



Director Sentiment Index: Research Findings First Half 2021

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## First half 2021 sample profile

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Members of the Australian Institute of Company Directors were invited to take part in the survey between 31 March – 14 April 2021. A total of 1,589 members responded. Results were weighted by gender to reflect the profile of the AICD member base.

No. of current directorships	%
1	33(34)
2	28 (29)
3 or more	38 (36)
Prefer not to say	1 (1)
Positions held on board(s)	%
Executive Director	36 (37)
Non-Executive Director	<b>67</b> (65)
Chairman	<b>35</b> (33)
Other	7 (7)
Prefer not to say	2 (2)
Conder	97

Gender	%
Male	70 (70)
Female	29 (30)
Other	0
Prefer not to say	1 (1)

Primary directorship company	%	
Publicly listed Australian entity	11 (9)	
Private/non-listed Australian entity	<b>44</b> (44)	
Not-for profit entity	<b>32</b> (34)	
Public sector/ government body	7 (7)	
Overseas entity	5 (3)	
Primary directorship based	%	
NSW	31 (28)	
VIC	27 (30)	
QLD	15 (15)	
WA	10 (8)	
SA/NT	7 (7)	
TAS	3 (3)	
ACT	3 (3)	
Overseas	4 (3)	
(x) = 2 <sup>st</sup> half 2020 results (15-29 September 2020		

Base: All respondents n=1589

S1 - S5, S8

Primary directorship business sector(s)	%
Health and Community Services	<b>24</b> (23)
Finance and Insurance	14 (14)
Property and Business Services	9 (8)
Education	8 (10)
Agriculture, Forestry and Fishing	5 (4)
Mining	5 (5)
Manufacturing	7 (6)
Construction	4 (4)
Energy	3 (3)
Personal and Other Services	2 (3)
Cultural and Entertainment industry	3 (3)
Government Administration and Defence	3 (3)
Transport and Storage	3 (3)
Wholesale Trade	3 (3)
Retail Trade	4 (2)
Accommodation, Cafes and Restaurants	2 (2)
Communication Services	2 (2)

### NB: Profile data is unweighted.

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## Director Sentiment Index

## **Overall Director Sentiment Index**

100.0 Optimistic 80.0 60.0 40.0 20.0 2.7 0.9 7.2 4.2 -6.4 -10.2 0.0 -15.1 Neutral -17.5 1<sup>st</sup> half -21.9 -21.8 -22.5 1<sup>st</sup> half -27.5 -29.0 2018 2<sup>nd</sup> half -29.0 -20.0 -31.4 2<sup>nd</sup> half 21 2021 2<sup>nd</sup> half 2016 2<sup>nd</sup> half 1<sup>st</sup> half 2017 1<sup>st</sup> half 39.1 2018 -43.7 -37.3 2nd half 1st half 2017 -40.0 1<sup>st</sup> half 2016 2015 2014 2019 2015 2<sup>nd</sup> half -60.0 -59.0 2019 2<sup>nd</sup> half 2020 -80.0 Pessimistic 1<sup>st</sup> half 2020 -100.0 Nov'13-May-Dec'16-Aug-Nov'18-Nov'14 Nov'15-May-Nov'17-Apr'18-Apr-Apr-Sept' 2/2011 1/2012 2/2012 1/2013 2/2013 May-Oct'15 Oct'19-1/2011 Oct-Mar 21 Apr'14 Oct'14 Nov'16 Apr'17 Apr'15 Jul'16 Oct'17 Mar'19 Sept'19 Mar'18 Oct'18 20 Mar'20 RBA official Federal gov't Coalition RBA Inaugurati Cash rate Leadership Commissio Coalition Closure of Brexit-Cash rate cash interest Cash rate Extreme Continued COVID official on school aovt wins the n into Australian spill (Feb) UK remains stable remains weather rate measures, however cash announces of Donald fundina Misconduct Apr'19 & State withdraw on hold. stable Same conditions. reduced to mostly eased relative Trump backflip first budget interest Federal RBA official Economic in the Borders. s from however. sex record low severe (Jun) rate (Jan) to early 2020. (Dec) cash interest the EU condition Banking, election increase marriade drought, Lockdowns reduced to Cash rates Superannu rate Chinese (Jun) s improve vote mortgage bushfires Snap lockdowns Carbon tax and historic Iron ore Crisis in reduced to globally. rates by ation and lowered Stock The and legislation price rises restrictions low (Aug) continue, however Ukraine Malcolm Australian banks Financial Escalating record low Market emergence scrapped sianificantl Australia (Feb) Turnbull USA-China shorter than original Services (Feb) Crash (Jun-Scott of COVIDeconom (Jul) Donald v from Free Trade retrade Industry Aug) arew Morrison 19 lockdowns. Surge in Trump November Aareements elected report tensions 0.4% takes over Start of Oil and iron Australia VIC in Julv wins US 2016 to with as PM released tariffs Globally pandemic Malcolm as PM Lockdowns ore prices ioins US-March (Jul) presidenti Japan/South Turnbull has greater impact on fallind led coalitio al election 2017 Korea (Apr) takes over day to day life than in rapidly to fight in

as PM (Oct)

(Nov)

Recovery of Sentiment continues, with overall sentiment sitting in the net positive space for the first time since late 2018. Whilst the pandemic continues to impact elements of day to day life, overall positive performance of Australia vs. other countries helps to bolster positive sentiment.

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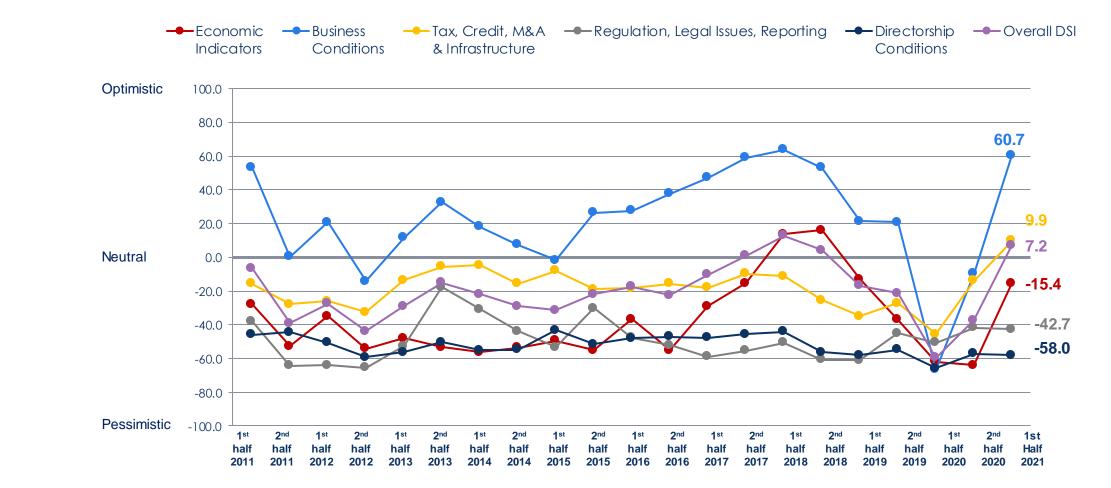
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## **Overall Director Sentiment Index by segment**

The recovery of sentiment is driven largely by uplifts in Business Conditions (a trend started in the 2<sup>nd</sup> half of 2020) and strengthening of Economic indicators as well as Tax, Credit, M&A & Infrastructure. Directorship conditions and Regulation, Legal Issues, Reporting remain negative with no overall movement.



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## **Executive Summary**

### EXECUTIVE SUMMARY

## **Economic and Market Outlook**

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### Health of economies

- A year into COVID-19, and with vaccination programs and economic recovery plans in sight, directors' views of global economies are starting to return to a more positive outlook, with expectations of the Australian, Asian, Chinese, European and US economies all more positive than seen in late 2019.
- Outlook for the European economy is currently still low and in the net negative space, potentially due to challenges in implementing vaccine roll out and consistent containment processes. However, outlook is still up vs. expectations seen in the second half of 2020
- Expectation of the US and Asian economies are looking more positive, however positive expectations are strongest for China, followed by Australia.
- Directors across all states are more positive about both current and future economic outlook than registered in the second half of 2020. Directors in WA are most positive about the economic outlook of their state in the next 12 months with a net balance of +80 followed by NSW. QLD is currently the most pessimistic (this may be linked to March cluster shortly before fieldwork period).

#### **Economic indicators**

- Economic indicators see more positive rating for first half of 2021 compared to second half of 2020of COVID-19.
- Expectations around Inflation rate in Australia raises from a net balance of – 16 to +42 and net balance of expectations of RBA official cash interest rate raise from -22 to +22
- After 2 years of pessimistic sentiment regarding the ASX All Ordinaries, expectations for the Index to rise in the next 12 months has increased to +41, the highest sentiment since late 2013.

### Economic challenges

• While there is a positive outlook among directors, COVID-19 remains the main economic challenge currently facing Australian business, with 41% listing the pandemic as a key challenge, followed by concerns around global economic uncertainty (31%) and climate change (25%).

# Business Forecast

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### **Business growth**

• In line with the positive Economic and Market outlook, there is a positive shift for Business growth, both current (moving from net balance -37 to +10) and next 12 months, with expectations of expansion increasing from net balance +14 to +52.

### Changes in business

• Expectations of changes in business also see greater positivity, with expectations of increase for investment levels, staffing levels/ labour demand, business exports, levels of outsourcing and wages.

### **Profits**

Expectations of profits for the current six months (Jan-Jul'21) compared to profits for the previous six months (Jul-Dec'20) and the budget forecast for the current six months (Jan-Jul'20) improve to see net positive balance (from -18 to +14 and from -16% to +18%) indicating economic recovery after initial impact of COVID-19.

• Expectations of actual profits for the second half of this financial year (Jan-Jun 21) also see improvement, in the net positive territory relative to the profits for the current 6 months (Jan-Jun-21) and budget forecast for the first half of the FY (Julto Dec 21).

#### Business outlook

 Confidence in business outlook has returned, with net balance of + 38 (vs. previous net balance of -24) for general business outlook. Confidence has also strengthened for business sectors, with net +44 of directors feeling optimistic about the business outlook for their own sector.

### **EXECUTIVE SUMMARY**

## **Government Policy**

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### **Budgetary**

- There is stability for areas that Directors feel should be the top priorities that the Federal Government should address in the short term, with Climate Change remaining the highest ranked priority, followed by Energy policy and Taxation reform.
- This is also true of long term focus, with 51% of Directors rating climate change as a key priority for focus, followed by aging population, Energy Policy, International competitiveness and Education.
- Opinion regarding the level of government spending on infrastructure continues to be net negative, with 61% of directors stating they find government spending on infrastructure is too low vs. just 9% stating they think spend is too high.
- Directors rate renewable energy sources as the top area of • importance for infrastructure investment (with 63% rating this as atop 3 priority) followed by regional infrastructure (52%), Water Supply (34%) and Telco (32%).

### Taxation

Directors continue to view the level of personal and corporate taxation in Australia as high, as seen in 2020, and Personal Income tax remains top area Directors would like to see reform (at 51%).

### Regulation

- Overall, Directors expect an Increase in the level of red tape in the next 12 months, with 42% of directors expecting levels to increase, vs. just 8% expecting levels to decrease.
- Corporate Reporting Requirements continue to be the area of red tape negatively impacting business productivity, with net balance of -53%.

### National productivity

In line with scores seen in 2020, less focus on short termism is the top area directors identify for lifting national productivity (37%). This is followed by a greater focus on fostering innovation (35%) and better focus on education (30%).

### Credit availability

Directors have experienced increase in credit availability in H1 2021 across Investment purposes, Asset Purchases and Working Capital Purposes. Expectations of credit availability in the future have also increased, with Directors expecting freer availability in the next 12 months.

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### EXECUTIVE SUMMARY

## Government Policy (cont.)

### Public policy

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- Perception of current quality of public policy debate continues with just 5% of directors rating the quality of the debate as good..
- Regarding support for climate change policies, a majority of directors support shifting general focus of policy towards building national adaptability/ resilience to climate change (with net +66 support), Price on carbon via a carbon tax sees least support (with net balance of +6).

### Performance & business understanding

- Currently directors feel less positive about the overall impact of the current federal Governments impact on both business decision making and consumer confidence, with both sitting in net negative space (-17 and -16 respectively).
- Directors are also less positive regarding perceptions that the current federal government understands business, with net -4 agreement with this statement, vs net +10% seen in the second half of 2020.

### **Director liability**

• Ithe impact of director's liability on business decision making,

willingness to continue on a board and willingness to accept new board appointments remains negative and in line with levels seen in second half 2020.

• Directors also continue to see a risk averse decision-making culture on Australian boards, with net score of +62 agreement with this statement. Excessive focus on compliance over performance remains the key reason (29%).

### **Board diversity**

- There is an increase in directors saying their board is actively seeking to increase diversity cross all areas.
- 63% of directors also see active attempts to increase diversity in Digital literacy/technology.

### Corporate culture

- There is a sense that boards are trying to effect culture change within their organisation, with only 88% of directors identifying some or substantial effort.
- 69% of directors feel their board has sufficient oversight of the culture of their organisation, vs. 20% disagreeing with this statement.

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# Topical Issues

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- While the impact of Coronavirus/ COVID 19 continues to be a top 3 issue keeping directors "awake at night" (with 24% selecting this issue), it is no longer the stand out issue, with sustainability and long term growth prospects coming in as leading issue at 26% and cyber crime joint second with COVID-19 at 24%.
- Climate change is seen to be a material risk for organisations, with 52% of Directors agreeing with this statement vs. 26% disagreeing.

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## Economic Outlook and Challenges

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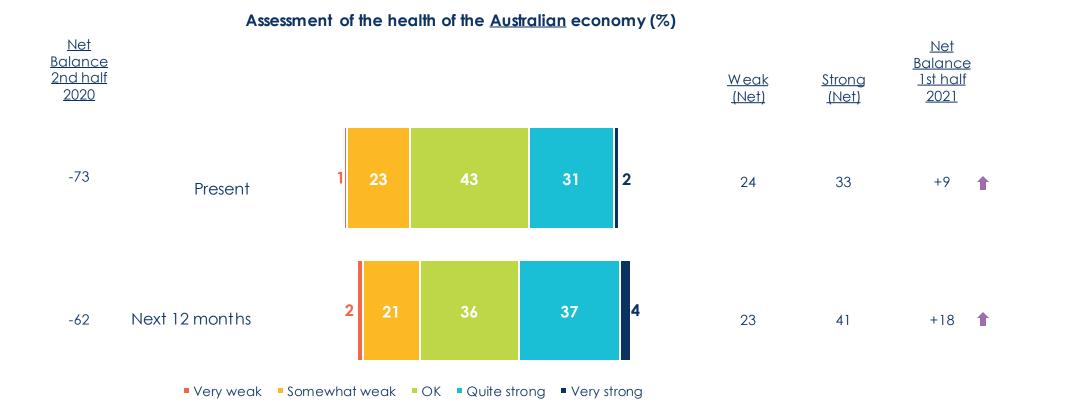
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## Health of the <u>Australian</u> economy

After a year of COVID-19, the assessment of the current health of the Australian economy is moving into a positive space, as is outlook of the economy over the next 12 months - potentially bolstered by Australia's performance containing outbreaks vs. other countries,



1. What is your assessment of the health of the Australian economy? Base: All respondents n=1589

Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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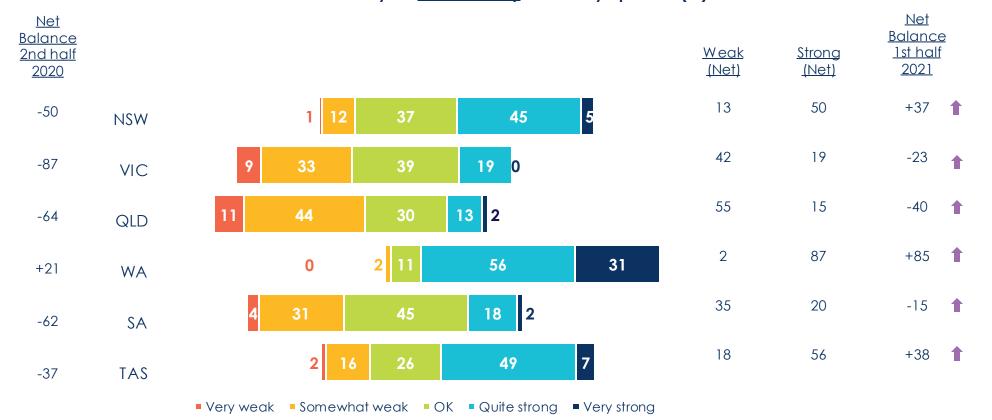
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## Health of the <u>State/Territory</u> economies - now

Every state has seen an increase in the assessment of current health vs. second half of 2020. WA leads with the strongest assessment, followed by Tasmania and NSW. VIC, QLD and SA are still in negative territory, however sentiment is still more positive than late 2020.



Assessment of the health of your <u>State/Territory</u> economy - present (%)

2. What is your assessment of the health of your State/Territory economy (where your primary directorship is based)? Base: NSW/VIC/QLD/WA/SA/TAS n=499/425/233/164/92/45

1 Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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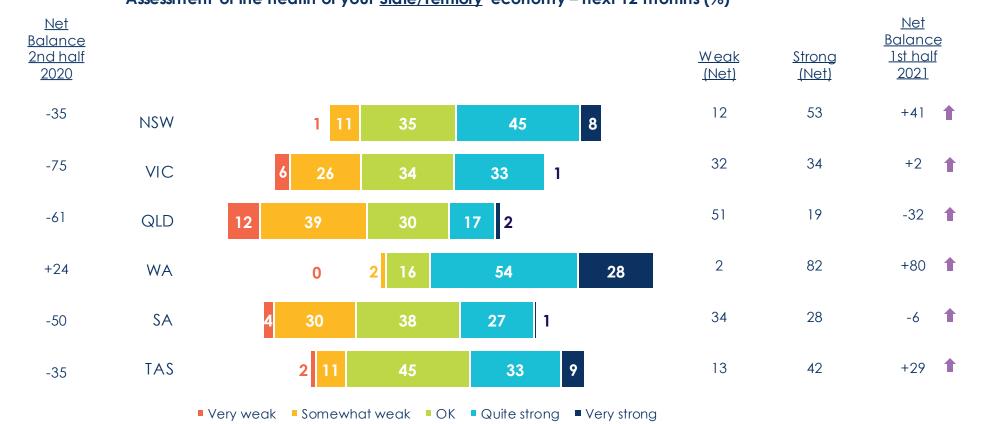
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## Health of the <u>State/Territory</u> economies – next 12 months

Likewise outlook for state/territory economy in the next 12 months is more positive across the board than levels seen in late 2020. Only QLD and SA remain net negative fo.



Assessment of the health of your State/Territory economy – next 12 months (%)

2. What is your assessment of the health of your State/Territory economy (where your primary directorship is based)? Base: NSW/VIC/QLD/WA/SA/TAS n=499/425/233/164/92/45

Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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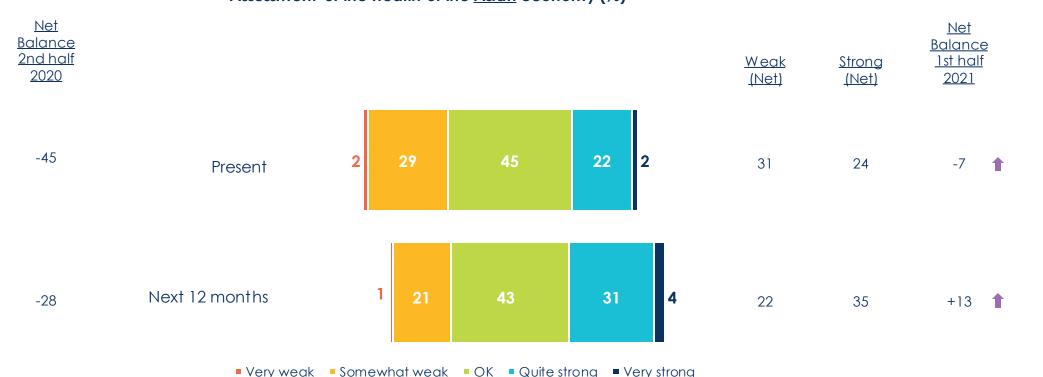
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### Health of the Asian economy

As with the Australian economy, assessment of the Asian economy is more positive than previously. While current assessment remains in negative territory this is significantly stronger than in the second half of 2020. The outlook for the next 12 months is net positive.



### Assessment of the health of the Asian economy (%)

3. W hat is your assessment of the health of the Asian economy? Base: All respondents n=1589

Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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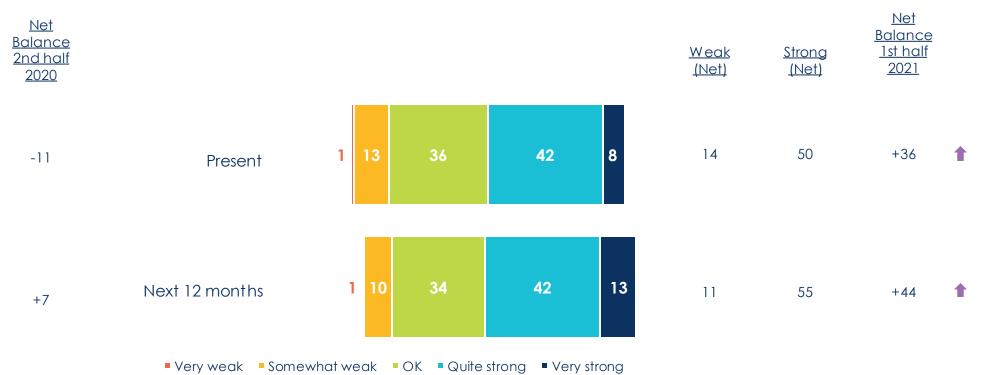
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### Health of the Chinese economy

Looking at the Chinese economy specifically, directors have a positive assessment of both current and future conditions.



Assessment of the health of the <u>Chinese</u> economy (%)

Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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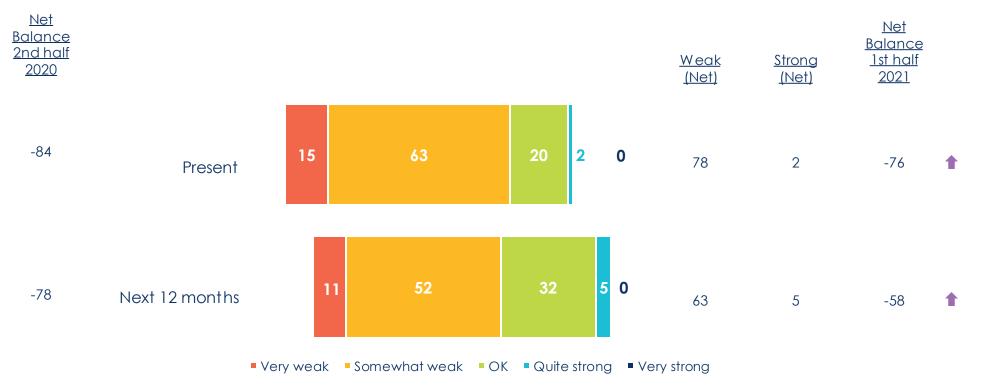
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## Health of the European economy

Assessment of the European economy at present and over next 12 months looks more positive than in second half of 2020, however both remain negative likely due to continued issues controlling outbreaks impacting economic recovery.



### Assessment of the health of the European economy (%)

Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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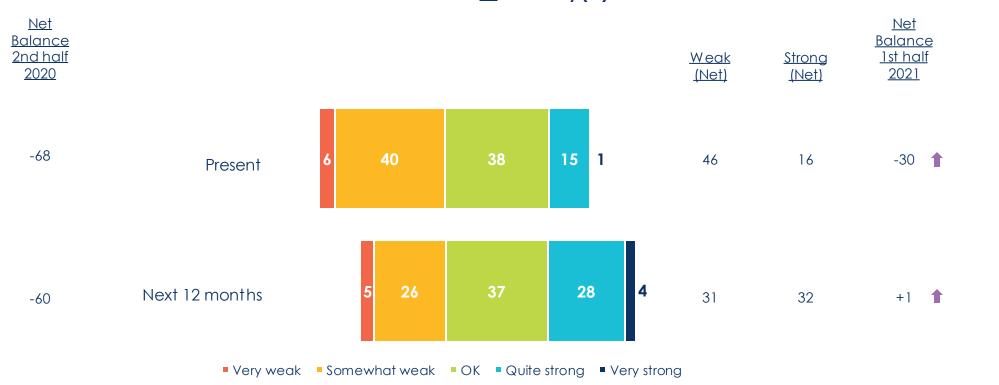
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## Health of the <u>US</u> economy

Current assessment of the US economy at present is stronger than the second half of 2020, however remains negative overall. Sentiment regarding the health of the economy over the next year is neutral, a significant improvement, potentially as a result of a change in administration and initiatives aimed at controlling COVID-19.



Assessment of the health of the <u>US</u> economy (%)

6. What is your assessment of the health of the US economy? Base: All respondents n= 1589

Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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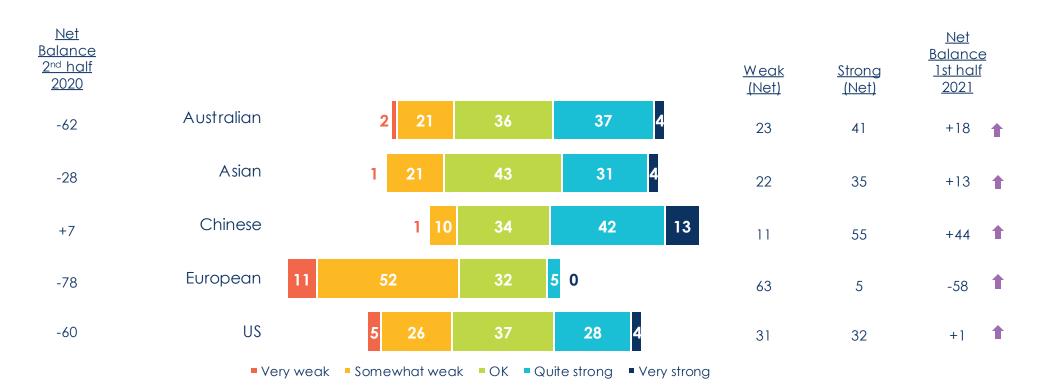
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## Next 12 months health of economies - summary

Expectations for the health of global economies in next 12 months all see improvement, suggesting optimism is rising as governments look to control outbreaks and roll out plans for economic recovery. Outlook is currently weakest for the European economy.



#### Next 12 months health of economies (%)

Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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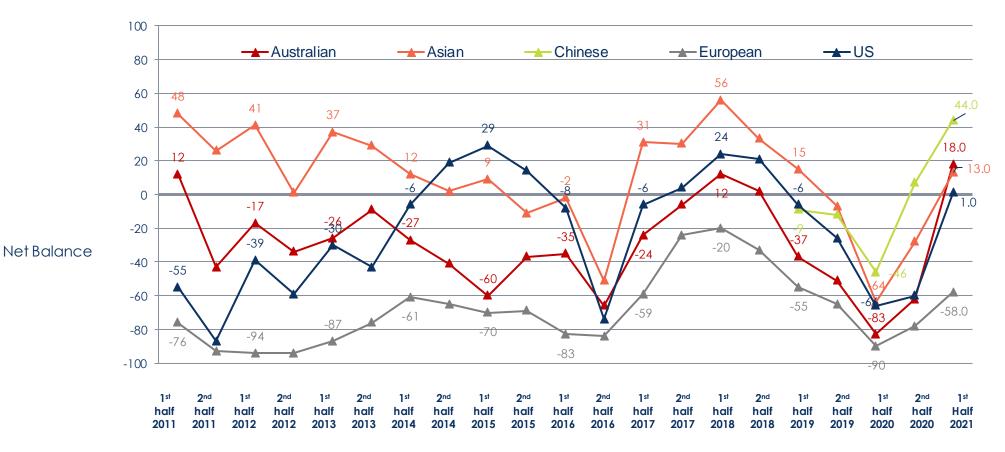
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## Next 12 months health of economies – semi-annual trend

The previous dip (the second half of 2020) saw slight uplifts in outlook of global economies for the next 12 months, and this trajectory has continued in this survey.

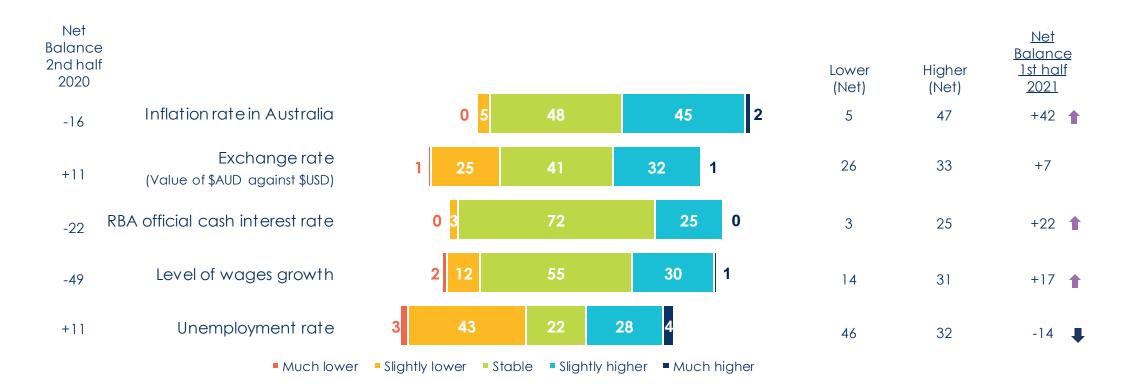


#### Source: 1,3-6

Base: All respondents; W12011 n=511; W22011 n= 523; W12012 n= 554; W22012 n=540; W12013 n=504; W22013 n=527; W12014 n=525; W22014 n=501; W12015 n=540; W22015 n=521; W12016 n=833; W22016 n=987; W12017 n=1106; W22017 n=973; W12018 n=945; W22018 n=1252, W12019 n=927, W22019 n=1489, W12020 n=1014, W22020 n=1777, W12021 n=1589

## Economic indicators (Australia) – expectations in next 12 months





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7. What is your expectation of ... ? Base: All respondents n=1589

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Significantly lower vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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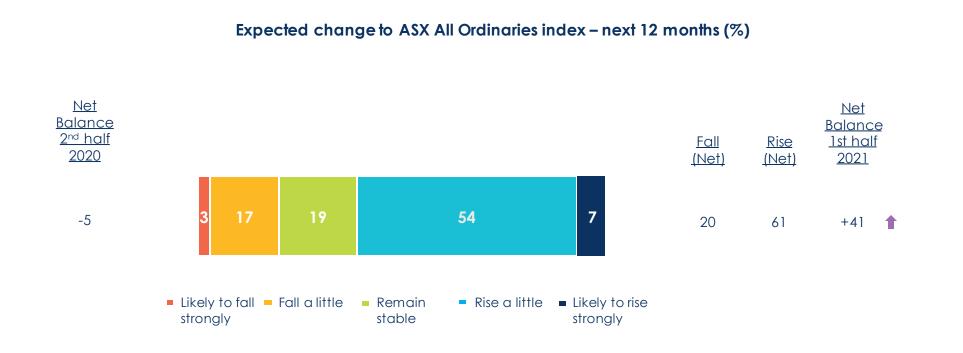
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## Expected change to ASX ALL Ordinaries index – next 12 months

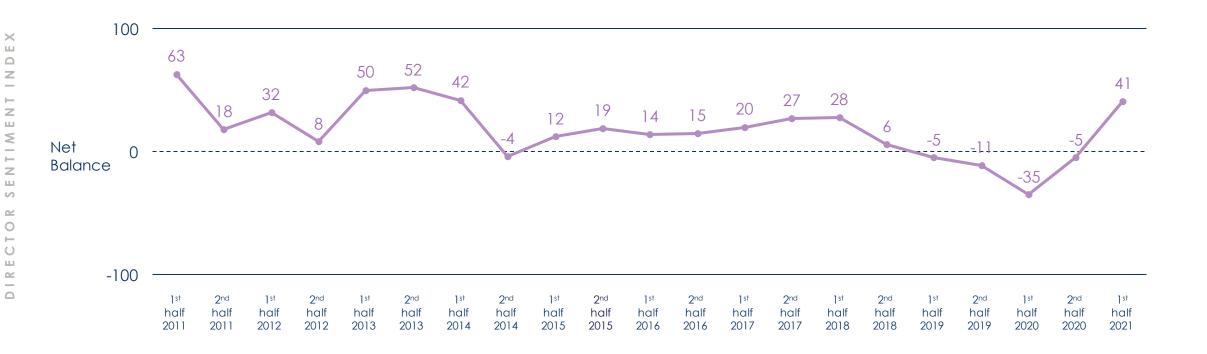
Expectations regarding the ASX All Ordinaries index sees positive movement, with only 20% of directors expecting the index to fall in the next 12 months.



Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

## Expected change to All Ordinaries index: next 12 months - trend

The recovery of expectations regarding the ASX All Ordinaries index sees sentiment at its highest level since 2014.



#### Source:19

Base: All respondents; W12011 n=511; W22011 n= 523; W12012 n= 554; W22012 n=521; W12013 n=504; W22013 n=527; W12014 n=525; W22014 n=501; W12015 n=540; W22015 n=521; W12016 n=833; W22016 n=987; W12017 n=1106; W22017 n=973; W12018 n=945; W22018 n=1252, W12019 n=927, W22019 n=1489 W12020 n=1014, W22020 n=1777, W12021 n=1589

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## Main current economic challenges (Top 3)

While overall there is positivity for economic indicators, expected challenges remain the same, with COVID-19, Global economic uncertainty and Climate change the leading economic challenges facing Australian businesses. Labour shortages has increased in prominence since last year.

Dip on dip o	comparison	Main economic challenges	currently facing Australian business (	(Top 3) (%)
<u>Total</u> 2 <sup>nd</sup> half 2020	<u>Total</u> 1 <sup>st</sup> half 2021			
62	41 🖡	Coronavirus/ COVID 19	41	ć
38	31 🖡	Global economic uncertainty	31	3
19	25 🕇	Climate change	25	
19	21	China's outlook	21	
16	18	Low productivity growth	18	C
5	17 🕇	Labour shortages	17	
15	15	Rising global protectionism	15	G
14	14	Too much regulation/ 'red tape'	14	c.
12	14	Trade wars	14	
12	14	Energy policy	14	2
11	11	Taxation system	11	ن 
11	10	Government debt levels	10	
6	9	Barriers to innovation	9	1
6	9	Wages growth/wage demands	9	
5	9	Ageing population	9	Ν
7	8	Industrial relations	8	
7	7	Other (SPECIFY)	7	
7	6	High energy prices	6	8. In your opinion, what are the 3 main
7	6	Level of infrastructure spending	6	economic challenges currently facing
8	5	Level of welfare spend	5	Australian business? (Select 3 answers only)
6	5	Budget deficit	5	
5	3	Credit availability	3	Base: All, respondents 2 <sup>nd</sup> half 2020 n=1777, 1 <sup>st</sup> half 2021 n=1589
2	3	Value of the Australian dollar	3	
2		Bushfire recovery	1	Significantly higher vs. 2 <sup>nd</sup> half 2020 @ 95% confidence level
	0	Drought	0	Significantly lower vs. 2 <sup>nd</sup> half 2020 @ 95% confidence level
0	0	Brexit	0	

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## **Business Forecast**

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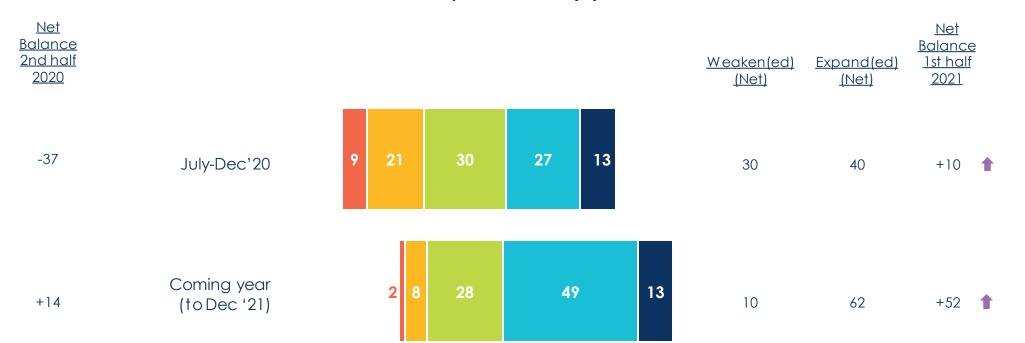
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## Growth of the business (primary directorship company)

Directors are feeling particularly optimistic about the growth of their business in the coming year.



Growth of the business – past and future (%)

Weaken(ed) a lot = Weaken(ed) a little = Remain(ed) stable = Expand(ed) a little = Expand(ed) a lot

9. Which best describes the growth or otherwise of the business over the period July to December 2020?
10. What is your expectation of the growth or otherwise of the business over the coming year (to December 2021)?
Base: All respondents n=1589

Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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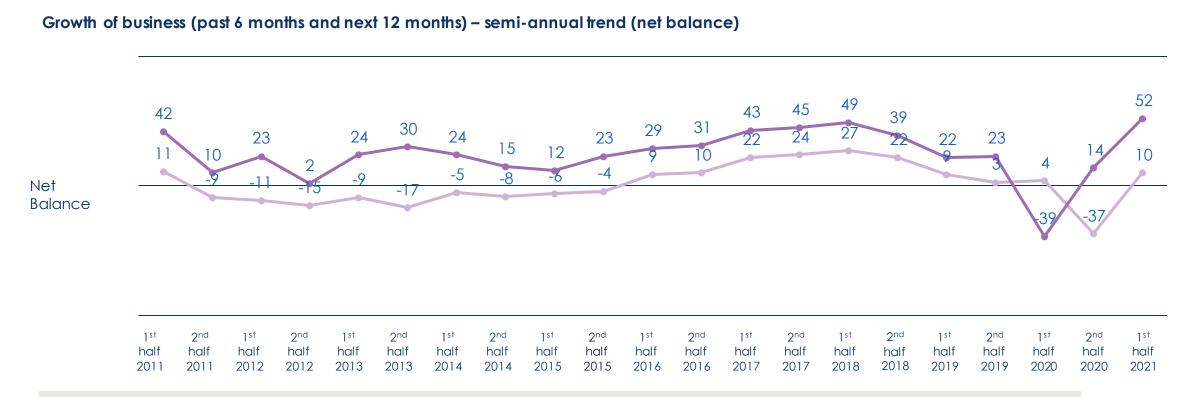
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## Past and future growth of business – semi-annual trend

After steep declines in anticipated growth in the first half of 2020 expectations for expansion are the highest seen since the beginning of the index, a reflection of optimism around economic recovery in Australia.



#### Source:8-9

Base: All respondents; W12011 n=511; W22011 n= 523; W12012 n= 554; W22012 n=521; W12013 n=504; W22013 n=527; W12014 n=525, W22014 n=501; W12015 n=540; W22015 n=521; W12016 n=833; W22016 n=987; W12017 n=1106; W22017 n=973; W12018 n=945; W22018 n=1252, W12019 n=927, W22019 n=1489, W12020 n=1014, W22020 n=1777, W12021 n=1589

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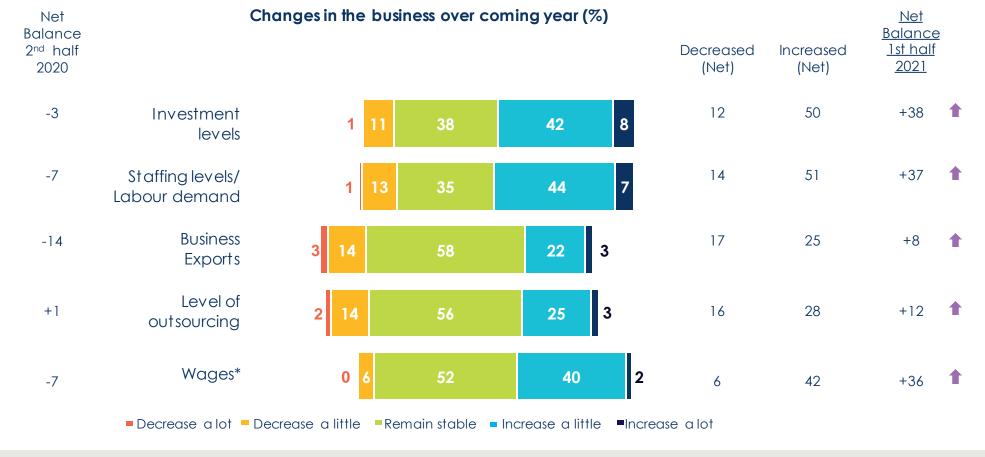
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## Changes in business – coming year

Directors expect to see an increase in Investment levels, staffing levels and wage growth in the coming year.



Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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### Changes in the business over coming year – semi-annual trend

Expectations of changes to business in the coming year not only show positive movement but strong recovery, with investment levels, staffing levels and wages increase expectations some of the highest levels seen since inception of tracking.



#### Source:11

Base: All respondents; W12011 n=511; W22011 n= 523; W12012 n= 554; W22012 n=540; W12013 n=504; W22013 n=527; W12014 n=525; W22014 n=501; W12015 n=540; W22015 n=521; W12016 n=833; W22016 n=987; W12017 n=1106; W22017 n=973; W12018 n=945; W22018 n=1252, W12019 n=927, W22019 n=1489, W12020 n=1014.\*W ages added in H2'19, W22020, 1777, W12021 n=1589

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## Profits for current six months compared to ...

More directors expect profits above budget forecast (39%) vs. those expecting lower profits (21%), putting net expectations in positive territory.

Actual profits for current six months (Jan to June 2021) compared to ... (%)



Significantly below Slightly below About the same Up slightly Up significantly

12. How do you expect your actual profits for the current 6 months, January to June 2021, to compare to ... ? Base: All respondents n=1589

Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level
 Significantly lower vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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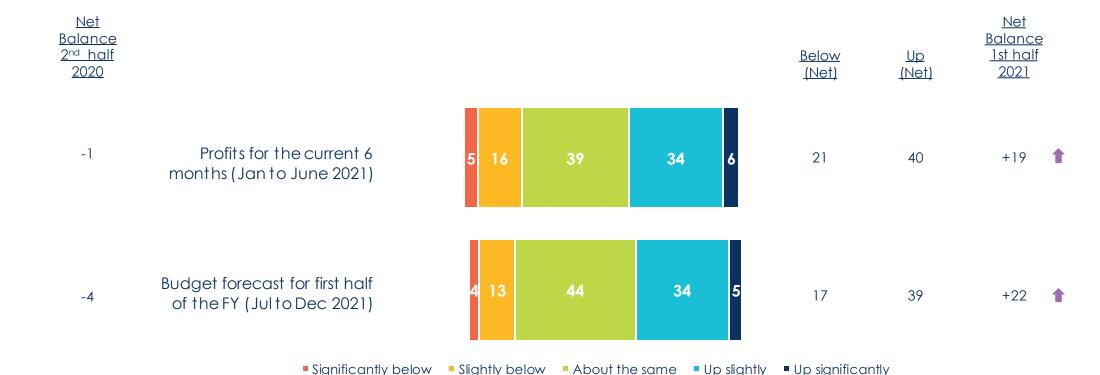
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## Profits for second half of this financial year compared to ...

More directors expecting increase in profits than those seeing decrease (net 19% for current 6 months and net 22% for Jul-Dec 21).



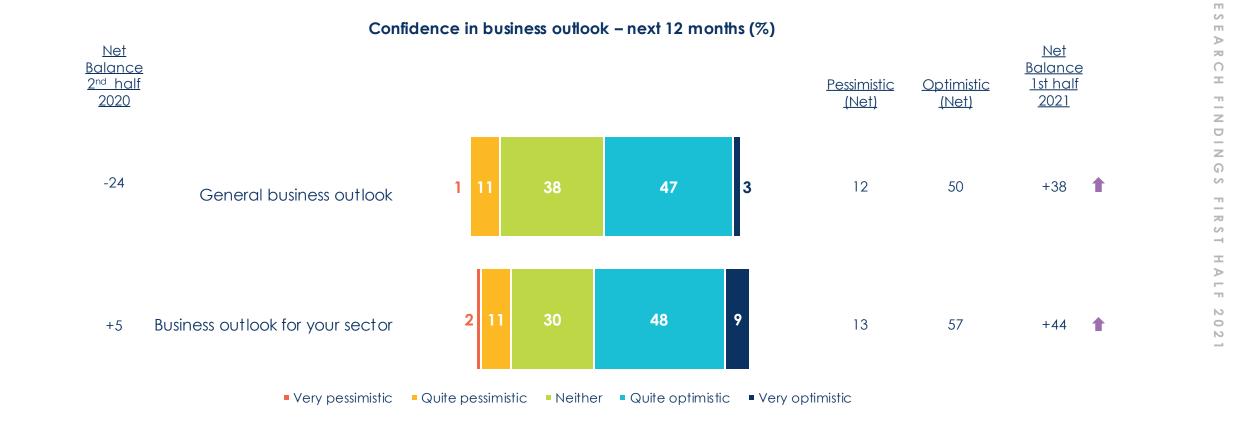
Actual profits for the second half of this financial year (Jul-Dec '21) compared to ... (%)

13. How do you expect your actual profits for the first half of this financial year, July to December 2021, to compare to ... ? Base: All respondents n= 1589 Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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## Confidence in business outlook – next 12 months

Overall optimism is reflected in directors' confidence regarding the business outlook in the next 12 months, with 50% of directors feeling confident about general business outlook and 57% feeling confident about outlook in their sector.



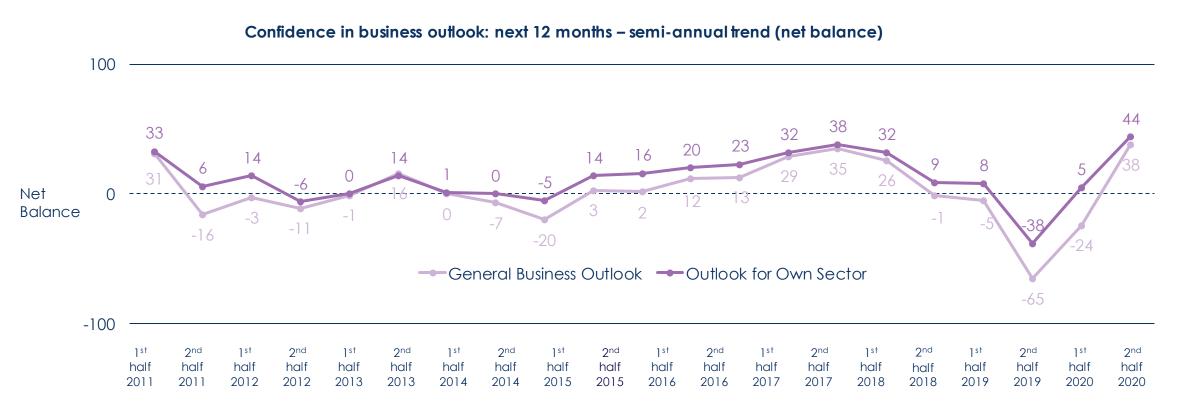
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Base: All respondents n= 1589

14. Overall, how confident or otherwise are you about ....?

# Confidence in business outlook - next 12 months – semi-annual trend

Recovery in confidence continues, with confidence in general business outlook and for own sector now at highest levels seen since the beginning of the Index.



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14. Overall, how confident or otherwise are you about ...?

Base: All respondents; W1 2011 n=511; W2 2011 n= 523; W1 2012 n= 554; W2 2012 n=540; W1 2013 n=504; W2 2013 n=527; W1 2014 n=525; W2 2014 n=501; W1 2015 n=540; W2 2015 n=521; W1 2016 n=833; W2 2016 n=987; W1 2017 n=1106; W2 2017 n=973; W1 2018 n=945; W2 2018 n=1252, W1 2019 n=927, W2 2019 n=1489, W1 2020 n=1014, W2 2020 n=1777, W1 2021 n= 1589

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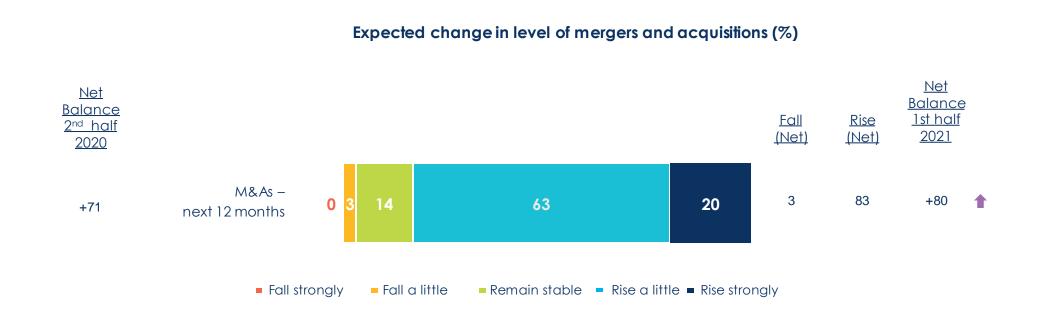
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# Expected change in level of mergers and acquisitions – next 12 months

83% of directors expect a rise in the level of mergers and acquisitions over the coming year.



Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

Significantly lower vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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### Government Policy Budgetary

#### Issues federal government should address in short term (part 1)

Climate change, energy policy and tax reform continue to be top issues that directors feel the Federal Government should be focused on.

Top $t$	5 issues of importance the Federal Governme (where 1 is the most importat			e short term	(%)	<u>Total</u>	<u>Total</u>
		• 1	2 3	■ 4 ■	5	2 <sup>nd</sup> half 2020	1 <sup>st</sup> half 2021
	Climate change		20	7 7	6 5	45	45
slide,	Energy policy	10	12	7	6 6	43	41
xt s	Taxation reform	7	6 6	6 4		34	29
next	Productivity growth	6 (	5 6	6 5		30	29
LO .	Infrastructure	5 5	6 6	6		32	28
(cont.	Health	6 (	5 6 5	5		23	28
Ú Ú	Engagement with Asia	4 5	6 6	6		25	27
	Lack of skills in workforce/skills shortages	56	5 4	5		21	25
PART	Education		56	4		24	24
	International competitiveness	4 4	4 4 6			24	22
	Ageing population	3 4	5 5 5			20	22 2
	Regulation/ 'red-tape'	3 3 4	4 5			20	19 f
	Indigenous disadvantage	2 4 3	5 5			19	19 v

\$ significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level
 \$ significantly lower vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

25. Please nominate the top 5 issues of importance, in your opinion, that the federal gov ernment should address in the short term (i.e. in the next 3 years), where 1 is the most important issue and 5 is the least important Base: All respondents,  $2^{nd}$  half 2020 n=1777, 1<sup>st</sup> half of 2021 n=1589

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#### Issues federal government should address in short term (part 2)

Тор	5 issues of importance the Federal Govern		<u>Total</u>	<u>Total</u>
	(where 1 is the most impor	■ 1 ■ 2 ■ 3 ■ 4 ■ 5	2 <sup>nd</sup> half 2020	1 <sup>st</sup> half 2021
slide)	Barriers to innovation	3 4 3 4 4	18	18
IS Sl	Industrial Relations	2 3 4 3 4	18	16
,ioL	Innovation policy	2 3 4 4 3	18	16
orevious	Foreign ow nership	2 3 3 4 3	17	15
	Federal budget deficit	3 2 2 3 3	13	13
froi	Defence	2 2 2 3 3	8	12
nt.	Childcare policies	1 2 2 2 2	7	9
(cont.	Superannuation	1 2 2 2 2	8	9
T 2	NBN rollout	1 2 2 2 2	11	9
PAR	Skilled immigration including changes to 457 arrangements	12122	6	8
	Size of the Federal Government	2 1 1 1 2	6	7
	Border protection	11112	5	6
	Constitutional reform	<b>1</b> 01 <mark>1 1</mark>	6	4

25. Please nominate the top 5 issues of importance, in your opinion, that the federal gov ernment should address in the short term (i.e. in the next 3 years), where 1 is the most important issue and 5 is the least important Base: All respondents, 2<sup>nd</sup> half 2020 n=1777, 1<sup>st</sup> half of 2021 n=1589

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#### Issues federal government should address in long term (part 1)

Climate change continues to be the key area that directors feel the Federal Government should be looking to address in the long-term. The ageing population, energy policy as well as international competitiveness are also seen as priorities.

Тор	5 issues of importance the Federal Gover (where 1 is the most imp							lon	g tei	ʻm (%	)	<u>Total</u>	<u>Total</u>
	(			-	2	<b>3</b>	<b>4</b>		5			2 <sup>nd</sup> half 2020	1 <sup>st</sup> half 2021
	Climate change			27	/		9	-	5	6	4	49	51
slide	Ageing population	5	8		7	6	7					30	33
ext sl	Energy policy	6		9	6	6	5					34	32
De	International competitiveness	5	5	7		7	6					30	30
UO	Infrastructure	5	5	6	6	6						30	28
nt.	Education	4	7	6	6	5 5						30	28
	Taxation reform	5	5	6	6	5						29	27
Ē	Engagement with Asia 3	3	6	6	7	5						29	27
PAR	Productivity growth	5	5	5	5	6						26	26
	Health	4	5	5	6	5						21	25
	Indigenous disadvantage	4	5	5	3 5							22	22
	Federal budget deficit	5	4	4	4 5							22	22
	Lack of skills in workforce/skills shortages	3 3	4	4	4							16	18

\$ significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level
 \$ significantly lower vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

26. Please nominate the top 5 issues of importance, in your opinion, that the federal gov ernment should address in the long term (i.e. in the next 10-20 years), where 1 is the most important issue and 5 is the least important Base: All respondents,  $2^{nd}$  half 2020 n=1777,  $1^{st}$  half of 2021 n=1589

#### Issues federal government should address in long term (part 2)

Тор		rnment should address in the long term (%) portant issue and 5 the least)	<u>Total</u> 2 <sup>nd</sup> half	<u>Total</u> 1st half
		■ 1 ■ 2 ■ 3 ■ 4 ■ 5	2020	2021
slide)	Innovation policy	2 3 4 4 4	16	17
JS SI	Barriers to innovation	2 3 4 3 4	18	16
/jol	Defence	4 3 3 3 <b>3</b>	13	16
ore	Foreign ownership	<mark>2</mark> 2 3 <mark>3 3</mark>	14	13
E E	Regulation/ 'red-tape'	1 <mark>2 3 3 3</mark>	13	12
froi	Industrial Relations	1 <mark>2 3 3 3</mark>	13	12
nt.	Constitutional reform	<mark>2</mark> 2 2 2 2	12	10
(CO	Superannuation	1 <mark>2</mark> 2 <b>2</b> 2	10	9
T 2	Size of the Federal Government	1121 <mark>2</mark>	7	7
AR	Childcare policies	111 <mark>21</mark>	5	6
₽_	ed immigration including changes to 457 arrangements	1111 111	4	5
	NBN rollout	C]11	4	4
	Border protection	011 <mark>11</mark>	4	4

Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level
 Significantly lower vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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26. Please nominate the top 5 issues of importance, in your opinion, that the federal gov ernment should address in the long term (i.e. in the next 10-20 years), where 1 is the most important issue and 5 is the least important Base: All respondents, 2<sup>nd</sup> half 2020 n=1777, 1<sup>st</sup> half of 2021 n=1589

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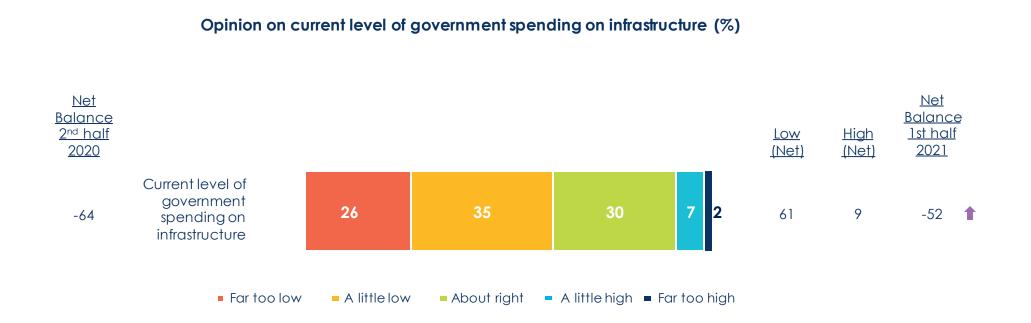
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#### Current level of government spending on infrastructure

Directors continue to feel that government spending on infrastructure is too low.



20. In your opinion, is the current level of government spending on infrastructure...? Base: All respondents n= 1589 Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level
 Significantly lower vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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#### Investment in Infrastructure (Top 3)

Directors continue to prioritise renewable energy sources, regional infrastructure and water supply as the top priorities for infrastructure investment.re

		• 1	2	■ 3		2 <sup>nd</sup> half 2020	1 <sup>st</sup> half 2021	
Renewableenergysources		37		15	12	63	64	
Regional infrastructure	15		18	19		52	52	
Water supply	8	14	12			36	34	
Telco networkse.g. NBN	9	12	11			37	32	
Roads	8 1	0	9			23	27	
High speed rail	5 10	8				22	23	
Nuclear power	6 4	7				15	17	
Intercity freight	2 5 6					14	13	
Urban rail	2 4 4					12	10	
Ports	2 3 3					5	8	21. Please nominate the top three
Other	212					8	5	areas of infrastructure in order of importance for investment, in your
Coal power	212					6	5	opinion (Select three answers only) Base: All respondents, 2 <sup>nd</sup> half 2020
Airport	2					4	4	n=1777, 1 <sup>st</sup> half of 2021 n=1589
Light rail	2					4	4	

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## Government Policy Taxation

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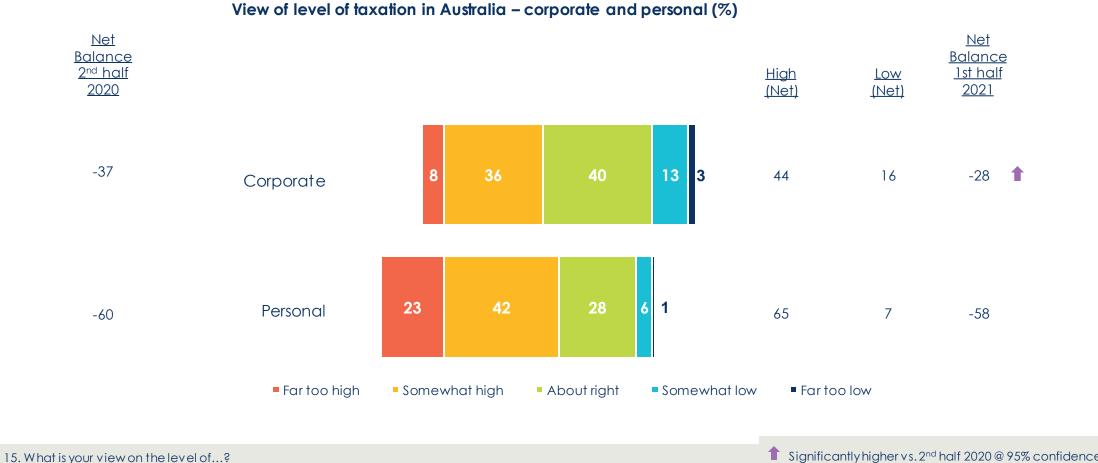
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#### Level of taxation in Australia

Directors continue to feel that on balance, levels of corporate and personal taxation are too high, with personal tax particularly felt to be too high



Base: All respondents n= 1589

#### **Reform of taxation system**

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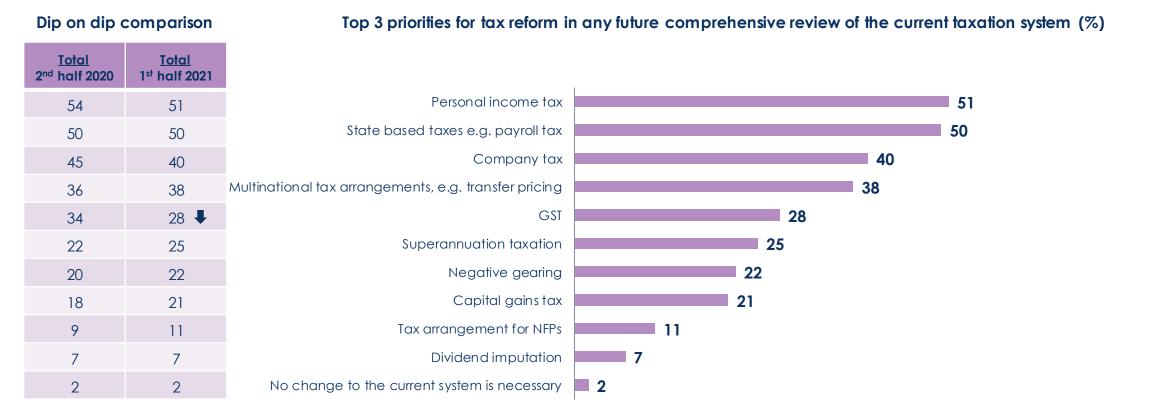
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In line with perceptions that personal income tax is too high, Directors see this as an area to focus on for reform, followed by state based taxes.



27. Please nominate the top 3 priorities for tax reform, in your opinion, in any future comprehensive review of the current taxations for tax to set and half 2020 @ 95% confidence level Base: All respondents, 2<sup>nd</sup> half of 2020 n=1777, 1<sup>st</sup> half 2021 n=1589

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### Government Policy Regulation

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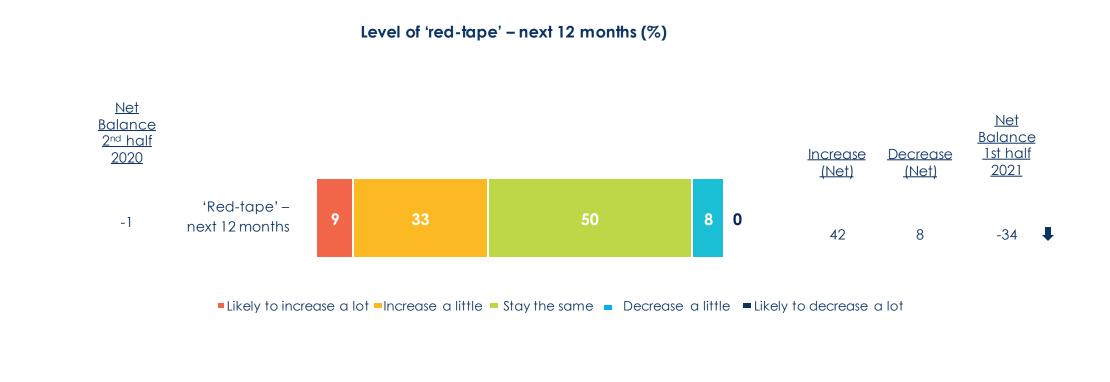
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#### Level of 'red-tape' in next 12 months

While 50% of directors expect the level of red tape to remain the same in the next 12 months, 42% expect it to increase vs. just 8% expecting a decrease, resulting in an overall net expectation of increase.



Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level
 Significantly lower vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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#### Impact of 'red-tape' on business productivity

Red tape continues to have an overall net negative impact on business productivity (except investing in capital assets), with the impact more pronounced than in the second half of 2020.

Impact of 'red-tape' on the productivity of your business in

Net	Impact of rea-to	ape on me pro	αυστινιτγ	or your business in ()	<b>(</b> 0 <b>)</b>		Net	
<u>Balance</u> <u>2<sup>nd</sup> half</u> <u>2020</u>					<u>Moderate/</u> <u>High impact</u> <u>(Net)</u>	<u>No impact/</u> Low impact <u>(Net)</u>	Balance 1 <sup>st</sup> half 2021	
-43	Corporate Reporting requirements	36	39	<mark>3 18 </mark> 4	75	22	-53 🖡	
-34	Workplace health and safety	35	38	2 20 5	73	25	-48 🖡	
-24	Preparing/paying taxes	24	43	3 24 6	67	30	-37 🖡	
-22	Workplace flexibility	31	33	4 24 8	64	32	-32 🖡	
-16	Employing new workers	25	39	2 27 7	64	34	-30	
-3	Environmental compliance	25	30	6 28 11	55	39	-16 🖡	
+4	Investing in capital assets	15	31	11 30 13	46	43	-3	

(%)

High impact - Moderate impact - Not applicable - Low impact No impact

23. W hat impact (cost/time) does 'red-tape' have on the productivity of your business in the following areas? Base: All respondents n= 1589 Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

n=1777, 1<sup>st</sup> half 2021 n=1589

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#### Main measure to lift national productivity

As seen in the second half of 2020, directors feel that less focus on short termism and greater focus on fostering innovation are key areas that have the potential to boost national productivity.

#### Dip on dip comparison Main measures to lift national productivity (Top 3) (%)**Total** Total 2<sup>nd</sup> half 2020 1<sup>st</sup> half 2021 37 37 Less focus on short termism 37 35 33 A greater focus on fostering innovation 35 28 30 Better standards of education 30 28 28 Faster adoption of technology 28 28 26 Improved outcomes between the Commonwealth and the States/Territories 26 27 24 More infrastructure spending 24 24 24 Industrial relations reform 24 25 22 Broad-based tax reform 22 20 19 Investment incentives 19 13 15 More efficient transport networks 15 13 14 Lower personal tax rates 14 12 12 Lower company tax rates 12 5 5 Other (please specify) -5 2 Lower government spending 2 2 2 A lower exchange rate 2 More competition from offshore 1 28. What measures would do most to lift Interest rate cuts 🔳 1 national productivity? (Select 3 answers Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level only) Significantly lower vs. 2<sup>nd</sup> half 2020 @ 95% confidence level Base: All respondents, 2<sup>nd</sup> half of 2020

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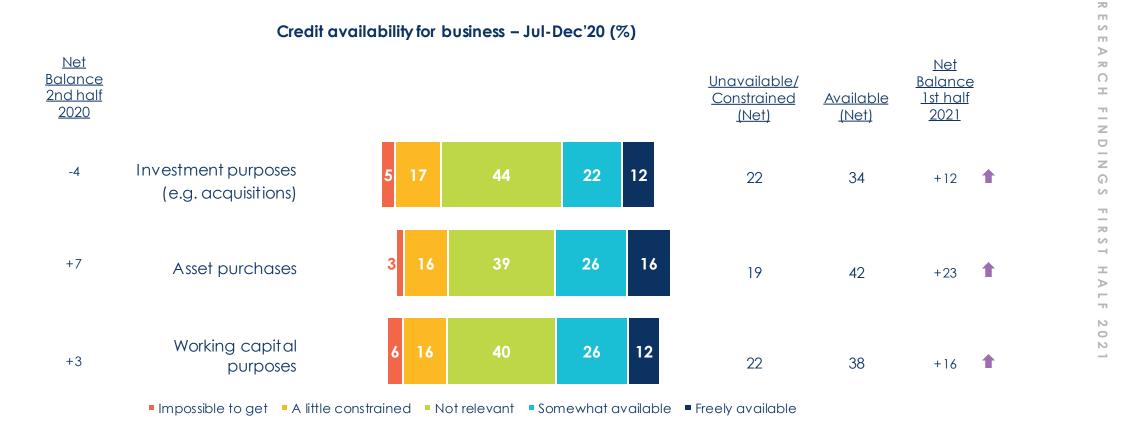
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### Government Policy Credit Availability

#### Credit availability for business – Jul-Dec'20

Directs have experienced increased credit availability in Jul-Dec 2020. Credit availability for investment purposes, asset purchases and working capital all sit in net positive space.



16. For the business, what has been the experience over the period July to December 2020 relating to...? Base: All respondents n=1589

Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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#### Credit availability for business – next 12 months

Expectations of Credit Availability for business over next 12 moths have also continued to improve, with increase in net positive balance for each area.



Impossible to get A little constrained Not relevant Somewhat available Freely available

17. And what is your expectation of credit availability over the next 12 months? Base: All respondents n=1589 Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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### **Public Policy**

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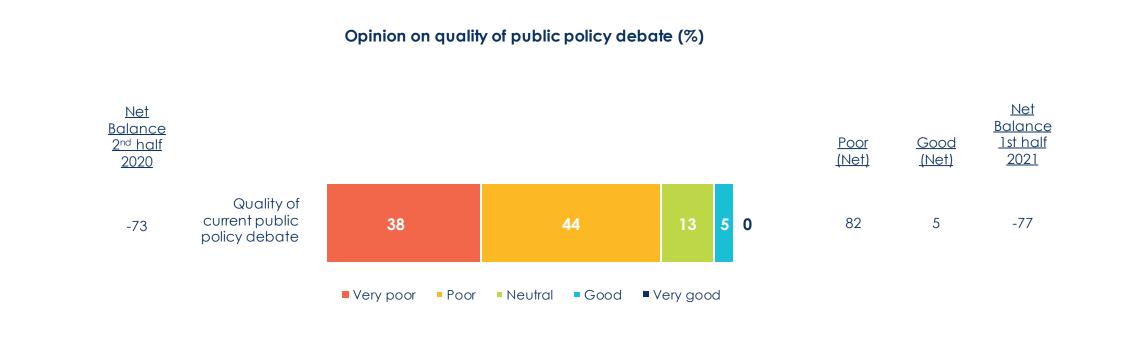
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### Quality of public policy debate in Australia

Perceptions of quality of debate around public policy have not seen any improvement, with a majority of directors rating public policy debate as poor or very poor.



PP1. How would you rate the current quality of public policy debate in Australia? Base: All respondents n= 1589

Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

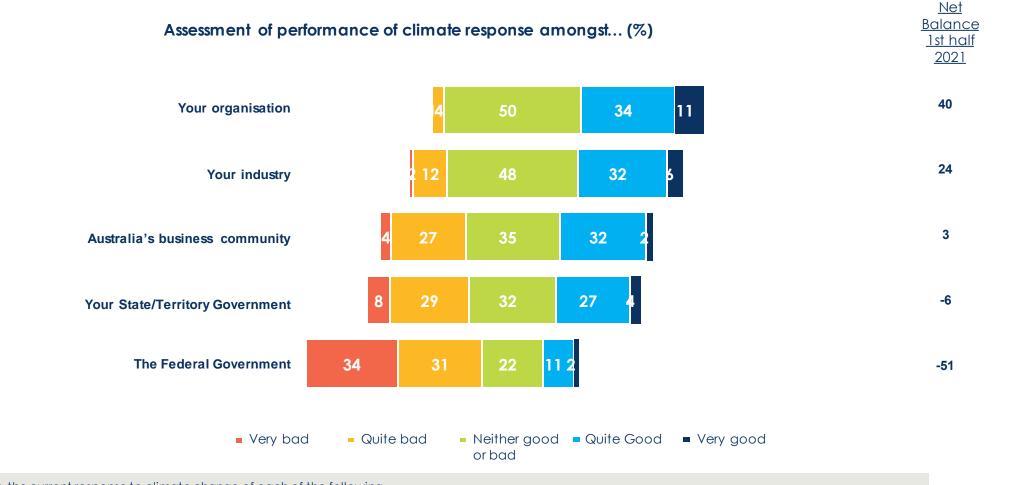
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#### Climate change: policy support

Extent of support of policies (%)	<u>Disagree</u> <u>(Net)</u>	<u>Agree</u> <u>(Net)</u>	<u>Balance</u> <u>1st half</u> <u>2021</u>	RES
Shift the general focus of policy towards building national adaptability/resilience to climate change 5611 41 37	11	78	+67	E
Establish clear five-year emissions reductions targets or budgets in advance to provide a clear pathway to the longer-term net zero goal 9 5 9 36 41	14	77	+63	RCH
Increase direct government spending on 'green' R&D and innovation 7 8 12 39 34	15	73	+58	T Z
Increase government subsidies for business spending on 'green' R&D and innovation 8 7 12 42 31	15	73	+58	D
Introduce more ambitious targets for renewable energy 11 8 11 30 40	19	70	+51	R C
Use procurement / tendering processes to reward climate-friendly behaviour 9 7 16 41 27	16	68	+52	S T
Establish an independent Commission to advise government on climate policy and provide transparent reporting on progress towards climate targets	22	62	+40	I R S T
Impose tighter environmental regulations 10 16 19 33 22	26	55	+29	Ŧ
Introduce a national 2040 net zero emissions target in law 17 14 16 26 27	31	53	+22	ALF
Introduce a price on carbon via an emissions trading scheme 16 13 21 28 22	29	50	+21	20
Introduce a national 2030 net zero emissions target in law 21 17 18 19 25	38	44	+6	021
Introduce a price on carbon via a carbon tax 20 15 24 23 18	35	41	+6	
No significant changes should be made to current policy settings at this time 51 22 14 8 5	73	13	-60	
StronglyDisagreeNeither agreeAgreeStronglydisagreenor disagreeagree				

L11. There are a wide range of policy actions that governments have considered to tackle climate change. How supportive would you be of the following proposals at the federal level...?? Base: All respondents n=1589

#### Current climate response assessment



L2. How do you judge the current response to climate change of each of the following Base: All respondents n=1589

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### Government Policy Performance and Business Understanding

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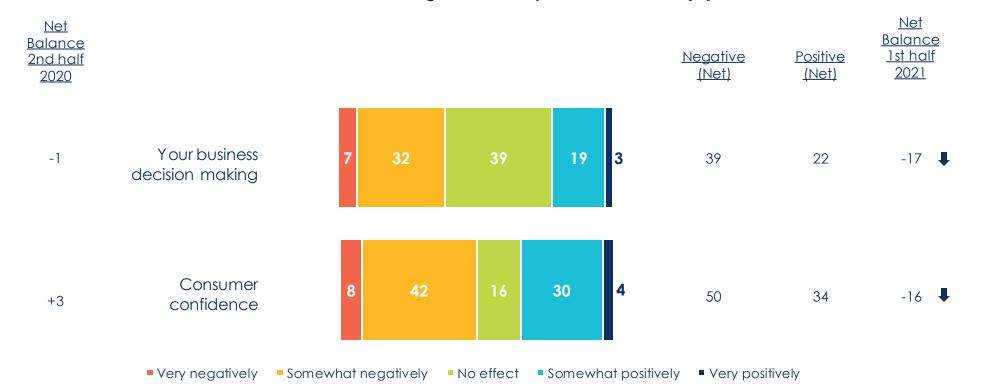
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#### Impact of Federal Government's performance on business

The Federal Government's performance is seen to have a net negative impact on directors' business decision making, a decrease vs. scores in the second half of 2020.



Effect of current federal government's performance on ... (%)

27. How is the current federal government's performance affecting ...? Base: All respondents n= 1589 Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level
 Significantly lower vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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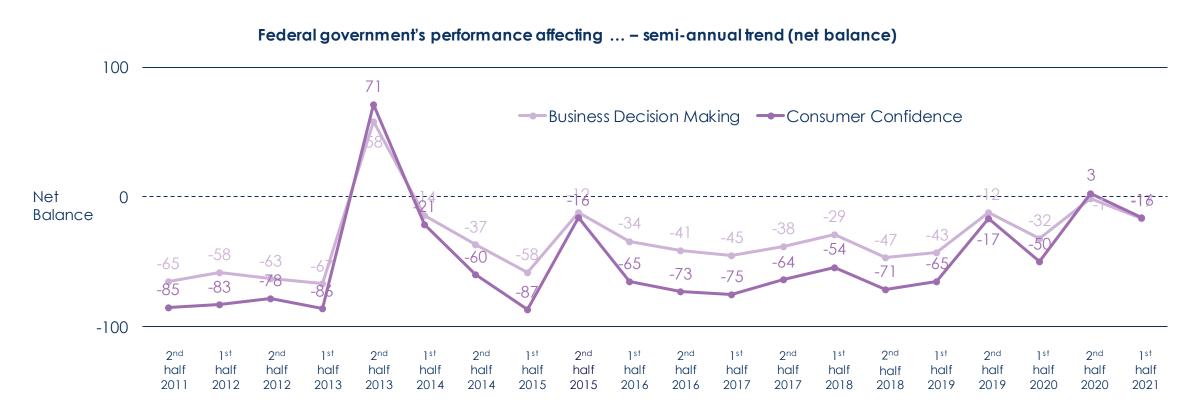
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#### Impact of federal government on business - semi-annual trend



Source:27

Base: All respondents; W 2 2011 n= 523; W 1 2012 n= 554; W 2 2012 n=540; W 1 2013 n=504; W 2 2013 n=527; W 1 2014 n=525; W 2 2014 n=501; W 1 2015 n=540; W 2 2015 n=521; W 1 2016 n=833; W 2 2016 n=987; W 1 2017 n=1106; W 2 2017 n=973; W 1 2018 n=945; W 2 2018 n=1252, W 1 2019 n=927, W 2 2019 n=1489, W 1 2020 n=1014, W 2 2020 n=1777

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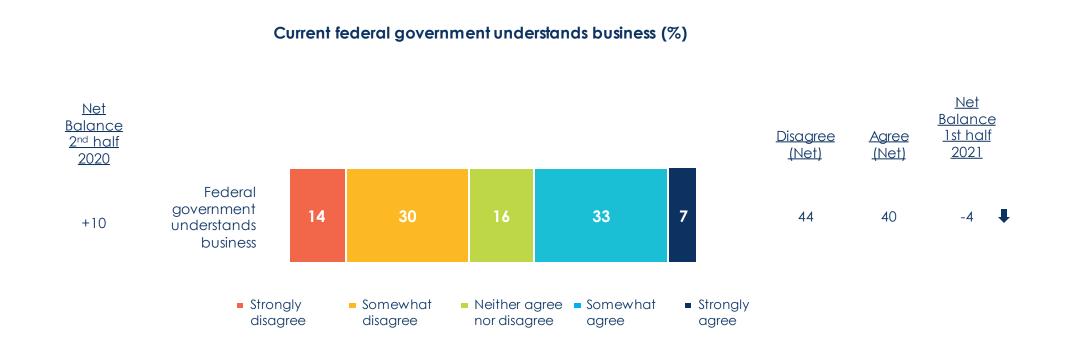
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### Federal government's understanding of business

There has been a decrease in perceptions that the Federal Government understands business, with 44% of Directors disagreeing with the statement vs. 40% agreeing.



Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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# Federal government's understanding of business – semi-annual trend



Base: All respondents; W12011 n=511; W22011 n= 523; W12012 n= 554; W22012 n=521; W12013 n=504; W22013 n=527; W12014 n=525; W22014 n=501; W12015 n=540; W22015 n=521; W12016 n=833; W22016 n=987; W12017 n=1106; W22017 n=973; W12018 n=945; W22018 n=1252, W12019 n=927, W22019 n=1489, W12020 n= 1014, W22020 n=1777

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### Key Issues for Directors and Boards

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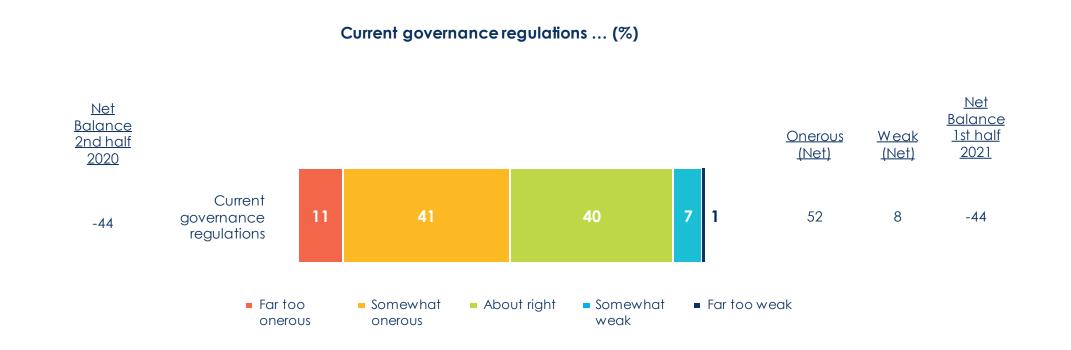
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#### **Current governance regulations**

Directors continue to perceive current governance regulations as too onerous, with net balance (-44) in line with previous reporting period. Only 8% of directors see these regulations as too weak.



29. In your opinion, are current governance regulations ...? Base: All respondents n=1589 Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level
 Significantly lower vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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#### Impact of legislation on director liability

Relative to the second half of 2020 there are no changes in the impact of director liability on decision making and willingness to accept new board appointments. Overall net balance for impact of directors liability remains negative across each area.



Legislation on directors' liability affecting ... (%)

Very negatively Somewhat negatively No effect Somewhat positively Very positively

30. How does legislation on Directors' liability affect ... ? Base: All respondents n=1589 Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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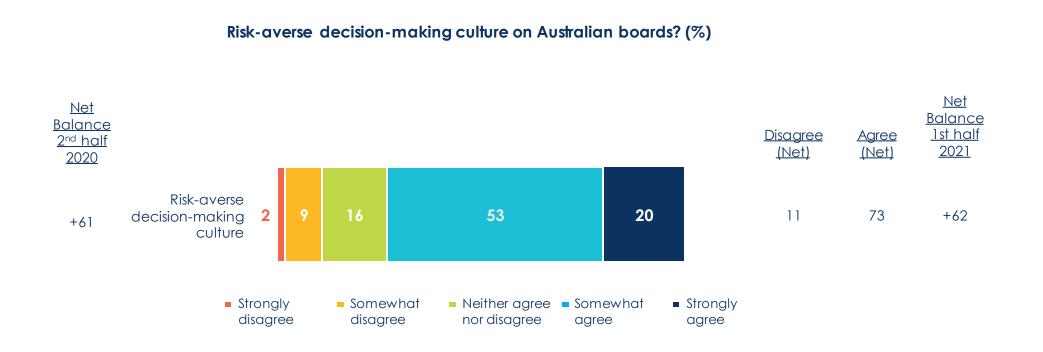
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#### Business decision making and risk aversion

Directors continue to feel that there is a risk-averse decision making culture on Australian boards, with over 70 per cent of directors agreeing with this statement.



31. To what extent do you agree or disagree that there is a risk-averse decision-making culture on Australian boards? Base: All respondents n=1589

Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

#### Reason for risk-averse decision making culture

The main reasons for risk averse decision making are an excessive focus on compliance over performance, followed by pressure from stakeholders and a lack of genuine diversity in the boardroom.



32. What do you feel is the main reason that there is a risk averse decision-making culture on Australian boards? Base: Those who agree that there is a risk-averse decision making culture on Australian boards 1st half of 2021 n=1160 Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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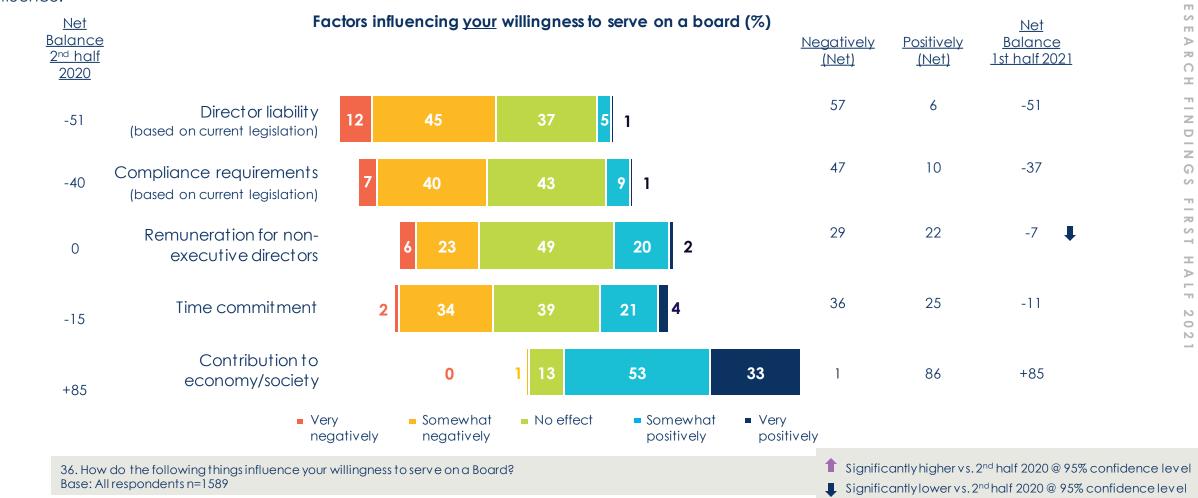
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#### Factors influencing your willingness to serve on a board

Of the factors that influence Directors' willingness to serve on a board, contribution to economy/ society continues to be the leading positive influence. Remuneration for non-executive directors has seen a decrease in net influence. Director liability is stable but continues to have a negative influence.



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#### Adequacy of public company remuneration reports

No change in director perceptions on adequacy of public company remuneration reports, with net balance remaining negative at -20.

Adequacy of public company remuneration reports (%) Net Net Balance Balance 1st half Inadeauate Adeauate 2nd half 2021 (Net) (Net) 2020 Adeauacy of 32 44 11 7 18 38 -20 -22 reports Wholly About right Somewhat Somewhat Verv inadeauate inadequate adequate adequate

RI1. What is your view of the adequacy of public company remuneration reports? Base: All respondents n=1589

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#### Effectiveness of corporate reporting

The net balance for effectiveness of corporate reporting remains positive, with 47 per cent of directors stating they perceive corporate reporting as effective vs. only 35 per cent stating they find it ineffective.



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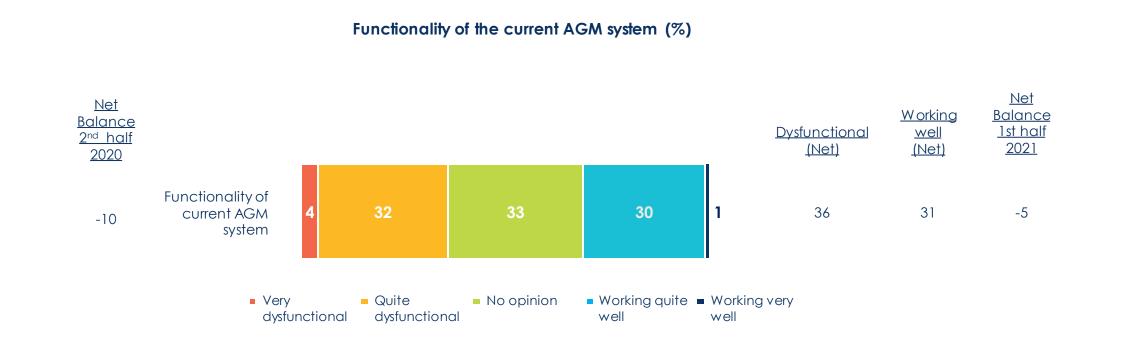
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#### **Current AGM system**

Sentiment regarding the current AGM system is relatively neutral.



34. In your opinion, is the current AGM system ... ? Base: All respondents n= 1589

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#### Board diversity: policy and efforts to increase

There is an increase in directors feeling the board is actively seeking diversity, with Gender, Skills and Ethnicity seeing an uplift. Directors also feel that boards are actively looking to increase digital literacy. Age is seen to be an area where boards are less actively seeking diversity, however net balance is still positive.

Extent board is actively seeking to increase diversity of board membership in the following areas ... (%)



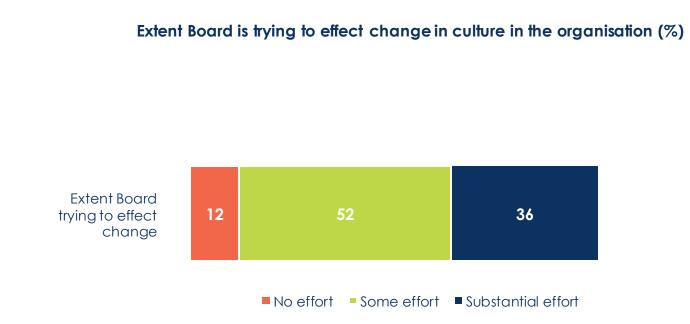
Not at all actively Not very actively Not relevant Somewhat actively Very actively

35. To what extent is your Board actively seeking to increase diversity in the following areas?
Base: All respondents n=1589

Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

#### Extent Board is trying to effect change in culture

The majority of directors feel the board is trying to effect some culture change in their organisation, with only 12 per cent stating that their board is making no effort.



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BD9. To what extent is your Board trying to effect change in culture within the organisation? Base: All respondents n=1589

Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level
 Significantly lower vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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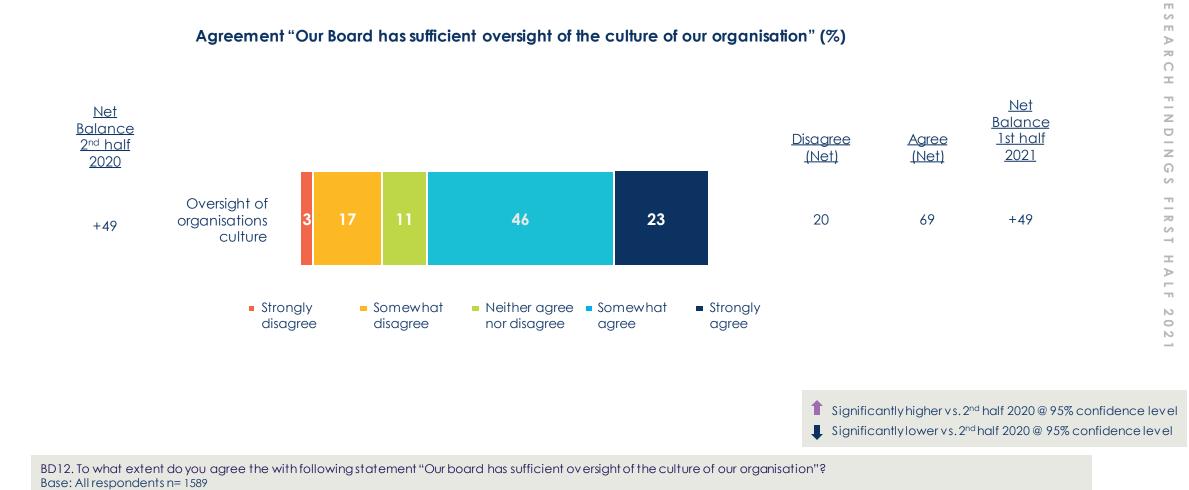
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#### **Oversight of Organisations Culture**



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# **Topical Issues**

#### Main issues "keeping you awake at night"

COVID-19 has slipped down from being the top issue keeping directors awake at night, with sustainability and long-term growth prospects now taking top spot, with COVID 19 in joint second place with Cyber crime.

Dip on dip comparison		omparison	Main issues that wou	ld "keep you awak	e at night" (%)	
	<u>Total</u> 2 <sup>nd</sup> half 2020	<u>Total</u> 1st half 2021				
	30	26	Sustainability and long term growth prospects		26	
	20	24	Cyber crime		24	
	41	24 🖡	Impact of coronavirus/ COVID19		24	
	14	20 🕇	Data Security	20		
	20	18	Climate change risk	18		
	16	17	Legal and regulatory compliance	17		
	11	16	Corporate Culture	16		
	16	16	Structural change/changing business models	16		
	23	13 🖡	Global economic conditions	13		
	9	13	Attracting new talent	13		
	13	12	CEO succession	12		
	13	12	Increased personal liability for directors	12		
	10	11	Increasing revenue	11		
	9	11	Increasing profits/surplus	11		
	9	10	Digital disruption	10		
	7	9	Business relationship with Government	9		TQ1. Which of the following issues would
	7	8	Changing stakeholder expectations	8		you say are most likely to "keep you
	6	8	Trade wars	8		awake at night"? (Nominate up to 3 answers)
	N/A	6	Sexual harassment in workplace	6		
	4	5	Director reputation in the community	5		Base: All respondents, 2 <sup>nd</sup> half of 2020
	4	5	Other (specify)	5		n=1777, 1 <sup>st</sup> half 2021 n=1589
	3	3	Wage underpayment	3		
	2	3	Shareholder activism	3	Significantlyh	ighervs. 2 <sup>nd</sup> half 2020 @ 95% confidence level
	1	1	None of the above	1	📕 Significantly lo	owervs.2 <sup>nd</sup> half 2020 @ 95% confidence level

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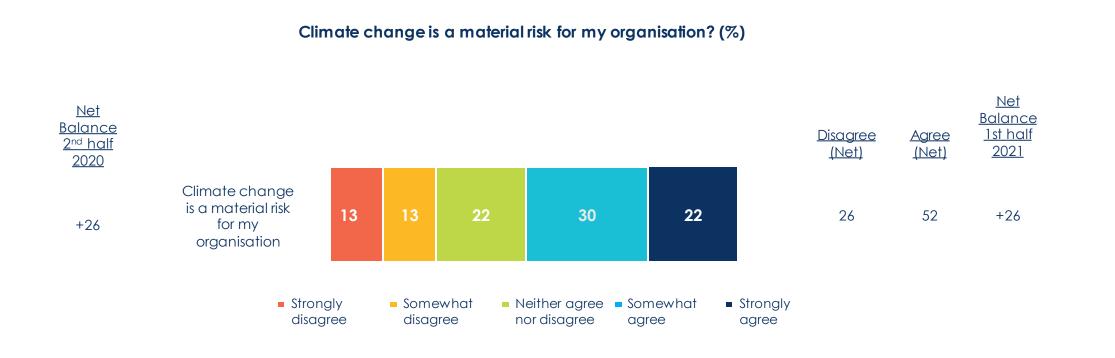
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#### Effect of climate change

Climate change continues to be a material risk to organisations, with 52 per cent of directors agreeing or strongly agreeing with the statement, vs. only 26 per cent disagreeing or strongly disagreeing.



Significantly higher vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

Significantly lower vs. 2<sup>nd</sup> half 2020 @ 95% confidence level

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FIRST HALF 2021

# Summary of Key Indicators

# Summary of key indicators (1/6)

Indicator (expected change in coming 12 months)	Scale	1 <sup>st</sup> half 2021 net balance	2 <sup>nd</sup> half 2020 net balance
Economic conditions			
Health of the Australian economy	Weak/strong	+18 🕇	-62
Health of the Asian economy	Weak/strong	+13 🕇	-28
Health of the Chinese economy	Weak/strong	+44	+7
Health of the European economy	Weak/strong	-58 🕇	-78
Health of the US economy	Weak/strong	+1	-60
Inflation rate (Australia)	Lower/higher	+42	-16
Exchange rate (value of AUD versus USD)	Lower/higher	+7	+11
RBA cash rate	Lower/higher	+22	-22
Level of wages growth	Lower/higher	+17	-49
Unemployment rate	Lower/higher	-14 🖣	+11
Expected change in ASX All Ordinaries index	Fall/rise	+41	-5

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↓ Significantly lower vs. 1<sup>st</sup> half 2020 @ 95% confidence level

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# Summary of key indicators (2/6)

Indicator (expected change in coming 12 months with the exception of *)	Scale	1 <sup>st</sup> half 2021 net balance	2 <sup>nd</sup> half 2020 net balance
Economic conditions			
Growth of primary directorship business	Weak/strong	+52 🕇	+14
Change in business investment levels	Decrease/increase	+38 🕇	-3
Change in business staffing levels/labour demand	Decrease/increase	+37 🕇	-7
Change in level of business exports	Decrease/increase	+8 🕇	-14
Change in level of outsourcing	Decrease/increase	+12 1	+1
Expectations of profits for Jan-Jul 21 actual versus forecast*	Below/up	+18 🕇	-16
Expectations of profits for Jul-Decl 21 actual versus forecast*	Below/up	+22 1	-4
Confidence in general business outlook*	Pessimistic/opt	+38 🕇	-24
Confidence in business outlook for primary directorship sector*	Pessimistic/opt	+44	+5
Expected change in level of mergers and acquisitions	Fall/rise		+71
Infrastructure			
Perception of level of government spending on infrastructure*	Low/high	+52 🕇	-64

1 Significantly higher vs. 1<sup>st</sup> half 2020 @ 95% confidence level

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### Summary of key indicators (3/6)

Indicator	Scale	1 <sup>st</sup> half 2021 net balance	2 <sup>nd</sup> half 2020 net balance
Taxation			
Perception of current level of corporate taxation	High/low	-28 🕇	-37
Perception of current level of personal taxation	High/low	-58 🕇	-60
Expected change in level of 'red-tape' in coming 12 months	Increase/decrease	-34 🖡	-1
Impact of 'red-tape' on preparing/ paying taxes	High impact/low impact	-37 🖡	-24
Impact of 'red-tape' on workplace health/safety	High impact/low impact	-48 🖡	-34
Impact of 'red-tape' on workplace flexibility	High impact/low impact	-32 🖡	-22
Impact of 'red-tape' on employing new workers	High impact/low impact	-30 🖡	-16
Impact of 'red-tape' on corporate reporting requirements	High impact/low impact	-53 🖡	-43
Impact of 'red-tape' on environmental compliance	High impact/low impact	-16 🖡	-3
Impact of 'red-tape' on investing in capital assets	High impact/low impact	-3 🖡	+4

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1 Significantly higher vs. 1<sup>st</sup> half 2020 @ 95% confidence level

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# Summary of key indicators (4/6)

Indicator (expected change in coming 12 months with the exception of *)	Scale	1 <sup>st</sup> half 2021 net balance	2 <sup>nd</sup> half 2020 net balance
Tax, credit, M&A			
Credit availability for investment purposes	Constrained/available	+28 🕇	+8
Credit availability for asset purchases	Constrained/available	+32 🕇	+16
Credit availability for working capital	Constrained/available	+24	+5
Public Policy			
Quality of current Public Policy debate in Australia*	Poor/good	-77	-73
Regulation, legal issues, reporting			
Agreement with 'Federal Government understands business'*	Disagree/agree	-4 🖡	-10
Regulation, legal issues			
How is the current Federal Government's performance affecting your business decision making?*	Negatively/positively	-17 🖡	-1
How is the current Federal Government's performance affecting consumer confidence?*	Negatively/positively	-16 🖡	+3

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1 Significantly higher vs. 1<sup>st</sup> half 2020 @ 95% confidence level

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# Summary of key indicators (5/6)

Indicator	Scale	1 <sup>st</sup> half 2021 net balance	2 <sup>nd</sup> half 2020 net balance
Regulation, legal issues			
Perception of governance regulations	Onerous/weak	-44	-44
Extent legislation on directors affect your business decision- making	Negatively/positively	-20	-20
Extent legislation on directors affect your willingness to continue on a board	Negatively/positively	-31	-31
Extent legislation on directors affect your willingness to accept new board appointments	Negatively/positively	-42	-42
Risk-averse decision-making culture on Australian boards	Disagree/agree	+61	+61
Adequacy of public company remuneration reports	Inadequate/adequate	-20	-22
Effectiveness of corporate reporting	Ineffective/effective	+12	+13
Functionality of current AGM system	Dysfunctional/ functional	-5	-10

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1 Significantly higher vs. 1<sup>st</sup> half 2020 @ 95% confidence level

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## Summary of key indicators (6/6)

Indicator (expected change in coming 12 months with the exception of *)	Scale	1 <sup>st</sup> half 2021 net balance	2 <sup>nd</sup> half 2020 net balance
Board diversity			
Board actively seeking to increase diversity of gender on board	Not actively/actively	+40 🕇	+34
Board actively seeking to increase diversity of age on board	Not actively/actively	+6	+3
Board actively seeking to increase diversity of skills on board	Not actively/actively	+71 🕇	+64
Board actively seeking to increase diversity of ethnicity on board	Not actively/actively	+9	+1
Impact of directors' liability on willingness to serve on a board	Negatively/positively	-51	-51
Impact of compliance requirements on willingness to serve on a board	Negatively/positively	-37	-40
Impact of remuneration on willingness to serve on a board	Negatively/positively	-7 🖡	0
Impact of contribution to economy/society on willingness to serve on a board	Negatively/positively	+85	+85
Impact of time commitment on willingness to serve on board	Negatively/positively	-11	-15

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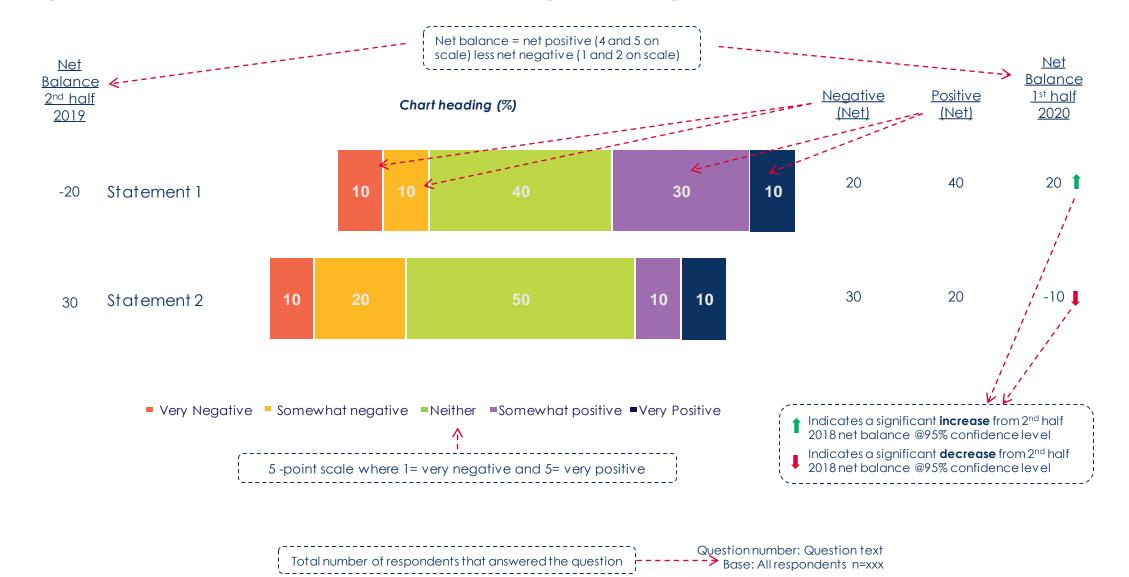
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#### **Explanations of charts – example only**



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