incomes for 27% of businesses reporting to Ai Group in July and August. Across the states, Jobkeeper support was reported by 33% of businesses in Victoria, 28% in New South Wales and 25% in Queensland. Respondents said they were concerned they would no longer qualify for JobKeeper due to changes in eligibility criteria and in their business situation.

A number of businesses said the JobKeeper wage subsidy (in effect from May) helped them to maintain employment hours which would otherwise have been cut. Some respondents called for the JobKeeper wage subsidy to be extended past the new end date for specific industries and locations, in order to maintain support for employees within their own business and to maintain support for their customers. Businesses are concerned they will face the daunting prospect of a reduction in demand and a reduction in support occurring at the same time in early 2021.

- One of the most common responses to the pandemic in August was to make further **reductions to paid work hours**. As a strategy, this peaked at 35% of businesses in April and then reduced from May, as the JobKeeper subsidy supported employment costs. Even with Jobkeeper in place, reductions in work hours was reported by 36% of business respondents in July and 19% in August. In Victoria 17% of businesses reduced work hours in August, as did 25% in New South Wales and 19% in Queensland. Further reductions to hours in August were reported by businesses who had already reduced staff numbers and hours in previous months.
- **Working from home** for some or all staff was implemented as an initial response by 55% of businesses reporting to Ai Group in March. This reflected the strong focus on health and safety in the first phase of the pandemic. Moving staff to home-based work has slowly reduced as a new strategy, with only 13% of businesses nationally implementing home-based work in August. In Victoria, 23% of businesses reported that they were still moving their staff to home-based work in August, compared to 16% in New South Wales and none in Queensland.

- A small proportion of businesses said they are actively focussed on **reducing costs other than labour**, including 6% of businesses in April, 4% in June and 6% in August.
- As activity restrictions were lifted in May and June in most locations around Australia, businesses focused on **making changes to business processes and changing the way their shifts were organised**. This became a focus for 21% of businesses nationally in August, up from 18% in July but down from the numbers seen in May and June. 17% of businesses in Victoria changed shifts and processes in August, compared to 19% in each of New South Wales and Queensland.
- In line with the changes to business plans, more businesses said they were moving into **online sales and delivery** in August (7%) than in any previous month, in response to the COVID-19 conditions.
- A handful of businesses **changed or consolidated their business offering** or increased their employee numbers.
- Responses seen earlier in the pandemic such as increased communication, physical changes to sites and variations to payment terms were rarely mentioned by businesses reporting to Ai Group in August.

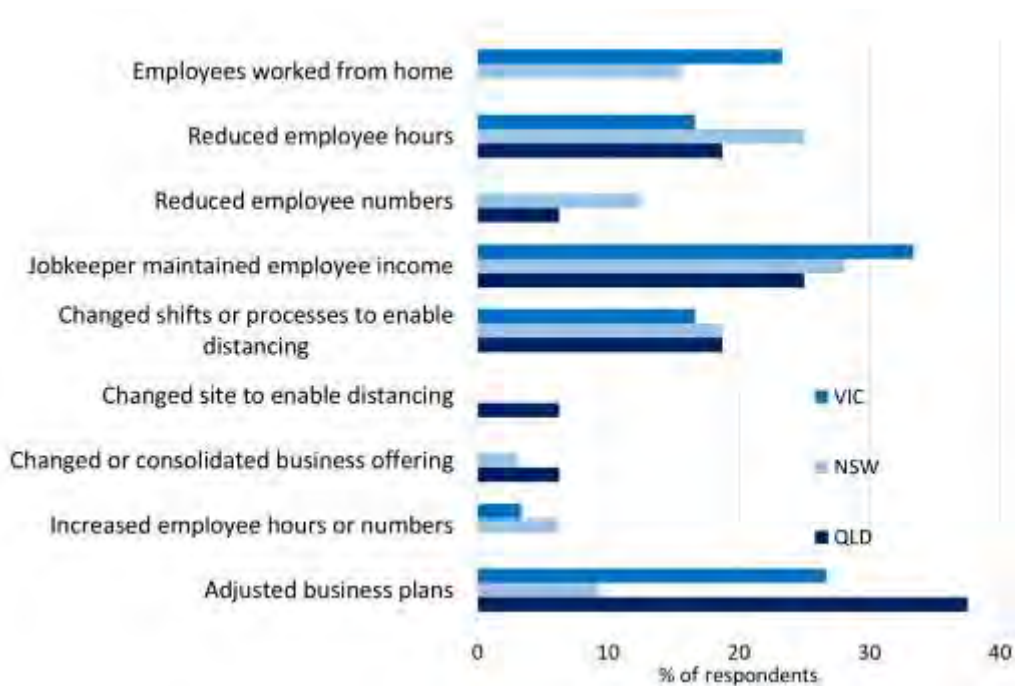
**Table 3.1: What has been your response?**

	March	April	May	June	July	August
% of businesses (multiple answers possible for each business)	%	%	%	%	%	%
Employees worked from home	<b>55</b>	40	25	20	26	13
Reduced employee hours	17	35	29	27	<b>36</b>	19
Reduced employee numbers	13	<b>20</b>	13	18	13	6
Jobkeeper maintained employee income	1	1	19	17	<b>27</b>	<b>27</b>
Changed shifts or processes to enable distancing	30	18	<b>35</b>	33	18	21
Changed site to enable distancing	3	0	<b>13</b>	2	1	1
Changed or consolidated business offering	0	2	1	0	<b>5</b>	3
Increased employee hours or numbers	<b>3</b>	1	1	1	<b>3</b>	<b>3</b>
Increased communication	<b>17</b>	8	6	1	3	1
Adjusted business plans	0	0	0	0	0	<b>23</b>

**Chart 3.1: What has been your response?  
Responses by month, March to August 2020**



**Chart 3.2: What has been your response?  
Responses by state, August 2020**





## 4. What would help you manage your business response to COVID-19?

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The responses and assistance that businesses are seeking from Government (and others) as a result of the COVID-19 pandemic have shifted considerably since March. The types of assistance required are summarised in Table 4.1 and Charts 4.1 and 4.2. Businesses often report on their own plans for recovery and the assistance they would like from Government (and others), in combination.

The types of assistance that businesses were seeking in August included:

- **Direct financial assistance** from State and Federal Governments has been the most pressing requirement since April. This includes stimulus payments and grants, wage subsidies and relief from payroll tax. In August, businesses that have been primarily affected by the Victorian restrictions and/or state border closures were the most in need of financial assistance. 31% of businesses nationally wanted new or additional financial assistance in August, including 25% of businesses in Victoria, 42% in New South Wales and 20% in Queensland.
- **Easing of activity restrictions** and a return to more 'normal' trading conditions was nominated as the best way forward for 36% of businesses nationally in August, the highest proportion since April. Unsurprisingly, 47% of Victorian businesses said they need restrictions to ease in August, compared with 31% of businesses in New South Wales and 30% in Queensland.
- In addition, **easing border restrictions** was mentioned as necessary to improving conditions for 17% of businesses nationally in August. This would assist recovery for 22% of businesses in Victoria, 15% in New South Wales and 10% in Queensland. This would resolve many immediate problems for businesses including faster freight, enabling employees to access their employment sites, enabling businesses to visit their customers for maintenance projects, and enabling sales teams to visit their customers' sites.
- 10% of businesses said that **increased certainty** was vital to improve conditions in August. This reflects the frequent changes to activity restrictions over many months and a lack of longer-term vision. This lack of certainty about the outlook is reducing the ability to plan and develop strategies across all types of businesses. The toll of this uncertainty is immense, particularly for businesses that have experienced repeated closures and reductions since early 2020.
- In order to stimulate local demand, 10% of businesses nationally called for greater **promotion of locally made goods**. Local promotions were suggested as a useful assistance strategy by 8% of businesses in Victoria and New South Wales, but none in Queensland. Businesses also suggested stronger **local procurement**

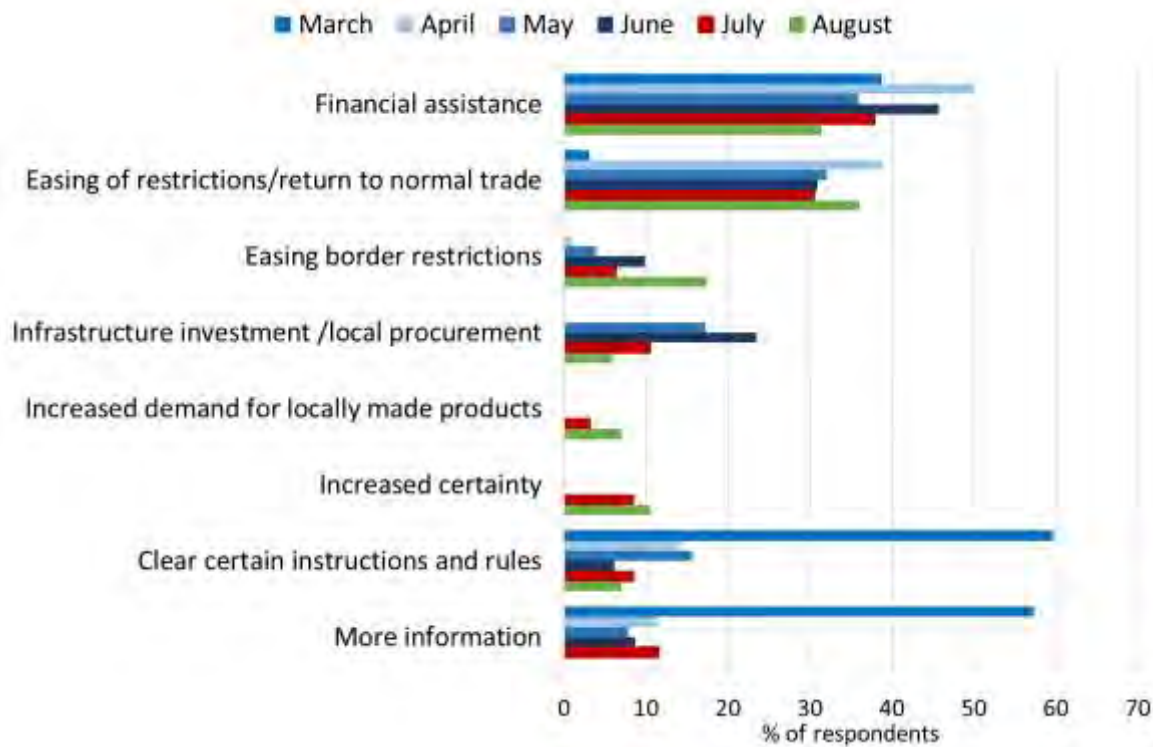
provisions by government; investment to diversify supply chains; and increased public promotion of Australian goods (e.g. an advertising campaign).

- **Infrastructure investment** was nominated as a means to support local economic recovery by 23% of businesses reporting to Ai Group in June and 6% in August.
- In the early stages, there was an urgent need for **clear rules and instructions** to help business respond to activity restrictions. Around 60% of businesses were asking for more information and simple, straightforward instructions in March. As of August, there is still some uncertainty regarding restrictions across states and dates. 7% of businesses were again asking for clearer rules in August, however no businesses were looking for more information generally in August.
- In the earlier stages of the pandemic, businesses needed assistance with imports and exports, domestic freight, access to PPE and employee management. By June, no businesses were still requesting these more practical types of assistance.

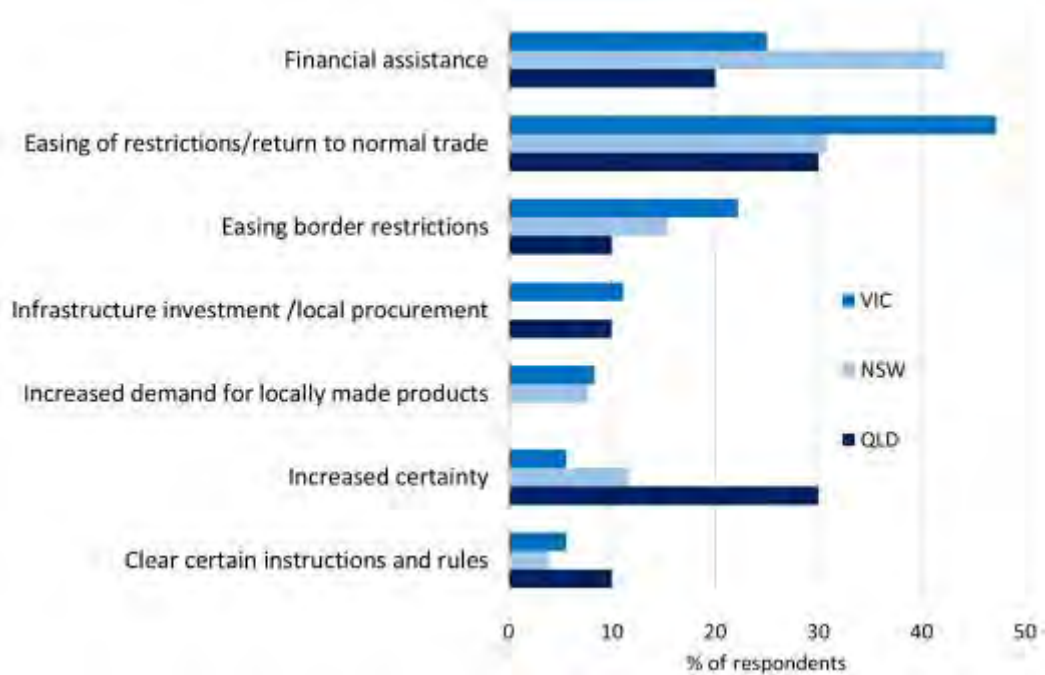
**Table 4.1: What would help manage your business response to COVID-19?**

	March	April	May	June	July	August
% of businesses (multiple answers possible for each business)	%	%	%	%	%	%
Financial assistance	39	<b>50</b>	36	46	38	31
Easing of restrictions/return to normal trade	3	39	32	31	31	<b>36</b>
Easing border restrictions	0	1	4	10	6	<b>17</b>
Infrastructure investment /local procurement	0	0	17	<b>23</b>	11	6
Increased demand for locally made products	0	0	0	0	3	<b>7</b>
Increased certainty	0	0	0	0	8	<b>10</b>
Clear certain instructions and rules	<b>60</b>	14	16	6	8	7
More information	<b>57</b>	11	8	9	12	0
Assistance with employee management	<b>11</b>	1	1	0	0	2
Improved access to PPE & hygiene products	<b>9</b>	1	2	0	0	1
Assistance with domestic logistics and freight	1	2	<b>2</b>	0	0	0
Assistance with imports, exports, trade	0	1	<b>2</b>	0	0	0

**Chart 4.1: What would help you manage your business response to COVID-19?  
Responses by month, March to August 2020**



**Chart 4.2: What would help you manage your business response to COVID-19?  
Responses by state, August 2020**



## 5. Business responses, by month, by industry and by state

In total, Ai Group received 1,292 detailed reports from businesses about their experience of the COVID-19 pandemic between March and August. A small number of businesses offered feedback in each of these months. Most businesses reported their experiences in detail more than once. The composition of these business responses is shown in Table 5.1 by month, industry and state.

These business reports are not intended to provide a representative sample of all Australian businesses or all of the Australian economy. Instead, they illustrate the concerns, issues and factors that businesses reported to Ai Group about the effects of the COVID-19 pandemic on their business in each of these months.

The data for each month includes all reports received from the first day of the month until the last, including reports added retrospectively. The reporting period for August includes the return to stage 3 restrictions in regional Victoria and the implementation of stage 4 restrictions in the greater Melbourne area, from Sunday 2 August.

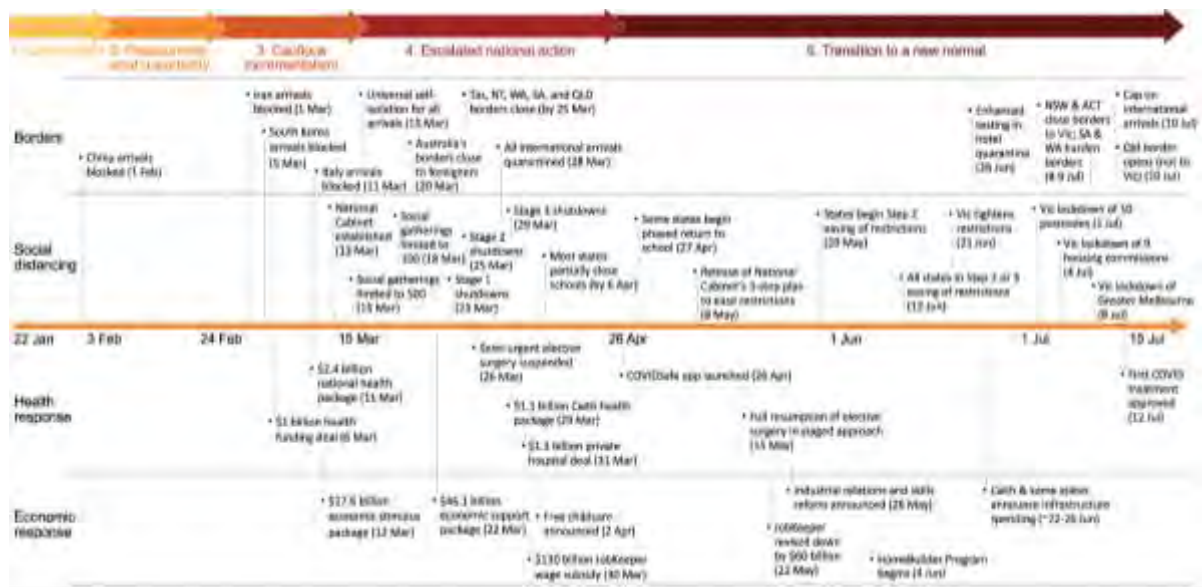
**Table 5.1: Business responses to Ai Group about COVID-19**

Industry	Mar	Apr	May	Jun	Jul	Aug	Total
Business services	50	31	43	23	38	40	225
Consumer services	26	7	17	11	19	16	96
Manufacturing*	57	24	36	28	25	34	204
Manufacturing - machinery & equipment	24	29	40	30	37	37	197
Manufacturing - metal products	28	29	54	49	33	38	231
Construction & mining services	10	87	72	49	59	62	339
<b>TOTAL</b>	<b>195</b>	<b>207</b>	<b>262</b>	<b>190</b>	<b>211</b>	<b>227</b>	<b>1,292</b>
NSW	63	57	92	58	67	71	408
VIC	78	67	83	57	75	83	443
QLD	37	37	36	34	28	31	203
Other states	17	46	51	41	41	42	238
<b>TOTAL</b>	<b>195</b>	<b>207</b>	<b>262</b>	<b>190</b>	<b>211</b>	<b>227</b>	<b>1,292</b>

\*manufacturing including food, beverages, wood, paper, packaging, chemicals, pharmaceuticals, textiles, clothing.

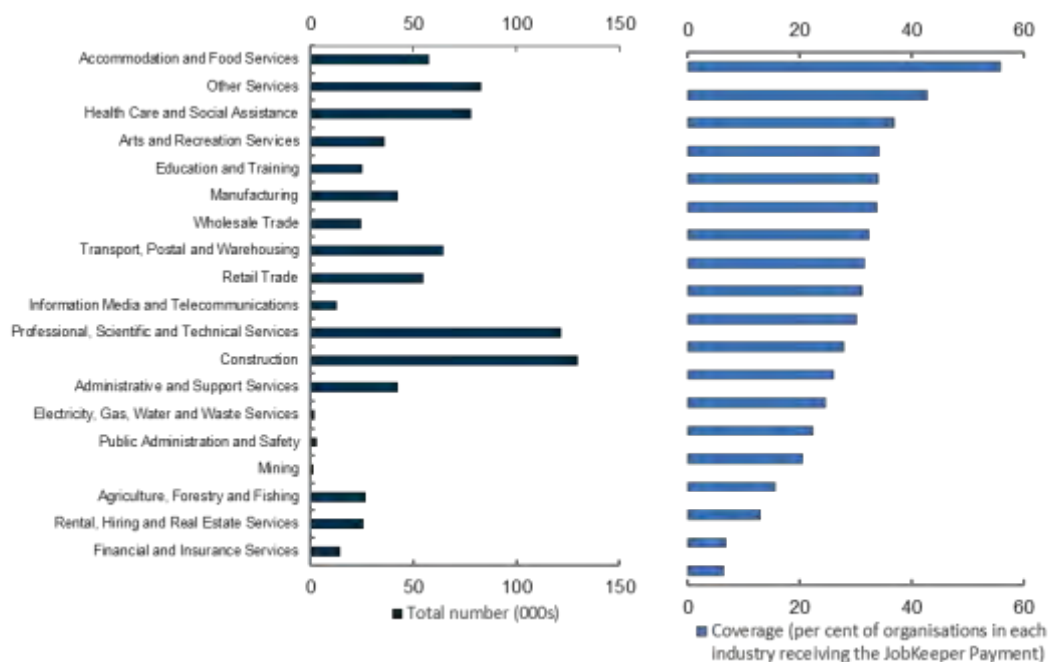
# 6. Timeline of Australia's experience of COVID-19, January to September 2020

Chart 6.1: Government responses to COVID-19, Jan to July



Source: Grattan Institute

Chart 6.2: Business applications for JobKeeper, April 2020



Source: Australian Treasury, *Jobkeeper Payment: Three Month Review*, June 2020.

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## January 2020

25 Jan: First recorded novel cases of coronavirus in Australia (returned travellers from Wuhan, China). Australian Government issues "do not travel" warnings to China.

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## February 2020

5 Feb: Australian Government announces a 14-day ban for non-citizens arriving from China. Ban extended indefinitely on 20 February.

12 Feb: WHO officially names the novel coronavirus as 'COVID-19'.

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## March 2020

1 March: first Australian COVID-19 fatality (from the Diamond Princess cruise ship).

3 March: RBA cuts Australia's cash rate to a record low of 0.50%.

6 March: Australian Government commits \$500 million to health costs for COVID-19.

11 March: WHO declares COVID-19 a global pandemic. Australian Government announces a national healthcare support package (\$2.4 billion).

12 March: Australian Government announces financial assistance (\$17.6 billion) including: instant asset write-offs; reduced PAYG withholding tax to the ATO; wage subsidies for apprentices and trainees; increased payments for welfare recipients.

13 March: Australian Government forms a "National Cabinet" of Federal, State and Territory leaders to facilitate a united approach to the COVID-19 crisis.

15 March: Australian Government bans gatherings of more than 500 people.

16 March: Australian Government orders all people arriving from overseas to self-isolate for 14 days. Victorian Government declares 'state of emergency'.

17 March: Australian Government suspends all commercial international travel.

18 March: Australian Government bans indoor gatherings of more than 100 people.

19 March: Ruby Princess cruise ship docks in Sydney and passengers disembark.

19 March: RBA cuts cash rate to record low of 0.25%.

20 March: Australian Government imposes 'social distancing' including 1.5 metres between people in public areas. Australian states begin to close state borders.

21 March: Australian Government bans non-citizens and non-residents from entering Australia. Incoming citizens and permanent residents must self-quarantine for 14 days.

22 March: 'Stage 2' restrictions are progressively implemented across all states. Second round of business financial assistance (\$66 billion) includes grants and payments for welfare recipients; guaranteed loans for businesses; temporary leniency for insolvency and bankruptcy; temporary relief for directors trading whilst insolvent.

23-26 March: Bars, restaurants, clubs, cinemas, places of worship, casinos and gyms are closed. Schools start to close across all states. Open house inspections banned. Attendance at weddings and funerals restricted. Elective surgery suspended.

27 March: All international arrivals must undertake mandatory quarantine in hotels.

29 March: Six-month moratorium on rental evictions (by State Governments). All Australians urged to stay at home. No more than two people may be together in public.

30 March: Australian Government announces third round of financial assistance (\$130 billion) including JobKeeper and JobSeeker income support programs.

31 March: Australian Government announces \$1.3 billion support for private hospitals.

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## **April 2020**

2 April: Australian Government announces free childcare during the COVID-19 crisis.

7 April: Australian Government announces mandatory code for commercial tenancies.

Mid to late April: Activity restrictions begin to ease at various speeds around Australia.

12 April: 'Higher Education Relief Package' to support displaced workers' retraining and to support universities and other higher education providers to continue teaching.

17 April: 'Domestic Aviation Network Guarantee' worth \$165 million to assist airlines.

24 April: National 'COVID-19 Safe Workplace Principles' introduced by the National Cabinet. 10 'Workplace Principles' to be applied to all workplaces across Australia.

26 April: Activity restrictions begin to relax across all states and territories.

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## **May 2020**

8 May: Initial payroll deadline for the JobKeeper program.

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## **June 2020**

Early June: progressive easing of activity restrictions at various stages around Australian states and territories. Physical return to school for students in Victoria.

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## **July 2020**

9 July. Stage 3 activity restrictions imposed again on Greater Melbourne and Mitchell Shire (VIC) for at least 6 weeks. Border between NSW and Victoria is closed.

23 July: Treasurer presents an update on the Federal Government Budget position, economic outlook and review of JobKeeper arrangements.

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## **August 2020**

2 August. Stage 4 activity restrictions imposed on Greater Melbourne including night curfew and resident lockdown. Stage 3 activity restrictions for regional Victoria. State borders begin to close again across Australia. Due to step down on 28 September.

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# Australian Chamber–Westpac Survey of Industrial Trends

Australian Chamber of Commerce and Industry & Westpac Banking Corporation

## 236<sup>th</sup> report September 2020 (survey conducted 3 August to 1 September 2020)

- The Australian Chamber–Westpac Survey of Industrial Trends, Australia's longest running business survey dating from 1966, provides a timely update on manufacturing and insights into economy-wide trends.
- The Westpac–AusChamber Actual Composite improved to 42.4 in the September quarter after falling dramatically to 24.0 in the June quarter associated with the initial lock-down in response to covid. The index remains well below its pre-covid level of 56 at the end of 2019.
- With the activity index still sub-50, this suggests conditions are contracting, but at a much slower rate. Of note, new orders and output are declining at a slower pace.
- The covid global pandemic and the measures to combat the virus have had a dramatic impact on the Australian economy - which slumped into recession in 2020 for the first time in 29 years. The emerging rebound from the initial lock-down experienced a set-back, with Victoria going into a second lock-down. The manufacturing sector has been greatly impacted by the disruptions and the downturn.
- As with the broader economy, within this overall weak picture, conditions in the manufacturing industry are mixed across sectors. The downturn in construction, particularly residential, has weighed heavily on metals manufacturers. However, the unprecedented conditions presented unique opportunities for certain segments - with demand soaring for medical equipment and disinfectants.
- Respondents' expectations around their own businesses have been marked lower, impacted by the set-backs in Victoria. The Expected Composite slipped to 44.1 in September, down from 50.5 in June, pointing to an expected soft end to the 2020 year.
- Around the general outlook, sentiment amongst manufacturers is downbeat, shaken by the challenging second lock-down in Victoria. A net 18% of respondents expect the general business situation to deteriorate over the next six months, little changed from a net 22% in June.
- Exports stabilised in the September quarter and expectations are mildly positive, supported by the progressive re-opening of the global economy.
- While the latest readings are generally an improvement on the extreme lows of the June quarter, the covid-driven economic downturn continues to have a significant impact on the manufacturing sector. Profit expectations are weak at -35, albeit up from -60 in the June quarter. Investment expectations are also weak, with a net 16% of respondents planning to reduce equipment investment over the next year.
- The survey's Labour Market Composite, which broadly tracks economy-wide employment growth, remains weak, at 34.3, albeit up from 29.4 in June. The index correctly foreshadowed recent cycles - the uplift in employment in 2017 and the slowing from 2018. The current reading implies that employment will remain at weak levels over coming quarters.

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The Survey of Industrial Trends produced by the Australian Chamber of Commerce and Industry & Westpac Banking Corporation is a quarterly publication.

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Net response or "balance" is calculated by the proportion of "ups" less "downs" on individual questions, thereby yielding the net balance. A positive balance indicates a net upward or improving trend and a minus balance a net downward or deteriorating trend.

The 236<sup>th</sup> consecutive survey was closed on 1 September 2020.

A total of **231** responses were received, and provided a reasonable cross-section of Australian manufacturing in respect of industry groups and size of operation.

The next survey will be conducted over November and December 2020.

# Key survey results

## Westpac–AusChamber Composites *(seasonally adjusted)*

	Q2 2020	Q3 2020
Actual – composite index	24.0	42.4
Expected – composite index	50.5	44.1

- The Westpac–AusChamber Actual Composite improved to 42.4 in the September quarter after falling dramatically to 24.0 in June on the initial lock-down nationally in response to covid.
- With the reading still sub-50, this suggests conditions are contracting, but at a much slower rate. Of note, new orders and output are declining at a slower pace.
- The Expected composite weakened, slipping below 50, to 44.1 from 50.5. Earlier expectations for a quick rebound have been reassessed.
- Victoria’s second lock-down was a key development, denting conditions in Q3 and delaying the recovery.

## Westpac–AusChamber Labour Market Composite

	Q2 2020	Q3 2020
Composite index	29.4	34.3

- The survey provides insights into economy-wide employment growth. This highlights the key linkages between manufacturing and the labour market
- The Westpac–AusChamber Labour Market Composite correctly foreshadowed recent cycles - the uplift in employment in 2017, then the slowing from 2018.
- In 2020, the Composite plunged to 29.4 in the June quarter, lifting to a still weak 34.3 in September.
- Employment plunged during this recession as the economy went through a partial lock-down. Official data reports job levels in the June quarter 4.3% below a year earlier.
- The survey suggests that employment will remain at weak levels over coming quarters.

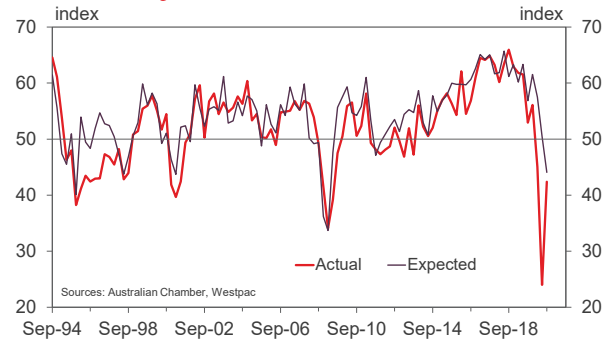
## General business situation

	Q2 2020	Q3 2020
Net balance	-22	-18

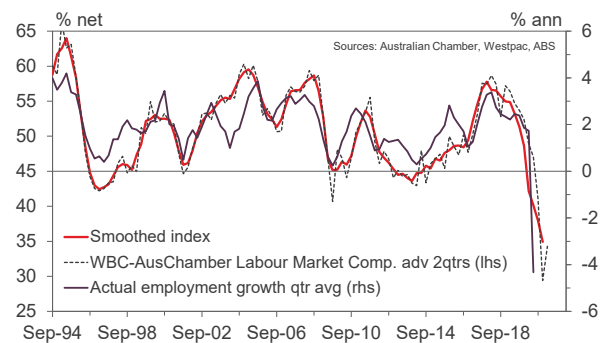
- Manufacturing sentiment has been shaken by the covid crisis.
- First from the initial restrictions and initial lock-down nationally and more recently after the second wave of infections in Victoria.
- During the September quarter, a net 18% of respondents expect the general business situation to worsen over the next six months.
- That is only a slight improvement on the June reading, a shift of 4%.
- This is likely due to the high degree of uncertainty about further lock-down restrictions and the challenging environment more generally.

## Westpac-AusChamber Composite indexes

Actual & expected, sa

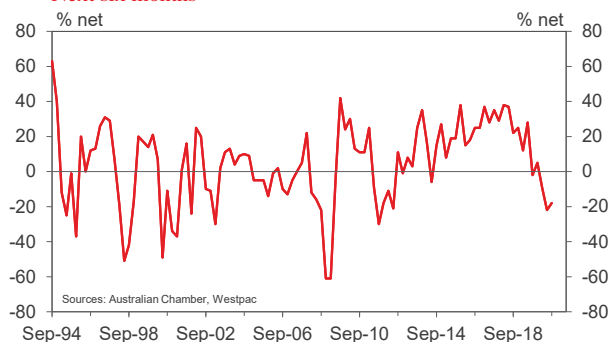


## Employment: hit by covid recession



## General business situation

Next six months



Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.

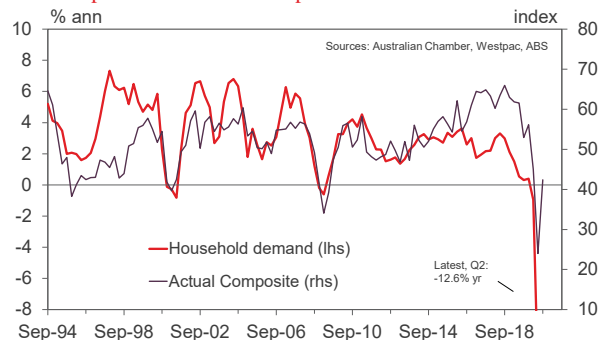
# The business cycle & economic outlook

## Manufacturing & the business cycle

- The Westpac-AusChamber Actual Composite index has a solid track record of predicting near-term domestic economic conditions and identifying turning points in the cycle.
- The covid pandemic and restrictions in response to the virus – notably temporary lock-downs – disrupted activity and impacted global supply chains. Consumer spending in Australia plunged by 12% in the June quarter, at the height of the national lock-down.
- The reopening of economies – with some set-backs – was the key development in the September quarter, leading to an improvement of conditions across the manufacturing sector.
- Interestingly, new conditions under social distancing measures have boosted some sectors through expenditure switching.

## Manufacturing & the business cycle

### Westpac-AusChamber Composite & household demand

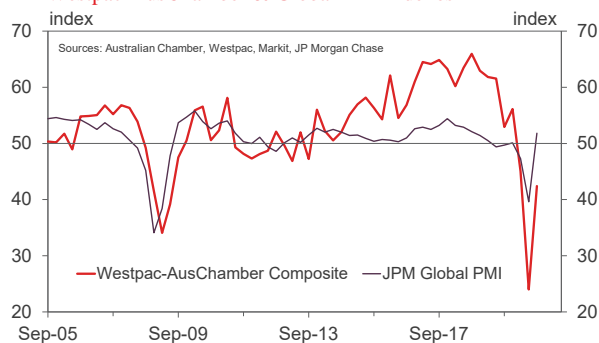


## Australian & World manufacturing surveys

- Global and Australian manufacturing cycles tend to be synchronised, especially at major turning points.
- Historically, the Westpac-AusChamber Actual Composite has moved broadly in line with global manufacturing conditions.
- Although global manufacturing PMIs plummeted in April, they were among the few industries to experience an equally rapid comeback. They have since recovered to near pre-covid levels.
- China, with a significant manufacturing presence, has made a strong recovery. At its latest read the Caixin China PMI was 53.1, up from a low of 40.3.
- Both US and Eurozone manufacturing PMIs are sitting comfortably above the 50-threshold for expansion (56.0 and 51.7 respectively). This has been led by a pick up in output and new orders as economies reopen and business sentiment returns.

## Australian & World manufacturing surveys

### Westpac-AusChamber & Global PMI indexes

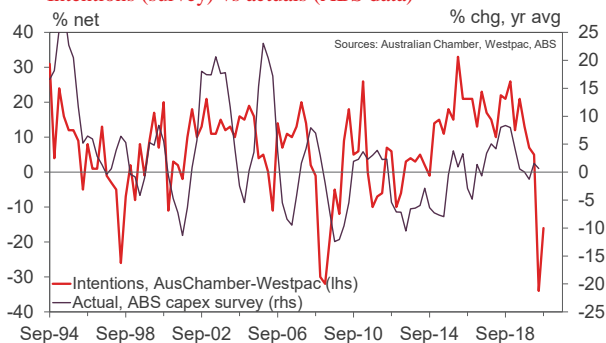


## Manufacturing & business investment

- The AusChamber-Westpac survey has a solid track record of predicting equipment investment from the manufacturing sector.
- Manufacturing firms investment intentions are downbeat, with a net 16% planning to reduce plant and equipment investment over the next twelve months. While up from the extreme low of a net 34% in June, this is still well below pre-covid levels.
- The ABS capex survey also points to a weak investment outlook at a time of excess spare capacity and an uncertain outlook.
- In the June quarter ABS capex update, manufacturing investment plans for 2020/21 were 12% below the corresponding estimate a year earlier. This included equipment plans, -11% and building and structures intentions, -14%.

## Manufacturing equipment investment

### Intentions (survey) vs actuals (ABS data)



# Activity & orders

## Output *(seasonally adjusted)*

	Q2 2020	Q3 2020
Actual - net balance	-55	-15
Expected - net balance	7	-4

- Output is contracting but at a much slower rate, that is the key message from this update. A net 15% of firms indicated that output decreased in the September quarter, a significant improvement on the net 55% decline in June.
- The experience and performance by sectors and by states will have varied. Most notably, the re-opening of the economy is more advanced outside of Victoria.
- Earlier expectations for a quick snap back in conditions have been reassessed - arguably the exit path from the initial lock-down was always going to be a bumpy ride. A net 4% expect output to decline in Q4, in contrast to 3 months earlier, when 7% anticipated a rise.

## New orders *(seasonally adjusted)*

	Q2 2020	Q3 2020
Actual - net balance	-64	-14
Expected - net balance	7	-10

- Following a plunge in new orders in the June quarter, the rate of decline slowed appreciably in the September quarter as many businesses progressively began to reopen.
- A net 14% of respondents reported fewer new orders in September, a marked improvement on the net 64% who identified that new orders had decreased over June.
- Expectations have deteriorated, with respondents now anticipating a soft end to the 2020 year.
- A net 10% of firms expect new orders will fall in the coming quarter, in contrast to the June quarter where a net 7% expected new orders to rise.

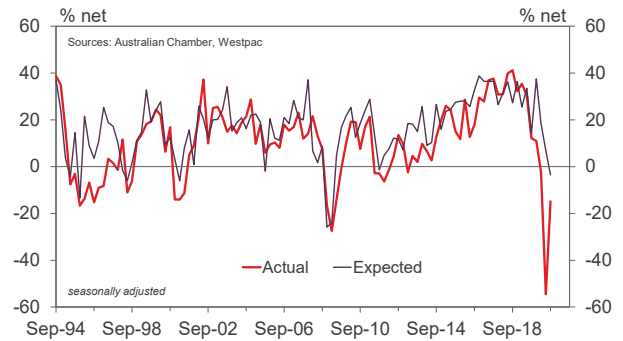
## Exports

	Q2 2020	Q3 2020
Actual - net balance	-6	0
Expected - net balance	2	1

- Exports stabilised in the September quarter, in contrast to contracting conditions domestically.
- The number of exporters reporting a rise in orders in Q3 matched those reporting a fall. That is an improvement on the net 6 decline in the June quarter.
- The global economy, while still weak, rebounded from mid-year as restrictions were rolled back, thereby supporting global trade.
- Expectations are still mildly positive, with a net 1% expecting exports to rise in the final months of 2020.
- A potential concern is the exchange rate, with the Australian dollar moving back above US 70¢, buoyed by positive news on the global reopening.

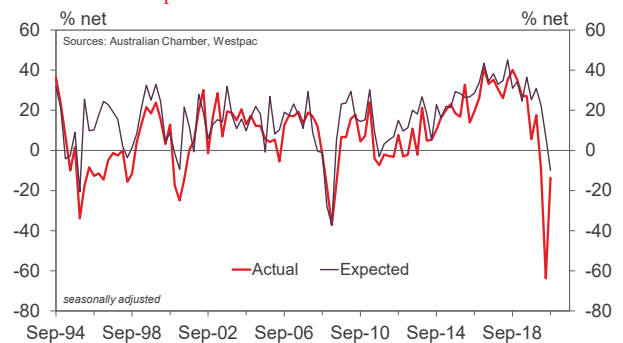
## Output growth

### Actual & expected



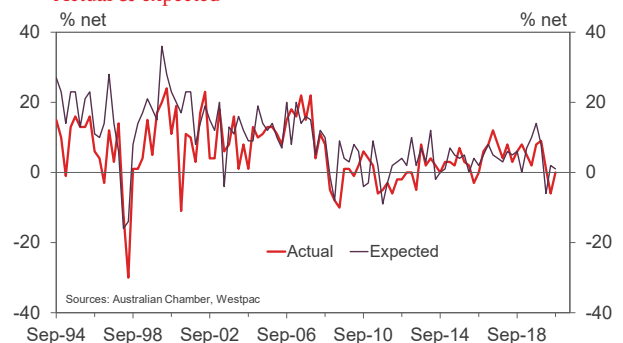
## New orders

### Actual & expected



## Export deliveries

### Actual & expected



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# Investment & profitability

## Investment intentions

	Q2 2020	Q3 2020
Plant & Equipment - net balance	-34	-16
Building - net balance	-46	-16

- Investment intentions are deeply negative, albeit up from the extreme lows of the June quarter.
- A net 16% of firms are intending to decrease plant and equipment investment over the next twelve months, an improvement on a net 34% in June.
- The economic recession and heightened uncertainty are major negatives for investment. The manufacturing sector now faces substantial excess capacity and profitability is under intense pressure.
- Building intentions are downbeat, with a net 16% of firms intending on reducing investment in buildings over the year ahead, albeit up materially from the net 46% three months ago.

## Capacity utilisation

	Q2 2020	Q3 2020
Net balance	-70	-50

- The recession of 2020 associated with the response to covid leaves the manufacturing sector and the economy more generally with considerable excess capacity.
- In the June quarter, capacity utilisation plunged to -70. The survey indicates a moderate improvement in capacity utilisation in the September quarter, as firms began to resume operations.
- A net 50% of firms indicated they were operating below capacity in September. Expressed differently, 39% of firms were at or above full capacity in September, up from a net 25% in June.
- Ongoing restrictions - such as social distancing requirements in the workplace - are impacting the ability of firms to operate normally.

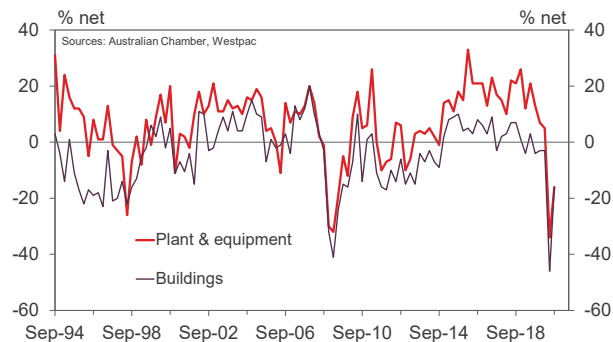
## Profit expectations

	Q2 2020	Q3 2020
Net balance	-60	-35

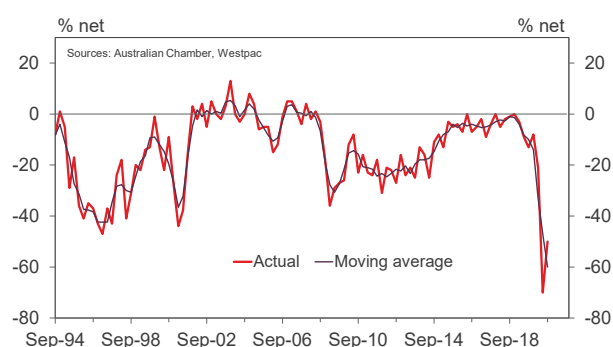
- The profitability of the manufacturing sector has been hard hit by the covid recession.
- Manufacturers' profit expectations were deeply negative in the September quarter, albeit up from the extreme low of June.
- A net 35% of respondents expect profits to fall over the next year, up from a net 60% in June.
- The key negative is the plunge in revenue associated with the weaker demand. At the same time, costs continue to rise.

## Investment intentions

Next twelve months

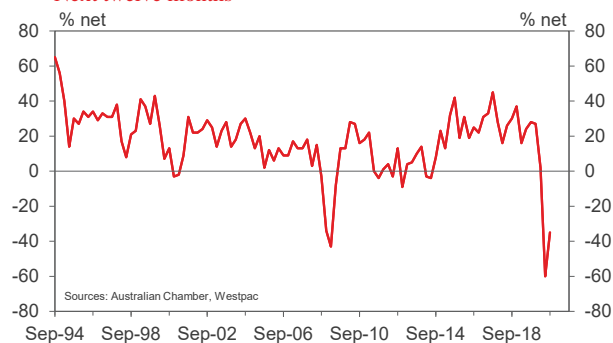


## Capacity utilisation



## Profit expectations

Next twelve months



# The labour market

## Numbers employed *(seasonally adjusted)*

	Q2 2020	Q3 2020
Actual - net balance	-29	-13
Expected - net balance	-5	-9

- Firms are having to materially adjust their business operations in response to the covid recession.
- This includes a scaling back of their workforce. The adjustment continued in the September quarter as output fell further, albeit declining at a slower rate.
- In this update, a net 13% of firms reported a reduction in employment over the quarter, following a net 29% decline in the June quarter.
- Expectations of future employment weakened, with a net 9% anticipating a decline in the coming three months, after a 5% in June. This is consistent with the deteriorating environment, impacted by Victoria's second lock-down.

## Overtime worked *(seasonally adjusted)*

	Q2 2020	Q3 2020
Actual - net balance	-54	-30
Expected - net balance	-18	-21

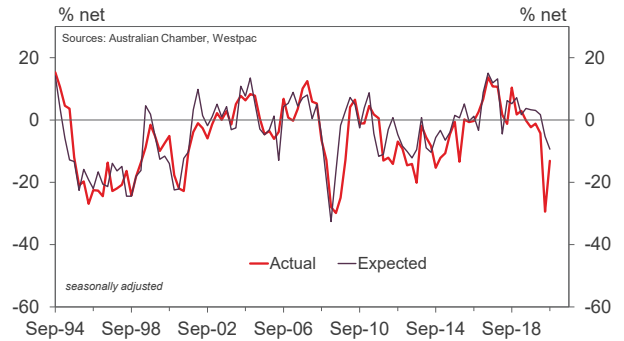
- Consistent with the material decline in production, the use of overtime has been greatly reduced.
- A net 30% of respondents indicated that they reduced overtime, up from a net 54% in June.
- The experience will vary across the manufacturing sector. Those who produced goods that were stockpiled, such as chemicals and food manufacturers, likely increased overtime to meet the spike in demand. However, conditions across more vulnerable sectors will have softened considerably.
- A net 21% of firms are expecting to reduce overtime over the next three months.

## Difficulty of finding labour *(seasonally adjusted)*

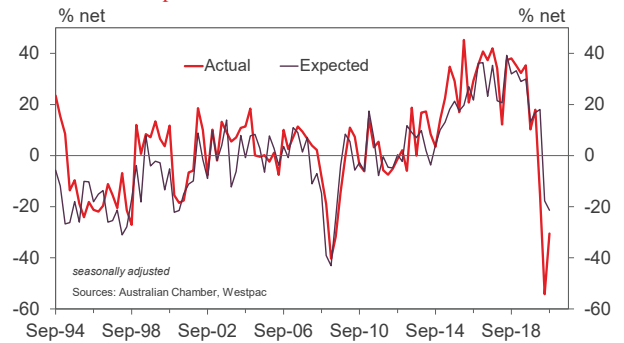
	Q2 2020	Q3 2020
Net balance	-40	-20

- The survey provides insights into the tone of the overall labour market. Firms' views on the difficulty of finding labour broadly track shifts in the unemployment rate for the Australian economy.
- A net 20% of firms indicated labour was "easier to find" in September, an improvement on a net 40% in June. Whilst this points to considerable labour market slack, the survey is well above the extreme lows during the early 1980s and 1990s recessions, on both occasions falling below -60. Currently, the JobKeeper program is acting to dampen labour market stress.
- The covid recession has seen the unemployment rate jump from around 5.0% in February to 7.5% in July. Alternatively, if the participation rate had stayed at pre-covid levels, unemployment would be at 9.3%.

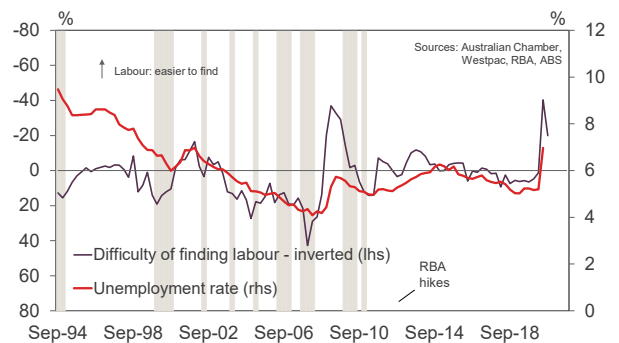
## Numbers employed Actual & expected



## Overtime worked Actual & expected



## Labour market tightness



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# Prices & inflation

## Average unit costs

	Q2 2020	Q3 2020
Actual - net balance	8	17
Expected - net balance	12	7

- In the years prior to covid, input cost inflation was a heightened concern for manufacturing firms - most notably around energy costs.
- Cost escalation is an ongoing issue - which is even more challenging during covid as revenues fall.
- The number of firms reporting an increase in costs rose to a net 17% in September, up from 8% in June.
- Crude oil prices sold-off sharply earlier in the year as covid hit. Subsequently, crude prices moved off their lows, contributing to the recent rise in units costs. That said, the key focus for many firms remains the cost of electricity.

## Average selling prices

	Q2 2020	Q3 2020
Actual - net balance	-3	6
Expected - net balance	2	5

- Selling price increases have typically been more moderate relative to the rise in average unit costs.
- This dynamic has continued during 2020.
- In the September quarter, a net 6% of respondents indicated they increased their prices and a net 5% expect to lift prices in the final months of 2020.
- By contrast, a net 17% reported a rise in costs during the June quarter.
- This lack of pricing power - understandable during the covid recession - reinforces the deterioration in profitability.

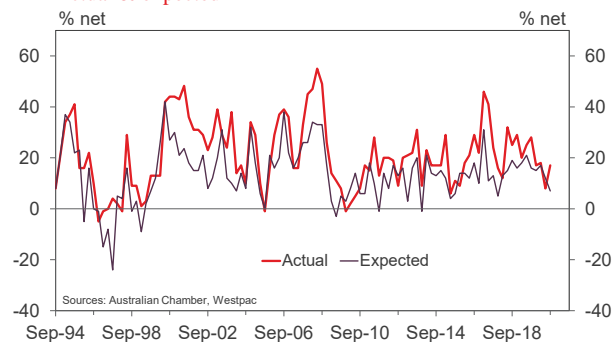
## Manufacturing wages

	Q2 2020	Q3 2020
Net balance	4	-20

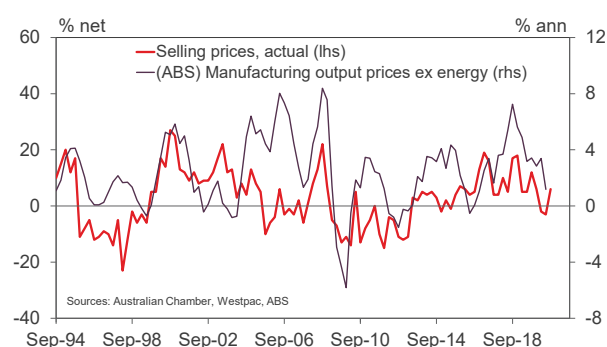
- The survey reports a sharp weakening in wage expectations associated with the unfolding recession - a trend that accelerated in September after Victoria re-entered lockdown.
- In September, a net 20% of respondents expect that their next wage deal will deliver an outcome below their last, down from a net 4% and 11% in the two previous quarters who expected higher outcomes.
- Official data shows that manufacturing wage inflation has been slowing since late 2018.
- More broadly, wage inflation has been soft across the entire economy and the RBA does not anticipate a pick-up until we approach full employment levels of around 4-4.5%.

## Average unit costs

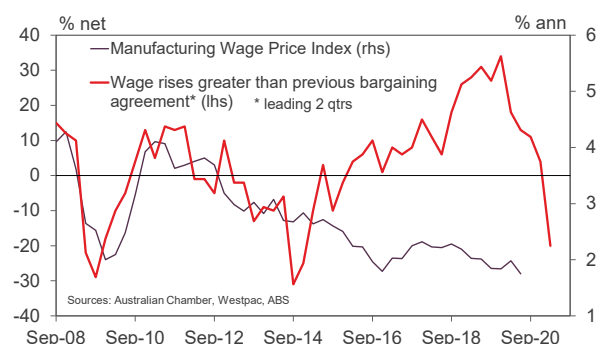
Actual & expected



## Manufacturing upstream price pressures



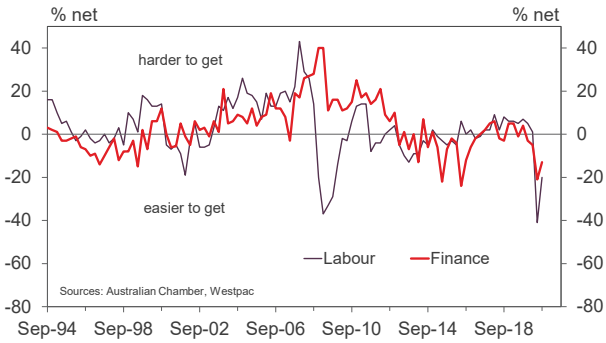
## Manufacturing wage growth



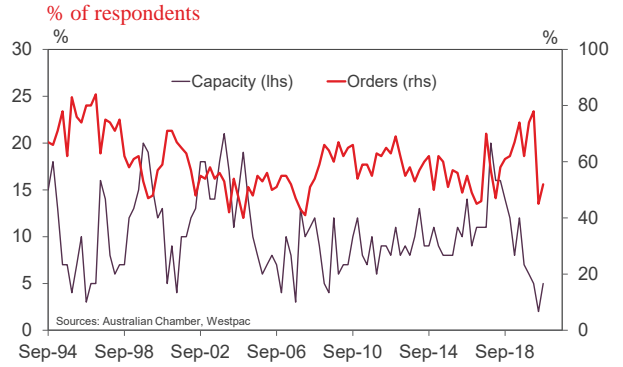


# Other results

## Availability of labour & finance

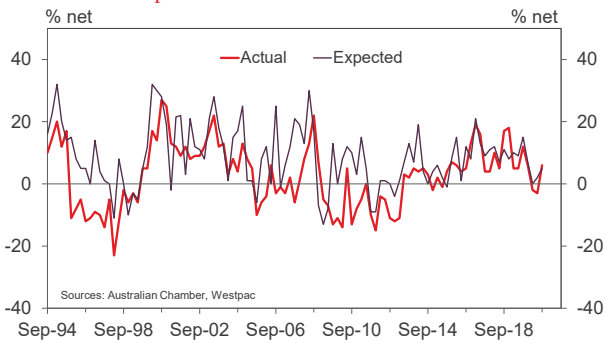


## Key factor limiting production

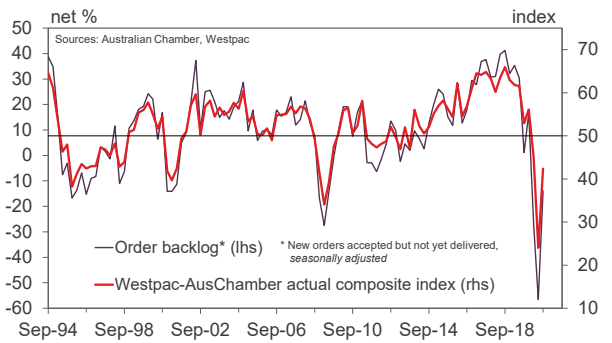


## Average selling prices

### Actual & expected

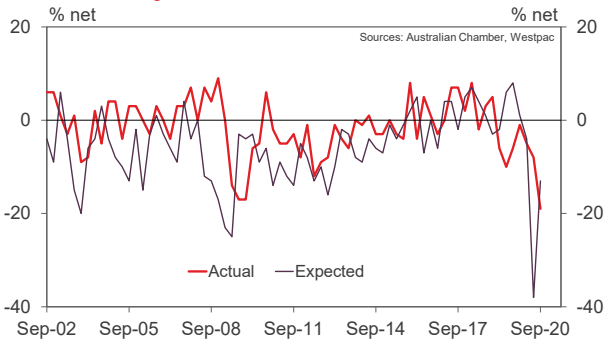


## Order backlog & actual conditions



## Stocks of finished goods

### Actual & expected



## Factors limiting production

	Q1 2020	Q2 2020	Q3 2020
Orders (%)	78	45	52
Capacity (%)	5	2	5
Labour (%)	6	4	3
Finance (%)	2	3	0
Materials (%)	1	2	4
Other (%)	7	44	36
None (%)	1	0	0

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# Summary of results (not seasonally adjusted)

1. Do you consider that the general business situation in Australia will improve, remain the same, or deteriorate in the next six months?

Net balance	Improve	Same	Deteriorate
-18	13	56	31

2. At what level of capacity utilisation are you working?

Net balance	Above Normal	Normal	Below Normal
-50	11	28	61

3. What single factor is most limiting your ability to increase production?

None	0	Orders	52
Material	4	Finance	0
Labour	3	Capacity	5
Other	36		

4. Do you find it is now harder, easier, or the same as it was three months ago to get:

	Net balance	Harder	Same	Easier
(a) labour?	-20	5	70	25
(b) finance?	-13	6	75	19

5. Do you expect your company's capital expenditure during the next twelve month to be greater, the same, or less than the past year:

	Net balance	Greater	Same	Less
(a) on buildings?	-16	14	56	30
(b) on plant & machinery?	-16	16	52	32

Excluding normal seasonal changes, what has been your company's experience over the past three months & what changes do you expect during the next three months in respect of:

	<i>Change in position in the last 3 months</i>			<i>Expected change during the next 3 months</i>				
	Net balance	Improve	Same	Down	Net balance	Improve	Same	Down
6. Numbers employed	-11	9	71	20	-7	9	75	16
7. Overtime worked	-30	12	46	42	16	14	56	30
8. All new orders received	-15	23	39	38	-5	19	57	24
9. Orders accepted but not yet delivered	-14	17	52	31	-15	10	65	25
10. Output	-15	23	39	38	3	22	59	19
11. Average costs per unit of output	17	20	77	3	7	10	87	3
12. Average selling prices	6	7	92	1	5	6	93	1
13. Export deliveries	0	6	88	6	1	5	91	4
14. Stock of raw materials	-9	14	63	23	-9	7	77	16
15. Stocks of finished goods	-19	14	53	33	-13	10	67	23

# Summary of results (not seasonally adjusted)

16. Over the next twelve months do you expect your firm's profitability to:

(a) Improve?	20
(b) Remain unchanged?	25
(c) Decline?	55
<b>Net balance</b>	<b>-35</b>

17. Do you expect your firm's next wage enterprise deal will produce annual rises which vis-a-vis the previous deal are:

(a) Greater?	10
(b) Same?	60
(c) Less?	30
<b>Net balance</b>	<b>-20</b>

A. Industry profile of survey:

	(% of respondents)
Food, beverages, tobacco	14
Textiles, fabrics, floor coverings, felt, canvas, rope	4
Clothing, footwear	3
Wood, wood products, furniture	3
Paper, paper products, printing	8
Chemicals, paints, pharmaceuticals, soaps, cosmetics petroleum & coal products	10
Non-metallic mineral products: glass, pottery, cement bricks	7
Basic metal products: processing, smelting, refining, pipes & tubes	3
Fabricated metal products: structural & sheet metal, coating & finishing, wire, springs, hand tools	16
Transport equipment: motor vehicles & parts, excluding repairs, rail, ships, aircraft, including repairs	2
Other machinery & equipment: electrical, industrial scientific, photographic	23
Miscellaneous: including manufacturers of leather, plastic & rubber, sporting equipment, jewellery	7

B. How many employees are covered by this return?

1-100	101-200	201-1000	Over 1000
49	12	17	22

C. In which state is the main production to which this return relates?

WA	SA	VIC	NSW/ACT	QLD	TAS
13	13	22	35	13	4

## The Westpac-AusChamber Composite Indices

The Westpac-AusChamber Actual and Expected Composite indices are weighted averages of the activity measures in the survey. The weights are as follows: employment 20%; new orders 30%; output 25%; orders accepted but not delivered 15%; overtime 10%.

The Westpac-AusChamber Labour Market Composite is a function of actual employment, with a weight of almost 50%, as well as: expected employment; expected overtime; new orders; order backlog; and expected order backlog.



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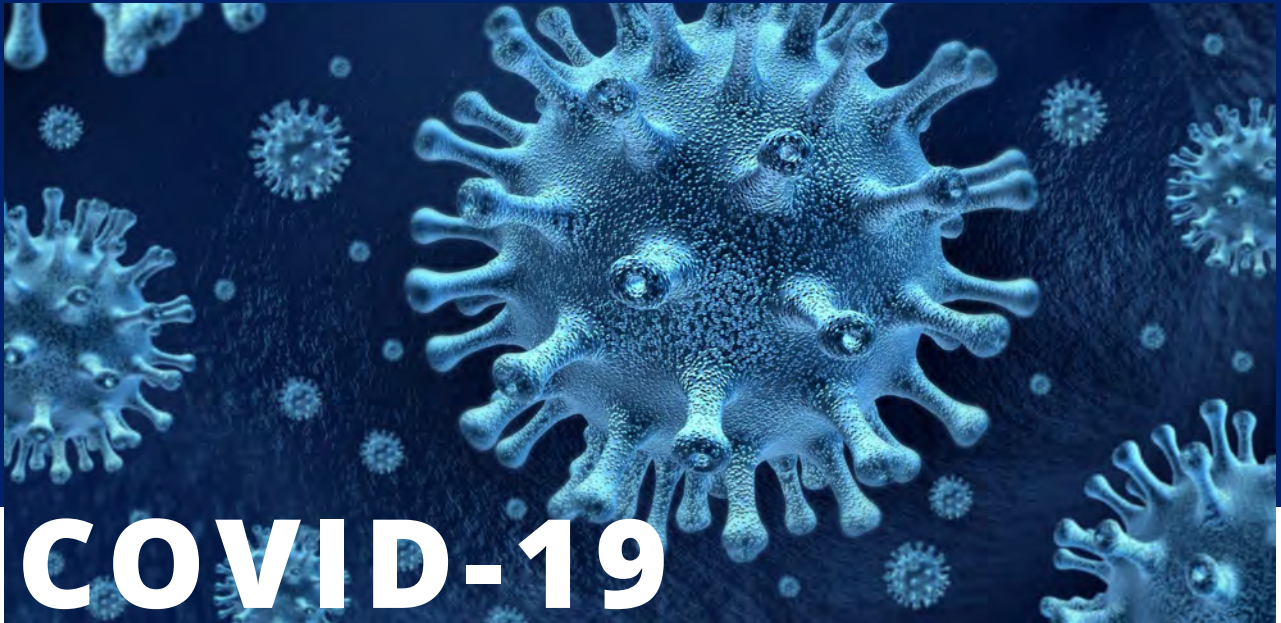
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Australian  
Chamber of Commerce  
and Industry



**COVID-19**

# **ACCI SME BUSINESS CONDITIONS SURVEY**

## **3RD EDITION**

# OVERVIEW

The Australian Chamber of Commerce and Industry, Australia's largest and most representative business network, continues to monitor the health of small and medium businesses during the COVID-19 crisis, through regular surveys of a broad cross section of our membership.

This third edition of the ACCI COVID-19 SME Business Conditions survey involved 158 businesses across all states and territories. We would like to thank our state and territory chambers of commerce and industry association members for their help in developing the survey and distributing it through their membership networks.

This survey examines the impact of social distancing and travel restrictions on businesses, and the pace in the easing these restrictions. It also seeks business' views on which Government support measures are of greatest benefit and how prepared they are for the winding back of this support.

It was intended that the survey view progress since the easing of restrictions in May and the preparations for the end of most Government support measures in September. Instead, it coincided with the second wave of infections and the move to Stage 4 restrictions in Victoria.



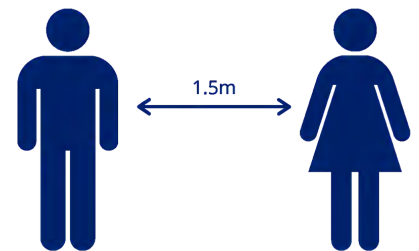


# SUMMARY

- **The second wave of infections in Victoria has been a huge setback** for the business community, with 66% of businesses concerned about their long-term viability and 67% concerned about their short-term liquidity, compared to 32% and 39%, respectively, in the May (second) edition.
- Despite the easing of social distancing and people movement restrictions in most states (with the exception of Victoria), **business revenue remains heavily impacted**, with 80% of businesses experiencing a notable decline in revenue of more than 25% relative to normal for this time of the year and over 35% of businesses experiencing a severe decline in revenue of greater than 80%.
- Of the social distancing requirements, **the 1.5 metre rule was having the greatest impact** on businesses' operations, followed by mass gathering restrictions and 4 square metre rule.
- **Interstate travel restrictions were having the greatest impact** on the ability of many businesses to get back to normal operations. While international travel restrictions were having a lesser impact on businesses overall, these are likely to have greater impact on exporters, tourism and education.
- **JobKeeper was the most important of the Government support measures** - accessed by almost 90% of surveyed businesses. The Cashflow Boost was also of benefit - received by almost 50% of businesses. The business investment incentives were of moderate benefit to business rebuilding following the shut-down and trading restrictions, with interest in the scheme weakened by the situation in Victoria.



**80%** of **business** are experiencing **>25%** decline in revenue



The **1.5m** rule is having the greatest impact on **business operations**

**50%** of business used Cashflow **Boost** 

# SUMMARY

- Although trading restrictions began to be eased in most states (except Victoria) in May, **33% of business indicated their overall situation was getting worse**, 21% indicated they had seen on change in sales, while the doors of a further 13% of business remaining shut.
- The announcement at the end of July that JobKeeper will be extended, but at a reducing rate, until the end of March 2021, came as much relief to many businesses. However, this has delayed the hard question hanging over many businesses of whether they were prepared and will be able to continue to operate without the Government support measures. **Only 60% of businesses indicated they were in a position to operate without Government support.**
- To enable businesses to return to full operational capacity, **72% of business considered an extension of JobKeeper was needed**, with targeted industry relief packages (49%), a third round of the Cashflow Boost (46%) and payroll tax relief (30%) also considered necessary.



90% of business surveyed used JobKeeper





# KEY FINDINGS

## BUSINESS CONDITIONS

The second wave of infections in Victoria and the return to extremely tight social distancing and trading restrictions in that state, has heightened anxiety in the business community in July.

Around two thirds of businesses were concerned about the long-term viability of their business, with a similar proportion of businesses concerned about their short-term liquidity. This is similar to the level of anxiety observed in April, when the initial trading restrictions were introduced.

Fears around the impact of COVID-19 on the broader economy increased further, with 85% of businesses concerned compared to 63% in May.

Business conditions remain bleak in July, with more than 80% of businesses indicating they had experienced a notable decrease in revenue of greater than 25% and 36% suffering a severe decrease in revenue of greater than 80%, relative to income from the same period last year.

# SOCIAL DISTANCING AND TRAVEL RESTRICTIONS

Almost three quarters of businesses indicated they had been impacted by the social distancing restrictions. The 1.5 metre rule was having the greatest impact for 27% of businesses. Mass gathering restrictions are affecting one quarter of businesses and the 4 square metre rule is interrupting 21% of businesses' activities.

Travel restrictions were impacting on the operation and trade of almost 60% of businesses, with interstate travel restrictions are having the biggest impact for 28% of businesses. International travel restrictions are having an impact on 16% businesses, particularly exporters, tourism and education businesses, while 14% of businesses were impacted by intrastate travel restrictions.



# GOVERNMENT SUPPORT MEASURES

JobKeeper was the most important of the Government support measures, with 90% of small businesses surveyed accessing JobKeeper. The Cashflow Boost was received by 50% of small businesses.

The increase in the instant asset write-off and accelerated depreciation deduction were accessed by 9% and 6% of small businesses, respectively.

In addition to the Government support, one third of businesses benefited from landlords delaying rent payment and over one sixth benefited from banks providing delayed payments for loans.

# EASING OF TRADING RESTRICTIONS

The easing of trading restrictions has not improved conditions for almost 60% of businesses, with one third worse off, 20% seeing no change in sales and 13% remaining closed.

# WINDING BACK GOVERNMENT SUPPORT

Almost 60% of businesses indicated that they were prepared for the end of the Government support measures, with 16% able to return to normal operations and 43% able to continue but may need to scale back their operations and/or reduce staff numbers.

The remaining 40% of businesses were not prepared, with 7% facing an uncertain future, 27% not able to continue to operate without support and 6% would be forced to close their doors and unable to pay bills.

# FURTHER SUPPORT MEASURES

To get back to full operational capacity, 72% of businesses identified an extension of JobKeeper as necessary, while 46% sought a third instalment of the Cashflow Boost. A further 49% would like targeted industry relief packages, while 30% consider business investment incentives would help.

# BUSINESS CONDITIONS

## Concern about the impact of COVID-19 on business viability & the broader economy

	Much less concerned	Less concerned	The same	More concerned	Much more concerned
Your business's long-term viability	0%	5%	30%	34%	32%
Your business' short-term liquidity (cash flow)	1%	6%	27%	30%	37%
Broader economy	1%	2%	12%	37%	48%

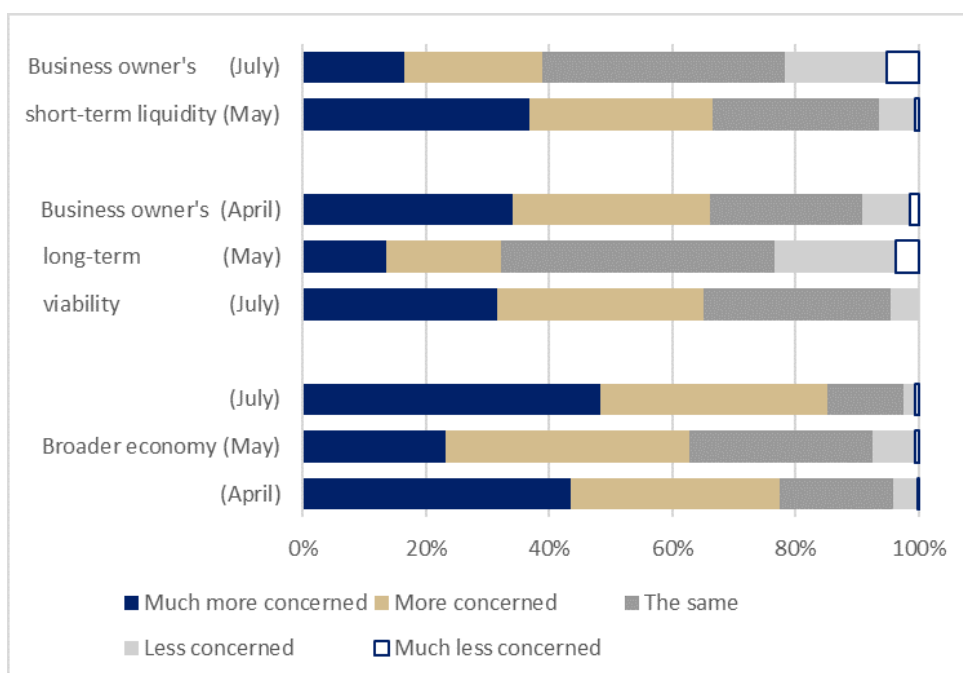
The second wave of infections in Victoria and the return to extremely tight social distancing and trading restrictions in that state, which has had a spill-over effect on consumer sentiment in other states, has heightened anxiety in the business community in July.

Around two thirds of businesses were concerned about the long-term viability of their business, with a similar proportion of businesses concerned about their short-term liquidity.

This is similar to the level of concern that was observed in the first edition of the survey in April when the social distancing and trading restrictions were first introduced.

However, July's results represent a dramatic retreat on the improving business sentiment observed in May. With trading restrictions beginning to be eased in May, around one third of businesses were concerned about their long-term viability and short-term liquidity. The increased uncertainty with the second wave of infections in Victoria and the extension of the Government support measures was also raising the level of concern about the impact of COVID-19 on the overall economy.

### Concern about the impact of COVID-19 on:



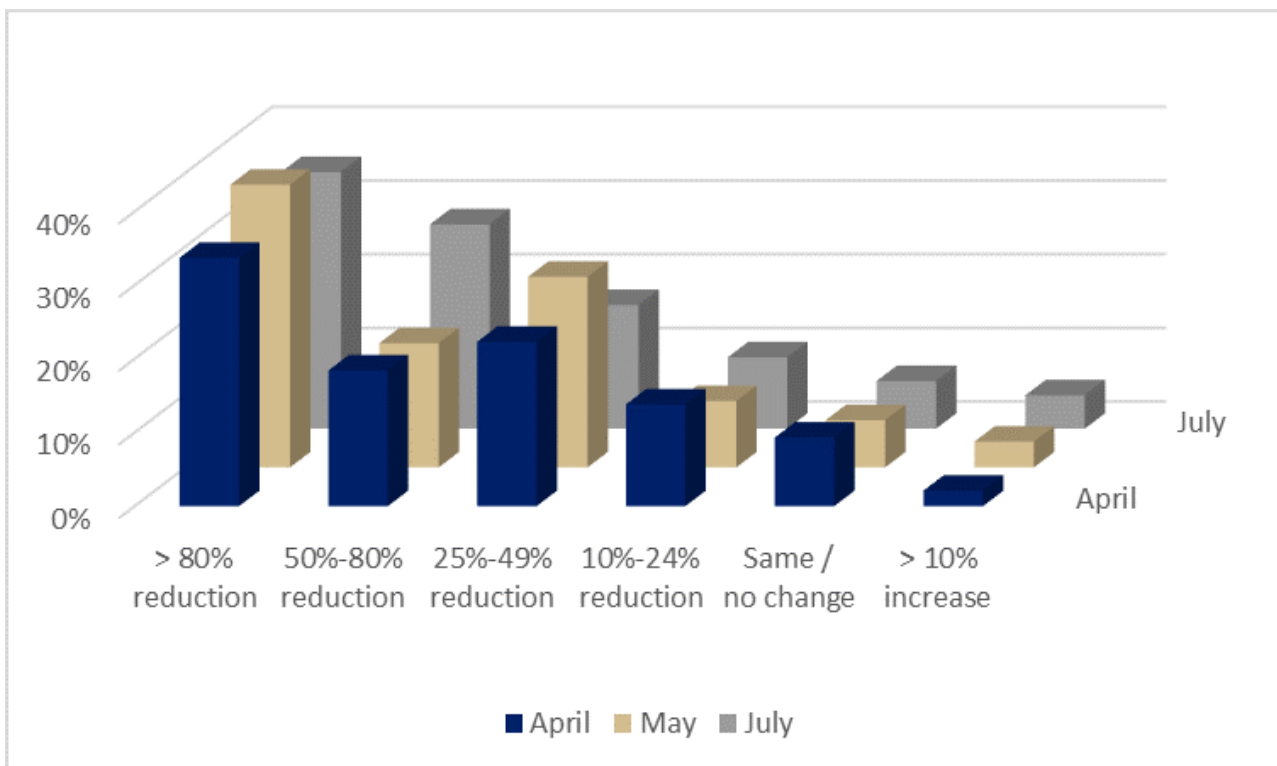
In July, 85% of businesses expressed concern about the impact of COVID-19 on the economy, this compares to 77% in April and 63% in May.

## Impact of COVID-19 trading restrictions on business revenue

Impact on business revenue	> 80% reduction	50%-80% reduction	25%-49% reduction	10%-24% reduction	Same/no change	> 10% increase
Businesses affected - July	35%	28%	17%	10%	6%	5%
Businesses affected - May	38%	17%	26%	9%	6%	3%
Businesses affected - April	34%	18%	22%	14%	9%	2%

Business conditions remain bleak in July, with a very high proportion of businesses experiencing declining revenue. More than 80% of businesses indicated they had experienced a notable decrease in revenue of greater than 25%, with 36% of businesses suffering a severe decrease in revenue of greater than 80%, relative to income from the same time last year. Despite the easing of restrictions in most states (with the exception of Victoria) since May, business conditions had changed little over the ensuing months. In May, 81% of businesses had experienced a greater than 25% decrease in revenue and 38% of businesses were suffering a greater than 80% decrease in revenue. This compares to April, when the social distancing and trading restrictions were first introduced, where around three quarters of businesses experienced a greater than 25% decrease in revenue and one third of businesses experienced more than 80% decrease in revenue.

### Impact on Business Revenue



# SOCIAL DISTANCING AND TRAVEL RESTRICTIONS

## Impact of Social Distancing

	Response
<b>Social distancing – 1.5 metre rule</b>	27%
<b>Social distancing restrictions have not affected my business</b>	27%
<b>Mass gathering restrictions</b>	25%
<b>Social distancing – 4 square metre density rule</b>	21%

Almost three quarters of businesses indicated they had been impacted by the social distancing restrictions.

The 1.5 metre rule was having the greatest impact on 27% of businesses. This was particularly the case for retailers, with one retailer indicating it was *“influencing browsing in store and significantly reducing impulse purchases”*. It was also impacting recreational activities, with one gym indicating *“class sizes were greatly reduced”*.

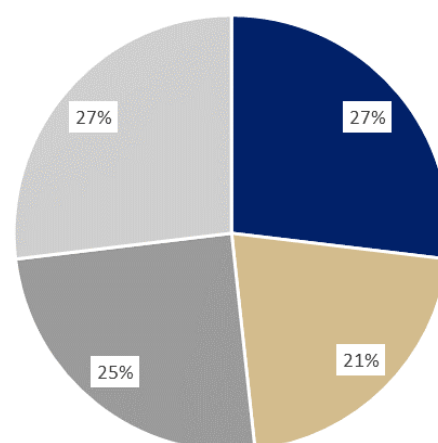
Mass gathering restrictions were having a significant impact on one quarter of businesses, with the doors remaining closed for one stage hire company, as there were *“no events happening large or small due to the restrictions”*. Another sporting goods retailer indicated reduced sales due to a *“lack of community sport and recreation”*.

The one person per 4 square metre rule was having the largest impact on 21% of businesses, with one restaurant owner stating that they have *“only half the seating capacity, so half the clients”*.

Another indicated that being restricted to table service only is limiting customer numbers and putting increased stress on their employees” that need to continually ask patrons to stay seated.

### Social distancing restrictions impacting on business

- Social distancing – 1.5 metre rule
- Social distancing – 4 square metre density rule
- Mass gathering restrictions
- Social distancing restrictions not affecting business





## Impact of Travel Restrictions

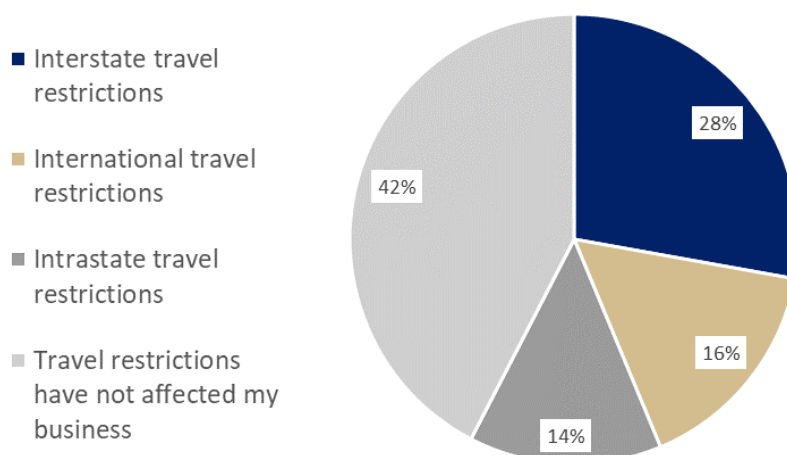
	Response
<b>Interstate travel restrictions</b>	28%
<b>International travel restrictions</b>	16%
<b>Intrastate travel restrictions</b>	14%
<b>Travel restrictions have not affected my business</b>	42%

Travel restrictions were impacting on the operation and trade of almost 60% of businesses.

Interstate travel restrictions are having the biggest impact, with 28% of businesses surveyed indicating that interstate travel restrictions were having the greatest impact on their business. This has been exacerbated by NSW and South Australia closing their borders with Victoria following the recent outbreak of infections, as well as Queensland again pulling down the shutters on NSW and the ACT only a few weeks after its border had reopened. Western Australia, South Australia, Tasmania and Northern Territory also maintain controls on people arriving from interstate, particularly from Victoria and NSW.

International travel restrictions are continuing to impact on many businesses, particularly importers/exporters and businesses in the tourism and education sectors, with 16% of businesses indicating that international travel restrictions were having the greatest impact on their business.

### Travel restrictions impacting on business



A further 14% of businesses indicated that they were being impacted by intrastate travel restrictions. These are likely to be mainly Victorian businesses, where Stage 4 restrictions are being applied, which included limiting travel to less than 5 kilometres from place of residence. To a much lesser extent, it may also include NSW following the outbreaks in Sydney.

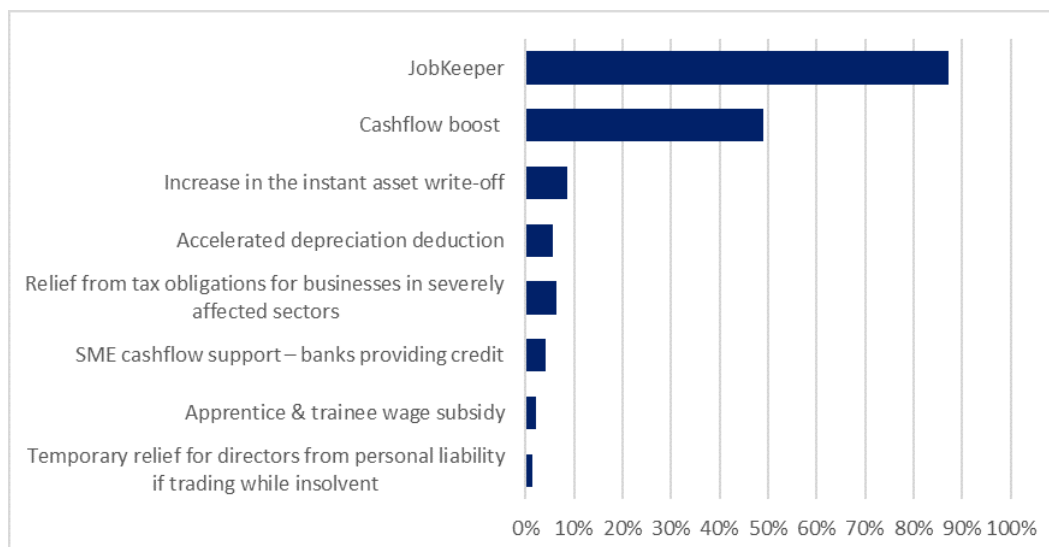
# GOVERNMENT SUPPORT MEASURES

	Response
<b>JobKeeper</b>	<b>87%</b>
<b>Cashflow boost</b>	<b>49%</b>
<b>Increase in the instant asset write-off</b>	<b>9%</b>
<b>Accelerated depreciation deduction</b>	<b>6%</b>
<b>Relief from tax obligations for businesses in severely affected sectors</b>	<b>6%</b>
<b>SME cashflow support – banks providing credit</b>	<b>4%</b>
<b>Apprentice &amp; trainee wage subsidy</b>	<b>2%</b>
<b>Temporary relief for directors from personal liability if trading while insolvent</b>	<b>1%</b>

JobKeeper was the most important of the Government support measures for small businesses, with almost 90% of those surveyed indicating they had received JobKeeper.

The Cashflow Boost was also of benefit to small business, with almost 50% of respondents receiving the cashflow boost. The increase in the instant asset write-off and accelerated depreciation deduction were also of benefit to small businesses, with 9% and 6% of businesses, respectively, accessing these investment incentives. It appears that businesses were beginning to access these incentives with the easing of restrictions and to coincide with the end of the financial year, but interest has been weakened by the uncertainty created by the new infections in Victoria. While the apprentice and trainee wage subsidy were accessed by few businesses, it is likely that in most cases eligible businesses could also access JobKeeper. JobKeeper provides greater benefit to the employer and employee, as the apprentice and trainee wage subsidy requires the employer is to cover half of the wage and JobKeeper is greater than the apprentice’s/trainee’s normal wage.

## Government support measures accessed by businesses

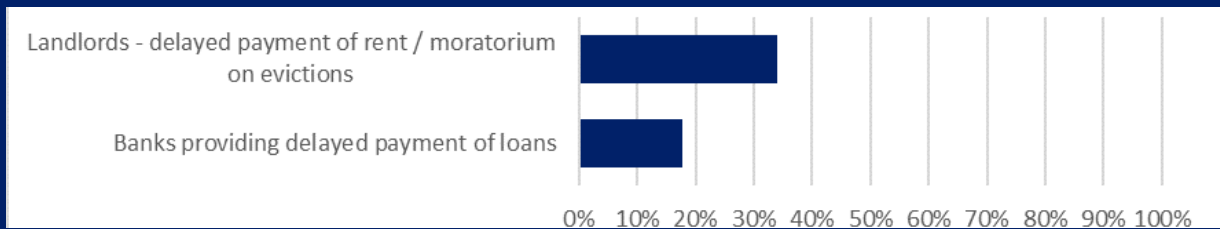


## Non-Government support measures

In addition to the Government support programs, landlords and banks were shown to be accommodating in renegotiating contracts or delaying rent and interest for many businesses. One third of businesses benefited from landlords delaying rent payment or the 6-month moratorium on evictions, while over one sixth of businesses benefited from banks providing delayed payments for loans.

## Non-Government support measures accessed by businesses

	Response
<b>Landlords - delayed payment of rent / moratorium on evictions</b>	34%
<b>Banks providing delayed payment of loans</b>	18%



# EASING OF TRADING RESTRICTIONS

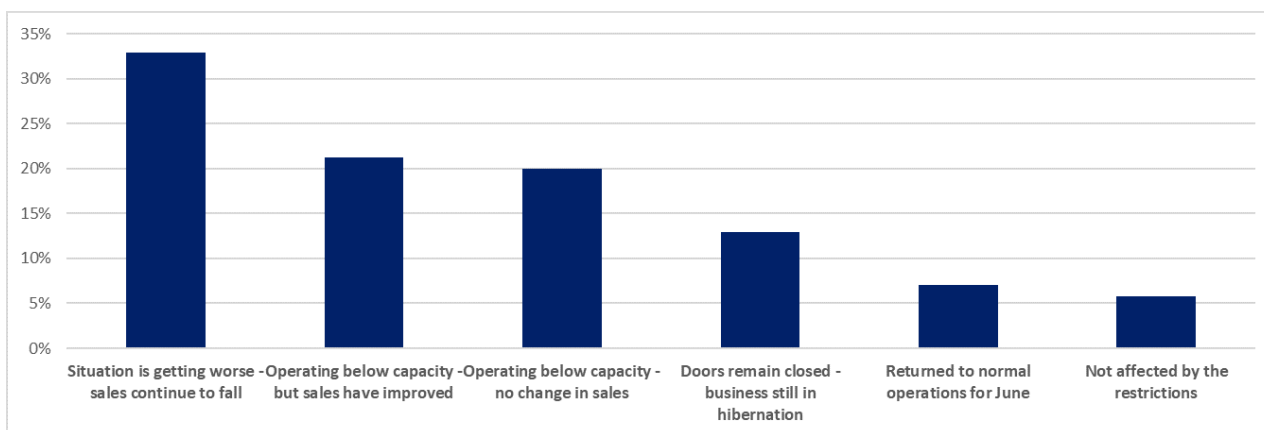
## Changes in business situation following the easing of restrictions in May

With the Government announcing a 3-stage approach to the easing of trading restrictions in May, businesses were asked whether they had noticed a change in business conditions between the start of May and end of June.

	Response
<b>Situation is getting worse - sales continue to fall</b>	33%
<b>Operating below capacity - but sales have improved</b>	21%
<b>Operating below capacity - no change in sales</b>	20%
<b>Doors remain closed - business still in hibernation</b>	13%
<b>Returned to normal operations for June</b>	7%
<b>Not affected by the restrictions</b>	6%

The trading conditions for one third of businesses became worse between May and June, with sales continuing to fall. A further 20% of businesses indicated they continued to operate below capacity and there had been no change in sales over the past two months. The doors of 13% of businesses remain closed and they are not able to trade in the current environment. The majority of businesses are likely to be from Victoria, following the move to Stage 4 restrictions in that State. There was a glimmer of hope for 21% of businesses. Although they were operating below capacity, these businesses had seen their sales improve between May and June. These businesses are mainly in States, other than Victoria, where restrictions have been eased since May. Only 7% of businesses had returned to normal operations for June, while a further 6% of businesses had not been affected by the trading restrictions.

### Changes in business situation



# WINDING BACK GOVERNMENT SUPPORT MEASURES

## Ability to operate without Government support

	Response
<b>Prepared - but will need to scale back operations</b>	43%
<b>Unprepared - cannot continue operations without support</b>	27%
<b>Prepared - will be able to operate as normal</b>	16%
<b>Unprepared - future of business uncertain</b>	7%
<b>Business will be forced to close, unable to pay bills</b>	6%

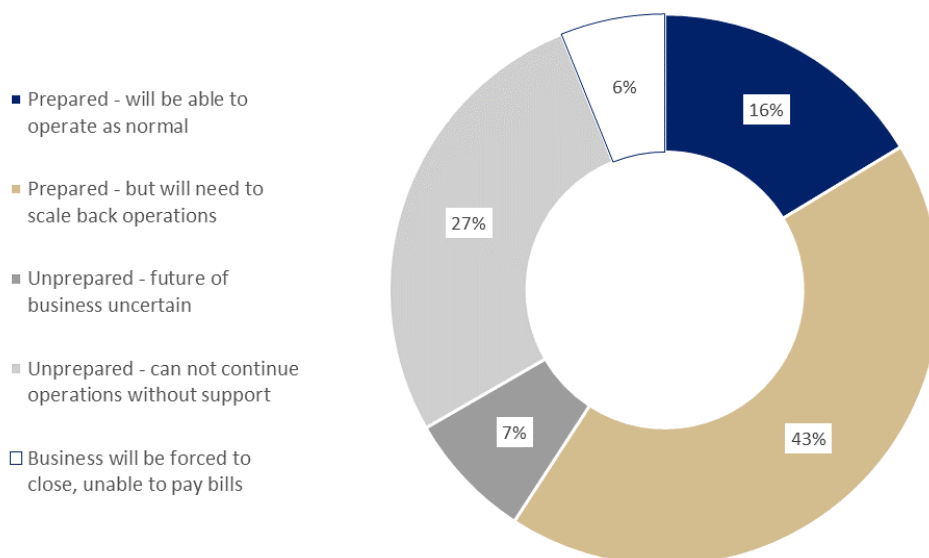
The announcement at the end of July that JobKeeper will be extended, but at a reducing rate, until the end of March 2021, came as much relief to many businesses.

However, this has delayed the hard question hanging over many businesses of whether they were prepared and will be able to continue to operate without the Government support measures.

Almost 60% of businesses indicated that they were prepared for the end of the Government support measures. While 16% said they would be able to return to normal operations without Government support, 43% indicated they will be able to continue to operate without Government support but may need to scale back their operations and/or reduce staff numbers.

The remaining 40% of businesses were not prepared to operate without Government support, with 7% indicating their business faced an uncertain future without the support measures and 27% indicating that they could not continue to operate if the Government support was withdrawn. Similarly, 6% of businesses indicated that when the Government support was withdrawn, they would be forced to close their doors and would be unable to pay their outstanding bills, including wages, rent, utilities, suppliers, interest on loans and/or tax liabilities.

## Ability to operate without Government support



# FURTHER SUPPORT MEASURES

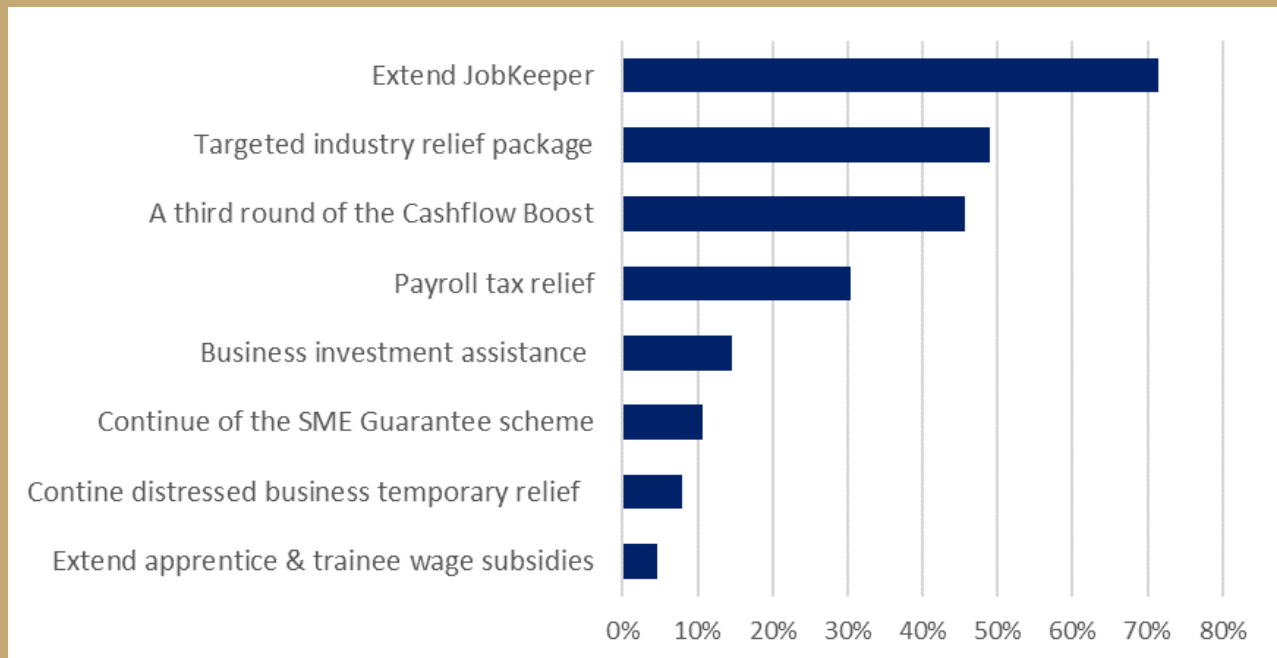
## To get business back to full operational capacity

To get back to full operational capacity and position businesses to grow strongly through the recovery phase over the next 2-3 years, 72% of businesses identified an extension of JobKeeper as necessary to assist their business, while 46% of businesses considered a third instalment of the Cashflow Boost would help to kick-start their business.

	Response
<b>Extend JobKeeper</b>	72%
<b>Targeted industry relief package</b>	49%
<b>A third round of the Cashflow Boost</b>	46%
<b>Payroll tax relief</b>	30%
<b>Business investment assistance</b>	15%
<b>Continue of the SME Guarantee scheme</b>	11%
<b>Continue distressed business temporary relief</b>	8%
<b>Extend apprentice &amp; trainee wage subsidies</b>	5%

A further 49% considered targeted industry relief packages were necessary to support businesses through the recovery phase. Business investment incentives, such as the instant asset write-off and accelerated depreciation deductions were also viewed by 30% of businesses as necessary to help businesses to growth over the next 2-3 years.

## Further support measures needed

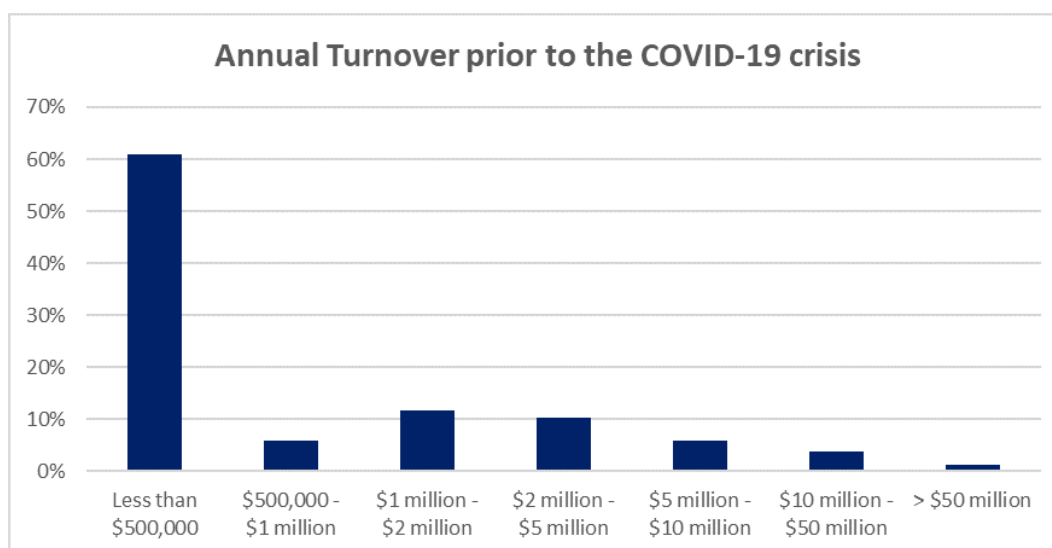
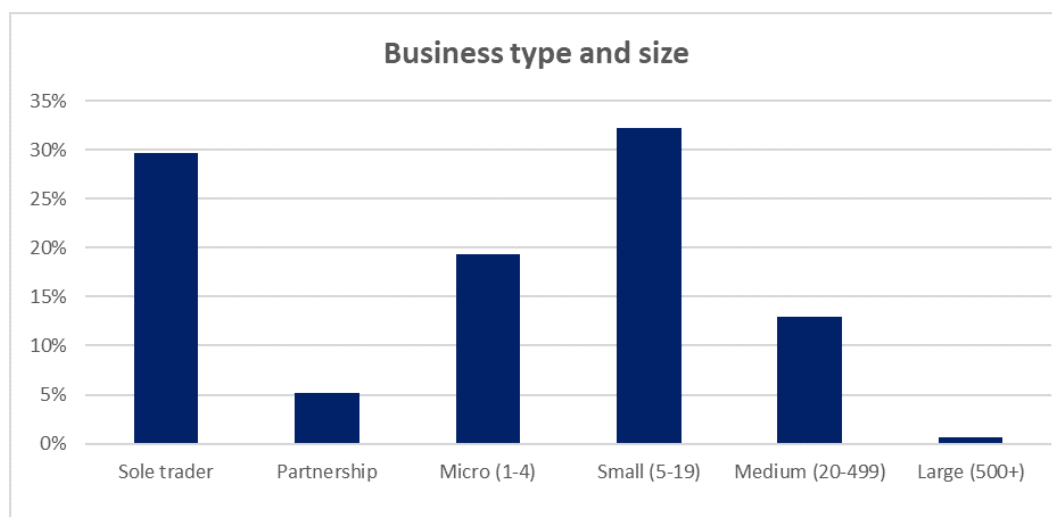


# SURVEY DEMOGRAPHICS

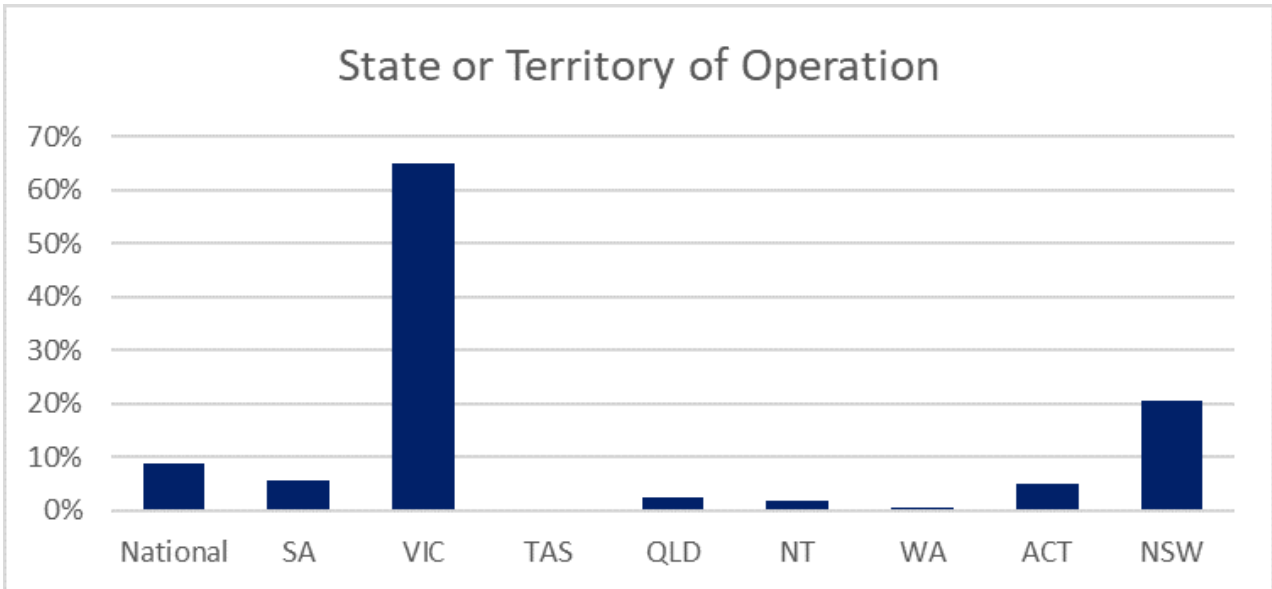
The Australian Chamber of Commerce and Industry is Australia’s largest and most representative business network. Our network includes state and territory chambers of commerce and industry; national and state industry associations; and business leaders from individual enterprises. Together, we represent Australian businesses of all shapes and sizes, particularly SMEs, across all sectors of the economy and in every corner of our country.

This third survey polled 158 businesses between 6 July and 7 August 2020, from ACCI’s network of small and medium-sized businesses.

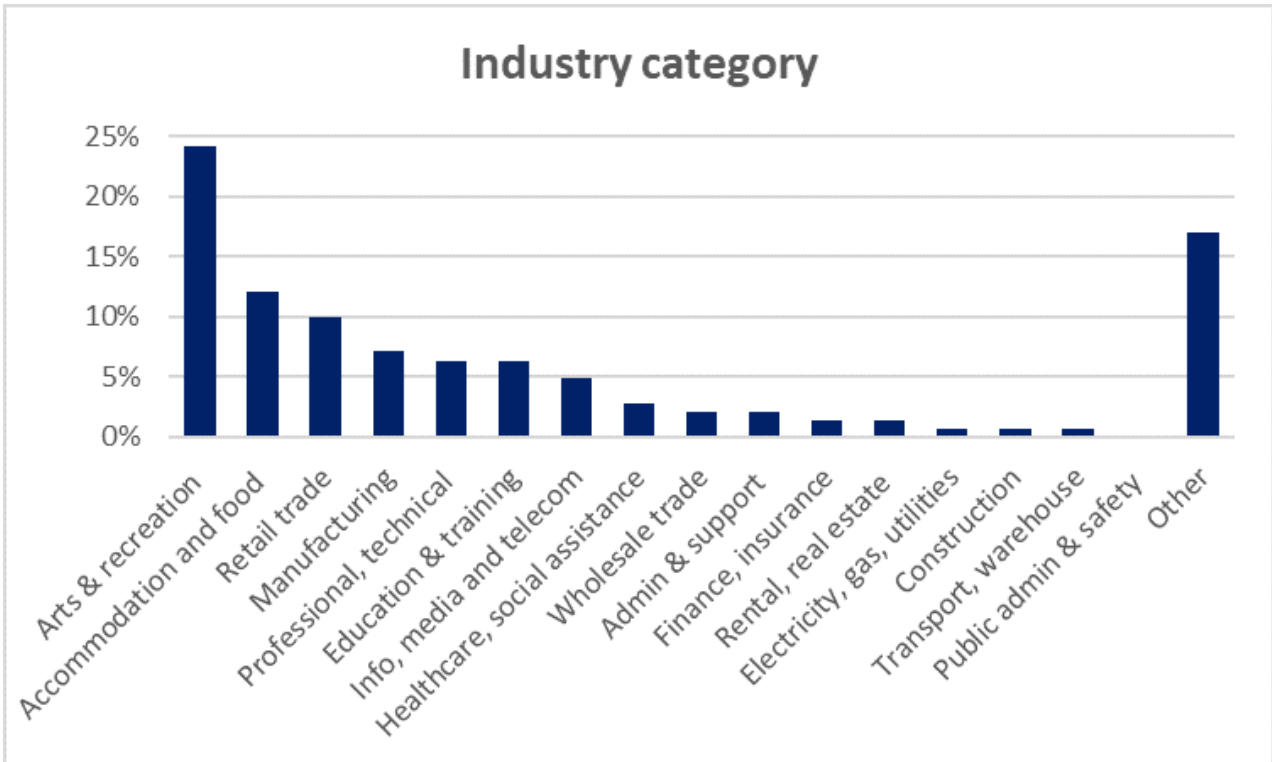
The survey included micro businesses (19%), small business (32%), medium businesses (13%), and sole traders (30%). The majority of businesses (89%) had a turnover of less than \$5 million per year, with over three fifths having a turnover of less than \$500,000 per year.



The survey covered all states and territories, with many businesses operating at the national level or across several states.



The survey covered all industry sectors, including those most impacted by social distancing and people movement restrictions – arts and recreational services (24%), accommodation and food services (12%), retail trade (10%), manufacturing (7%), professional, scientific and technical services (6%), education and training (6%), information, media and telecommunications (5%), and other (17%).



ACCI would like to thank our state and territory chambers of commerce and industry association members for their help in developing the survey and distributing it through their membership networks.





# Minutes of the Monetary Policy Meeting of the Reserve Bank Board

## Videoconference – 1 September 2020

### Members Participating

Philip Lowe (Governor and Chair), Guy Debelle (Deputy Governor), Mark Barnaba AM, Ian Harper AO, Steven Kennedy PSM, Allan Moss AO, Carol Schwartz AO, Catherine Tanna

Members granted leave of absence to Wendy Craik AM in terms of section 18A of the *Reserve Bank Act 1959*.

### Others Participating

Luci Ellis (Assistant Governor, Economic), Christopher Kent (Assistant Governor, Financial Markets)

Anthony Dickman (Secretary), Ellis Connolly (Deputy Secretary), Alexandra Heath (Head, International Department), Bradley Jones (Head, Economic Analysis Department), Marion Kohler (Head, Domestic Markets Department)

### International Economic Developments

Members commenced their discussion of international developments by noting that the global economy had started to recover around May as containment measures were eased and the extensive fiscal and monetary support had begun to take effect. However, more recently the global recovery had slowed and become more uneven, with infection rates rising again in some countries; further fresh outbreaks of the virus had been seen in Japan, South Korea, some countries in Western Europe and New Zealand. This had led to a targeted tightening in restrictions, and some renewed signs of precautionary behaviour. Consistent with this, mobility indicators had flattened out. Members noted that the future path of the global recovery would remain highly dependent on containment of the virus.

The first half of 2020 had seen the largest contraction in global economic activity in many decades. The extent of the declines in GDP varied significantly across economies, depending on the severity of the pandemic and the intensity of the containment measures. Some countries had experienced contractions of around 20 per cent in the first half of the year, although the decline in output in Australia was expected to have been less severe.

In turning to labour market outcomes in advanced economies, members noted that total hours worked remained 5–10 per cent below pre-pandemic levels, despite having increased recently. The extent to which lower total hours worked had been accounted for by reductions in average hours and/or employment depended in large part on the scope of wage subsidies and other fiscal support schemes. It was noted that in the United States most of the decline had been in the form of fewer employees rather than lower average hours worked. This was because, unlike in most other advanced economies, income support in the United States had mostly comprised increased unemployment benefits rather than wage subsidies.

Members discussed the severe disruptions to global trade flows that had been experienced since the outbreak of the pandemic, as seen in the sharp contraction in exports and imports in many economies. This had also been evident in Australian trade volumes. While the shock to aggregate demand had been central to the decline in global trade flows, disruptions to supply stemming from health measures had also affected the ability of some economies to produce exports. China had been less affected than most economies in this regard, with production and exports both having rebounded strongly.

Members noted that in China production had rebounded much more strongly than consumption, which had not been the typical pattern of recovery observed in other economies. Differences in the emphasis of fiscal policy support had largely accounted for this. In China, policy support had been aimed mainly at supporting businesses and stimulating investment; income transfers to households had been modest. As a result, fixed asset investment and industrial production had returned to pre-pandemic levels, while consumption had recovered at a slower pace. In advanced economies, household income transfers had featured much more prominently in fiscal support packages, which had supported household disposable income and consumption to a greater extent than production.

Recent inflation outcomes around the world had reflected a combination of factors. In addition to the effects of a large negative aggregate demand shock, these outcomes reflected a significant shift in demand towards goods, lower demand for services and disruptions to supply. The net of these factors had been subdued overall inflationary pressure. However, prices for some goods, such as food, motor vehicles & parts and household furnishings, had risen at a solid pace in some countries.

Members also noted that large shifts in the demand for and supply of commodities had been occurring. Of most relevance to Australia, iron ore prices had been around multi-year highs. Demand for iron ore from China had been strong given that steel-intensive activity such as construction had bounced back quickly. Ongoing supply issues in Brazil had also supported iron ore prices. Gold prices had recently traded at all-time highs, partly reflecting increased investment demand in an environment of low global interest rates. By contrast, coal prices had been around multi-year

lows, reflecting lower demand in India and elsewhere, and abundant global supply. In terms of key resource export volumes, members noted that Australian exports of iron ore to China had remained resilient in recent months.

## Domestic Economic Developments

Members commenced their discussion of domestic economic conditions by noting that the contraction in June quarter GDP in Australia was expected to be less severe than in many other countries and broadly in line with projections in the August *Statement on Monetary Policy*. However, it was expected that the national accounts (scheduled for release the day after the meeting) would confirm the economy had experienced its largest single-quarter contraction in the history of the quarterly national accounts.

Recent data indicated that non-mining business investment in the June quarter had not been as weak as earlier feared, particularly spending on machinery & equipment. However, non-mining and mining investment intentions for 2020/21 had been little changed from three months prior, and had continued to indicate a very weak outlook for capital expenditure overall.

Members noted that household consumption had contracted significantly in the June quarter, with the decline in April having been particularly steep. Since then, consumption had started to recover, but was still well below pre-pandemic levels. Restrictions on activity had constrained spending in Victoria, with retail spending there much weaker than in the rest of the country. Business liaison and other higher frequency indicators suggested retail sales had declined significantly in Victoria in August. Members noted that spending on other services in Victoria would also be severely affected during the lockdowns. Overall, household consumption in Australia was still expected to increase in the September quarter, but this would only partly reverse the contraction that had been experienced earlier in the year.

In their discussion of the housing market, members noted that prices for established dwellings in Melbourne and, to a lesser extent, Sydney had declined in recent months, but price movements had been mixed elsewhere. The cumulative decline in established national housing prices in 2020 had been less than experienced two years earlier. Meanwhile, rental markets had remained weak. Rental supply had been boosted by short-term and holiday rentals being brought onto the long-term rental market, while demand had been depressed by the reduced flow of new migrants and a decline in the rate of household formation. Rental vacancy rates had risen recently, and members noted that downward pressure on rents was unlikely to dissipate in the near term in either Sydney or Melbourne.

Turning to the labour market, members observed that the increase in employment in July had been stronger than generally expected, but not enough to prevent a rise in the unemployment rate. The number of people who had left the labour force during the June quarter but were now actively searching for work had increased. This was expected to continue through the remainder of 2020 as restrictions on activity and health concerns eased and mutual obligations under the JobSeeker program were reinstated. Measures of labour underutilisation had eased, but remained very high. It was noted that around half of the contraction in total hours worked had been reversed in preceding months, with average hours picking up more quickly than employment. Many part-time workers had reverted to working their usual hours after having been on low or zero hours earlier in the year.

More timely payroll data suggested the number of jobs in the weeks up to early August had declined a little, with a notable drop in jobs in Victoria. The recent decline in Victoria had erased much of the recovery in jobs between April and June. Outside of Victoria, the recovery in jobs appeared to have slowed.

Members observed that the 1.8 per cent increase in the wage price index over the year to June was the lowest rate of growth in the history of the series. In discussing the subdued private wages growth outcomes in the June quarter, members noted that firms had responded more swiftly than in previous downturns to the weakening in demand by slowing the pace of wage increases. In some industries, such as construction, professional services and some other service industries, a small number of large wage reductions had contributed to a decline for the industry in aggregate. Business liaison contacts had also suggested that firms were more likely to have instituted wage freezes than in the past, and that it was not uncommon for senior managers and executives in some industries to have experienced temporary wage cuts. Wage and price pressures more generally were expected to remain subdued for some time.

Members noted the important role that fiscal policy had played in supporting the economy since the outbreak of the pandemic. Income transfers to households from the Australian Government had provided a substantial boost to household income and consumption, as well as to business cash flows. Members also noted that state and territory governments had played important roles in complementing these income transfers in the period ahead, mainly by increasing direct spending on goods and services and job creation. Governments at this level had considerable experience to draw on in service delivery, employment and implementing direct purchases of goods and services. They also accounted for a larger share of public demand than the Australian Government. Members noted that debt levels relative to the size of the economy were low for the Australian and state governments. Overall, public sector balance sheets in Australia were assessed as being strong. In an environment of record low borrowing rates and significant spare capacity in the economy, this meant fiscal policy was well placed to continue to support the recovery.

## International Financial Markets

Members noted that global financial conditions had remained accommodative, supported by substantial policy stimulus. Central banks had continued to emphasise that they would maintain the current easy stance of monetary policies for some time and provide further stimulus if required. In August, the Reserve Bank of New Zealand (RBNZ) had increased the total size and extended the duration of its government bond purchase program. At the same time, the RBNZ had been considering a negative policy rate and an expanded term funding scheme.

The US Federal Reserve had announced that, following a comprehensive review of its monetary policy framework, it would now pursue a flexible average inflation target and increase the emphasis placed on achieving maximum employment. Most commentators had concluded that this implied

the Federal Reserve would maintain a stimulatory monetary policy stance for longer than initially thought and until inflation was moderately above 2 per cent for a time.

Government bond yields had remained historically low across advanced economies, although yields had increased a little over the preceding month. Market-implied inflation expectations had increased steadily to be around the levels last seen at the beginning of 2020. Accordingly, yields had declined in real terms over prior months and were at very low levels, consistent with very stimulatory policy settings.

Equity prices in major markets had increased further over August. This partly reflected the fact that the fall in corporate earnings in the first half of 2020 had been smaller than initially feared. Investors had also appeared to expect the declines in corporate earnings to be short-lived. The high level of equity prices had also reflected low discount rates, consistent with the low level of bond yields. Members noted that when total returns – which include dividend payments – were taken into account, Australian equities had performed similarly to equity markets in most other advanced economies, apart from the United States, where equity markets had outperformed.

Corporations across the major economies had continued to benefit from accommodative funding conditions in debt markets. Spreads on corporate bonds had remained low and bond issuance had been relatively strong in the United States. Business credit growth had been strong following the onset of the pandemic, but had eased over recent months. Members noted that there had been some tightening in banks' lending standards for business borrowers, and discussed the relative importance of demand and supply factors for business credit in the current environment.

In China, the authorities had indicated their comfort with the current stance of monetary policy and had re-emphasised their focus on managing medium-term financial stability risks, such as high leverage. The authorities had also signalled their concern about non-performing loans in the period ahead. The Chinese renminbi had been relatively stable, despite ongoing tensions between the United States and China.

Financial conditions in emerging markets had been relatively stable, particularly in Asia. Members noted, however, that some emerging economies, including Brazil, Russia, South Africa and Turkey, had experienced volatility in their financial markets and exchange rates in recent months; these economies had existing macroeconomic vulnerabilities before the COVID-19 pandemic.

The US dollar had depreciated significantly against the currencies of other advanced economies over recent months, including the Australian dollar. In part, this reflected an unwinding of the earlier appreciation of the US dollar related to an episode of financial market volatility in March and April during which investors had sought less risky investments. The appreciation of the Australian dollar had been consistent with the increase in commodity prices, particularly iron ore prices, over recent months. While members noted that the Australian dollar was broadly aligned with its fundamental determinants, a lower exchange rate would provide more assistance to the Australian economy in its recovery.

## Domestic Financial Markets

In Australia, the Board's policy measures continued to underpin accommodative financial conditions. Reflecting the large amount of liquidity in the system, the cash rate had remained very low, at around 13 basis points, and investors expected it to remain at that level for some time. Similarly, money market rates had remained very low.

The Bank had purchased about \$10 billion of Australian Government Securities (AGS) in August in support of the 3-year yield target for AGS of around 25 basis points. Following the Bank's purchases, the yield on the AGS bond maturing in April 2023, which is currently the bond with a maturity closest to three years, had declined to be closer to 25 basis points. Members noted that the focus of the yield target will increasingly shift to the April 2024 bond, which will become the bond with a maturity closest to three years in the second half of October 2020. Government bond markets had continued to function smoothly, with large issuance by the Australian Government and states met by consistently strong demand.

Banks' funding costs were at historic lows and banks had good access to funding. Take-up of the Reserve Bank's Term Funding Facility (TFF) had continued to pick up as the end-September deadline for drawing initial allocations approached. Banks had also continued to receive large inflows of deposits, another relatively low-cost source of funding. The increase in funding from the TFF and low-cost deposits had been partly offset by banks not replacing wholesale bond funding as it matured; much of the decline in bank bonds on issue this year had been concentrated in bonds issued offshore.

The cash rate reductions and other policy measures had flowed through to interest rates on business loans, which were historically low. Members observed that, nevertheless, demand for business loans had remained subdued, reflecting the weakness in economic conditions and the high level of uncertainty. Large businesses had repaid the bulk of the funds obtained from existing credit lines in March and April, while lending to small and medium-sized enterprises had been little changed for some time. Interest rates on housing loans had also been at historic lows. Over half of the decline in the cash rate since February had flowed through to variable rates, and fixed housing loan rates had declined by even more. There had been a large amount of refinancing activity, with a greater-than-usual share of borrowers moving to fixed-rate home loans.

Growth in housing credit to owner-occupiers had eased in recent months to around 5 per cent on an annualised basis, while housing credit to investors had continued to decline. This largely reflected reduced demand from borrowers, given the weak and uncertain economic environment and its effect on the housing market. Housing loan commitments had increased over June and July, but had remained below their recent peak. Payments into offset and redraw accounts had increased substantially in July. This partly reflected the early release of superannuation funds to some households at the beginning of the new financial year, along with government payments and tax refunds. In locations where movement had been restricted, this had also reflected fewer opportunities for spending.

Members noted that, in addition to weak demand for household and business borrowing, the supply of credit had also tightened somewhat since earlier in the year, reflecting the uncertain economic outlook. Banks had been offering extensions of loan deferral periods where appropriate and generally had been encouraging borrowers to make repayments if they could afford to do so.

## Considerations for Monetary Policy

In considering the policy decision, members observed that the global economy had been experiencing an uneven recovery after a very severe contraction in the first half of 2020. Some economies with high or rising COVID-19 infection rates had recently lost momentum. In contrast, economic growth had been relatively strong in China. The future path of the recovery was highly dependent on containment of the virus.

The Australian economy had been going through a very difficult period and was experiencing the biggest shock to economic activity since the 1930s. Nevertheless, members noted that the downturn had not been as severe as earlier expected and a recovery was under way in most of Australia. However, the recovery was likely to be uneven, with the COVID-19 outbreak in Victoria having a major effect on the economy. Uncertainty about the health situation and the future path of the economy was continuing to affect the spending plans of many households and businesses. Wage and price pressures remained subdued and this was likely to continue for some time.

Members agreed that the Board's policy package implemented in mid March was continuing to support the Australian economy. There was a very high level of liquidity in the Australian financial system and the policy package had helped to lower funding costs. Members noted that the Australian banking system, with its strong capital and liquidity buffers, had remained resilient and was helping the economy traverse this difficult period.

Over the prior month, the Bank had purchased AGS in support of the Board's 3-year yield target of around 25 basis points, and members agreed that further purchases should be undertaken as necessary to maintain the target. Government bond markets had been operating effectively, alongside a significant increase in issuance. The Bank stood ready to purchase AGS and semi-government securities in the event of a recurrence of market dysfunction.

Members reviewed the operation of the TFF, given the uncertain economic outlook and that the initial allowance of 3 per cent of credit had to be drawn down by the end of September 2020. They agreed that the TFF had worked as intended and that, given the economic outlook, an expansion of the TFF was appropriate. In particular, the Board agreed to increase the size of the TFF and allow drawing of funds up until June 2021. Under an expanded TFF, authorised deposit-taking institutions (ADIs) would have access to additional funding, equivalent to 2 per cent of their outstanding credit, at a fixed rate of 25 basis points for three years. ADIs would be able to draw on this extra funding until the end of June 2021. This extension would ensure that all ADIs continued to have access to the TFF after the end of September 2020. The availability of additional allowances associated with an ADI's growth of business credit would also be extended beyond the end of March 2021 to the end of June 2021. This further easing of monetary policy would bring the total amount available under this facility to around \$200 billion. This would help keep interest rates low for borrowers and support the provision of credit by providing ADIs greater confidence about their continued access to low-cost funding.

Members recognised that the substantial, coordinated and unprecedented easing of fiscal and monetary policy in Australia was helping to sustain the economy through this difficult period. Members noted that public sector balance sheets in Australia were strong, which allowed for the provision of continued support. They considered it likely that fiscal and monetary support would be required for some time given the outlook for the economy and the labour market. The Board affirmed its commitment to supporting jobs, incomes and businesses in Australia. It agreed to maintain highly accommodative settings as long as required and to continue to consider how further monetary measures could support the recovery.

## The Decision

The Board reaffirmed the elements of the policy package announced on 19 March 2020, namely:

- a target for the cash rate of 0.25 per cent
- a target of 0.25 per cent for the yield on 3-year Australian Government bonds
- the Term Funding Facility to support credit to businesses, particularly small and medium-sized businesses
- an interest rate of 10 basis points on Exchange Settlement balances held by financial institutions at the Bank.

The Board agreed to increase the size of the Term Funding Facility and make the facility available for longer.

The Board reaffirmed that the yield target for 3-year bonds would be maintained until progress is made towards the Bank's goals of full employment and the inflation target, and that it would be appropriate to remove the yield target before the cash rate itself is raised. The Board also reaffirmed that it would not increase the cash rate target until progress is made towards full employment and it is confident that inflation will be sustainably within the 2–3 per cent target band.

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*The Reserve Bank of Australia acknowledges the Aboriginal and Torres Strait Islander Peoples of Australia as the Traditional Custodians of this land, and recognises their continuing connection to Country. We pay our respects to their Elders, past, present and emerging.*

Monday, 29 June 2020

## Nearly a third of Australian workers have been '#WFH'

New research from Roy Morgan shows over 4.3 million people (32% of working Australians) have been 'working from home' (WFH) during the last few months since the COVID-19 pandemic shut down large parts of the Australian economy. These findings are based on interviews with 9,905 Australians aged 14+ conducted in April-May 2020 – of whom 6,637 are working Australians.

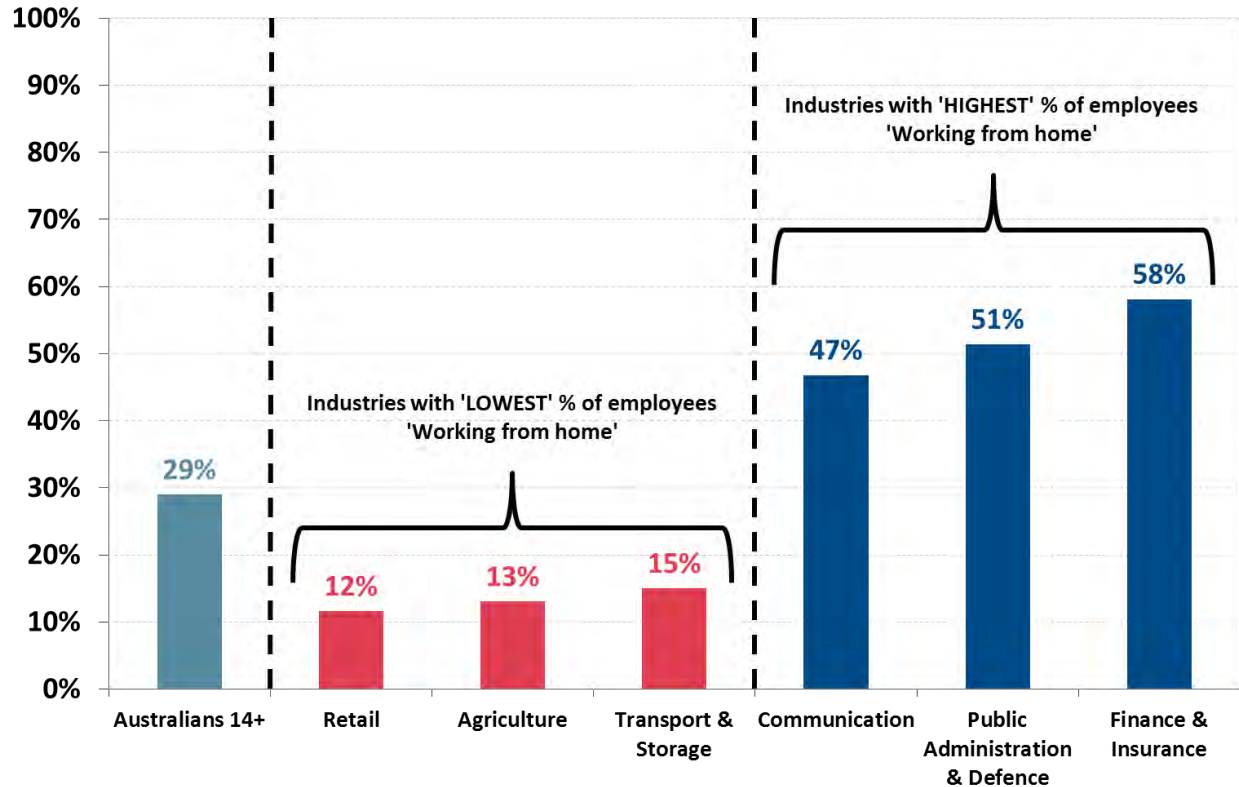
Working Women (33%) are slightly more likely than men (32%) to be working from home during this period and there are significant differences between age groups. People aged 35-49 (38%) are the most likely to be working from home followed by those aged 25-34 (36%) and 50-64 (33%).

Far less likely to be working from home are those workers at either end of the age spectrum with just over one-in-five of those aged 65+ (23%) working from home and only 17% of those aged under 25.

There are also significant differences between people working in different industries. Over half of people working in Finance & Insurance (58%) and Public Administration & Defence (51%) have been working from home and just under half of those in Communications (47%).

Far less likely to be working from home are Australians working in more 'hands-on' industries. Fewer than one-in-six Australians working in Manufacturing (16%), Transport & Storage (15%), Agriculture (13%) or Retail (12%) have been working from home during the last few months.

### Working from home by Industry – Top 3 & Bottom 3



**Source:** Roy Morgan multi-mode survey of Australians conducted from the weekend of April 17-19, 2020 through to May 29-31, 2020, n=9,905 including 6,637 working Australians. **Base:** Australians aged 14+.

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## Canberra workers most likely to be 'Working from Home'

Unsurprisingly Australians in the Capital Cities (36%) are more likely to be working from home than those in Country Areas (25%). Notably Canberra has the highest proportion of workers now working from home at a stunning 48%.

Behind Canberra are Australia's two largest cities with well over a third of workers now working from home in both Sydney (40%) and Melbourne (39%). Brisbane and Perth are next on 31% - but this is less than the national average – ahead of Adelaide on 28% and Tasmania on only 22%.

Roy Morgan CEO Michele Levine says: *"Working from Home' has long been mooted as a potential solution to avoid commuter gridlock and allow greater workplace flexibility. The experience of the Australian economy during the COVID-19 pandemic suggests we will see a lot more of it in the years ahead.*

*"One of the unexpected benefits of the pandemic is we've seen large parts of the economy function well at short notice as millions of Australians – over 4.3 million according to the latest Roy Morgan data – have been forced to 'work from home' during the COVID-19 pandemic.*

*"Working from home isn't ideal for all workers and isn't possible in some industries – only 12% of people working in Retail, 13% in Agriculture, 15% in Transport & Storage and 16% in Manufacturing have been working from home – but there are other industries that appear a natural fit for this increased workplace flexibility.*

*"Nearly three-in-five people working in Finance & Insurance (58%), over half in Public Administration & Defence (51%) and nearly half of those working in Communication (47%) have been working from home during the pandemic. While many employers, employees and self-employed people are still grappling with the challenges of working from home it does open up a range of possibilities for employers looking to save money in a cost-cutting world post-pandemic.*

*"Why should businesses spend large sums of money renting out expensive office space in the city when half of their employees might be happy to work from home and only come into the office once or twice a week or perhaps a few times a month?*

*"Analysing these results by location shows office lessors in Australia's south-eastern population centres that have the most to be concerned about with a potential working from home revolution. In Canberra nearly half of all workers (48%) have been working from home during the pandemic and close behind (and with much larger workforces and implications for city offices) are Sydney (40%) and Melbourne (39%)."*

Australians in the workforce were asked: "As a result of the Coronavirus Crisis, have you experienced any of the following employment changes." Those who answered 'Working from home' have been analysed here across a range of key demographic.

### For further comment or more information contact:

**Roy Morgan Enquiries Office: +61 (3) 9224 5309 or email [askroymorgan@roymorgan.com](mailto:askroymorgan@roymorgan.com).**

### About Roy Morgan

Roy Morgan is Australia's largest independent Australian research company, with offices in each state, as well as in the U.S. and U.K. A full-service research organisation, Roy Morgan has over 78 years' experience collecting objective, independent information on consumers.

### Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
1,000	±3.0	±2.7	±1.9	±1.3
5,000	±1.4	±1.2	±0.8	±0.6
10,000	±1.0	±0.8	±0.6	±0.4



Friday, 24 April 2020

## Over two-thirds of working Australians have had their employment impacted by the ‘Coronavirus Crisis’

New research from Roy Morgan into the impact of the ‘Coronavirus Crisis’ on Australia’s employment market shows over two-thirds of working Australians (68%) have had ‘a change to their employment’ due to the pandemic according to interviews with 1,444 Australians aged 14+ conducted over the last week.

Australians in the workforce were asked: “As a result of the Coronavirus Crisis, have you experienced any of the following employment changes.” **Some people reported several changes to their working conditions** since the Coronavirus like being stood down, having reduced hours and working from home. This reflects the changing nature of the situation for companies and employees as they navigate the crisis.

The impacts on workers include:

	<u>ALL</u> employment changes mentioned*	<u>MOST SERIOUS</u> employment change mentioned
Having work hours reduced	3.8m (25%)	1.9m (12%)
Stood down for a period of time	2.7m (18%)	2.4m (15%)
Had an increase in their work hours	2.5m (16%)	1.5m (10%)
Not had any work offered	2.4m (16%)	1.2m (8%)
Working from home**	1.6m (10%)	1.4m (9%)
Had their pay reduced for same number of work hours	1.4m (9%)	320,000 (2%)
Been made redundant	670,000 (4%)	670,000 (4%)
Some other change to employment	1.8m (11%)	1.3m (8%)
<b>TOTAL Had a change to employment</b>	<b>10.5m (68%)</b>	<b>10.5m (68%)</b>

\*The figures in the ‘ALL employment changes mentioned’ column add to over 100% as many respondents mentioned more than one employment change they’ve had because of the coronavirus. \*\*Working from home’ was not offered as an option for those answering the survey. Those who mentioned ‘working from home’ had answered ‘some other change to employment’ and were separated out due to the large number of respondents mentioning this employment change.

For the 1.8 million (11%) who cite ‘some other change to their employment’ this includes being put on enforced leave, changes in work rostering, social distancing measures at work, split shifts, an increase in responsibility, a halt to business growth, precautions put in place at work, being in a vulnerable group for COVID-19 so not being able to take work and an inability to see clients face-to-face.

Analysing the impact on employment due to the ‘Coronavirus Crisis’ by size of organisation shows smaller businesses, including sole traders, have been the most heavily impacted by the Coronavirus Crisis – three-quarters of sole traders have been impacted.

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For those working in organisations with 1,000 employees or more a bare majority of 54% have had their employment impacted in some way by the Coronavirus Crisis (46% have not).

Industries which have felt the least impact from the Coronavirus Crisis include Agriculture, Wholesale trade, Transport & Storage, Construction, Electricity, Gas & Water and Public Administration & Defence.

Roy Morgan CEO Michele Levine says the Coronavirus has had a huge impact on the Australian economy and employment market over the last month. [Roy Morgan's March unemployment estimates showed 1.4 million Australians](#) were forced out of work in the latter half of March in response to Government restrictions:

*“A staggering 10.5 million Australian workers have had their employment situation changed by the impact of the Coronavirus Crisis including 3.8 million with work hours reduced, 2.7 million stood down, 2.4 million who have not had any work offered, 1.4 million had their pay reduced for the same number of work hours and 670,000 made redundant.*

*“Some of the impacts aren't as negative for an employment situation as those above with 2.5 million Australians having an increase in work hours and 1.6 million now working from home because of the Coronavirus.*

*“The impact has hit sole traders particularly hard. Three-quarters of sole traders have had their employment impacted due to the Coronavirus Crisis. In comparison only about half (54%) of those working at large organisations with over 1,000 employees have had their employment situation impacted.*

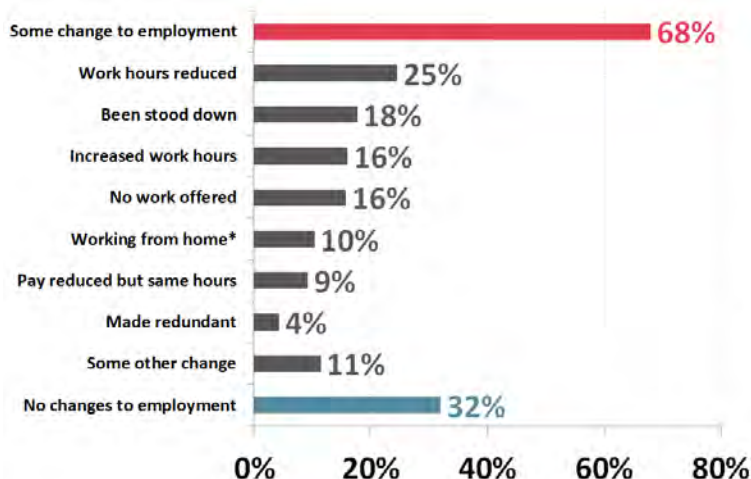
*“The disparate impact the Coronavirus is having on different types of organisations underlines why it is so important that Government stimulus to support those in need is properly targeted and calibrated to derive the most benefit. It also shows Governments must clearly outline a plan to emerge from the pandemic and transition the private sector back to a sustainable, and profitable, ‘new normal’ in the months ahead.”*

**For further comment or more information contact:**

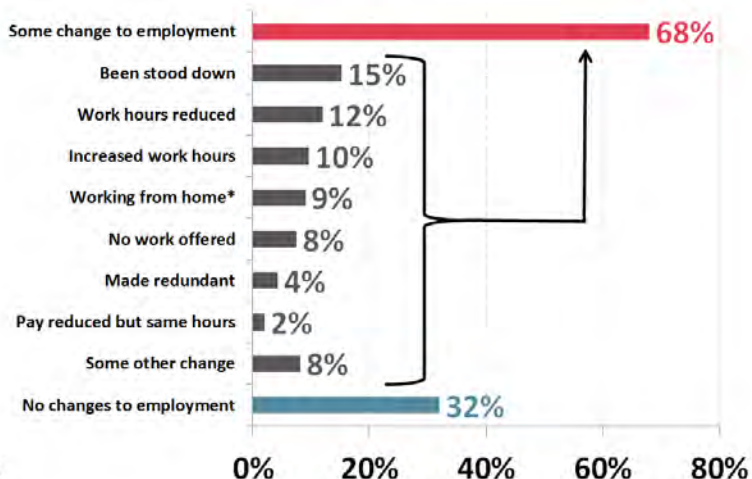
**Roy Morgan Enquiries Office: +61 (3) 9224 5309 or email [askroymorgan@roymorgan.com](mailto:askroymorgan@roymorgan.com).**

**As a result of the Coronavirus crisis, have you experienced any of the following employment changes?**

**ALL Employment Changes mentioned**



**MOST SERIOUS Employment Change mentioned**



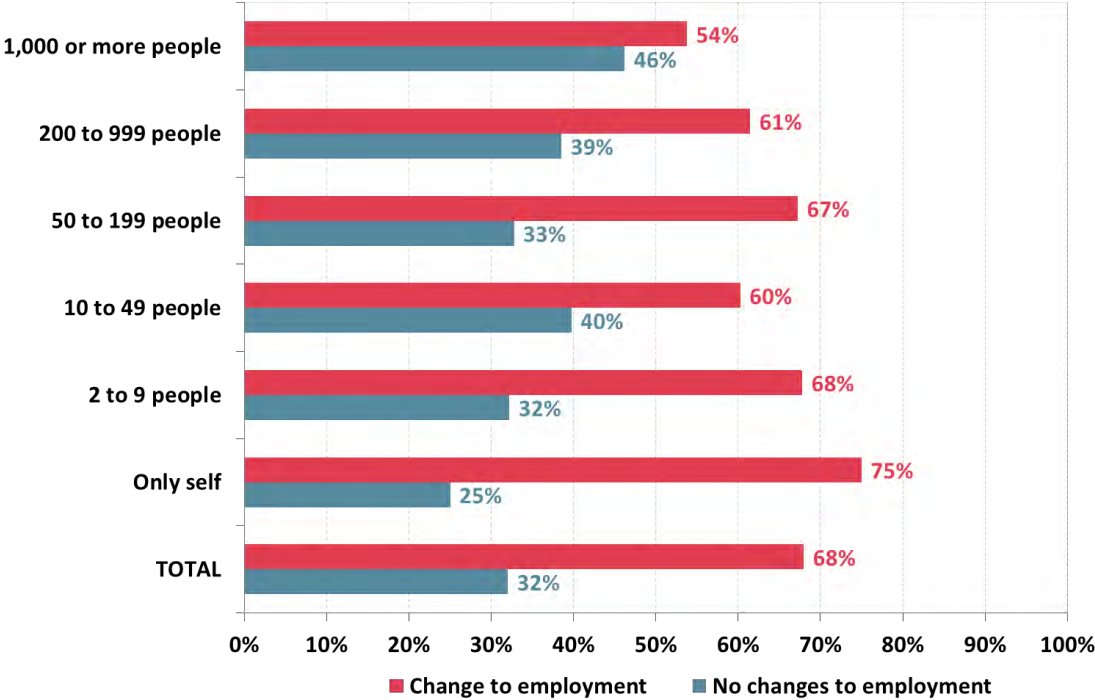
**Source:** Roy Morgan multi-mode survey of Australians conducted on the weekend of April 17-19, 2020, n=912.

**Base:** Working Australians aged 14+. Respondents were allowed to nominate multiple employment changes.

\*'Working from home' was not offered as an option for those answering the survey. Those who mentioned 'working from home' had answered 'some other change to employment' and were separated out due to the large number of respondents mentioning this employment change.



**As a result of the Coronavirus crisis, has your employment status been impacted?  
By size of organisation.**



**Source:** Roy Morgan multi-mode survey of Australians conducted on the weekend of April 17-19, 2020, n=912.  
**Base:** Working Australians aged 14+. Respondents were allowed to nominate multiple employment changes.

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Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
1,000	±3.0	±2.7	±1.9	±1.3



 Latest release

# Business Indicators, Business Impacts of COVID-19

This publication provides information on the incidence and nature of impacts due to COVID-19, as experienced by businesses operating in Australia.

Reference period September 2020

Released 24/09/2020

## On this page

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[Modifications to business operations](#)

[Teleworking and expected changes to working hours](#)

[Business revenue, operating expenses and employment](#)

[Business impacts of COVID-19 visual summary](#)

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## Key statistics

- Almost one third of businesses expect modifications put in place to manage the impacts of COVID-19 will be kept long-term
- Two in five employing businesses currently have staff teleworking
- One in three employing businesses expect staff hours to increase when conditions stabilise

## Business Impacts of COVID-19 Survey

Topics covered in this release include:

- Modifications to business operations
- Teleworking and expected changes to working hours
- Business revenue, operating expenses and employment

The collection was conducted through a telephone survey between 10 September and 16 September 2020. The sample size was 2,000 businesses and the final response rate was 64% (1,279 responding businesses).

This release forms part of the suite of additional products that the ABS is producing to measure the impact of COVID-19. Future information collected in this survey will evolve to maintain relevance in a changing environment.

## Modifications to business operations

Businesses reported whether they were operating under modified conditions as a result of COVID-19. They also provided information on some of the types of modifications made, and whether these were expected to be retained long term (i.e. for more than 6 months).

Data on modifications to business operations and the types of modifications made was also previously collected in [June 2020](#).

Almost two-thirds (64%) of all businesses reported that they were operating under modified conditions due to COVID-19 in September 2020. This compares to almost three-quarters (73%) of all businesses that were operating under modified conditions in June 2020.

By employment size, the proportion of all businesses that were operating under modified conditions in September 2020 were:

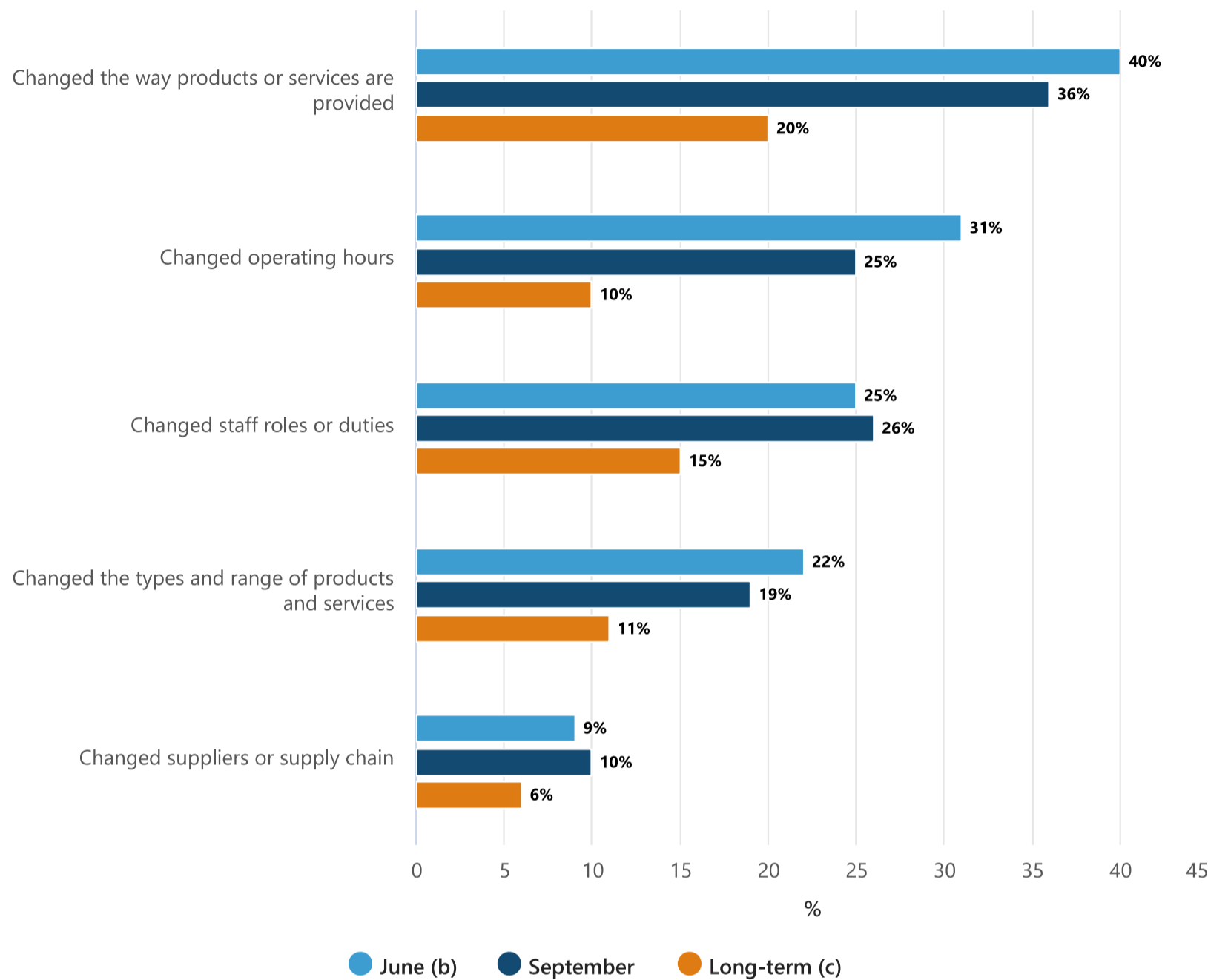
- 64% of small businesses (i.e. 0-19 persons employed)
- 73% of medium businesses (i.e. 20-199 persons employed)
- 78% of large businesses (i.e. 200 or more persons employed)

businesses in Arts and recreation services were the most likely to be operating under modified conditions (66%) compared with businesses in Electricity, gas, water and waste services (45%) which were the least likely.

## Types of modifications made

In September, the most common types of modifications that businesses currently have in place were changes to the way products or services are provided to customers (36%), and changes to staff roles or duties (26%). This compares to 40% and 25% in June.

### Modifications to business operations, June, September and long-term (a)



(a) Proportions are of all businesses

(b) Data is from Business Indicators, Business Impacts of COVID-19, June 2020

(c) Businesses were asked whether the modifications were expected to remain in place long-term

Almost a third (31%) of all businesses reported they expect at least one modification would remain in place long-term.

More than half of businesses in Health care and social assistance (60%) and Accommodation and food services (50%) reported they expect at least one modification would remain in place long-term.

## Types of modifications expected to remain long-term, by top reporting industries (a)(b)

Type of modification	Top reporting industries
Changed the types and range of products and services offered by the business	26% Accommodation and food services
	19% Health care and social assistance
	17% Other services
Changed the way products or services are provided to customers	37% Health care and social assistance
	36% Accommodation and food services
	31% Education and training
Changed operating hours including opening by appointment only	25% Accommodation and food services
	21% Information media and telecommunications
	17% Arts and recreation services
Changed suppliers or supply chain	13% Wholesale trade
	11% Health care and social assistance
	11% Accommodation and food services
Changed staff roles or duties	26% Accommodation and food services
	26% Wholesale trade
	19% Health care and social assistance

(a) Proportions are of all businesses

(b) Businesses could provide more than one response to the question

## Teleworking and expected changes to working hours

## Businesses with employees teleworking

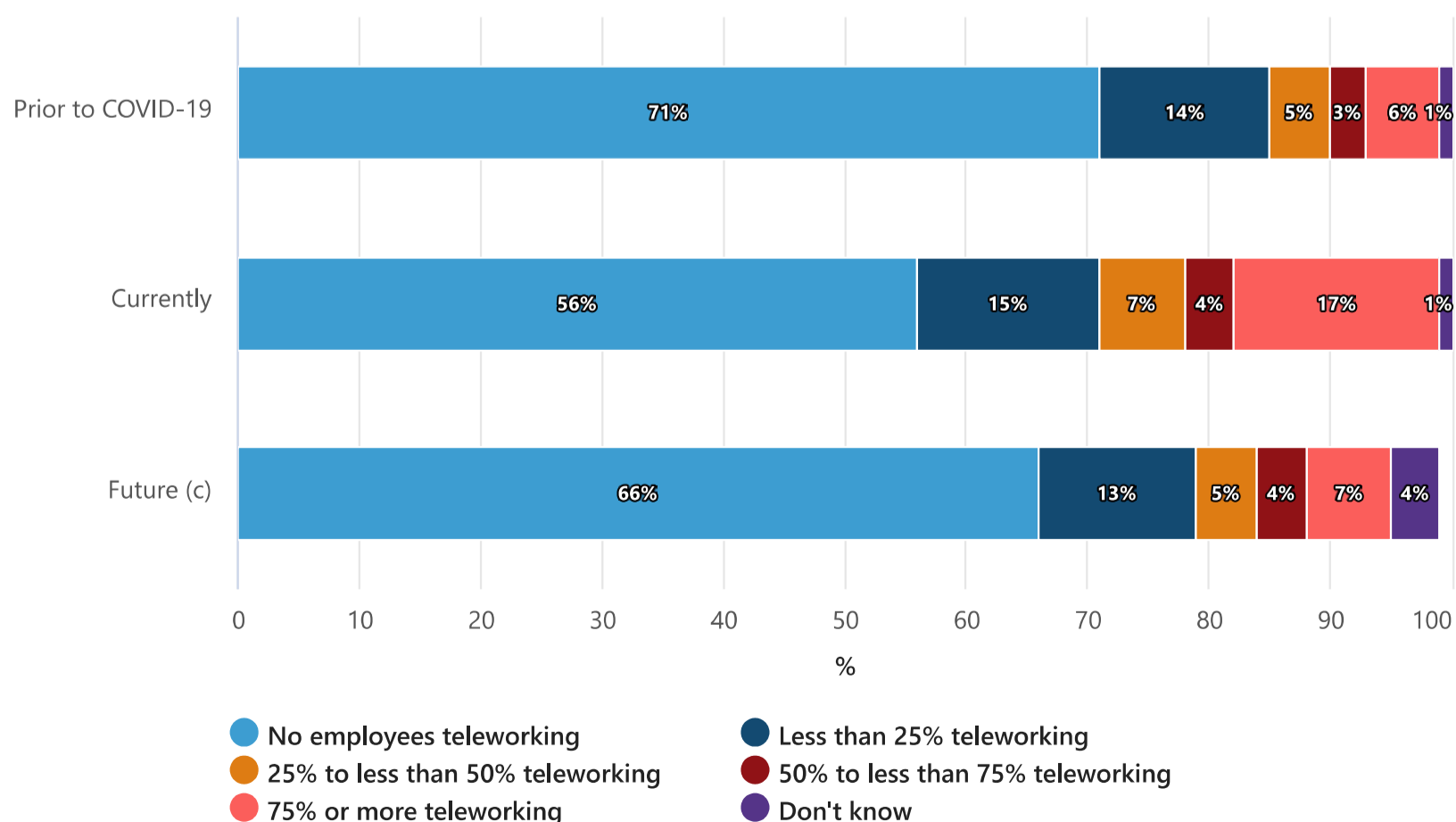
Employing businesses provided an estimate of the proportion of their workforce teleworking:

- prior to COVID-19;
- during September; and
- expected once restrictions are lifted and conditions stabilise.

More than two in five employing businesses (43%) reported that they had staff currently teleworking. This compares to 28% of employing businesses that reported they had employees teleworking prior to COVID-19.

Three in ten employing businesses (29%) expect staff to continue to telework once restrictions are lifted and conditions stabilise.

## Employing businesses, by proportion of workforce teleworking (a)(b)



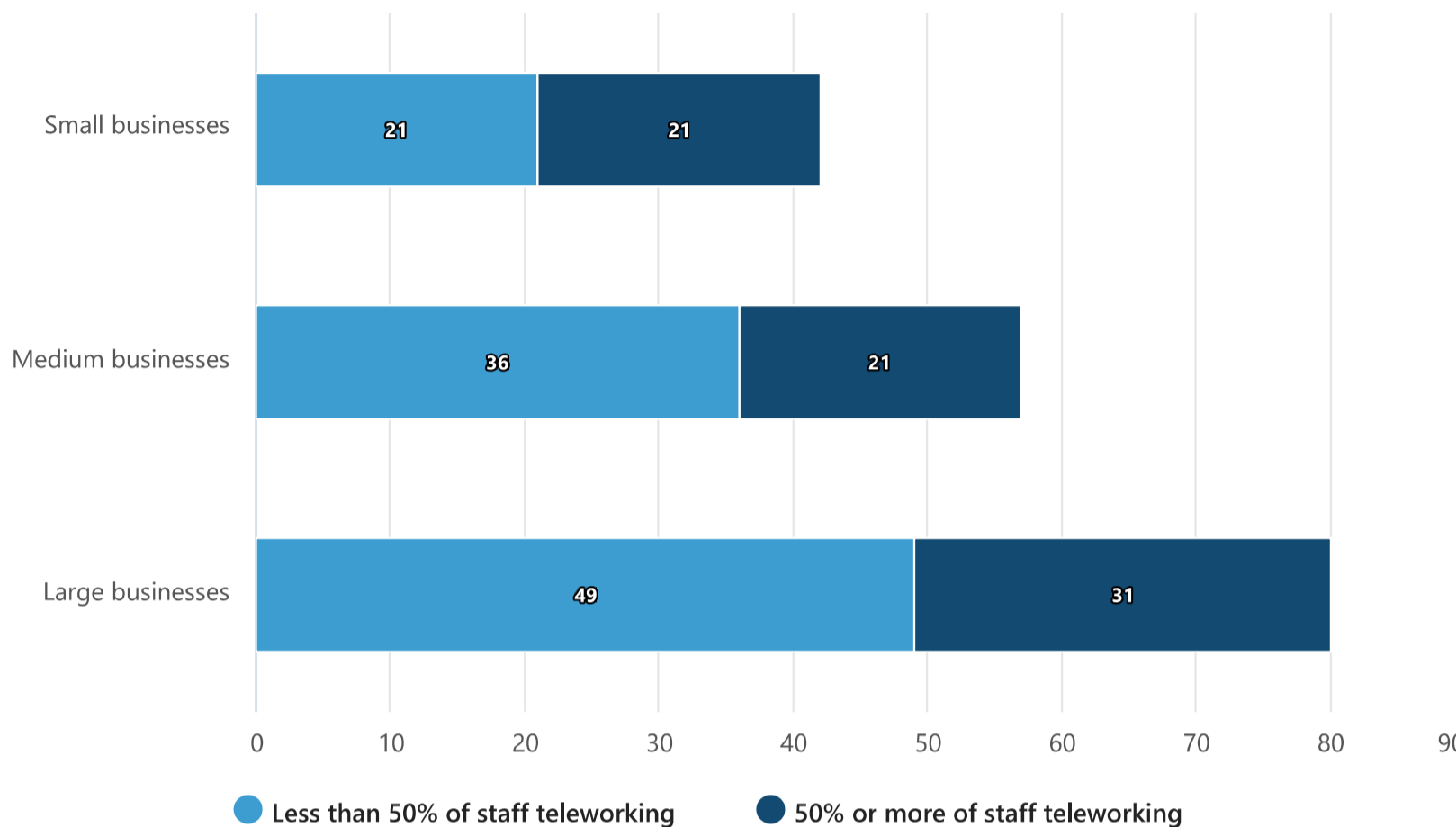
(a) Proportions are of employing businesses

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

(c) Businesses were asked to report their expectations once restrictions are lifted and conditions stabilise

Large businesses were almost twice as likely as small businesses to currently have any employees teleworking (80% compared to 42%). They were also more likely to currently have 50% or more of their workforce teleworking (31% of large businesses compared with 21% of small businesses).

### Employing businesses with any employees currently teleworking, by employment size (a)

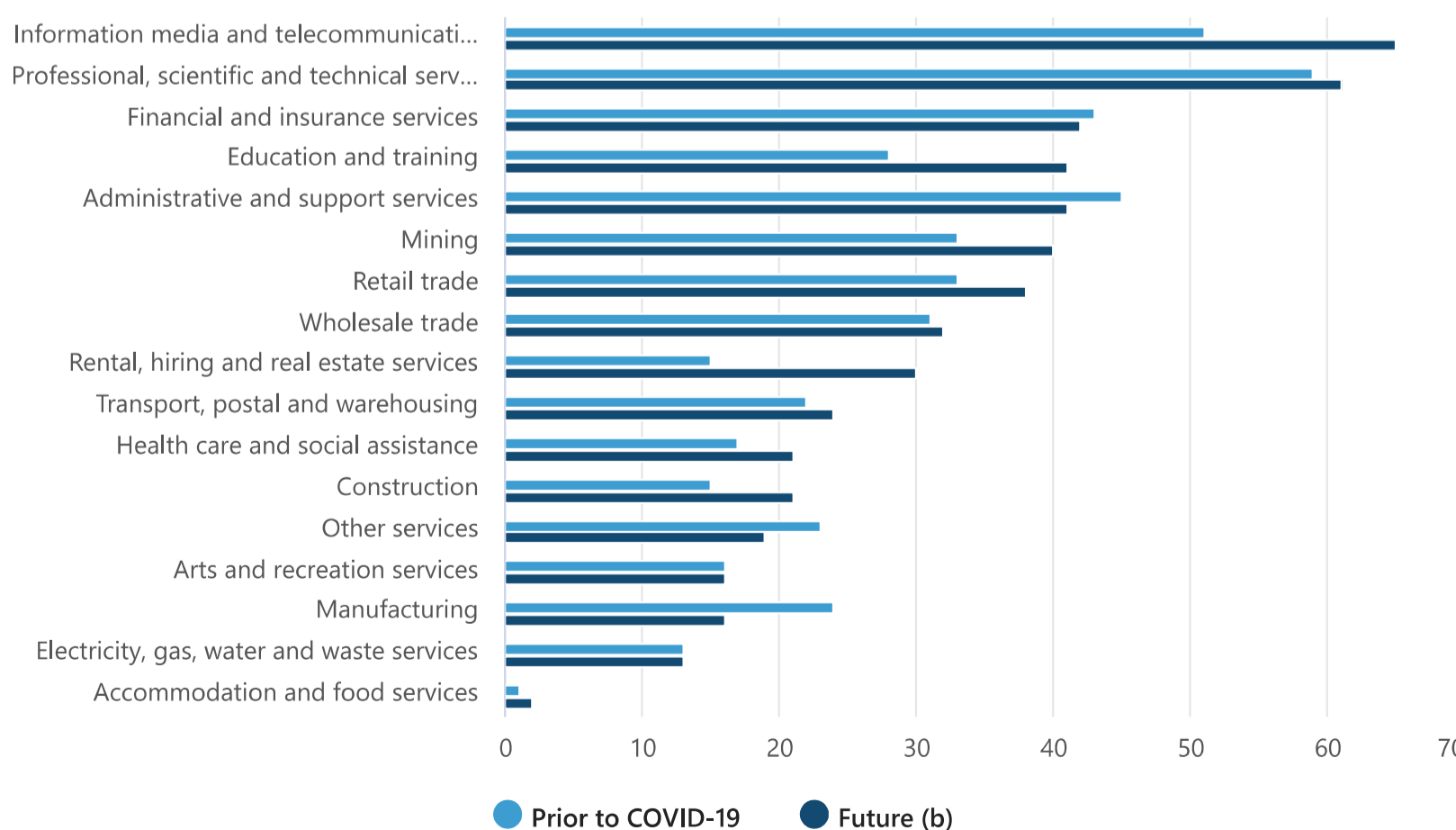


(a) Proportions are of employing businesses

Once COVID-19 restrictions are lifted and conditions stabilise, employing businesses from the following three industries are most likely to report they expect some of their employees to be teleworking:

- Information, media and telecommunications (65%);
- Professional, scientific and technical services (61%); and
- Financial and insurance services (42%).

### Employing businesses with any employees teleworking, by industry (a)



(a) Proportions are of employing businesses

(b) Businesses were asked to report their expectations once restrictions are lifted and conditions stabilise

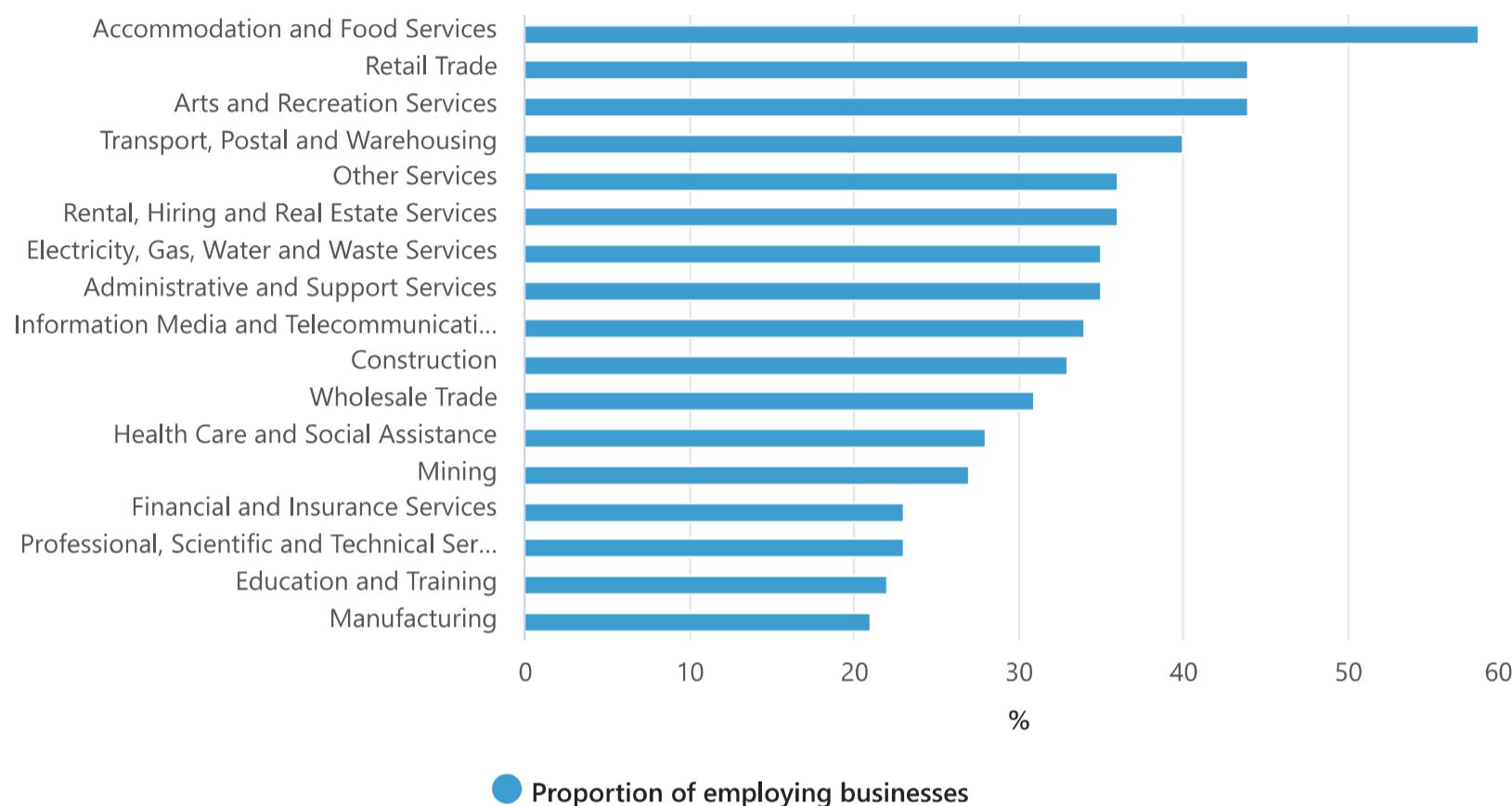
## Expected future changes to staff hours

Businesses reported expected changes to the number of hours worked by staff once COVID-19 restrictions are lifted and conditions stabilise.

Three in five employing businesses (60%) reported no expected change in the number of hours worked by staff once COVID-19 restrictions are lifted and conditions stabilise. Over a third (34%) expect the number of hours worked by staff to increase.

Employing businesses in Accommodation and food services (58%), Retail trade (44%) and Arts and recreation services (44%) were most likely to report they expect the number of hours worked by staff to increase once COVID-19 restrictions are lifted and conditions stabilise.

## Employing businesses that expect an increase in the number of hours worked by staff, by industry



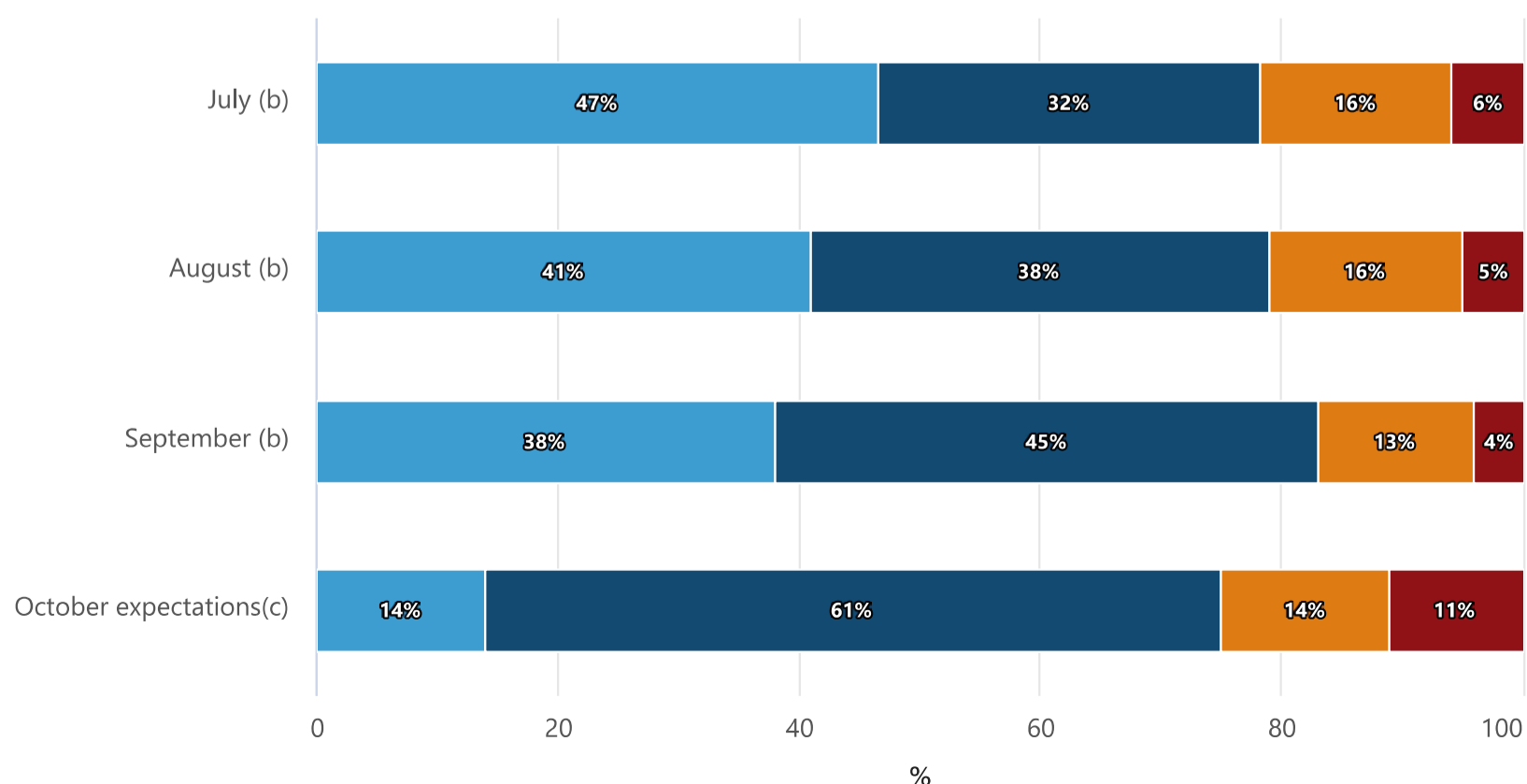
## Business revenue, operating expenses and employment

Businesses reported on changes in revenue, operating expenses and number of employees over the last month and expected changes over the next month. Businesses were asked to provide a best estimate only, without accessing records or reports.

This information was also collected in the July and August surveys. The following graphs show data reported in the July, August and September surveys.

Fewer businesses reported a decrease in revenue in September (38%), compared to August (41%) and July (47%). Three-quarters of businesses (75%) expected their revenue to stay the same or increase in October.

## Changes in business revenue (a)



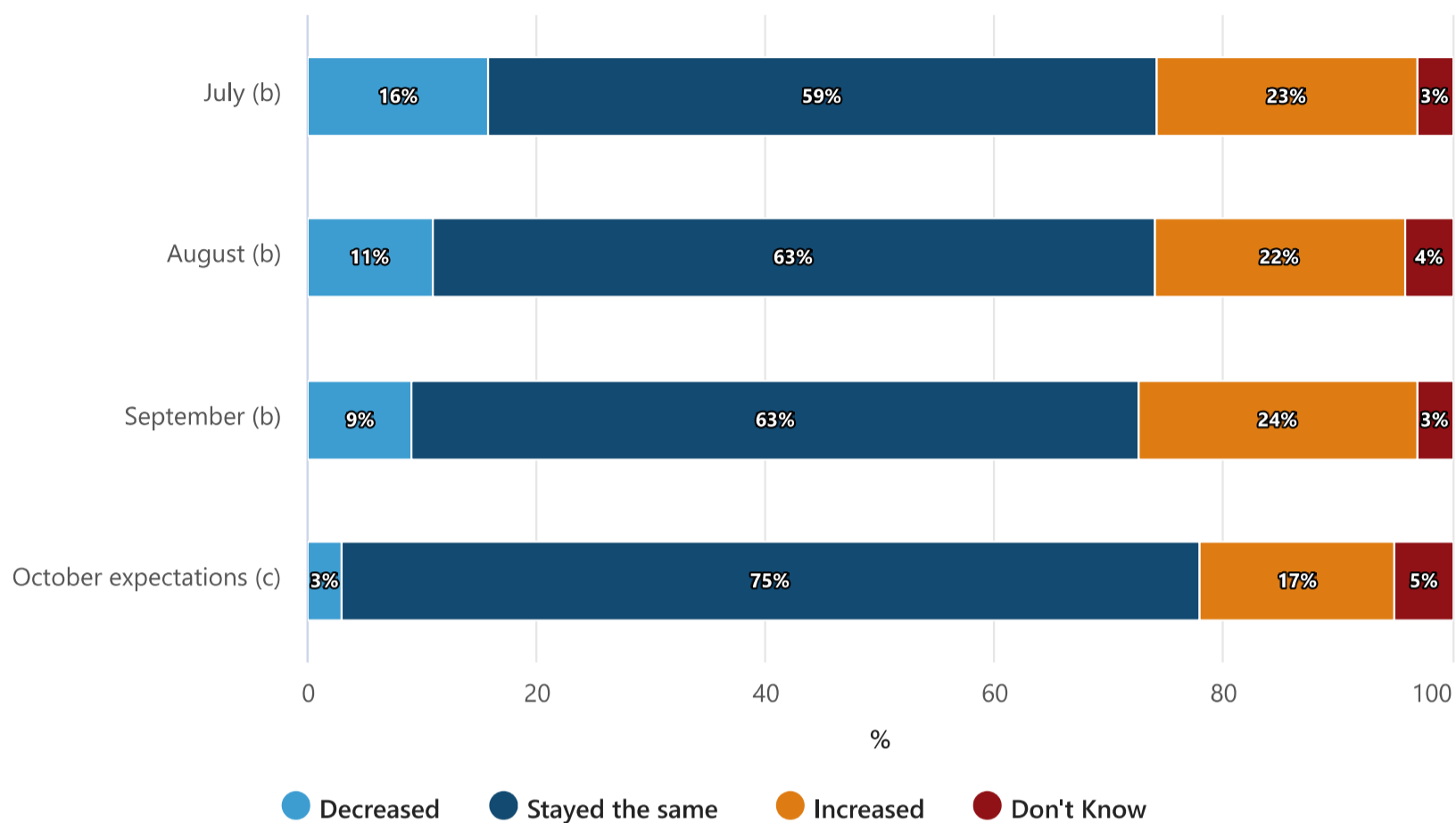
● Decreased ● Stayed the same ● Increased ● Don't Know

(a) Proportions are of all businesses

(b) Changes over the last month, as reported by businesses in the indicated month of collection

(c) Expected changes over the next month, as reported by businesses in September

### Changes in operating expenses (a)

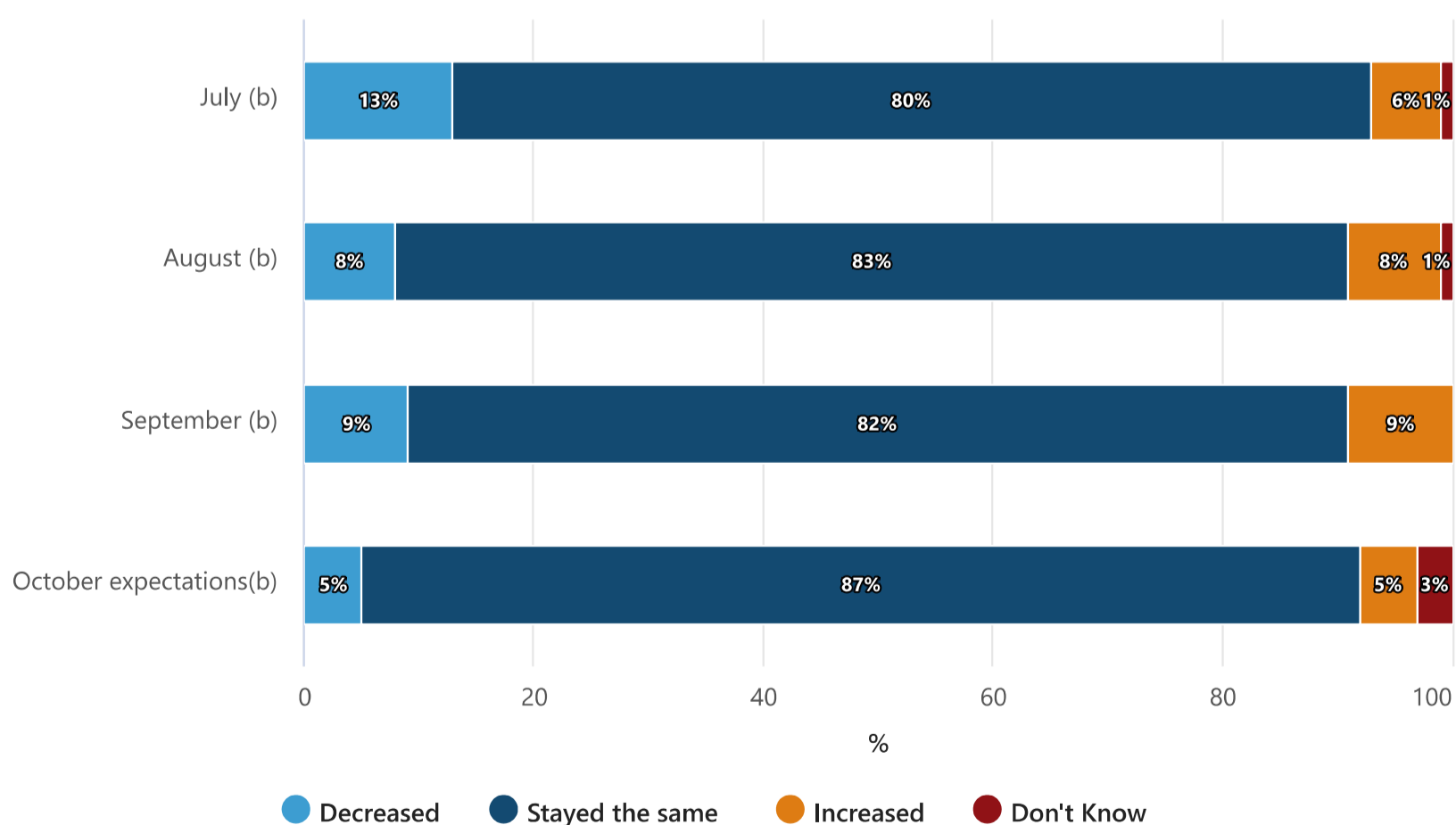


(a) Proportions are of all businesses

(b) Changes over the last month, as reported by businesses in the indicated month of collection

(c) Expected changes over the next month, as reported by businesses in September

### Changes in number of employees (a)

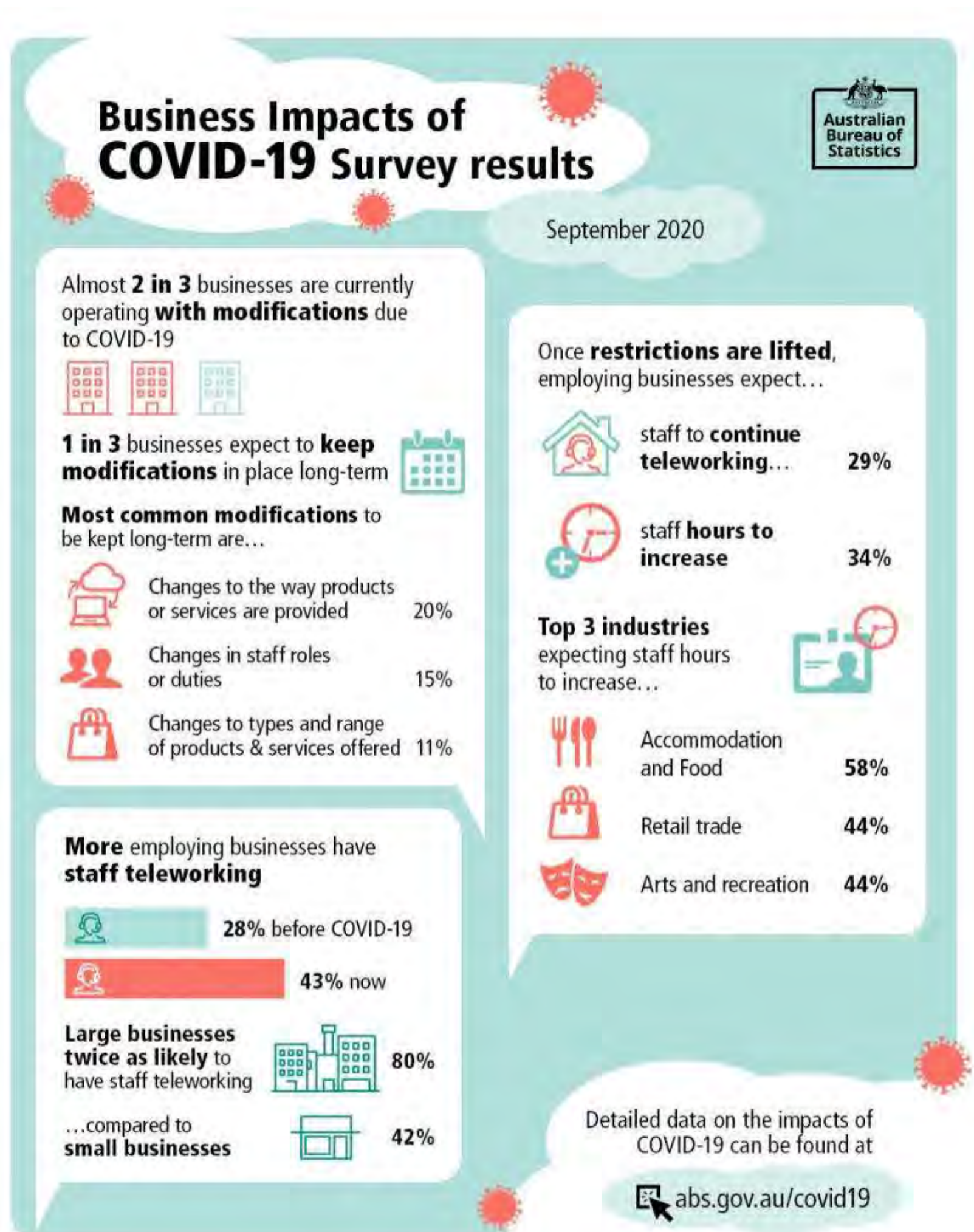


(a) Proportions are of all businesses

(b) Changes over the last month, as reported by businesses in the indicated month of collection

(c) Expected changes over the next month, as reported by businesses in September

## Business impacts of COVID-19 visual summary



The following section describes the visual summary presented above.

Business Impacts of COVID-19 Survey results, September 2020 include modifications to business operations; teleworking and expected changes to working hours and business revenue, operating expenses and employment.

- 64% of businesses are operating with modifications due to COVID-19.
- 31% of businesses expect to keep modifications in place long-term.
- Most common modifications to be kept long-term are: Changes to the way products or services are provided (20%); Changes in staff roles or duties (15%); Changes to types and range of products and services offered (11%).
- 28% of employing businesses had staff teleworking before COVID-19, compared with 43% of employing businesses that have staff teleworking currently.
- Large businesses are twice as likely to have staff teleworking compared to small businesses (80% compared to 42%).
- Once restrictions are lifted and conditions stabilise, 29% of employing businesses expected staff to continue teleworking and 34% expect staff hours to increase.



- Industries most likely to increase staff hours: Accommodation and food services (58%); Retail trade (44%); Arts and recreation services (44%).

Detailed data on the impacts of COVID-19 can be found at <https://www.abs.gov.au/covid-19>

## Data downloads

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### Business Impacts of COVID-19

[↓ Download XLSX](#)  
[128.91 KB]

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### Previous catalogue number

This release previously used catalogue number 5676.0.55.003

## Methodology

[Business Indicators, Business Impacts of COVID-19 methodology, September 2020, September 2020](#)

## Media releases

24 September 2020

### Businesses signal keeping COVID-19 modifications

[View media release](#)

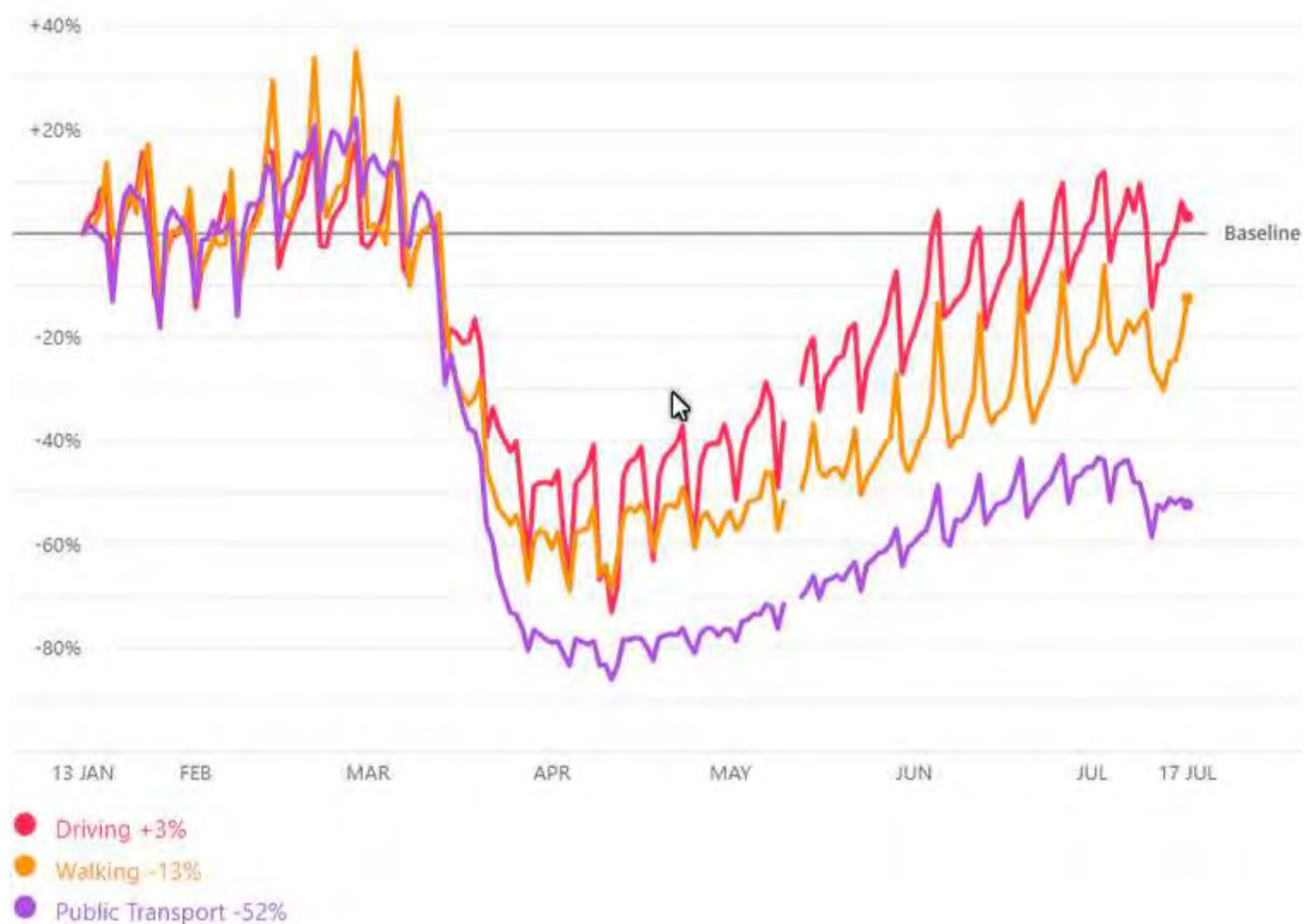


# Cars rule as coronavirus shakes up travel trends in our cities

21 July 2020

Neil G Sipe (<https://theconversation.com/profiles/neil-g-sipe-346144>), *The University of Queensland* (<https://theconversation.com/institutions/the-university-of-queensland-805>)

As with other parts of the global economy, COVID-19 has led to rapid changes in transport trends. The chart below shows overall trends for driving, walking and public transport for Australia as of July 17.



(<https://images.theconversation.com/files/348263/original/file-20200720-17-ogb9ap.png?ixlib=rb-1.1.0&q=45&auto=format&w=1000&fit=clip>)

Australia-wide mobility trends for the six months from January to July 2020. [Apple Mobility Trends](https://www.apple.com/covid19/mobility)

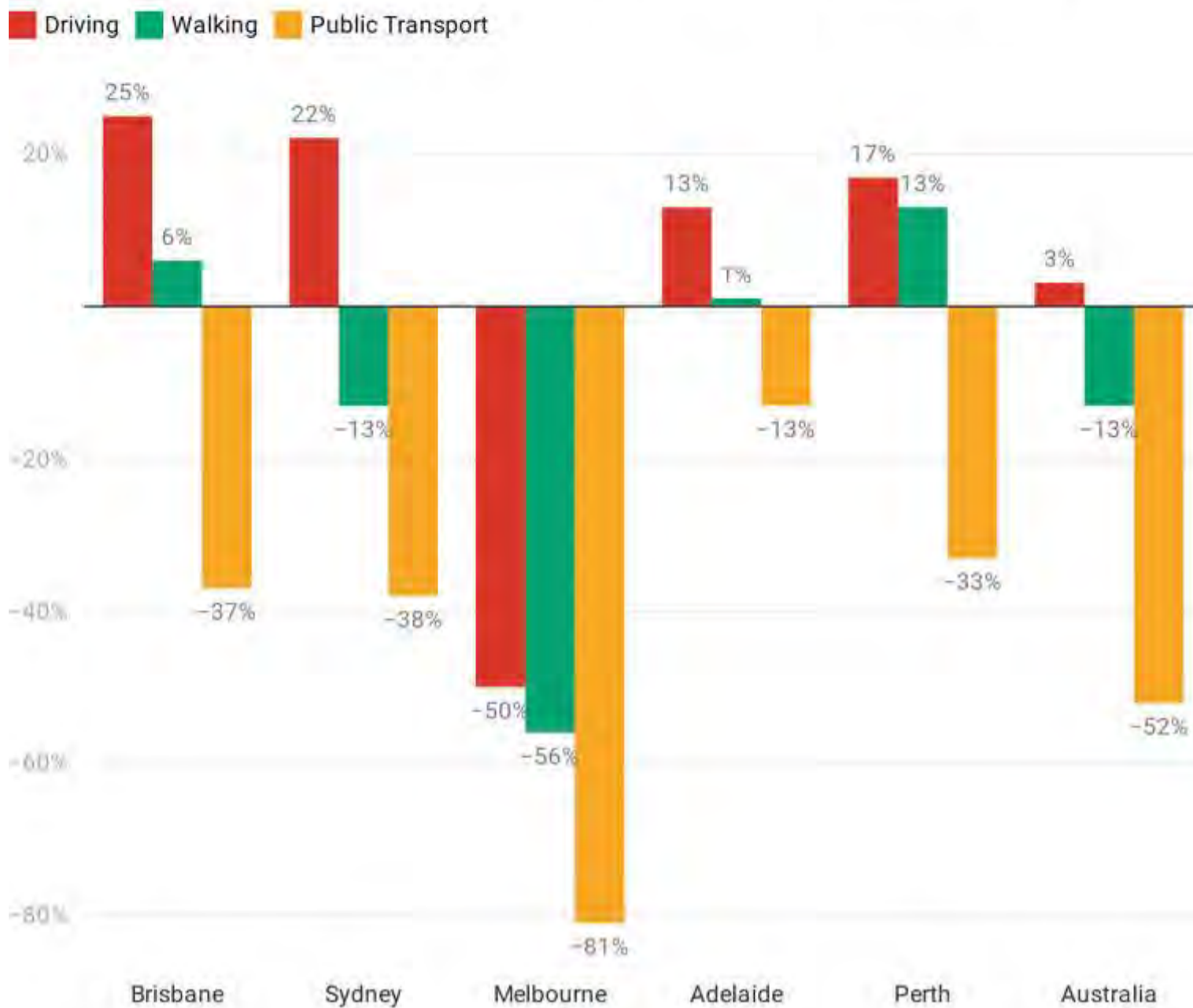
(<https://www.apple.com/covid19/mobility>)

Unfortunately, the current lockdown of metropolitan Melbourne, which is at odds with trends in Australia's other biggest cities, is skewing the national average. These data, provided by [Apple Mobility Trends](https://www.apple.com/covid19/mobility) (<https://www.apple.com/covid19/mobility>), are available for many cities, regions and countries around the world.

Updated daily, the data provide a measure of trends in transport use since early January 2020. The chart below summarises the changes since then in driving, walking and public transport for Brisbane, Sydney, Melbourne, Adelaide and Perth.

## Changes in driving, walking and public transport use

Percentage change in largest cities and nationally between January 13 2020 and July 17 2020



(<https://images.theconversation.com/files/348265/original/file-20200720-37-1eu4owt.png?ixlib=rb-1.1.0&q=45&auto=format&w=1000&fit=clip>)

Data: Apple Mobility Trends (<https://www.apple.com/covid19/mobility>)

With the exception of Melbourne, driving has recovered and is now noticeably above pre-pandemic levels.

Public transport use is still well below baseline levels. It is recovering – again except for Melbourne – but slowly. The exception is Adelaide where public transport is only slightly below the baseline.

Walking is doing better than public transport. Adelaide, Brisbane and Perth are slightly above the baseline, while Sydney is slightly below it. Melbourne is still down by about a half.

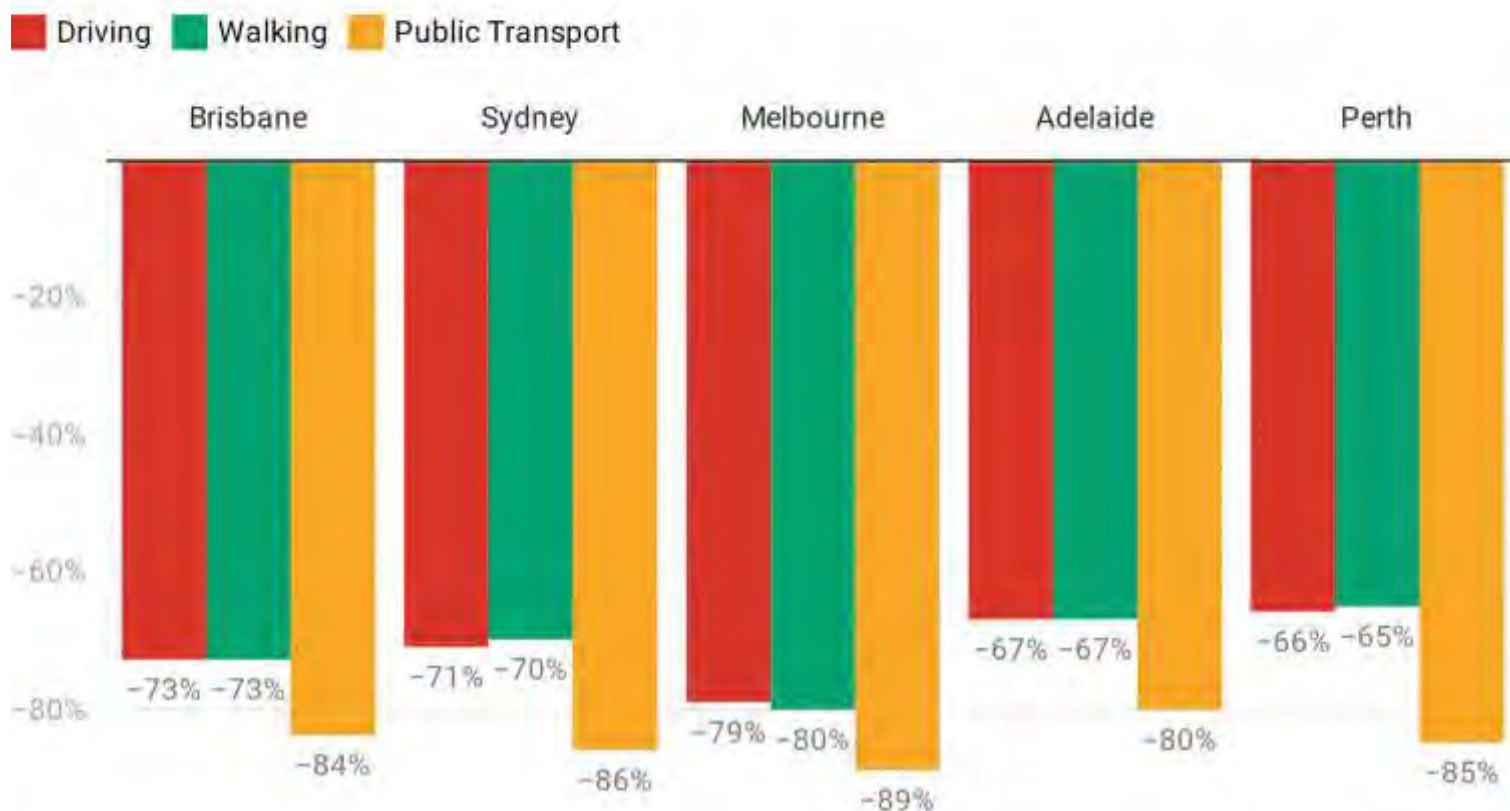
## How badly did lockdowns affect travel?

The chart below shows the largest declines in driving, walking and public transport were recorded in the period April 4-11. Most of the lowest values coincided with Easter holidays. However, regardless of the holiday, this was the period when levels of transport use were lowest.

The declines are fairly consistent across the cities. For driving, the declines were around 70%. For walking, the declines ranged from 65% to 80%. Public transport recorded declines of 80-89%.

## Greatest % change by travel mode in each city

(All the largest changes since January 13 were recorded in week of April 4 to April 11)



(<https://images.theconversation.com/files/347564/original/file-20200715-27-1a3ppbf.png?ixlib=rb-1.1.0&q=45&auto=format&w=1000&fit=clip>)

Data: Apple Mobility Trends (<https://www.apple.com/covid19/mobility>)

The recovery in driving is due, in part, to it being seen as having a lower risk of COVID-19 infection. People [see public transport as the least safe](https://www.smh.com.au/business/workplace/city-workers-walk-to-office-to-avoid-public-transport-20200712-p55bbx.html) because of the difficulties of social distancing on potentially crowded commutes.

A study in early March by an MIT economist [amplified these fears](https://www.bloomberg.com/graphics/2020-coronavirus-transportation-data-cities-traffic-mobility/) by associating public transport in New York City with higher rates of COVID-19 infection. Unfortunately, the research had some [significant flaws](https://www.bloomberg.com/graphics/2020-coronavirus-transportation-data-cities-traffic-mobility/). Health experts have since indicated there is little evidence public transport has been the source of any COVID-19 infections.

Nevertheless, public transport agencies are in [serious financial trouble](https://www.nytimes.com/2020/07/19/us/coronavirus-public-transit.html?referringSource=articleShare). In the US, experts are warning that, without large federal subsidies, public transport services are facing drastic cuts, which will impact where people live and work. Such shifts pose a [threat to the economic viability](https://www.nytimes.com/2020/07/19/us/coronavirus-public-transit.html?referringSource=articleShare) of cities.

What is known about other transport modes? While comprehensive datasets are not available, evidence is emerging of the impacts on ride, bike and scooter sharing.

## Ride sharing

As with all other transport modes, the pandemic has had big impacts on ride sharing. However some ride-sharing companies, like Uber, have diversified in recent years into areas such as food and freight delivery. These have provided much-needed [revenue](https://www.forbes.com/sites/marcochiappetta/2020/03/25/uber-eats-demand-soars-due-to-covid-19-crisis/#5663a814580c) during the ride-sharing downturn.

Market analysts are predicting [ride sharing will recover and continue to grow](https://www.businesswire.com/news/home/20200501005196/en/Global-Ride-Sharing-Market-Affects-COVID-19-2018). This is due to need for personal mobility combined with [increasing urbanisation](https://ourworldindata.org/urbanization) and [falling car ownership](https://investorplace.com/2019/04/4-charts-car-ownership-over/#:~:text=Car%20Ownership%20Rates%20Are%20Dropping%20for%20the%20First%20Time%20In%20Modern%20History&text=From%201960%20to%202010%2C%20the,9.1%25%20from%202010%20to%202015.).

## Bike sharing

Globally, transport officials are predicting a long-term surge in bicycle use. Cycling appears to be booming at the expense of public transport.

Beijing's three largest bike share schemes reported a [150% increase](https://www.itdp.org/wp-content/uploads/2020/05/The-impact-of-Covid-on-Urban-Traffic-in-China.pdf) in use in May. In New York City, volumes [grew by 67%](https://fortune.com/2020/06/15/bicycles-coronavirus-cities-lime-citi-bike/). Bike sales in the US almost [doubled in March](https://www.nytimes.com/2020/05/18/nyregion/bike-shortage-coronavirus.html).

In response, many cities are providing more cycling infrastructure, with cities like [Berlin and Bogota](https://www.uci.org/news/2020/pop-up-bike-lanes-a-rapidly-growing-transport-solution-prompted-by-coronavirus-pandemic) leading the way with “pop-up” bike lanes. New Zealand has become the first country [to fund so-called “tactical urbanism”](https://www.forbes.com/sites/carltonreid/2020/04/13/new-zealand-first-country-to-fund-pop-up-bike-lanes-widened-sidewalks-during-lockdown/#8b4b57b546e1).

Melbourne has announced [12km of pop-up bike lanes](https://www.theage.com.au/national/victoria/car-parks-out-footpaths-and-cycling-lanes-in-as-city-prepares-for-post-covid-commuters-20200507-p54qrp.html) and is [fast-tracking an extra 40km](https://www.smartcitiesworld.net/news/news/melbourne-fast-tracks-40km-of-bike-lanes-5371) of bike lanes over the next two years. Sydney has added [10km of pop-up cycleways](https://www.governmentnews.com.au/sydney-gets-10km-of-pop-up-cycleways/). Use of some Brisbane bikeways has [nearly doubled](https://www.brisbanetimes.com.au/national/queensland/pop-up-bike-lanes-for-brisbane-too-slow-for-quiet-lockdown-period-20200717-p55czz.html), leading to criticism of delays in providing pop-up lanes.

London [intends to rapidly expand both cycling and walking infrastructure](https://www.traffictoday.com/news/covid-19-news/covid-19-london-to-rapidly-expand-space-for-cycling-and-walking-post-lockdown.html) in anticipation of a ten-fold increase in bicycle use and a five-fold increase in pedestrians. This complements a [£250 million](https://www.nytimes.com/2020/06/12/business/paris-bicycles-commute-coronavirus.html?searchResultPosition=1) (A\$448 million) UK government program to reallocate more space for cyclists.

Paris plans to add [50km of pop-up and permanent bikeways](https://www.france24.com/en/20200505-paris-to-turn-more-streets-over-to-bicycles-as-covid-19-coronavirus-lockdown-lifts) in coming months. It's also [offering a €500](https://www.nytimes.com/2020/06/12/business/paris-bicycles-commute-coronavirus.html?searchResultPosition=1) (A\$818) subsidy to buy an electric bike and €50 to repair an existing bike.

Milan will add [35km of bikeways](https://www.theguardian.com/world/2020/apr/21/milan-seeks-to-prevent-post-crisis-return-of-traffic-pollution) as part of its Strade Aperte Plan. The Italian government is providing a [70% subsidy capped at €500](https://www.bicyclenetwork.com.au/newsroom/2020/05/21/italy-funds-recovery-by-bike/) for people to buy a new bicycle.

We will have to wait to see whether all this interest translates into longer-term mode change.

## E-scooters

E-scooter use has declined, as has the value of e-scooter companies. Lime, one of the larger companies, was valued at [US\\$2.4 billion](https://www.bloomberg.com/news/articles/2020-05-07/uber-leads-170-million-investment-into-lime-electric-scooters) (A\$3.4 billion) last year but is down to [US\\$510 million](https://www.bloomberg.com/news/articles/2020-05-07/uber-leads-170-million-investment-into-lime-electric-scooters) in May. Nevertheless, investor interest continues. Uber, Alphabet, GV and Bain and others put [\\$US170](https://www.bloomberg.com/news/articles/2020-05-07/uber-leads-170-million-investment-into-lime-electric-scooters) into Lime in May.

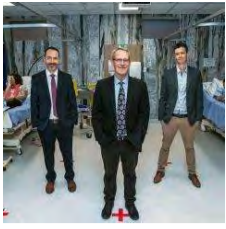
In Europe, ride-sharing company Bolt plans to expand its e-scooter and e-bike services to [45 cities in Europe and Africa](https://www.forbes.com/sites/jonathankeane/2020/05/15/uber-and-bolt-are-betting-on-an-e-scooter-recovery-after-the-pandemic/#2d5103a57432) this year. Another positive sign for this mode is that the UK, where e-scooters have not been street legal, has begun [trials of rental e-scooters](https://www.forbes.com/sites/carltonreid/2020/06/19/e-scooter-trial-rolls-out-june-22-uk-riders-need-driving-licenses-wont-be-allowed-on-sidewalks/#52b6adb54153).

It is still too early to predict the long-term impacts of COVID-19 on transport. What the data show is that driving has recovered and is even exceeding pre-pandemic levels. Current trends suggest active mobility – cycling, scooters and walking – may gain mode share. Whether public transport can recover is questionable, unless a vaccine becomes available.

Neil G Sipe <https://theconversation.com/profiles/neil-g-sipe-346144>, Honorary Professor of Planning, [The University of Queensland](https://theconversation.com/institutions/the-university-of-queensland-805)

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Image: Nick Rains/Getty Images



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