26 June 2020

Information note—

ABS Business Indicators, Business Impacts of COVID-19 – June 2020

This is a background document only and does not purport to be a comprehensive discussion of the issues involved. It does not represent the view of the Commission on any issue.

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Introduction

In response to the coronavirus (COVID-19) pandemic, the Australian Bureau of Statistics (ABS) has produced additional indicators to measure the economic impact. On 26 March 2020, the ABS released the first results from a survey of businesses on the impacts of COVID-19.[1]

The latest survey, released on 24 June 2020, was conducted between 10 June and 17 June and had a sample size of 1431 responding businesses.

This note presents the summary information published by the ABS on 24 June 2020. Topics covered include:

- Modifications to business operations;
- Subjects and sources of external advice sought by business;
- Changes in business revenue compared to same time last year;
- Length of time business operations could be supported by available cash on hand.

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[1] ABS, *Business Indicators, Business Impacts of COVID-19, March 2020*, Catalogue No. 5676.0.55.003.

Modifications to business operations

In June 2020, almost three quarters (73 per cent) of all businesses reported that they were operating under modified conditions due to COVID-19. In May 2020, 70 per cent of all businesses reported that they were operating under modified conditions.

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

- 72 per cent of small businesses (i.e. 0–19 persons employed)
- 85 per cent of medium sized businesses (i.e. 20–199 persons employed)
- 90 per cent of large businesses (i.e. 200 or more persons employed)

Types of modifications made

Businesses that reported having modified operations as a result of COVID-19 also provided information on the types of modifications made. The most commonly reported modifications were the introduction of new hygiene protocols and practices (65%), followed by limitations to the number of people on site (57%).

Table 1: Modifications to business operations, by type of modification and employment size[(a)(b)], per cent

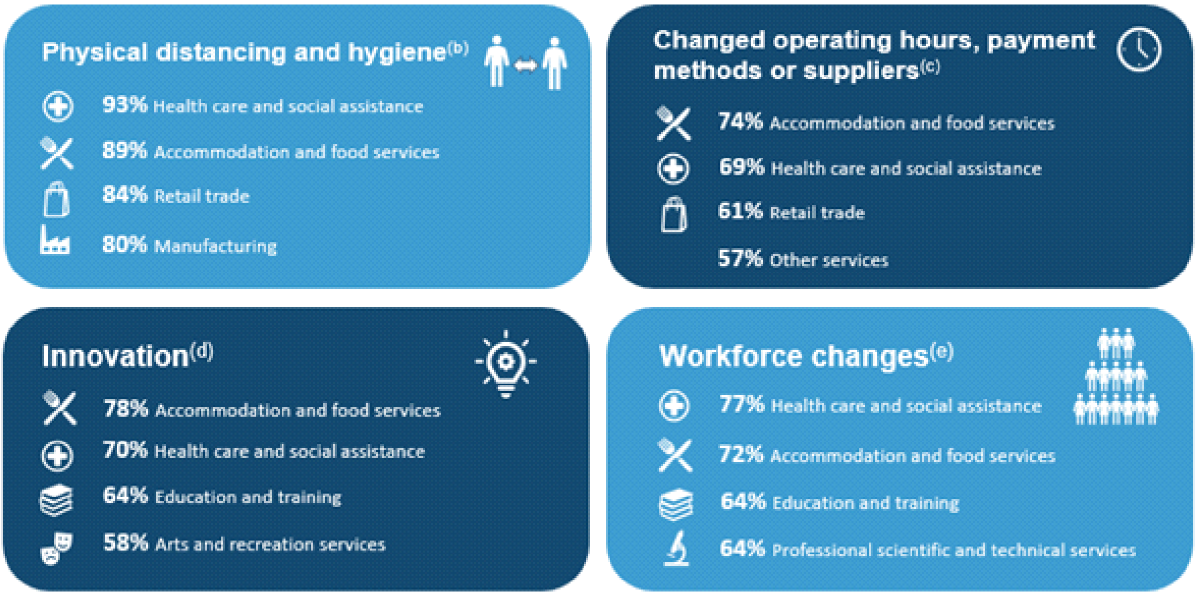
	Small (0-19 persons)	Medium (20-199 persons)	Large (200 or more persons)	All businesses
Limitations to the number of people on site	56	76	87	57
Introduced new hygiene protocols and practices	64	80	88	65
Changed the types and range of products or services offered	22	28	32	22
Changed the way products or services are provided to customers	39	49	54	40
Changed operating hours	31	35	37	31
Changed payment methods	16	18	19	16
Changed suppliers or supply chain	9	11	15	9
Changed staff roles or duties	25	38	46	25
Other workforce changes[(c)]	44	72	84	46

Note: (a) Proportions are of all businesses. (b) Businesses could provide more than one response to the question. (c) For example, staff working from home or operating with a reduced workforce.

Source: ABS, *Business Impacts of COVID-19 Survey, June 2020*, Catalogue No 5676.0.55.003

The propensity to report modifications to business operations increased with the size of the business across all types of modification. For example, 87% of large businesses reported having limited the number of people on site, compared with 56% of small businesses.

Chart 1: Modifications to business operations, top four industries[a]



Note: (a) Businesses could provide more than one response to the question. (b) Proportions are of all businesses that reported they limited the number of people on site or introduced new hygiene protocols and practices. (c) Proportions are of all businesses that reported they changed operating hours, payment methods or suppliers. (d) Proportions are of all businesses that reported they changed the types and range of products and services offered or the way they are delivered to customers. (e) Proportions are of all businesses that reported they changed staff roles or duties or other workforce changes.

Source: ABS, *Business Impacts of COVID-19 Survey, June 2020*, Catalogue No 5676.0.55.003

Businesses in Accommodation and food services were the most likely to have introduced innovation (78 per cent) and changed operating hours, payment methods or suppliers (74%), while businesses in Health care and social assistance were the most likely to have made modifications related to physical distancing and hygiene (93 per cent) and workforce changes (77 per cent).

Subjects and sources for businesses seeking external advice

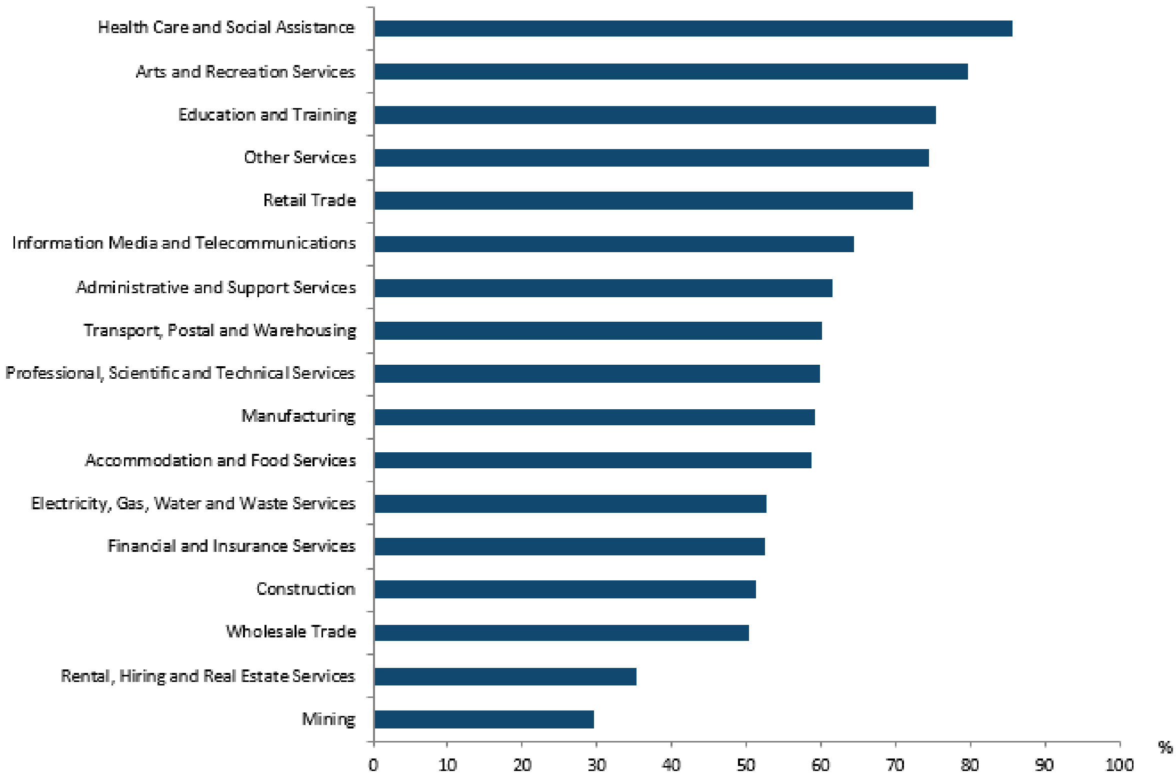
Three in five (60 per cent) businesses sought external advice in response to COVID-19. External advice included obtaining information online or in print, such as regulatory information or guidelines, or paid or unpaid direct consultation with individuals or organisations external to the business.

By employment size, the proportion of businesses that sought external advice in response to COVID-19 were:

- 59 per cent of small businesses (i.e. 0-19 persons employed)
- 72 per cent of medium sized businesses (i.e. 20-199 persons employed)
- 66 per cent of large businesses (i.e. 200 or more persons employed)

Businesses operating under modified conditions were twice as likely to report having sought external advice (70 per cent) compared to those operating as normal (35 per cent).

Chart 2: Businesses that sought external advice, by industry[(a)]



Note: (a) Proportions are of all businesses.

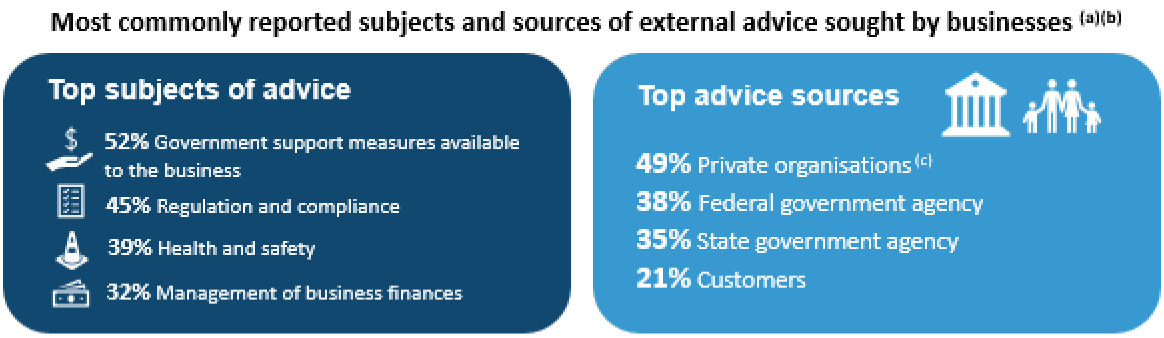
Source: ABS, *Business Impacts of COVID-19 Survey, June 2020*, Catalogue No 5676.0.55.003

Businesses in Health care and social assistance (86 per cent), Arts and recreational services (80 per cent) and Education and training (75 per cent) were the most likely to have sought external advice in response to COVID-19; businesses in these industries were among the most likely to report having experienced adverse impacts due to the pandemic in previous iterations of the Business Impacts of COVID-19 survey.

Subject and sources of external advice sought

Businesses that reported having sought advice in response to COVID-19 also provided information on the subjects and sources of the external advice sought.

Chart 3: Most commonly reported subject and sources of external advice sought by businesses [(a)(b)]



Note: (a) Proportions are of all businesses. (b) Businesses could provide more than one response to the question. (c) For example, bank, lawyer, accountant.

Source: ABS, *Business Impacts of COVID-19 Survey, June 2020*, Catalogue No 5676.0.55.003

Table 2: Subjects of external advice sought, by employment size[(a)(b)]

	Small (0-19 persons)	Medium (20-199 persons)	Large (200 or more persons)	All businesses
	%	%	%	%
Government support measures available to the business	51	66	59	**52**
Regulation and compliance	44	61	55	**45**
Management of business finances	31	38	31	**32**
Workforce management	24	41	30	**25**
Business continuity/contingency planning	24	37	28	**25**
Health and safety	38	54	48	**39**
Marketing, advertising or promotion	11	15	14	**11**
Supply chain management	11	15	12	**11**
Information and communications technology	18	23	20	**18**

Note: (a) Proportions are of all businesses. (b) Businesses could provide more than one response to the question.

Source: ABS, *Business Impacts of COVID-19 Survey, June 2020*, Catalogue No 5676.0.55.003

Table 3: Sources of external advice sought, by employment size[(a)(b)]

	Small (0-19 persons)	Medium (20-199 persons)	Large (200 or more persons)	**All businesses**
	%	%	%	**%**
Federal government agency	37	53	54	**38**
State government agency	34	48	44	**35**
Private organisations (including bank, lawyer, accountant)	48	61	51	**49**
Not-for-profit institution (including industry body or associations)	16	24	19	**16**
Friends or family	20	16	11	**20**
Suppliers	16	27	21	**17**
Customers	20	26	22	**21**
Other	8	11	6	**8**

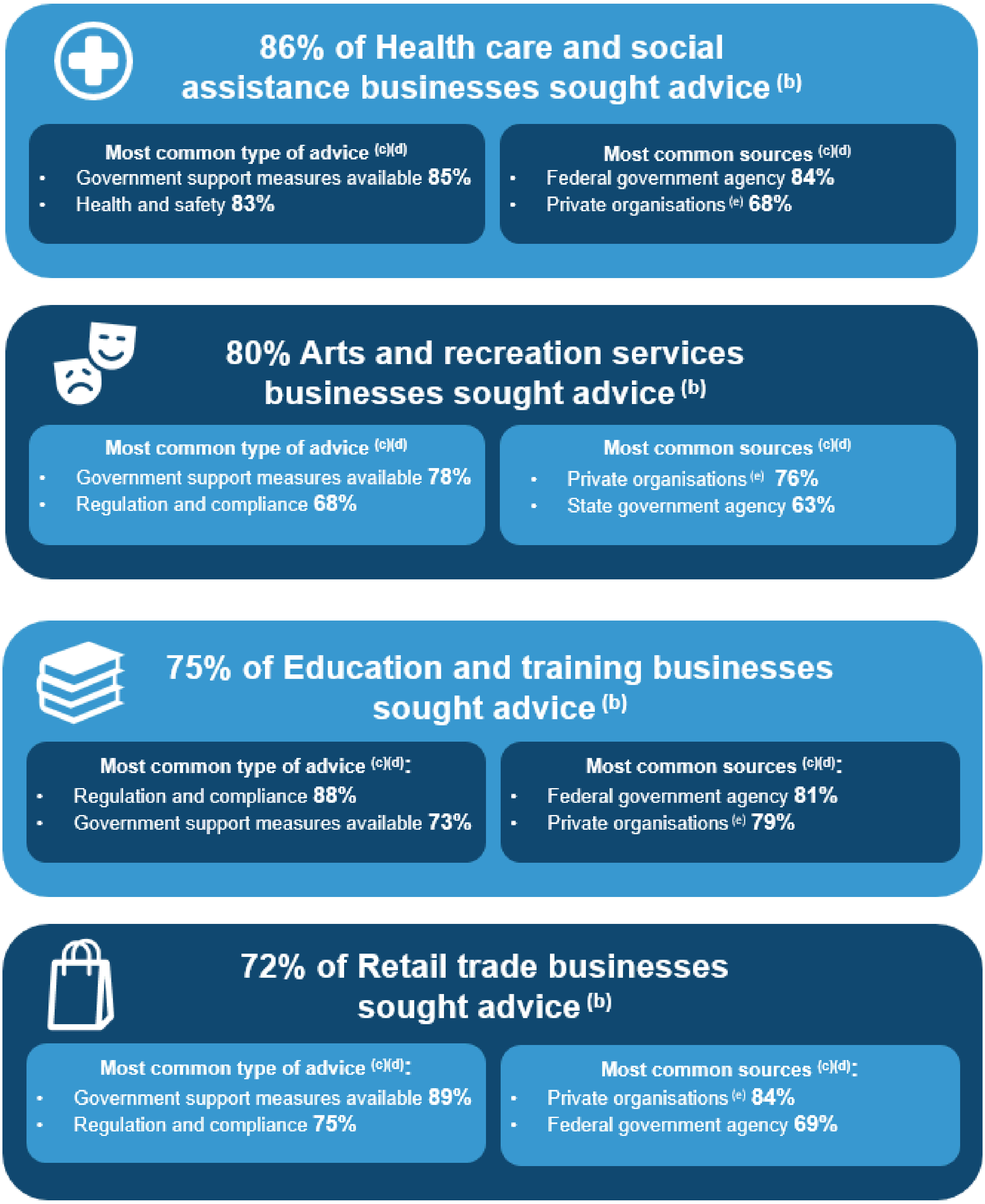
Note: (a) Proportions are of all businesses (b) Businesses could provide more than one response to the question

Source: ABS, *Business Impacts of COVID-19 Survey, June 2020*, Catalogue No 5676.0.55.003

Medium sized businesses (i.e. 20-199 persons employed) were the most likely to report having sought advice for each of the listed subjects.

While not included as a survey response, a number of businesses provided comments identifying local government and councils as a source of external advice.

Chart 4: Subjects of external advice sought, by employment size(a)(b)



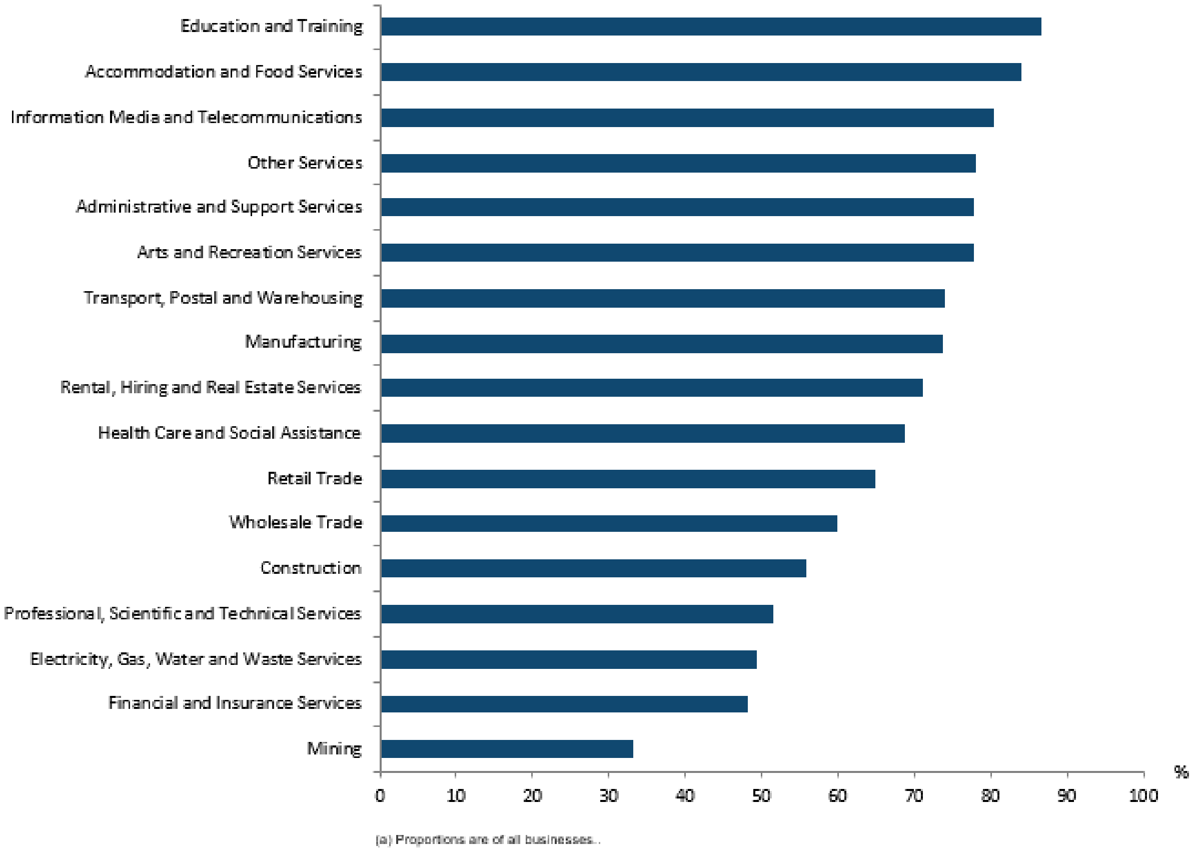
Note: (a) Industries selected where businesses were most likely to have sought advice, excluding Other services. (b) Proportions are of all businesses. (c) Proportions are of all businesses that sought external advice (d) Businesses could provide more than one response to the question. (e) For example, bank, lawyer, accountant.

Source: ABS, *Business Impacts of COVID-19 Survey, June 2020*, Catalogue No 5676.0.55.003.

Changes in business revenue compared to same time last year

Businesses reported the impact of the COVID-19 pandemic on revenue, compared to the same time last year. Two thirds of all businesses reported revenue had decreased compared to the same time last year.

Chart 5: Businesses that reported decreased revenue compared to the same time last year, by industry[(a)]



Source: ABS, *Business Impacts of COVID-19 Survey, June 2020*, Catalogue No 5676.0.55.003

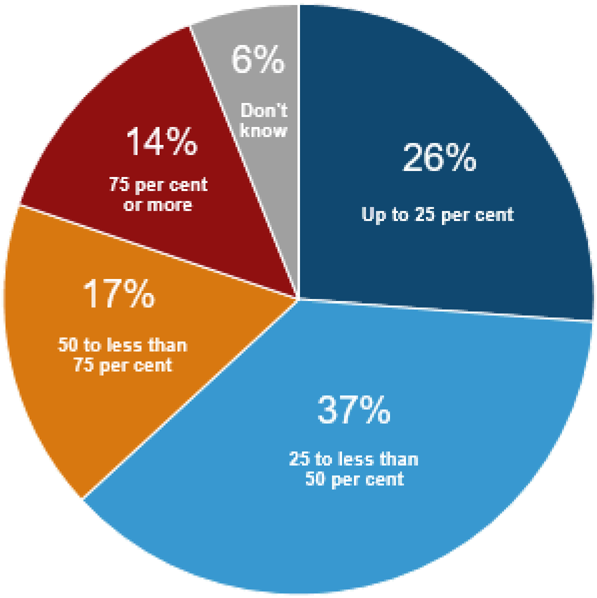
Businesses in Education and training were the most likely to report a reduction in revenue compared to the same time last year (87%).

Less than one in ten of all businesses (8%) reported that revenue had increased compared to the same time last year.

Change in business revenues

Businesses that reported a revenue decrease also provided an estimate of how much their revenue had decreased compared to the same time last year. Businesses were asked to provide a best estimate only, without accessing business records or reports.

Chart 6: Magnitude of revenue decrease compared to same time last year[(a)]

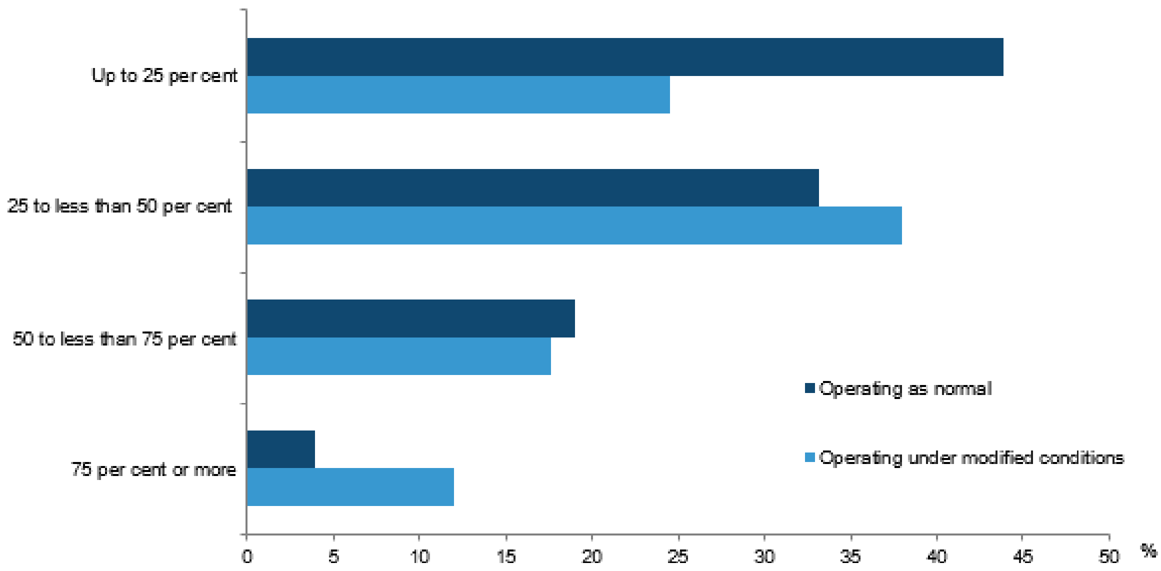


Note: (a) Proportions are of businesses that reported a decrease in revenue compared to the same period last year.

Source: ABS, *Business Impacts of COVID-19 Survey, June 2020*, Catalogue No 5676.0.55.003

Businesses with decreased revenue that were operating as normal were most likely to report that revenue was up to 25 per cent lower (44 per cent), while businesses with decreased revenue operating under modified conditions were most likely to report that revenue was 25 to less than 50 per cent lower (38 per cent).

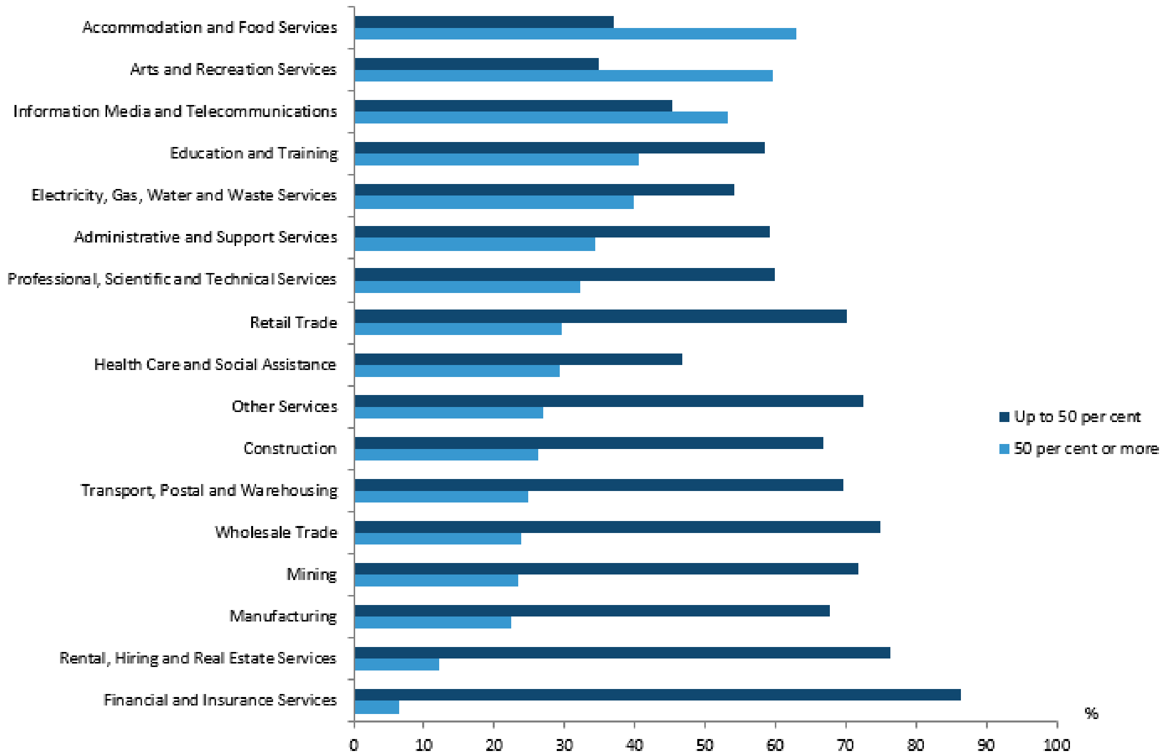
Chart 7: Magnitude of revenue decrease by operating status [(a)]



Note: (a) Proportions are of businesses that reported a decrease in revenue compared to the same period last year.

Source: ABS, *Business Impacts of COVID-19 Survey, June 2020*, Catalogue No 5676.0.55.003

Chart 8: Magnitude of revenue decrease, by industry[(a)]



Note: (a) Proportions are of businesses that reported a decrease in revenue compared to the same period last year.

Source: ABS, *Business Impacts of COVID-19 Survey, June 2020*, Catalogue No 5676.0.55.003

More than half of businesses with decreased revenue in Accommodation and food services (63%), Arts and recreation services (60%) and Information media and telecommunications (53%) reported that revenue had reduced by 50 per cent or more compared to the same time last year.

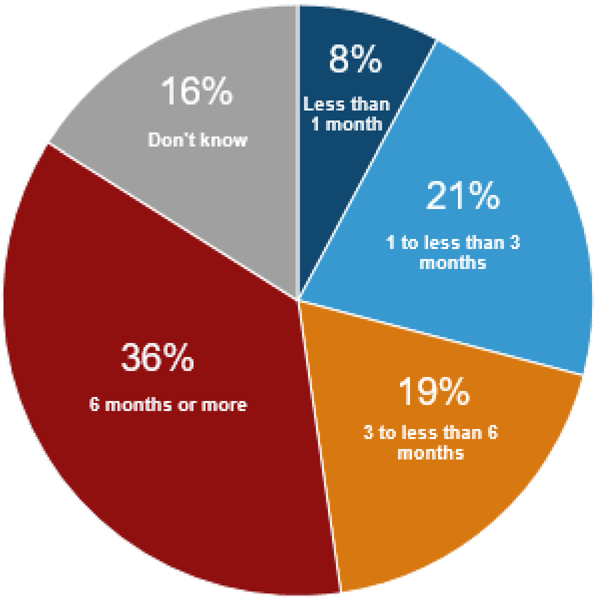
Business sentiment and cash reserves

Businesses were asked to estimate the length of time that, under current conditions, operations could be supported by currently available cash on hand.

In interpreting these results, it should be noted:

- The question was intended to capture business sentiments on their perceived financial resilience.
- Responses provide a point-in-time indication of business sentiments based on conditions experienced at the time of enumeration (between 10 June and 17 June 2020).
- As business conditions are constantly evolving, this would impact responses. For example, on 12 June National Cabinet agreed to a further removal of restrictions.
- Businesses were asked to provide a best estimate only, without accessing business records or reports.
- Cash on hand includes savings, assets that can easily be sold, and unused credit facilities.

Chart 9: Business sentiments on length of time operations could be supported by currently available cash on hand[a]

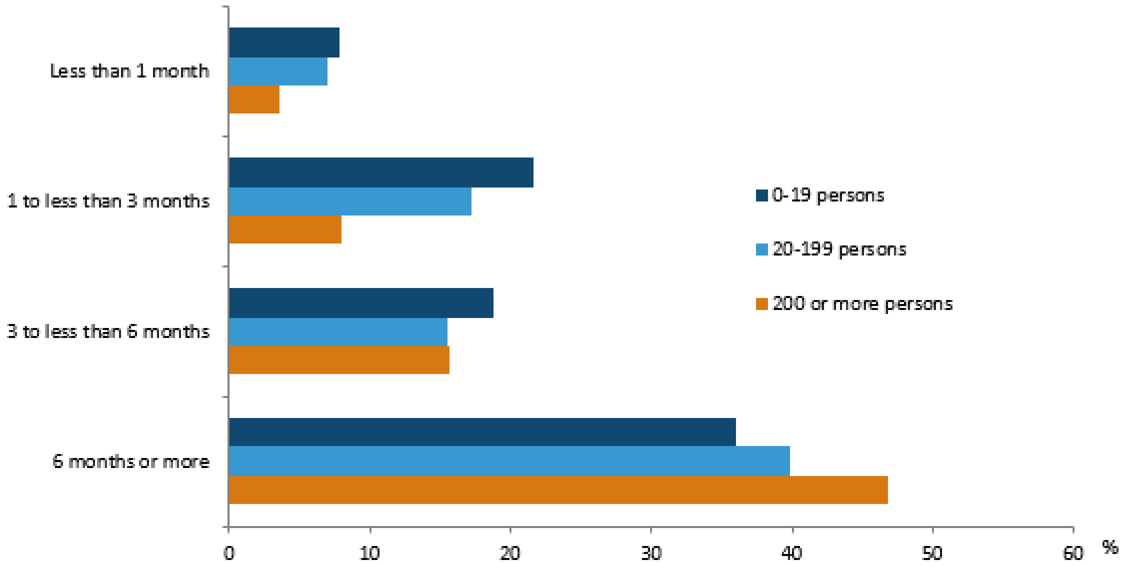


Note;(a) Proportions are of all businesses.

Source: ABS, *Business Impacts of COVID-19 Survey, June 2020*, Catalogue No 5676.0.55.003

Several businesses commented that existing cash on hand would not be sufficient to maintain operations if not for government support measures.

Chart 10: Business sentiments on length of time operations could be supported by currently available cash on hand, by employment size[a]



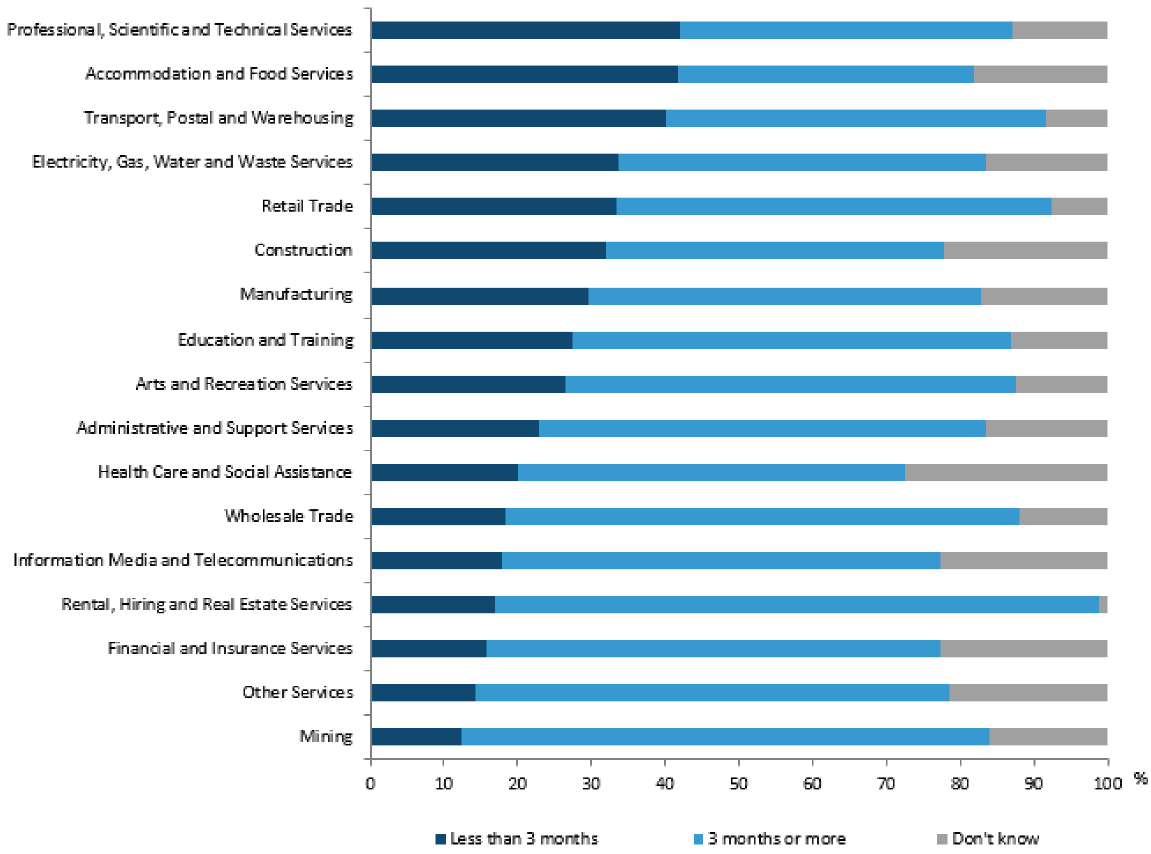
Note: (a) Proportions are of all businesses.

Source: ABS, *Business Impacts of COVID-19 Survey, June 2020*, Catalogue No 5676.0.55.003

Three in ten (30 per cent) small businesses (i.e. those with 0-19 persons employed) reported that currently available cash on hand would support business operations for less than 3 months;

compared to 24 per cent of medium sized businesses (20-199 persons employed) and 12 per cent of large businesses (200 or more persons employed).

Chart 11: Business sentiments on length of time operations could be supported by currently available cash on hand, by industry(a)



Note: (a) Proportions are of all businesses.

Source: ABS, *Business Impacts of COVID-19 Survey, June 2020*, Catalogue No 5676.0.55.003

The industries with the largest proportion of businesses that reported their currently available cash on hand would support less than 3 months of operations were Professional, scientific and technical services (42 per cent), Accommodation and food services (42 per cent) and Transport postal and warehousing (40 per cent).