



# Director Sentiment Index Survey

2<sup>ND</sup> HALF 2024

INSIGHTS REPORT

STRENGTHENING SOCIETY THROUGH  
WORLD-CLASS GOVERNANCE

October 2024

# CONTENTS

Executive Summary	3
Methodology	7
Overall Director Sentiment Index	11
Economic Outlook	14
Business Conditions	22
Micro/Structural Policy Settings	31
Macro Policy Settings	36
Directorship Conditions	41
Topical Issues	45
Data Appendix	64

A man in a dark suit and glasses stands with his back to the camera on a rooftop. He is looking out over a city skyline with several tall skyscrapers. The sky is a clear, bright blue. The overall mood is professional and forward-looking.

# Executive Summary

# EXECUTIVE SUMMARY

## DIRECTOR SENTIMENT INDEX

The Director Sentiment Index has been in a broad decline since 2H 2021 and in this wave has reached its lowest point since the Covid lockdowns of 2020, dropping to -33.6.

The sharp decline of 14 points since the first half of this year is due largely to negative perceptions of the economic outlook, both in Australia and globally, as well as deteriorating business conditions.

Perceptions of the economic outlook declined from -1 to -28, and on business conditions from -5 to -37. This is now the fifth consecutive negative DSI score since the second half of 2022.

### Economic Outlook

More than half of directors perceive the current Australian economy as weak, and for the first time since 2H 2020, expectations for the economy over the next 12 months are also weak.

The outlook for global economies is also pessimistic, with declines for all major economies and a sharp drop for the US economy in particular.

### Business Conditions

Just under half of directors assess both current (49%) and future (47%) business conditions in Australia as weak, while only 23% consider current and future business conditions to be strong.

This downward trend has continued across almost all directorship sectors since 1H 2022.

### Micro and macro settings

More than half of directors report that current federal and state fiscal policies have negatively impacted their businesses. Trust in the federal government (26%) and its understanding of business (23%) have declined.

DIRECTOR SENTIMENT INDEX (13-Year Trend)



# EXECUTIVE SUMMARY (CONT.)

## **More directors hold the view that a recession within the next 12 months is likely**

Just under half of directors (46%) felt that Australia is likely to be in a recession within the next 12 months, significantly higher than 31% in 1H 2024.

## **The cost of living remains the top economic challenge**

Directors continue to be largely concerned with the impact of consumer spending on business, with cost of living (43%), inflation and high interest rates (42%) nominated as the biggest economic challenges facing Australia. Government debt levels (14%, up by 5 points) has increased significantly as a perceived challenge in 2H 2024. "Cost of living pressures" is also second on the list of factors impacting their board's risk appetite (44%).

## **The housing market is having a negative impact on the economy and businesses**

Housing affordability is perceived as the second most important short-term (33%) issue for the federal government to address, and housing supply is the top priority for investment in infrastructure for 57% of directors. Thirty-eight percent of directors say their business has been negatively impacted by the housing market in Australia.

## **Business conditions across sectors have been declining over time**

Directors' sentiment for business conditions within their primary sector are assessed as weak in 2H 2024, and the next 12 month assessment has entered negative territory for the first time with a smaller proportion expecting their sector to be strong in the next year.

The Mining industry has experienced the biggest shift in the perceived strength of current business conditions (down by 60 points to 29% since 1H 2022) and next 12 month conditions (down by 69 points to 20% since 1H 2022) - from being the leader to one of the lowest positions.

## **Directors' trust and assessment of the federal government's understanding of business deteriorates further**

Sixty-one percent of directors disagreed that the federal government understands business and just under a quarter (23%) agreed. This is the sixth consecutive decline in this measure since the second half of 2021. Just over a quarter of directors (26%) say they trust the federal government, while more than a half (55%) disagreed.

## **Directors' sentiment sees current policy settings as negatively affecting business**

A majority of directors continue to report that the current federal (50%), state fiscal policy (52%), and RBA's monetary policy (43%) have negatively impacted their business. Dissatisfaction with "Personal Taxation/Personal Income Tax Rates" has significantly decreased (from 60% to 53%) following the government's modified Stage 3 Tax Cuts taking effect from 1 July, although a majority of directors remain dissatisfied.

## **Directors are more concerned about the RBA's monetary policies**

Just under half of directors (45%) believe an interest rate cut is likely within the next six months. Fifty-six percent of directors believe current monetary policy is negatively impacting their business, a significant increase of 9 points from 47% in the first half of 2024, and an overwhelming majority (81%) of directors agreed that any further increase in interest rates would negatively affect the economy.

# EXECUTIVE SUMMARY (CONT.)

## **Productivity growth is the most pressing issue for the government to address in both short and long term**

Productivity growth has climbed steadily on the list of both short term (35%) and long term (28%) priorities for the federal government to address in 2H 2024. This also is the third most often mentioned economic challenge facing Australian business (36%). The ageing population is the second most important issue the federal government should address in the long term, up by 6 points to 29% in 2H 2024.

Climate change continues to be the top long term issue federal government should address (33%), although this has been steadily declining since 1H 2022 and is only 4% higher than productivity growth. Only 16% said this is one of the top economic challenges facing Australian business (with a significant drop of 5 points).

## **Demand for labour is underpinning the support for higher levels of migration**

Over 8 in 10 directors agreed there is still a skills shortage in the Australian workforce, and two-thirds of directors (66%) agreed that skilled migration levels are not keeping up with labour demand. Although labour shortages remain one of the major economic challenges facing Australian businesses, the proportion mentioning this has continued to decline (29%, significantly lower by 6 points).

## **Majority of directors believe that flexible working arrangements have a positive impact on staff**

More than 60% of directors believe that flexible working arrangements have a positive impact on staff retention, staff health and wellbeing and attracting new staff, while more than 40% of directors believe that cyber-security, innovation and organisational structure are negatively impacted.

## **Domestic economic conditions and cyber-crime and data security are the key issue keeping directors awake at night**

Domestic economic conditions (up by 11 points to 39%) shows the most significant increase from 1H 2024 as the top factor keeping directors awake at night, equal with Cyber-crime and data security (39%).

However, nine in ten directors (90%) claimed their organisations have not experienced a significant cyber security incident in the last 12 months.

## **Assessments of state governments' business understanding and trust remained weak across multiple states and territories**

With the exception of Western Australia and South Australia, most state governments received a negative vote of confidence from directors, with a majority disagreeing their state government understands business and disagreeing that they trust their state government.

Victoria and Queensland remain the states with the highest proportion of directors perceiving that the state government doesn't understand business (VIC:74% and QLD:66%) and they don't trust the state government (VIC:75% and QLD:66%) in 2H 2024, with significant increments in 2H 2024 for Victoria. It is worth noting that this sentiment was recorded prior to the change of government at the Queensland state election in October.

A close-up photograph of a person's hands in a white shirt writing on a document with a pen. The document contains some faint text and a circular graphic. The background is a blurred blue wall.

# Methodology

# WHAT IS THE DSI?

## QUANTIFYING EXPERIENCE & OPINION

- The Director Sentiment Index (DSI) represents the breadth of Australian Institute of Company Directors (AICD) member opinions on a range of issues covering the Australian and global economies, government policy and governance regulations.
- The DSI has tracked business and economic attitudes for the past 13 years\*, indicating shifts in business sentiment, and delivering robust and context-driven insights and trends.

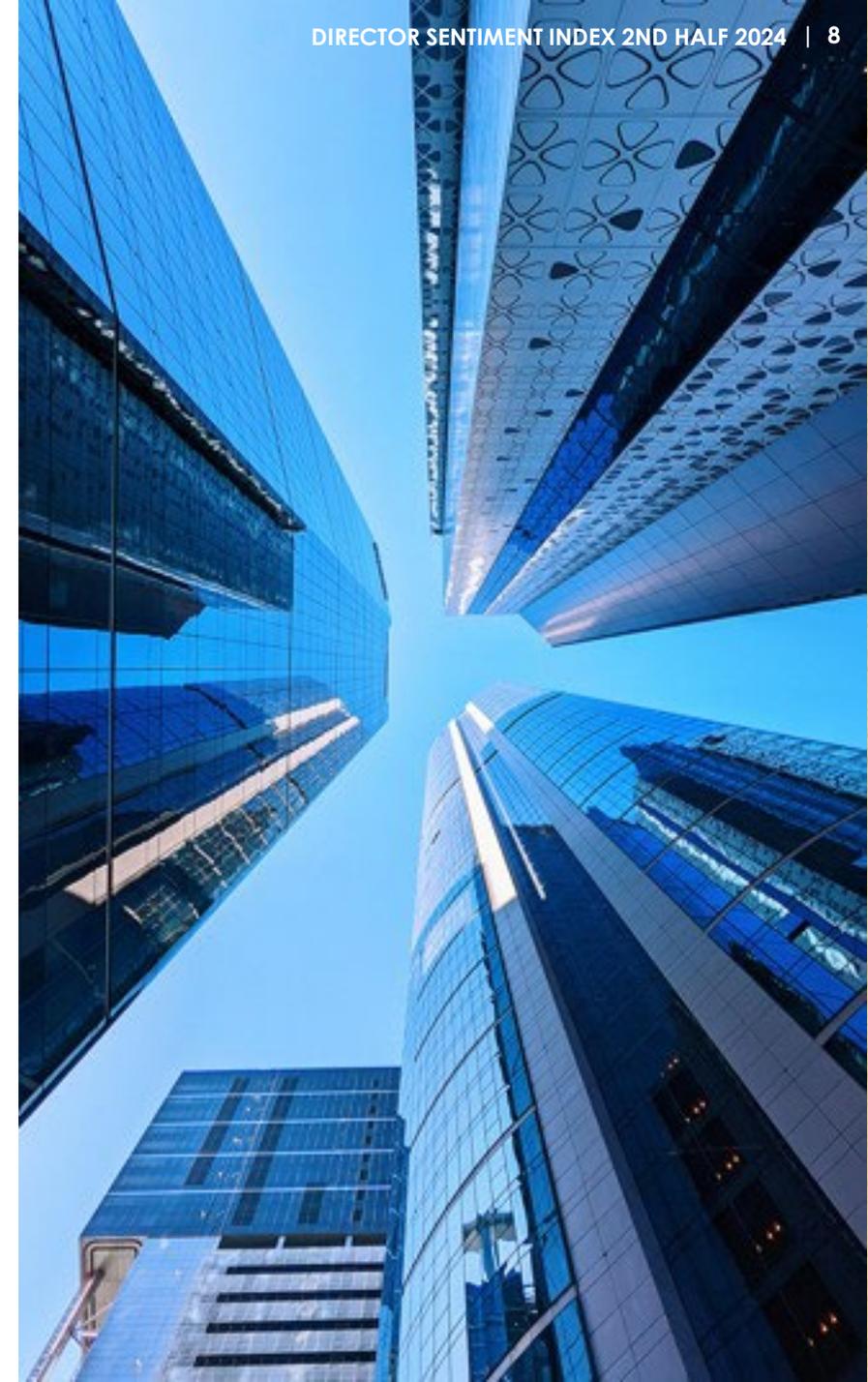
## DSI SURVEY REPORTS

- The Insights Report includes a summary of analysis of key questions from the survey, while the separate Deep-Dive Analysis Report includes major state analysis and further analysis of key changes or topical issues.

## DSI SCORE CALCULATION

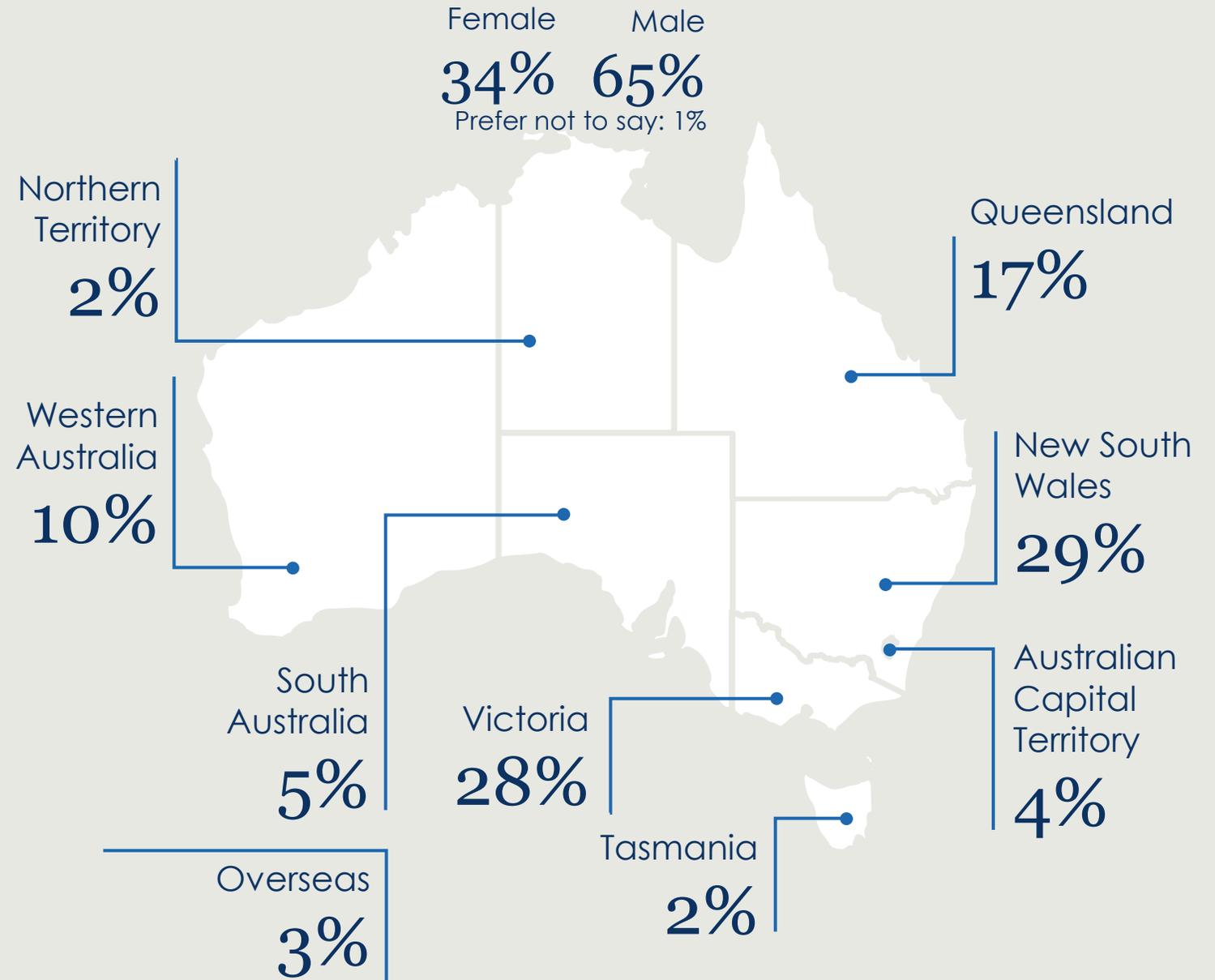
- The DSI Scores are calculated using a formula combining response data with question weighting to produce a score indicating whether sentiment is in positive or negative territory, and by how much. This formula is applied to determine the overall DSI score as well as scores for separate categories: Economic Outlook, Business Conditions, Micro/Structural Policy Settings, Macro Policy Settings and Directorship Conditions.

\* DSI updates in early 2021 limit direct comparability with previous results.



## WHO TOOK PART?

- The wave 2 2024 DSI survey was conducted online with a sample of 1,309 directors across Australia between 10 and 20 September 2024.
- Respondents were AICD members with current directorships.
- Survey responses were weighted by gender to reflect the AICD member profile when analysing results.
- Detailed results comparing the current wave and previous waves are included in the Appendix of this report.



# SURVEY TOPICS

## DSI TOPICS

### Economic Outlook

- The current condition of the Commonwealth and state economies and the 12-month forecast
- Present international economic assessment as well as 12-month outlook

### Business Conditions

- What is it like doing business in the different states and territories and across industries?
- Which are the top economic challenges Australian businesses are running up against?

### Micro / Structural Policy Settings

- Do state and Federal governments understand business needs when designing policy and legislation and do businesses trust them?

### Macro Policy Conditions

- Level of satisfaction with tax, government spending and support.
- How do fiscal settings and monetary policy, as well as access to credit, impact business?

### Directorship Conditions

- How well are governance regulations balancing directors' needs with their obligations?

## TOPICAL QUESTIONS

- Is advancing reconciliation with First Nations peoples a national governance priority for Australia?
- How likely or unlikely do you think it is that Australia will be in a recession within the next 12 months?
- How is your business/organisation being impacted by the current state of the housing market in Australia?
- How confident are you that your organisation has appropriate governance in place to manage Artificial Intelligence (AI) opportunities and risks?
- What is your biggest concern with the shift to mandatory climate reporting?
- Has your organisation experienced a significant cyber security incident where a threat actor successfully obtained organisational data or system access?
- What actions are most important in addressing the housing issue in Australia?
- Should Australia's level of migration be higher/lower than current levels?
- What has got the largest impact on boosting productivity in business?
- Would a Harris or Trump presidency be better for the US economy and for Australia's relationship with the US?



# Overall Director Sentiment Index

# Director Sentiment Index has declined notably

The Director Sentiment Index (DSI) remains in negative territory and has declined notably in 2H 2024, by -14.4 index points from the reading in the first half of 2024. This wave marks the fifth consecutive wave a negative DSI score has been recorded since it first fell to -8.5 in 2H 2022.

## DIRECTOR SENTIMENT INDEX (13-Year Trend)



## DSI CATEGORY SCORES

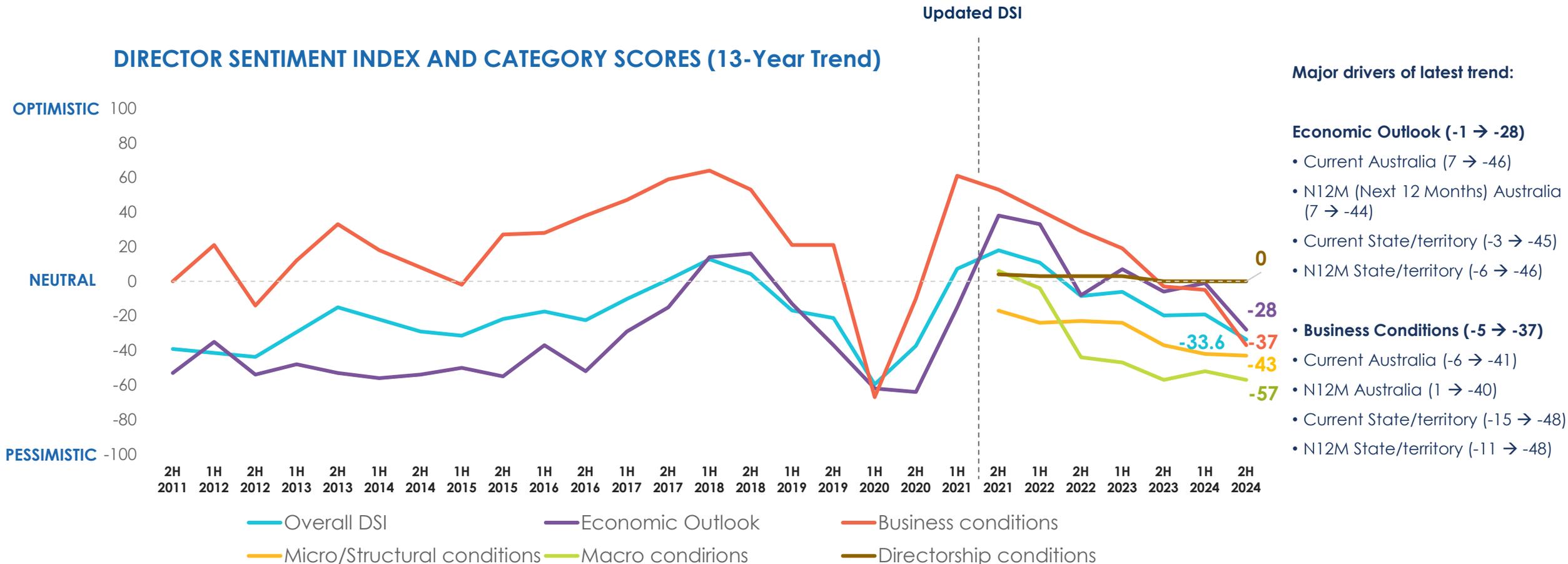
- Economic Outlook (-27) ↓**
  - Declined from -1 to -28 between 1H 2024 and 2H 2024.
- Business Conditions (-32) ↓**
  - Declined from -5 to -37.
- Micro/Structural Policy Settings (-1) ↓**
  - Declined from -42 to -43.
- Macro Policy Conditions (-5) ↓**
  - Declined from -52 to -57.
- Directorship Conditions (-)**
  - Stayed flat 0.

Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.  
 Note: Revised index from 2<sup>nd</sup> Half 2021 onwards is not directly comparable with previous index scores.

# Economic outlook and business conditions have worsened

The decline in the Director Sentiment Index (DSI) in 2H 2024 is mainly due to the drop of at least -30 points in the economic outlook and business conditions. The sentiment regarding micro and macro policy conditions has marginally decreased while sentiment towards directorship conditions remains unchanged.

**DIRECTOR SENTIMENT INDEX AND CATEGORY SCORES (13-Year Trend)**



Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.  
 Note: Revised index from 2<sup>nd</sup> Half 2021 onwards is not directly comparable with previous index scores.

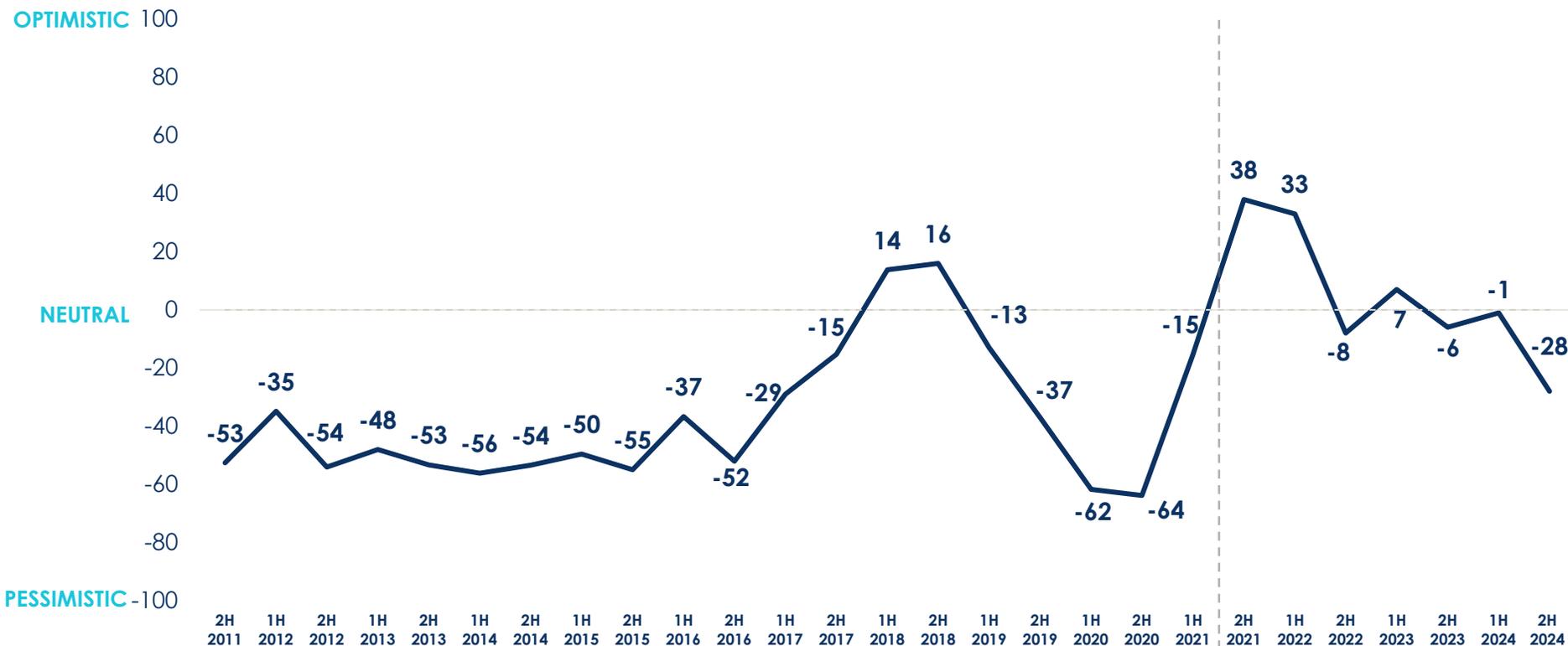
# Economic Outlook

# Overall economic outlook declined steeply

The Economic Outlook DSI category score declined to -28 in the second half of 2024, a decline of -27 index points.

## ECONOMIC OUTLOOK DSI CATEGORY SCORE (13-Year Trend)

Updated DSI



## ECONOMIC OUTLOOK DSI CATEGORY OVERVIEW

The Economic Outlook DSI category measures current and future (next 12 months) health assessments of each of the following major economies:

- Australia
- Director states and territories
- Asia (excl. China)
- China
- Europe
- United States

Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.

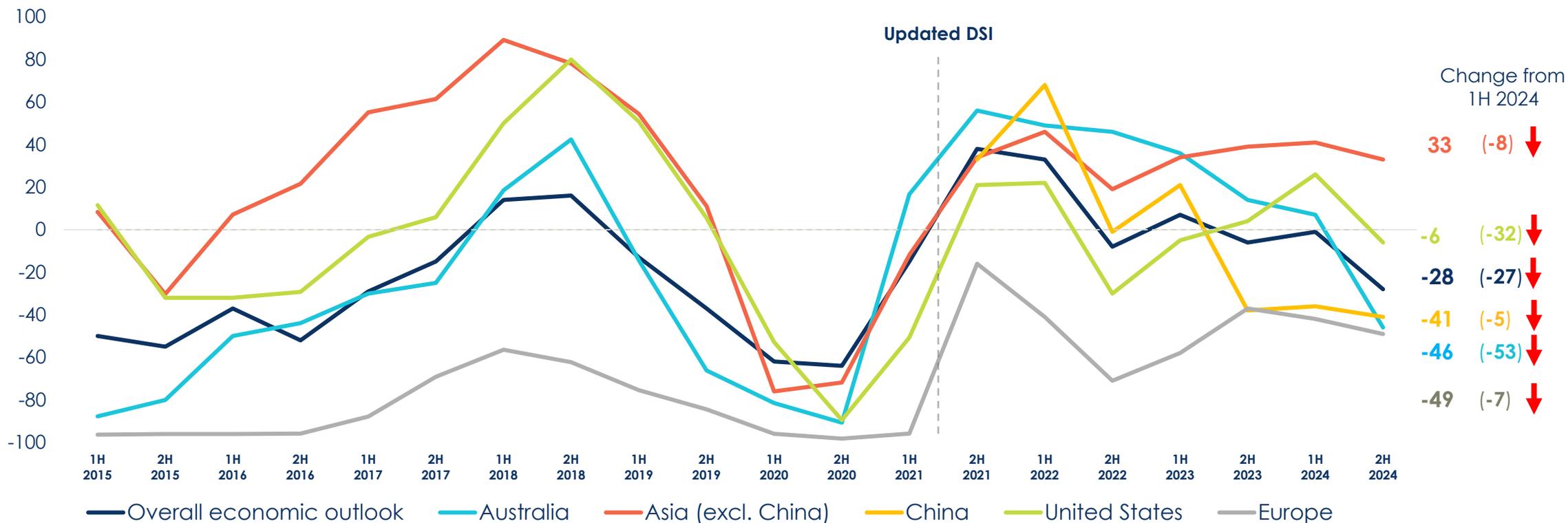
E8. What is your assessment of the current health of the following economies...? (Very weak, Somewhat weak, Neither weak nor strong, Somewhat Strong, Very strong)

E9. Over the next 12 months, what would be your assessment of the health of the following economies...? (Very weak, Somewhat weak, Neither weak nor strong, Somewhat Strong, Very strong) From 2nd half 2021 Asia excludes China.

# Current health assessment of all global economies declined, driven largely by sharp declines in Australia and the US

Assessment of the Australian economy is in a downward trend and showed the largest decline in perceptions this wave, down by -53 points from 1H 2024. Australia has moved into negative territory along with all other global economies except Asia (excluding China), which registered the most robust economic outlook score of 33 this wave.

## CURRENT HEALTH ASSESSMENT OF GLOBAL ECONOMIES (10-Year Trend)



Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.

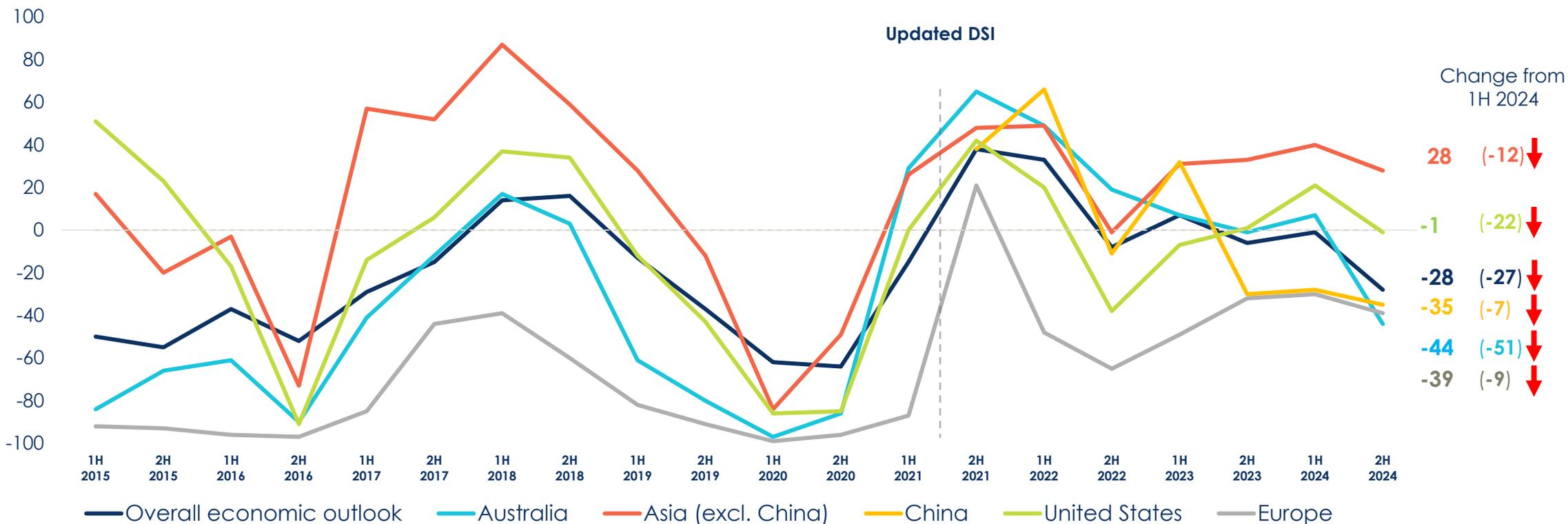
E8. What is your assessment of the current health of the following economies...? (Very weak, Somewhat weak, Neither weak nor strong, Somewhat strong, Very strong) From 2<sup>nd</sup> Half 2021 Asia excludes China.

Note: Changes to question or response options in 2<sup>nd</sup> Half 2021 may impact comparability with previous results. China independently measured from Asia from 2H2021 onwards.

# In line with current assessment, the next 12-month outlook for all global economies has also declined

Australia's next 12-month perception has declined significantly, dropping -51 points from 1H 2024 to a low of -44, the largest decline among global economies and the lowest score in 2H 2024. Only Asia (excluding China) is still in positive territory with a score of 28.

## NEXT 12 MONTH HEALTH ASSESSMENT OF GLOBAL ECONOMIES (10-Year Trend)



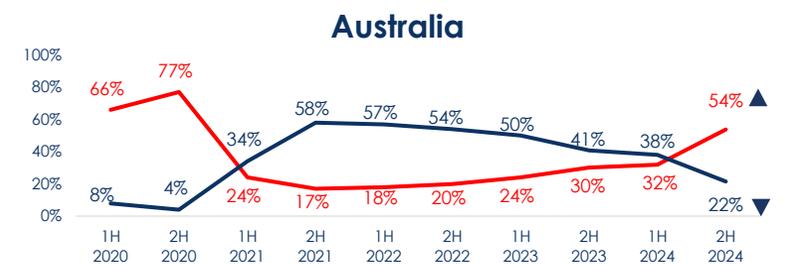
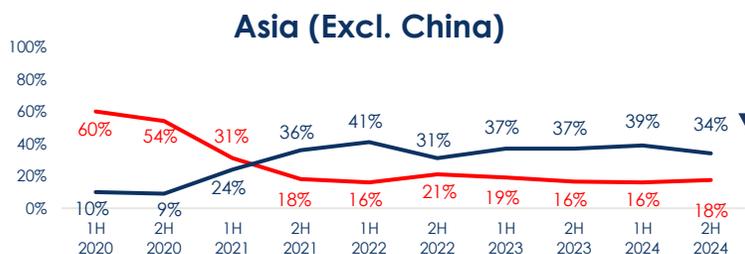
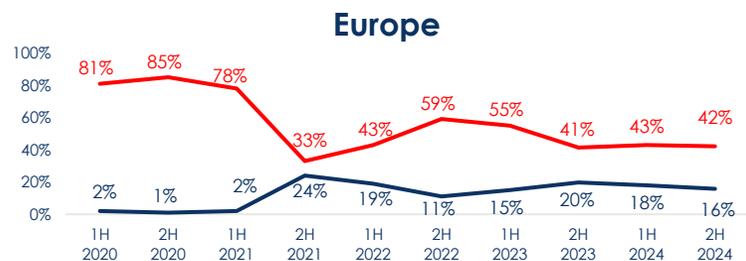
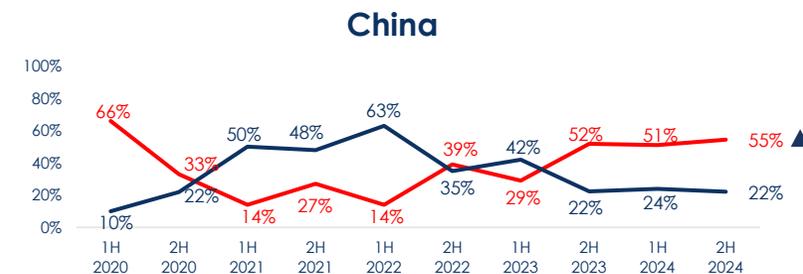
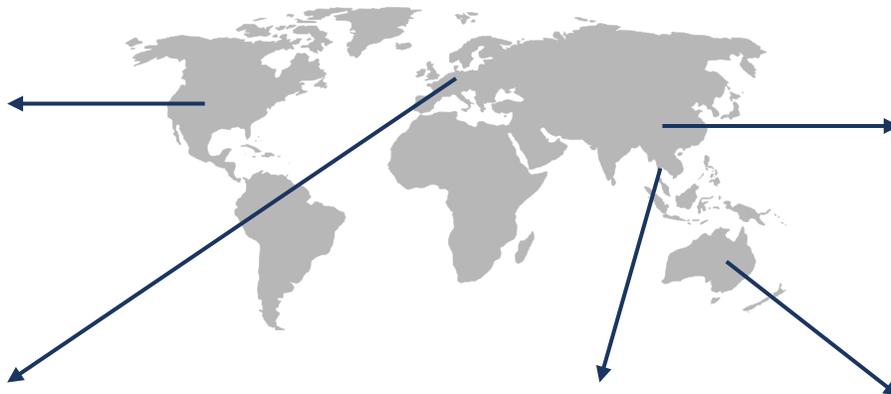
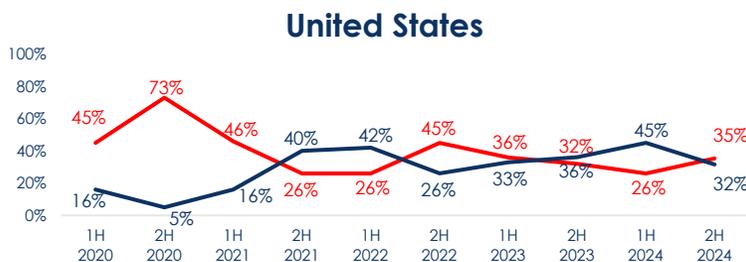
Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.  
 E9. Over the next 12 months, what would be your assessment of the health of the following economies...? (Very weak, Somewhat weak, Neither weak nor strong, Somewhat strong, Very strong) From 2<sup>nd</sup> Half 2021 Asia excludes China.  
 Note: Changes to question or response options in 2<sup>nd</sup> Half 2021 may impact comparability with previous results. China independently measured from Asia from 2H2021 onwards.

# For the first time since the pandemic in 2020, over half of directors perceived the health of the Australian economy as weak

Perceptions of the Australian economy's strength continue to deteriorate from its high of 58% recorded in the second half of 2021. The economic strength perceptions of Asia (excluding China) and the United States are also significantly lower than 1H 2024 (-5 points and -13 points respectively).

## CURRENT ASSESSMENT OF HEALTH OF GLOBAL ECONOMIES (5-Year Trend)

— Total Weak (Very weak + Somewhat weak)  
 — Total Strong (Very strong + Somewhat strong)



Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.  
 E8. What is your assessment of the current health of the following economies...? (Very weak, Somewhat weak, Neither weak nor strong, Somewhat Strong, Very strong) From 2<sup>nd</sup> Half 2021. Asia excludes China.

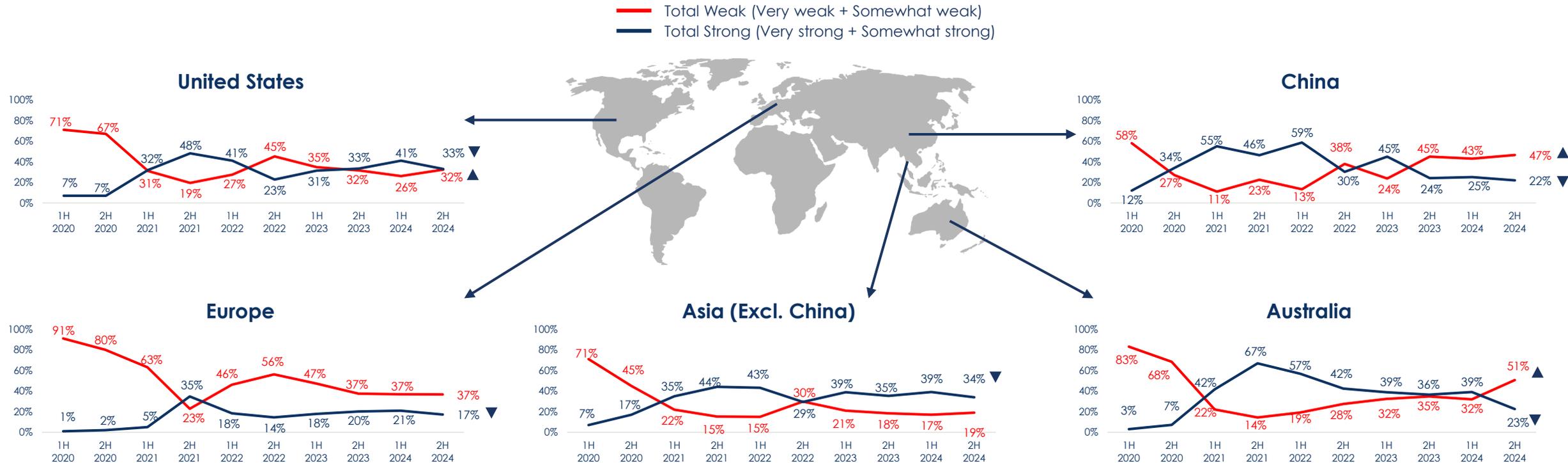
▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1<sup>st</sup> Half 2024 survey.

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.

# Most directors (51%) believe the Australian economy's health in the next 12 months will be weaker; a significant increase compared to 1H 2024

The economic strength outlook by directors within the next 12 months has significantly declined across all economies.

## NEXT 12 MONTH ASSESSMENT OF HEALTH OF GLOBAL ECONOMIES (5-Year Trend)



Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309. E9. Over the next 12 months, what would be your assessment of the health of the following economies...? (Very weak, Somewhat weak, Neither weak nor strong, Somewhat Strong, Very strong) From 2<sup>nd</sup> Half 2021 Asia excludes China.

▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1<sup>st</sup> Half 2024 survey.

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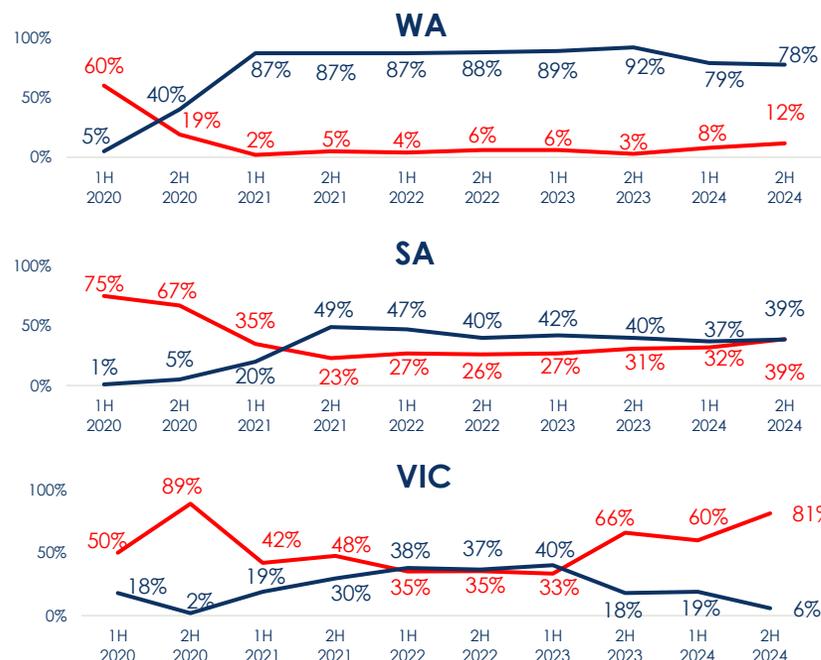
# Victoria's current economy is perceived as weak by far more directors than any other state or territory, with only 6% considering it to be strong

The perception of the strength of current economy in all states has declined except for WA and SA. More directors assess the economies in VIC, QLD and NSW as weak than the percentage considering these to be strong. VIC has the highest increase in assessment as weak.

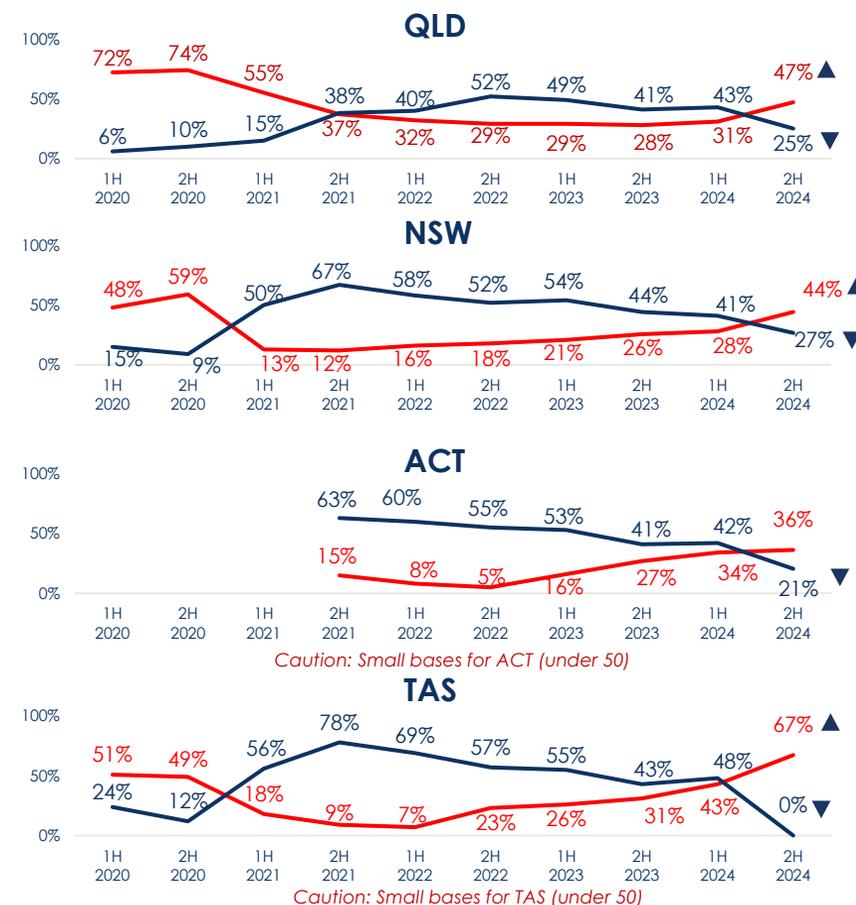
## CURRENT ASSESSMENT OF HEALTH OF YOUR STATE ECONOMY (5-Year Trend)

— Total Weak (Very weak + Somewhat weak)  
 — Total Strong (Very strong + Somewhat strong)

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.



▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1st Half 2024 survey.



Source: AICD Director Sentiment Index Survey 2nd Half 2024. Base: AICD Directors 18+; n=1,309.  
 E8.2 What is your assessment of the current health of the economy in the state where your primary directorship is?  
 NSW n=379, VIC n=371, QLD n=225, SA n=71, WA n=128, TAS n=29\*, ACT n=47\*, NT n=22\*. \* Indicates small base <50.  
 NT not shown due to low base. \*ACT Data before 2H 2021 is unavailable.

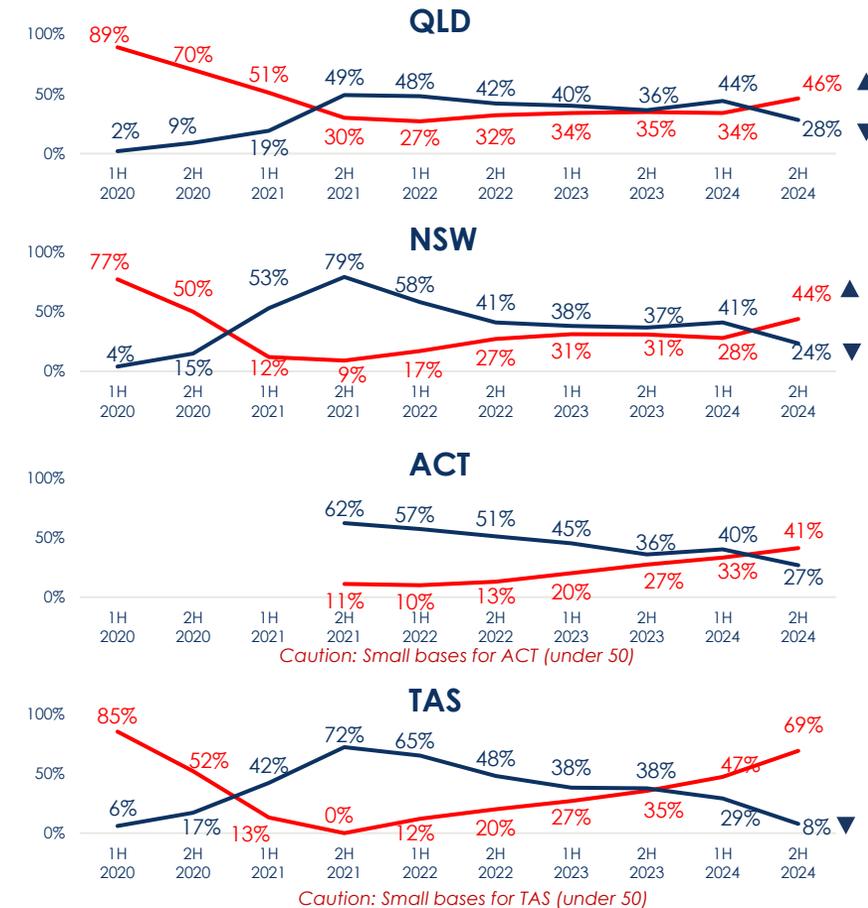
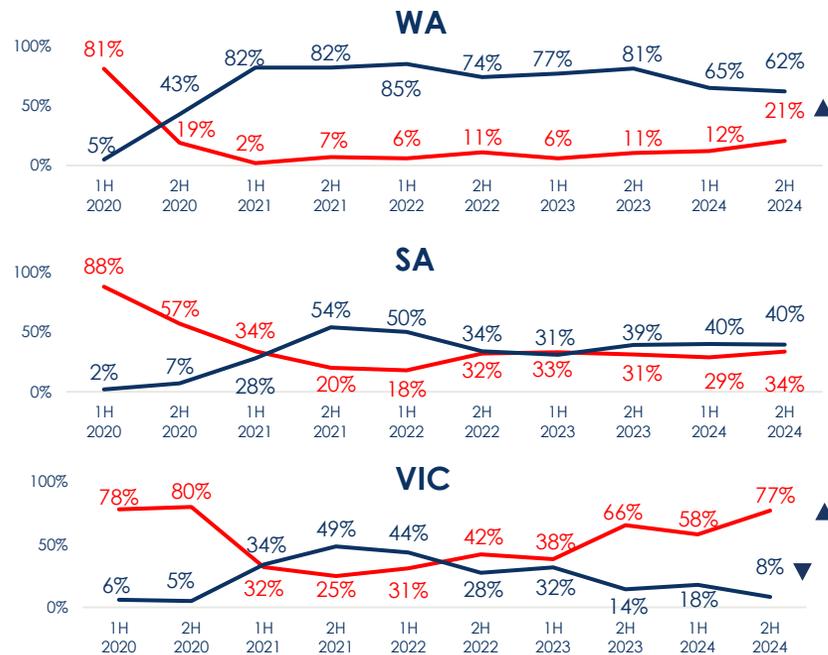
# Similarly, Victoria's economy in the next 12 months is perceived as weak by far more directors than any other state or territory

More directors assess the economies in VIC, QLD and NSW will be weak over the next 12 months than the percentage considering these to be strong, with the largest gap in Victoria. The proportion of directors perceiving WA's economy to be weak in the next 12 months has increased significantly by 9 points in 2H 2024.

## NEXT 12 MONTH ASSESSMENT OF HEALTH OF YOUR STATE ECONOMY (5-Year Trend)

— Total Weak (Very weak + Somewhat weak)  
 — Total Strong (Very strong + Somewhat strong)

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.



▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1<sup>st</sup> Half 2024 survey.

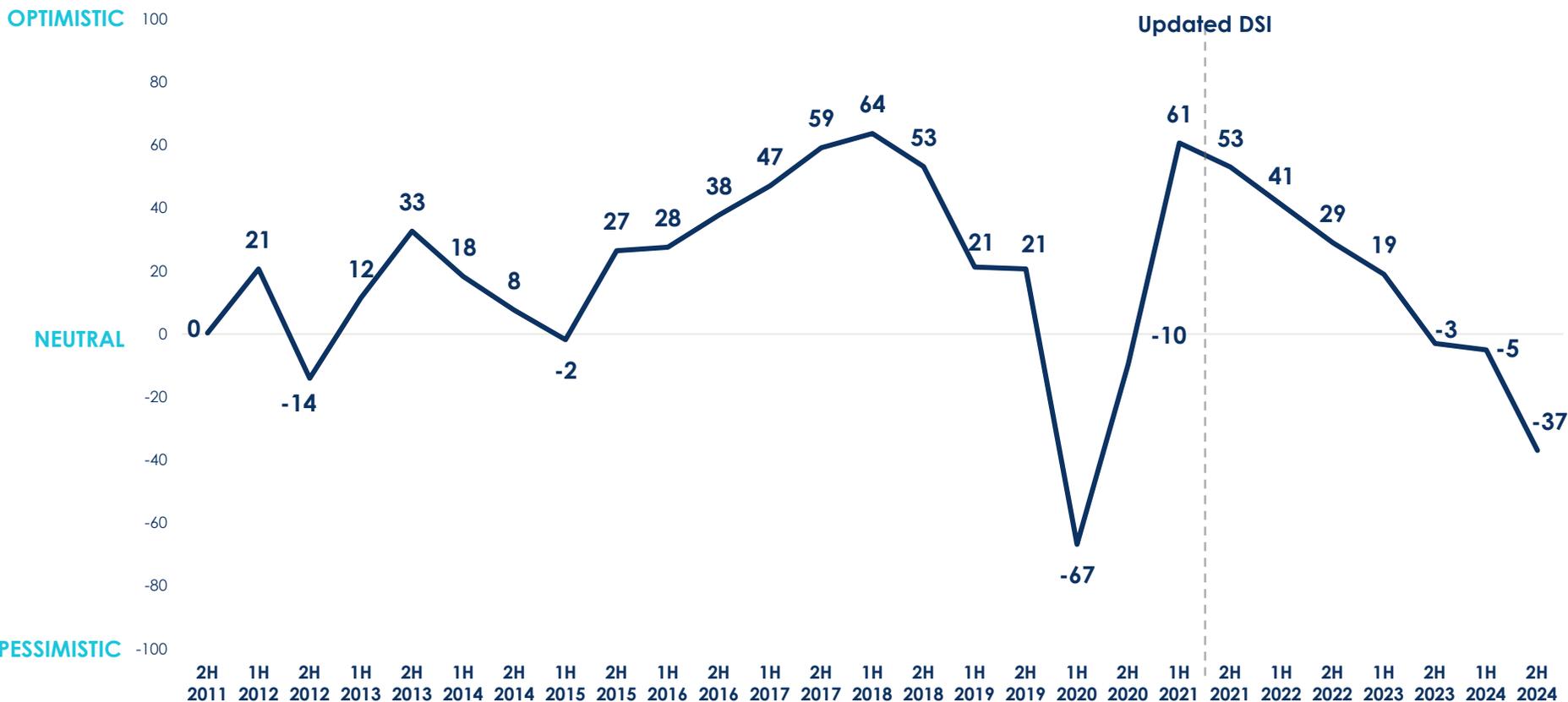
Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309. E9.2. Over the next 12 months, what would be your assessment of the health of the economy in the state where your primary directorship is based? NSW n=379, VIC n=371, QLD n=225, SA n=71, WA n=128, TAS n=29\*, ACT n=47\*, NT n=22\*. \* Indicates small base <50. NT not shown due to low base. \* ACT Data before 2H 2021 is unavailable.

# Business Conditions

# Perceptions of Australian business conditions have dropped further into negative territory

The Business Condition DSI category score continues its downward trend, falling to -37 in 2H 2024, a notable decline of -32 index points from the first half of 2024.

**BUSINESS CONDITIONS DSI CATEGORY SCORE (13-Year Trend)**



## BUSINESS CONDITIONS DSI CATEGORY OVERVIEW

- The Business Conditions DSI category includes current and future (next 12 months) assessments of business conditions in Australia, director's state/territory and sector of primary directorship.

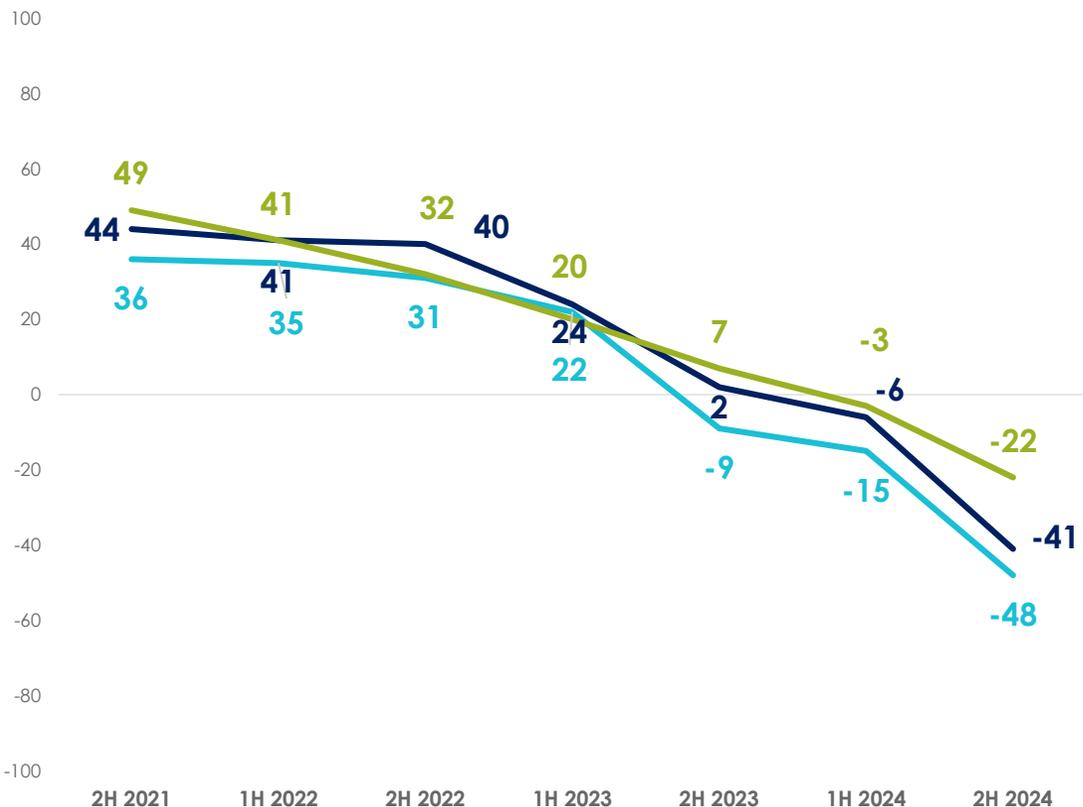
Source: AICD Director Sentiment Index Survey 2nd Half 2024. Base: AICD Directors 18+; n=1,309.

B10.1. What is your assessment of current business conditions in Australia? B10.2. What is your assessment of current business conditions in the state where your primary directorship is based? B10.3. What is your assessment of current business conditions in the sector your primary directorship is in? B11.1 What is your assessment of business conditions over the next 12 months in Australia? B11.2 What is your assessment of business conditions over the next 12 months in the state where your primary directorship is based? B11.3 What is your assessment of business conditions over the next 12 months in the sector your primary directorship is in?

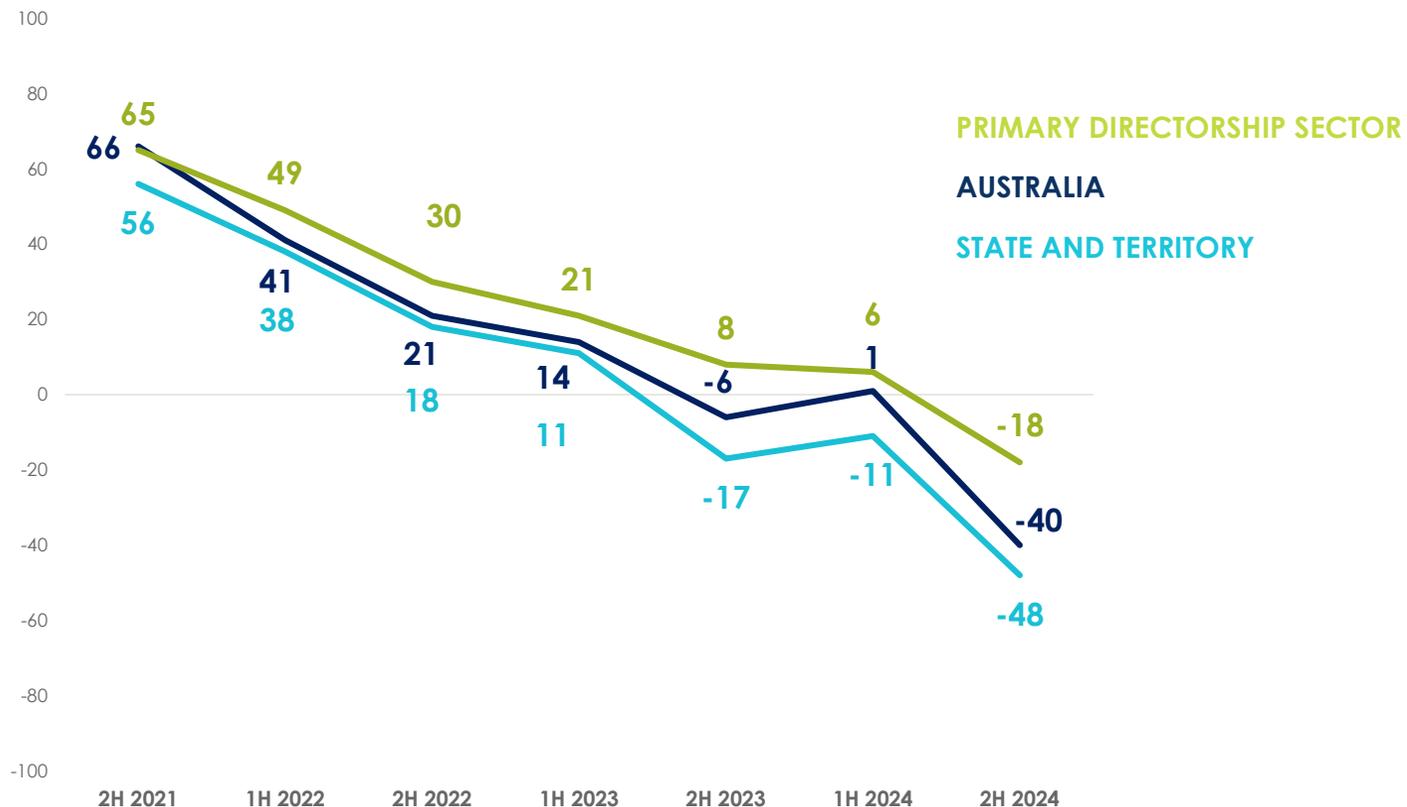
# Perceptions of the health of business conditions are in negative territory for Australia, states and territories combined, and for sectors combined

Perceptions of business conditions continue to trend downward, with declines observed across Australia, states and territories, and for sectors combined. The gap between current conditions and the 12-month assessment has also narrowed.

**CURRENT HEALTH ASSESSMENT OF BUSINESS CONDITIONS DSI (3-Year Trend)**



**NEXT 12 MONTH HEALTH ASSESSMENT OF BUSINESS CONDITIONS DSI (3-Year Trend)**



Source: AICD Director Sentiment Index Survey 2nd Half 2024. Base: AICD Directors 18+; n=1,309.

B10.1. What is your assessment of current business conditions in Australia? B10.2. What is your assessment of current business conditions in the state where your primary directorship is based? B10.3. What is your assessment of current business conditions in the sector your primary directorship is in?

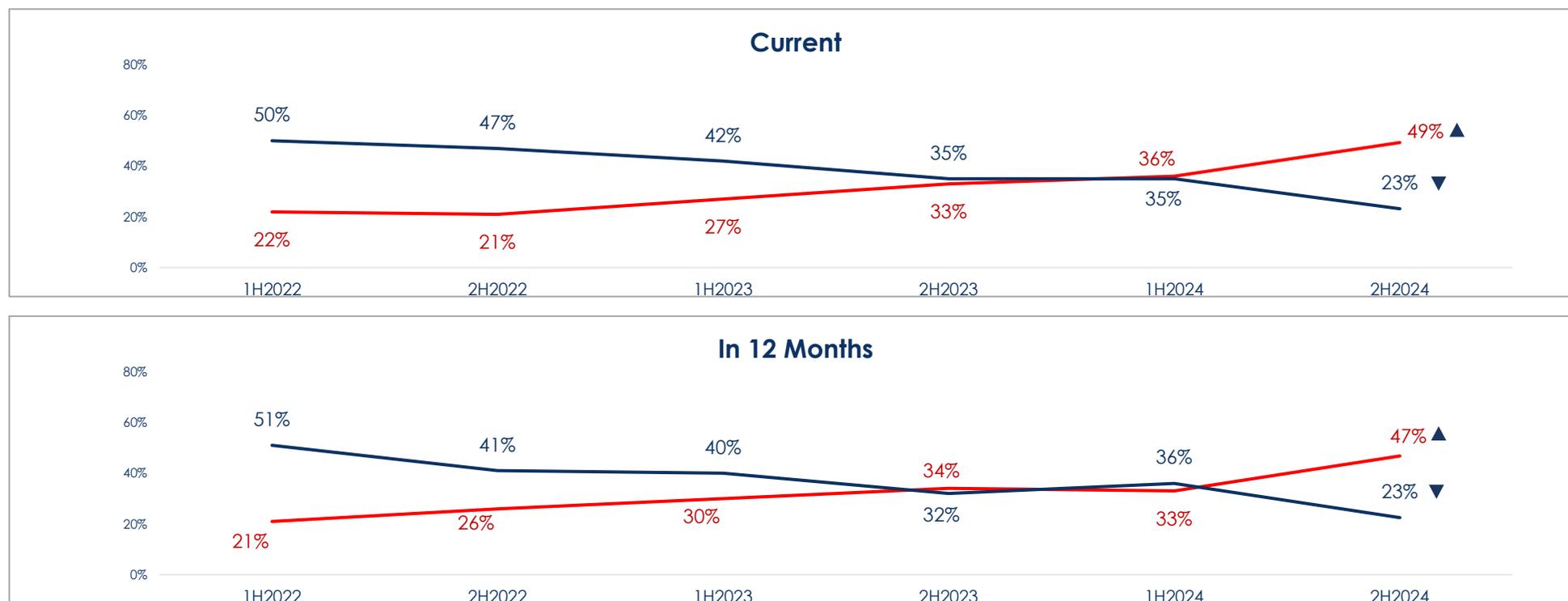
B11.1. What is your assessment of business conditions over the next 12 months in Australia? B11.2. What is your assessment of business conditions in the state where your primary directorship is based? B11.3. What is your assessment of business conditions in the sector your primary directorship is in?

NSW n=379, VIC n=371, QLD n=225, SA n=71, WA n=128, TAS n=29\*, ACT n=47\*, NT n=22\*. \* Indicates small base <50.

The proportion of directors assessing current and future Australian business conditions as weak has been gradually increasing since 1H 2022, with a significant rise in 2H 2024

### ASSESSMENT OF AUSTRALIAN BUSINESS CONDITIONS (3-YEAR TREND)

— Total Weak (Very weak + Somewhat weak)  
 — Total Strong (Very strong + Somewhat strong)



▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2<sup>nd</sup> Half 2024 survey.

Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.  
 B10.1. What is your assessment of current business conditions in Australia?  
 B11.1. What is your assessment of business conditions over the next 12 months in Australia?

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.

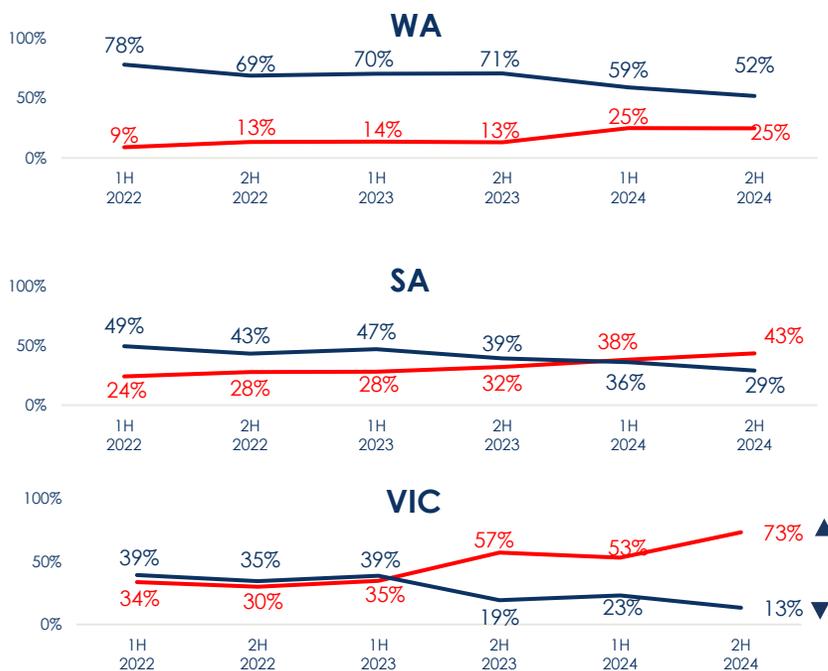
# 73% of Victoria's directors assess the state's business conditions as weak, a significant rise from 1H 2024

Western Australia still has the strongest assessment of business conditions. More directors assess the business conditions in VIC, QLD and NSW as weak than they are strong, with the largest gap occurring in Victoria.

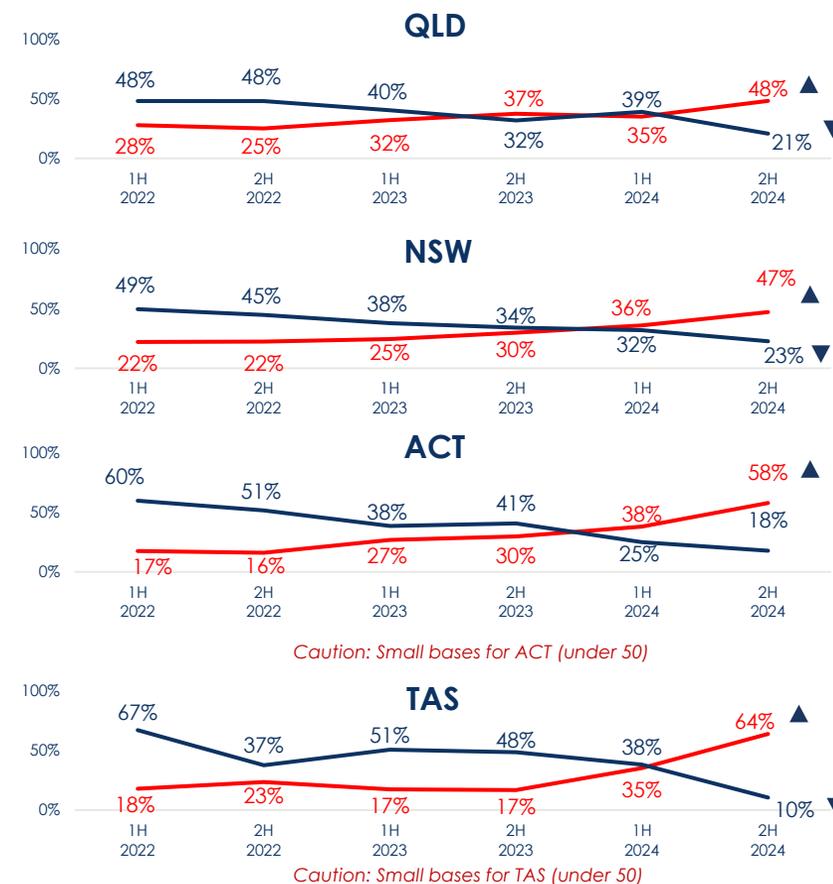
## CURRENT ASSESSMENT OF BUSINESS CONDITIONS IN THE STATE OF DIRECTORSHIP (3-YEAR TREND)

**—** Total Weak (Very weak + Somewhat weak)  
**—** Total Strong (Very strong + Somewhat strong)

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.



▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1<sup>st</sup> Half 2024 survey.



Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309. B10.2. What is your assessment of current business conditions in the state where your primary directorship is based? NSW n=379, VIC n=371, QLD n=225, SA n=71, WA n=128, TAS n=29\*, ACT n=47\*, NT n=22\*. \* Indicates small base <50. NT not shown due to low base.

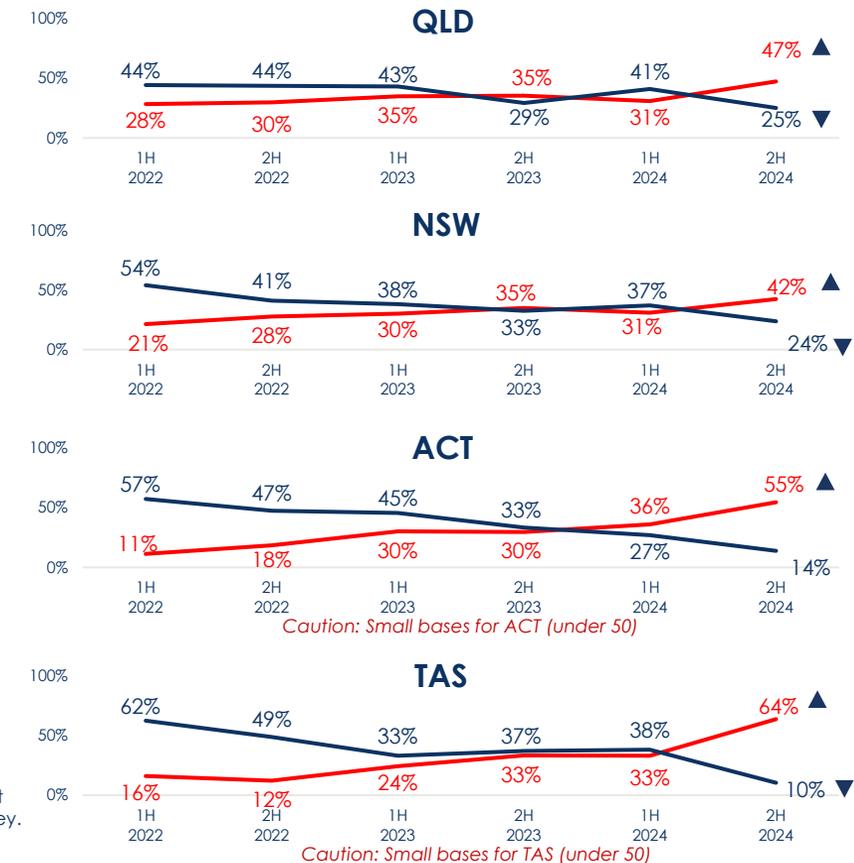
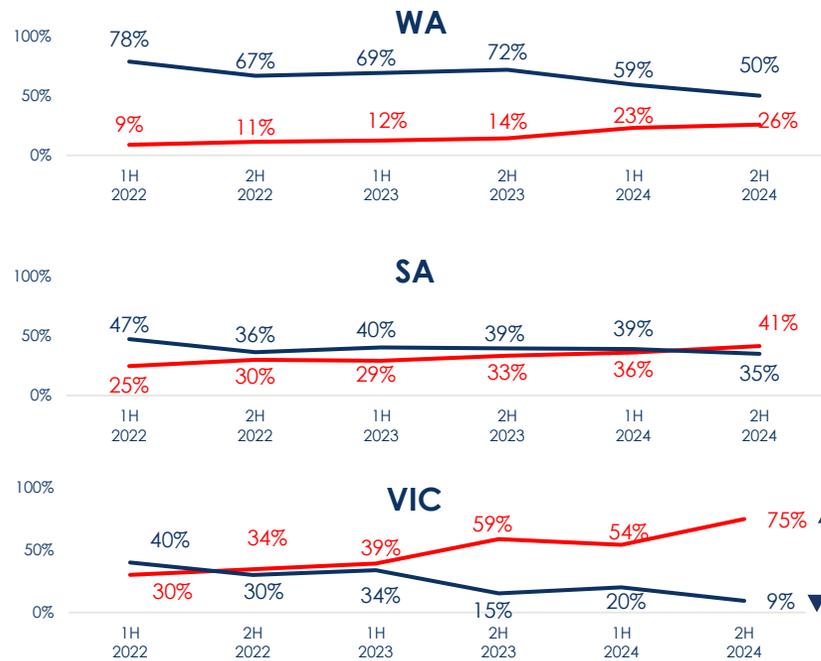
# Victoria now has 75% of directors expecting the state to have weak business conditions in the next 12 months

Similar to current business assessment, significantly more directors assess the N12M condition of business in VIC, QLD and NSW to be weak in 2H 2024. Although Western Australia still has the most optimistic outlook for business conditions in the next 12 months, the proportion of directors assessing it as strong is steadily falling.

## NEXT 12 MONTH ASSESSMENT OF BUSINESS CONDITIONS IN THE STATE OF DIRECTORSHIP (3-YEAR TREND)

— Total Weak (Very weak + Somewhat weak)  
 — Total Strong (Very strong + Somewhat strong)

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.



▲ ▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1<sup>st</sup> Half 2024 survey.

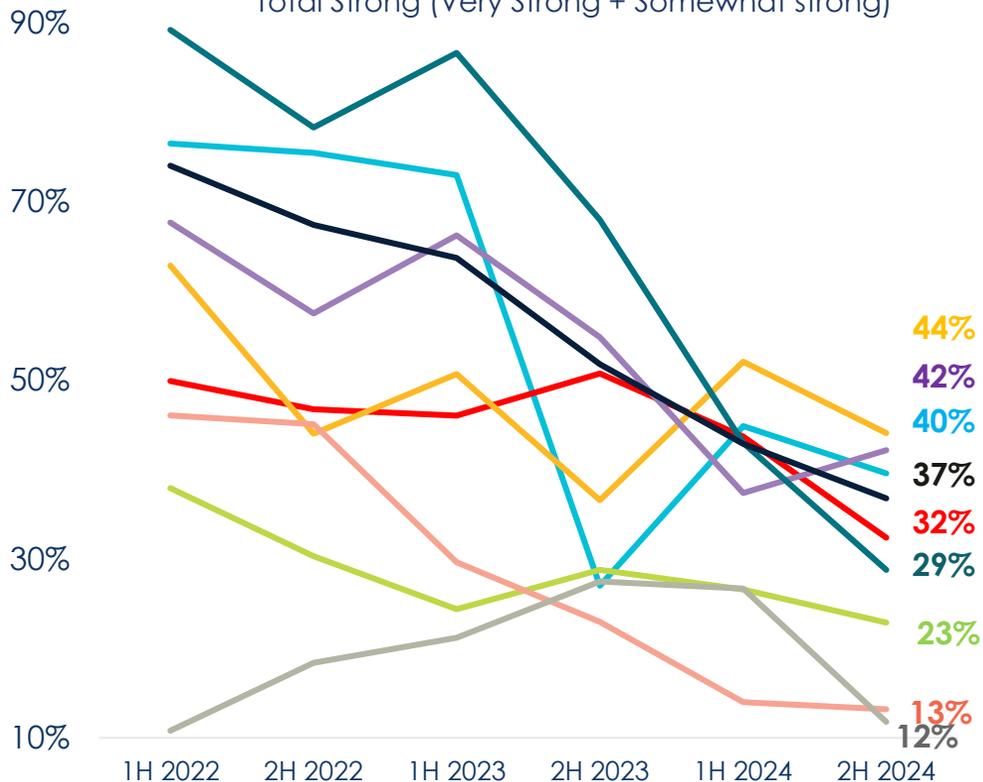
Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.  
 B11.2 What is your assessment of business conditions over the next 12 months in the state where your primary directorship is based?  
 NSW n=379, VIC n=371, QLD n=225, SA n=71, WA n=128, TAS n=29\*, ACT n=47\*, NT n=22\*. \* Indicates small base <50.  
 NT not shown due to low base.

# Business conditions across all sectors have been declining gradually over time

The mining industry has experienced the biggest shift in business conditions from being the leader with most of the directors assessing it as strong to one of the weaker positions. Perceptions in the next 12 months in the professional sector and mining sector have significantly declined in 2H 2024.

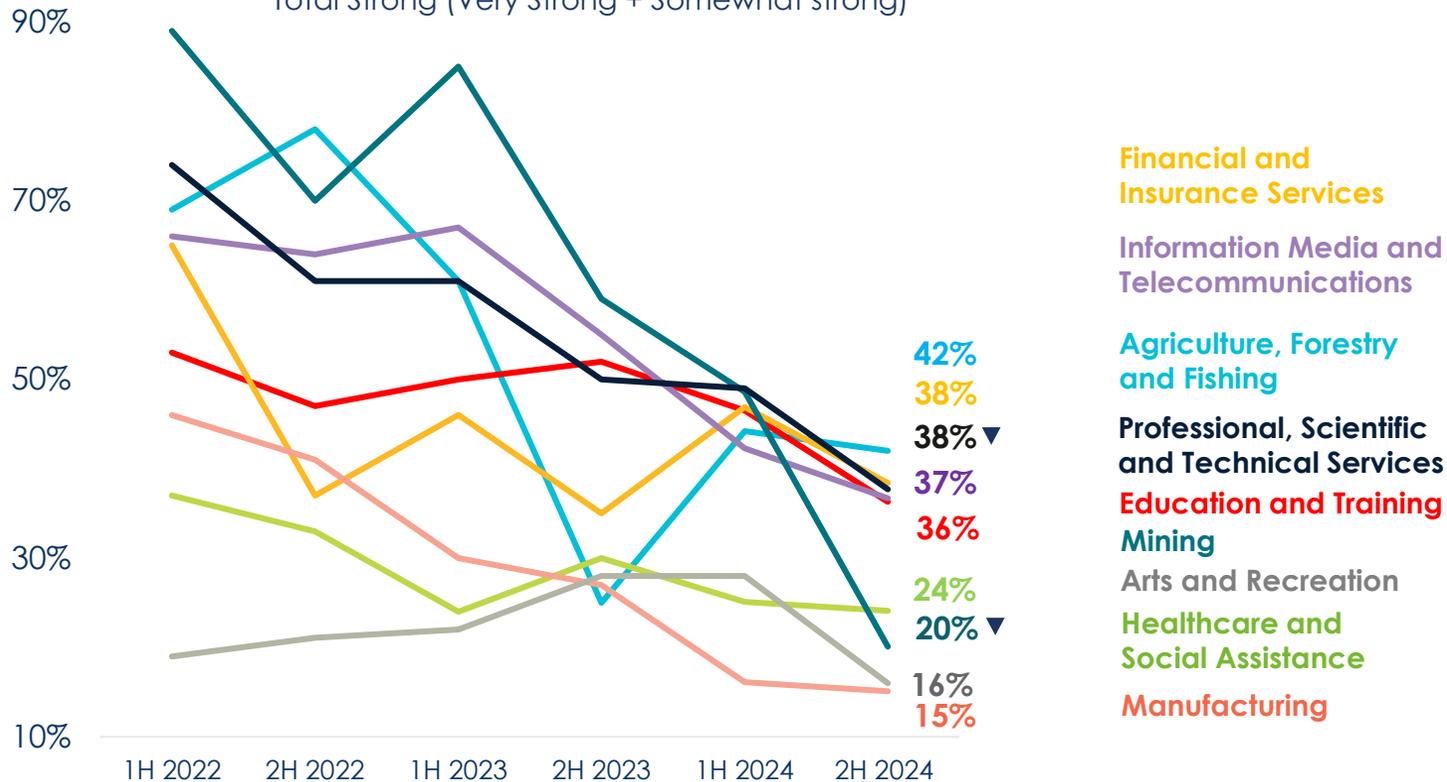
### CURRENT BUSINESS CONDITIONS (3-YEAR TREND): BY BUSINESS SECTOR

Total Strong (Very Strong + Somewhat strong)



### BUSINESS CONDITIONS OVER THE NEXT 12 MONTHS (3-YEAR TREND): BY BUSINESS SECTOR

Total Strong (Very Strong + Somewhat strong)



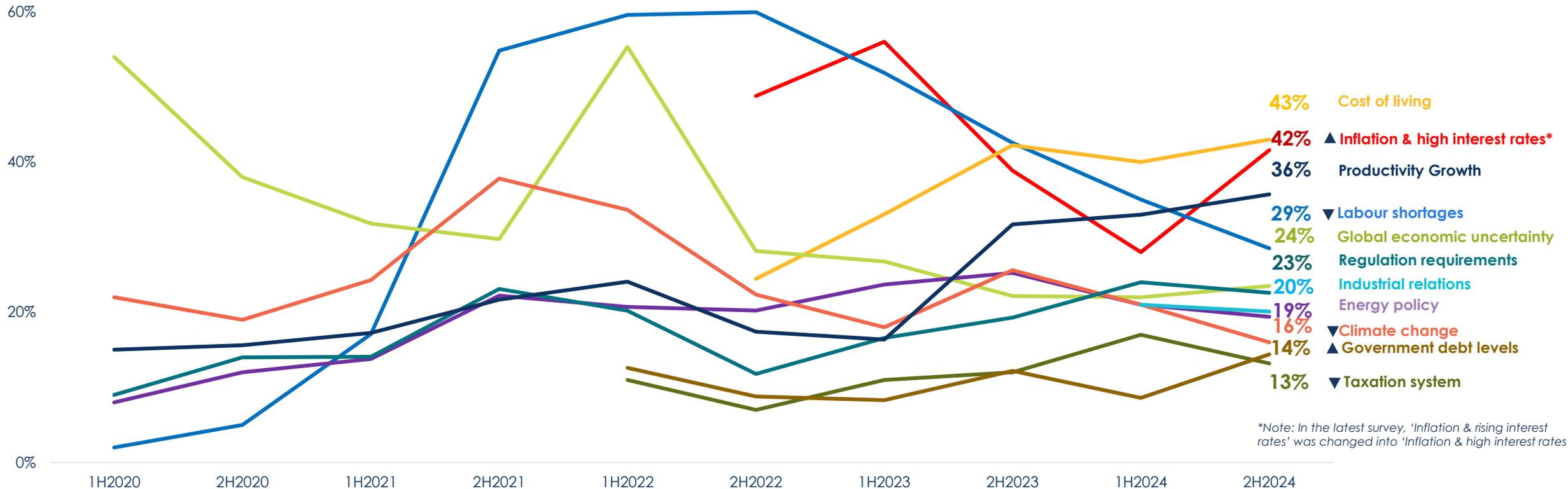
Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.  
 B10.3 What is your assessment of current business conditions in (the sector your primary directorship is in)?  
 B11.3 What is your assessment of business conditions over the next 12 months in (the sector your primary directorship is in)? Only displaying sectors with n=40 or more sample size in 2<sup>nd</sup> Half 2024.  
 Agriculture n= 48, Education n= 114, Financial n= 151, Healthcare n= 279, Information Media n= 52, Manufacturing n= 52, Mining n= 47, Prof services n= 167, Arts and Recreational services n=40.

▲ ▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1<sup>st</sup> Half 2024 survey.

# The top 4 economic challenges remained unchanged, with “Cost of living” still the most-mentioned concern by directors

Since 2H 2022, fewer people view “Labour shortages” as a major challenge. Concerns with “Labour shortages”, “Climate change”, and “Taxation systems” have decreased significantly, while “Inflation & high interest rates” and “Government debt levels” have increased significantly as a perceived challenge in 2H 2024.

**TOP 10 ECONOMIC CHALLENGES FACING AUSTRALIAN BUSINESSES (5-YEAR TREND)**  
(TOTAL MENTIONS)



\*Note: In the latest survey, 'Inflation & rising interest rates' was changed into 'Inflation & high interest rates'.

Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.  
E6. What are the top 3 economic challenges currently facing Australian businesses?  
Percentage of respondents that nominated issue in the top three economic challenges.  
Note: Amendments to the list may impact comparability with previous results.

▲ ▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1<sup>st</sup> Half 2024 survey.

# The vast majority of directors continue to expect costs to increase over the next 12 months

Significantly fewer directors compared to the first half of 2024 expect an increase in wage levels, turnover and sales, labour demand, and investment levels. Profitability is expected to decrease by more directors than expect an increase.

## ARE THESE CONDITIONS EXPECTED TO INCREASE OR DECREASE OVER THE NEXT 12 MONTHS WITHIN YOUR BUSINESS?



— Total Decrease (Strongly Decrease + Slightly Decrease)  
 — Total Increase (Strongly Increase + Slightly Increase)

Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024 Base: AICD Directors 18+; n=1.309. B4. To what extent, if any, do you expect the following conditions to change over the next 12 months within your business?

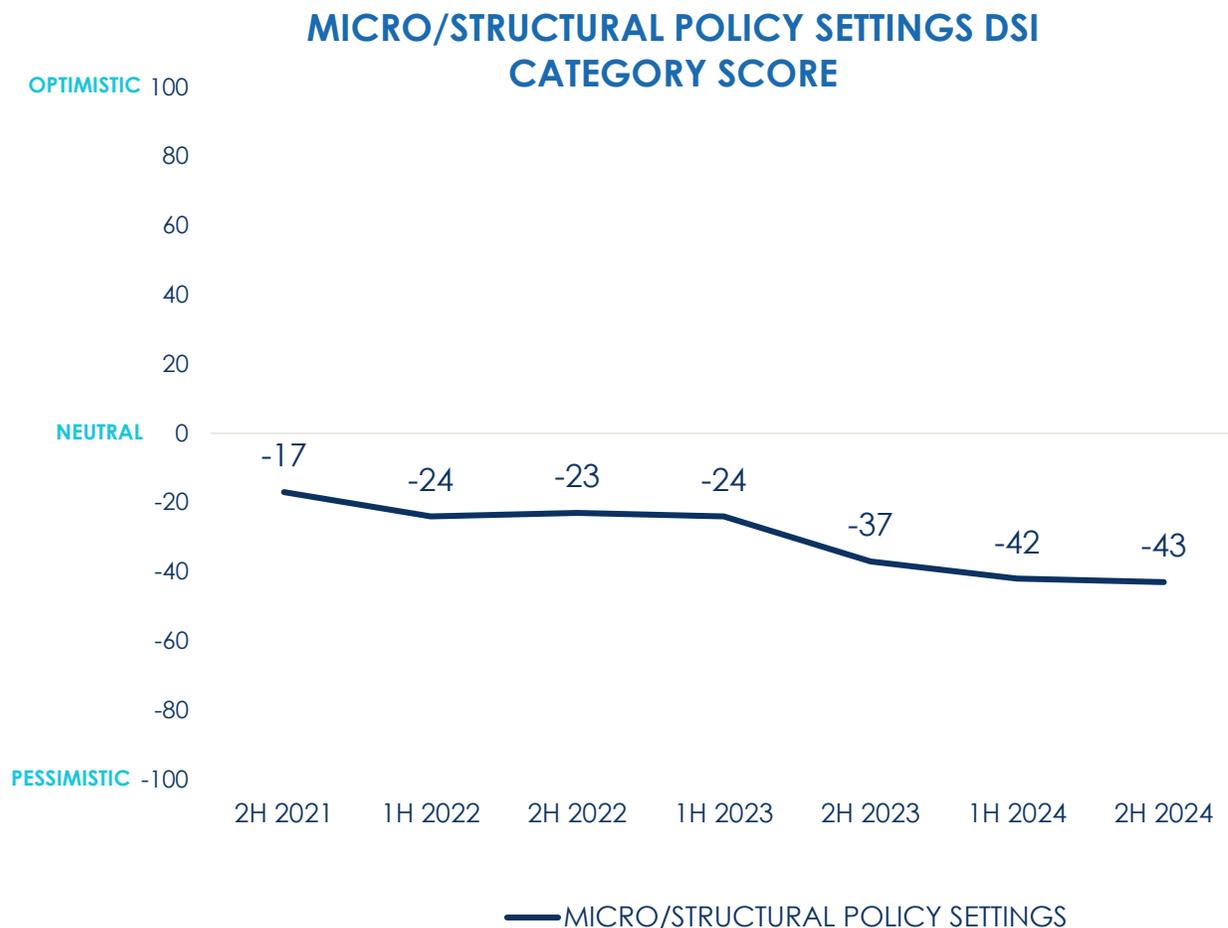
▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1<sup>st</sup> Half 2024 survey.

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.



# Micro/ Structural Policy Settings

# Directors' assessment of Micro/Structural policy settings continued downward, declining to a score of -43



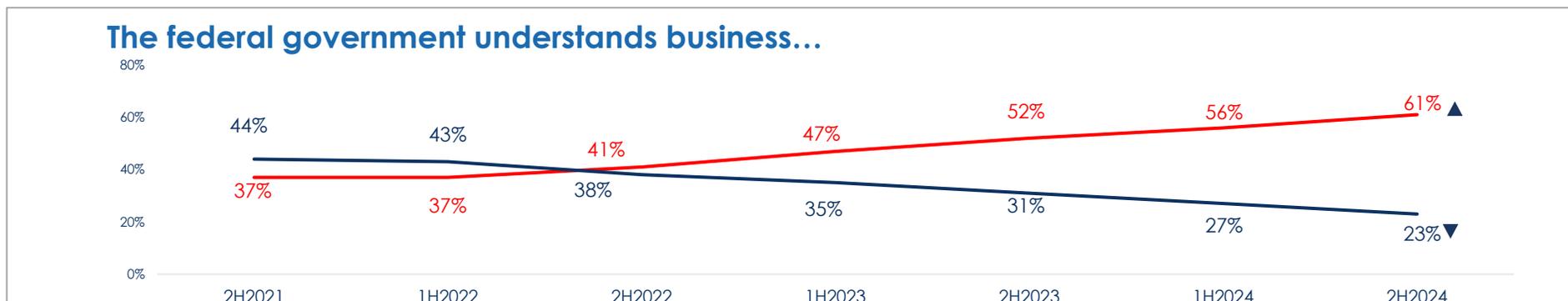
## MICRO/STRUCTURAL POLICY SETTINGS DSI CATEGORY OVERVIEW

- The Micro/Structural Policy Settings DSI category includes:
  - Perception of levels of corporate/personal taxation and the GST, government spending on infrastructure and education, openness to foreign investment, support for international trade and innovation, and assessments of government understanding of business.
- The Micro/Structural Policy Settings DSI category score (-43) declined by 1 point in the second half of 2024. Government support for international trade (-1) remains the strongest indicator in Micro/Structural Policy Settings,

Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.  
T1. What is your level of satisfaction with the current state of the following Australian policy settings...?

# Both trust in the federal government and perceptions of its understanding of business remained weak

There has been a significant uptick in directors disagreeing that the federal government understands business.



— Total Disagree (Strongly disagree + Somewhat disagree)  
 — Total Agree (Strongly agree + Somewhat agree)



▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 2<sup>nd</sup> Half 2024 survey.

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.

Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.  
 RE3.1. To what extent do you agree or disagree that the Federal Government understands business?  
 RE3.2. To what extent do you agree or disagree that you trust the Federal government?

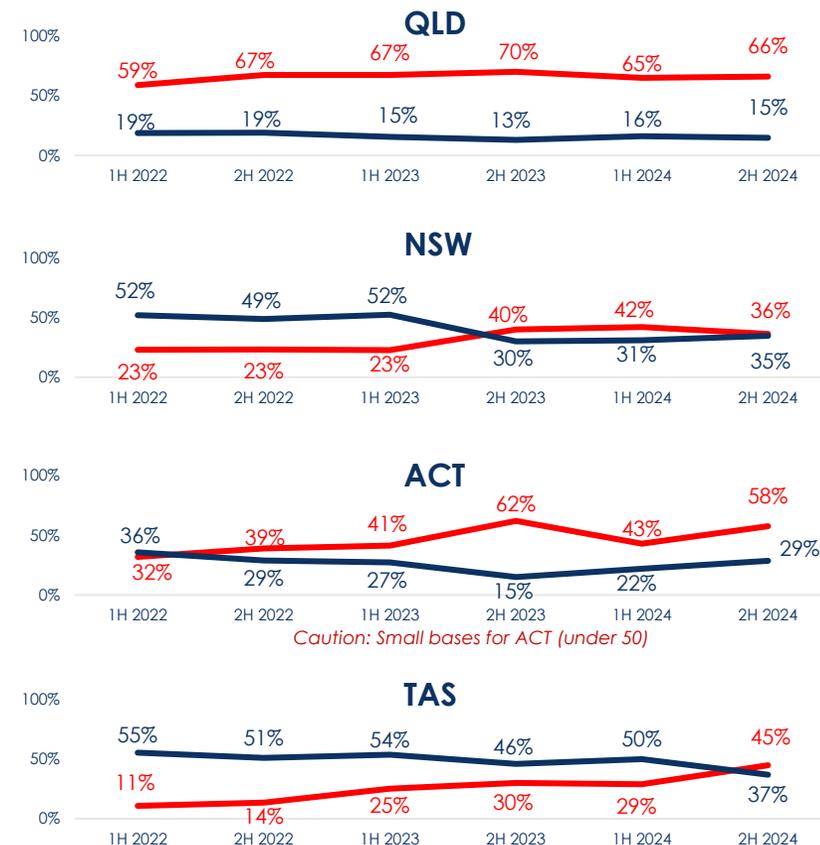
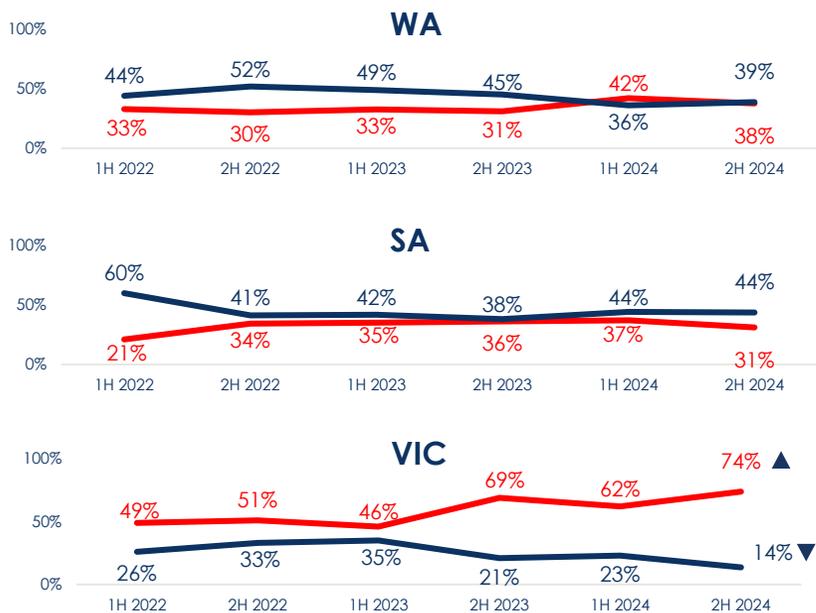
# Significantly fewer directors agree that the Victorian government understands business in 2H 2024, a decline of 9 points to 14% in 2H 2024

Victoria and Queensland remain the states with the highest proportion of directors perceiving that the state government doesn't understand business.

## MY STATE GOVERNMENT UNDERSTANDS BUSINESS (3-YEAR TREND)

— Total Disagree (Strongly disagree + Somewhat disagree)  
— Total Agree (Strongly agree + Somewhat agree)

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.



Source: AICD Director Sentiment Index Survey 2nd Half 2024. Base: AICD Directors 18+; n=1,309. RE3. To what extent do you agree or disagree with the following statements? RE3.3 The [State government of primary directorship] understands business. NSW n=379, VIC n=371, QLD n=225, SA n=71, WA n=128, TAS n=29\*, ACT n=47\*, NT n=22\*. \* Indicates small base <50.

▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1st Half 2024 survey.

Caution: Small bases for TAS (under 50)

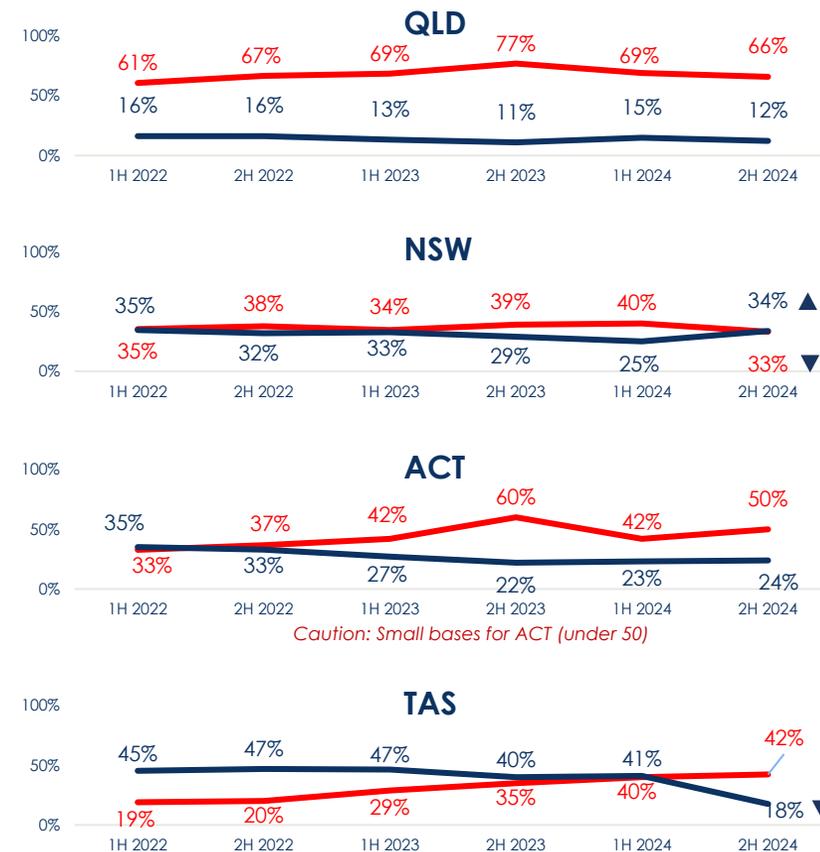
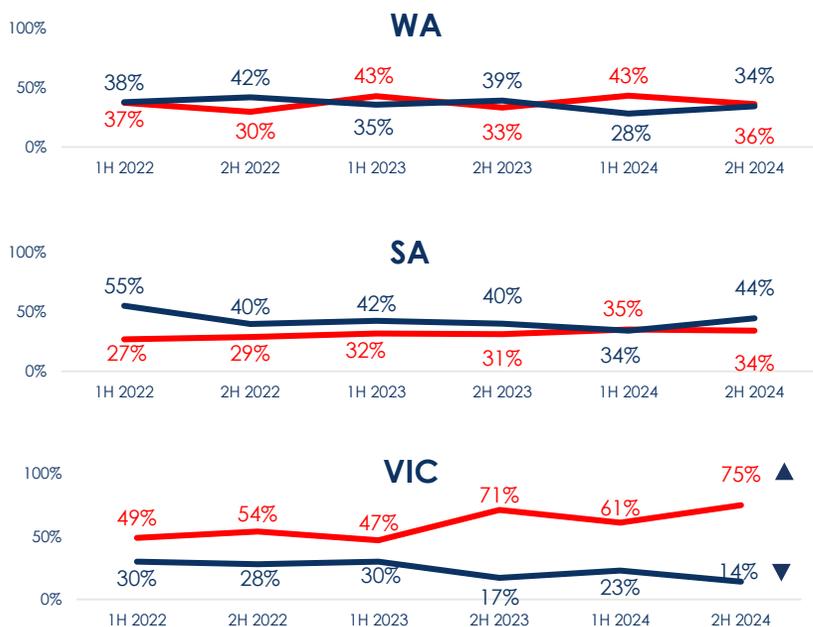
# The NSW government recorded a significant increase in trust among directors, moving out of negative territory for the first time since 1H 2022

Queensland and Victoria remain the two states with directors who are least likely to trust their state government, with Victoria recording a significant increase in the percentage of directors who do not trust the state government.

## I TRUST MY STATE GOVERNMENT (3-YEAR TREND)

— Total Disagree (Strongly disagree + Somewhat disagree)  
 — Total Agree (Strongly agree + Somewhat agree)

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.



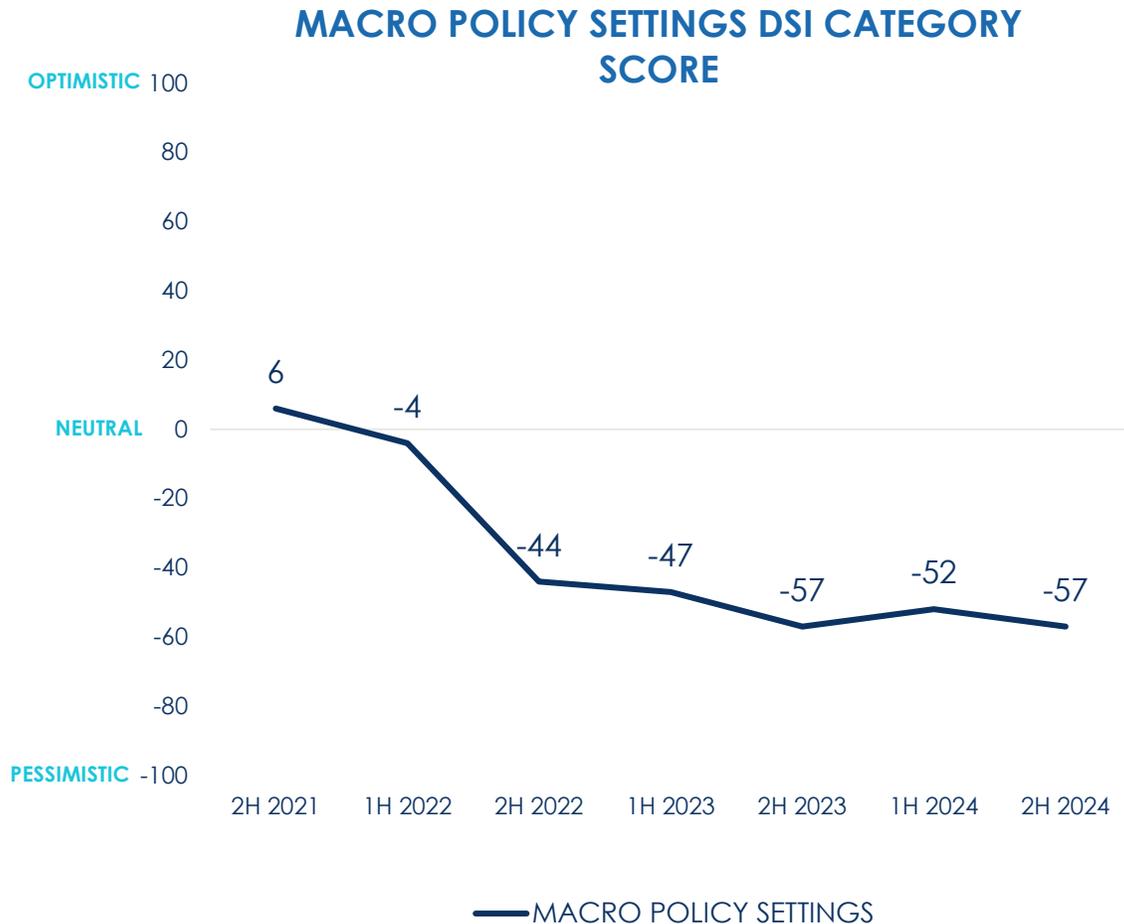
▲ ▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1<sup>st</sup> Half 2024 survey.

Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309. RE3.4. To what extent do you agree or disagree that you trust the state government where your primary directorship is based?  
 NSW n=379, VIC n=371, QLD n=225, SA n=71, WA n=128, TAS n=29\*, ACT n=47\*, NT n=22\*. \* Indicates small base <50.

A wide-angle photograph of the Parliament House in Canberra, Australia, taken at dusk. The building's iconic three-legged flagpole stands prominently in the center, with the Australian flag flying from the top. The building's facade is illuminated from within, showing a grid of columns and arches. The sky is a gradient of blue and purple. In the foreground, there is a circular garden bed with dark green plants.

# Macro Policy Settings

# Macro Policy Setting DSI category score declined marginally in 2H 2024



## MACRO POLICY SETTINGS DSI CATEGORY OVERVIEW

- The Macro Policy Settings DSI category includes:
  - Assessment of the adequacy of federal and state government fiscal support and RBA monetary policy, the impact of the Australian dollar and the availability of business credit.
- The Macro Policy Settings DSI category score declined by 5 points in the second half of 2024, primarily driven by a negative sentiment regarding the fiscal support offered by Federal and State Governments being inadequate (-71 and -75 respectively in 2H 2024).

Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.  
MA1. How positively or negatively do the following affect your business?

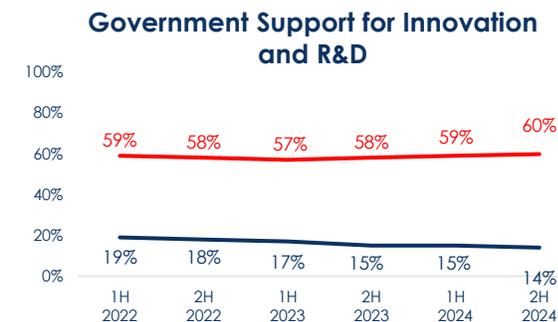
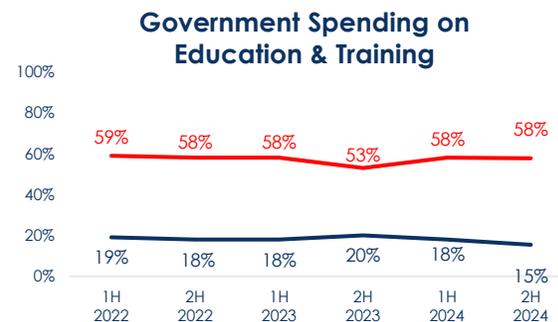
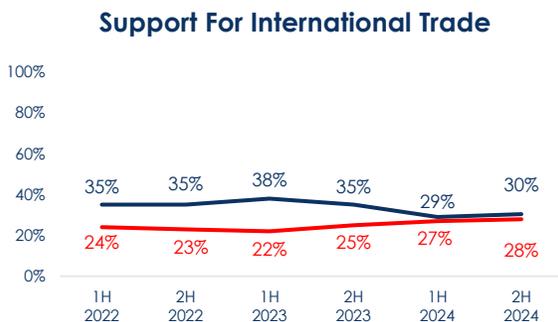
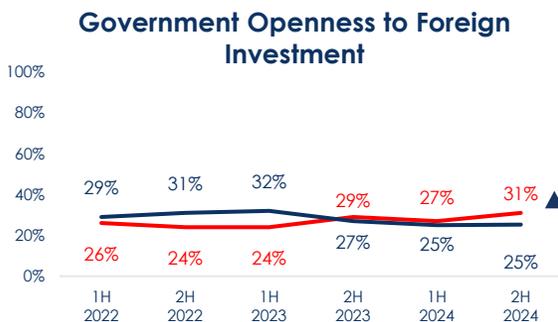
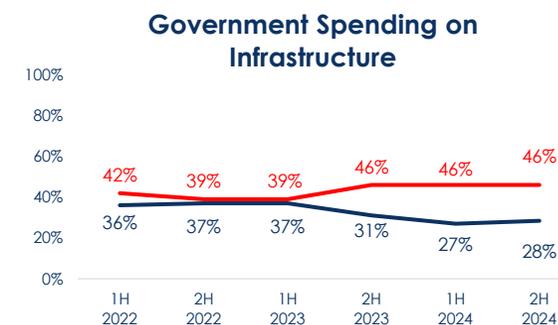
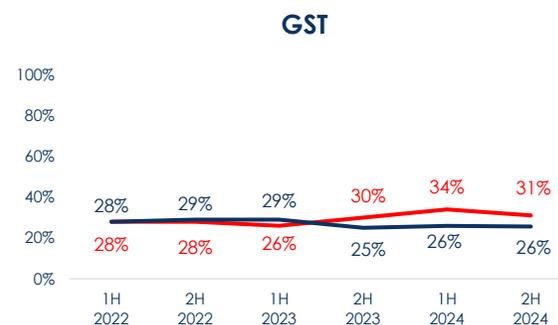
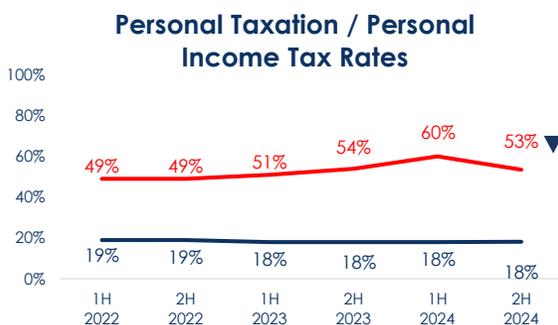
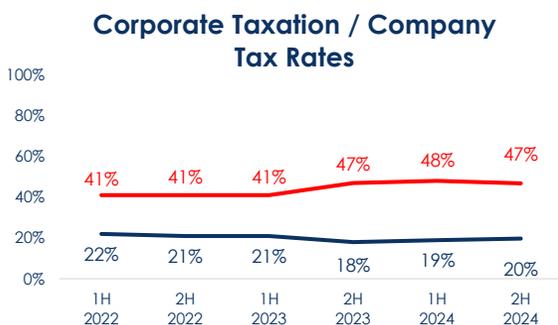
# Dissatisfaction levels are higher than satisfaction for all policy settings, except for “Support for international trade”, where satisfaction remains marginally higher

There has been a significant rise in dissatisfaction regarding “Government Openness to Foreign Investment,” while dissatisfaction with “Personal Taxation/Personal Income Tax Rates” has significantly decreased compared to the first half of 2024.

## SATISFACTION WITH AUSTRALIAN POLICY SETTINGS (3-YEAR TREND)

— Total Dissatisfied (Very dissatisfied + Somewhat dissatisfied)  
 — Total Satisfied (Very satisfied + Somewhat satisfied)

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.



Source: AICD Director Sentiment Index Survey 2nd Half 2024. Base: AICD Directors 18+; n=1,309  
 T1. What is your level of satisfaction with the current state of the following Australian policy settings...?

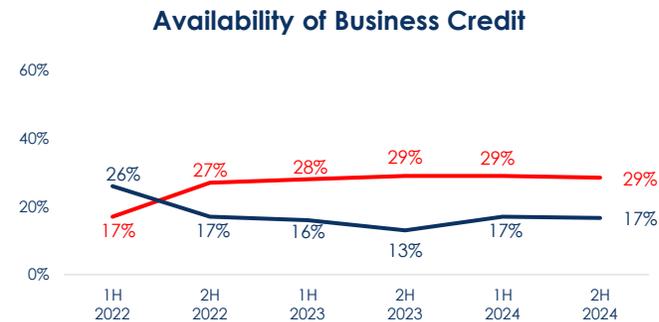
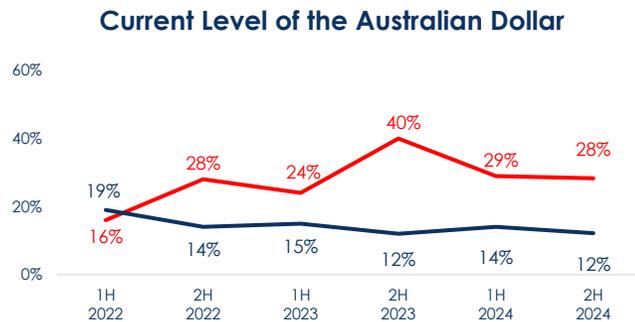
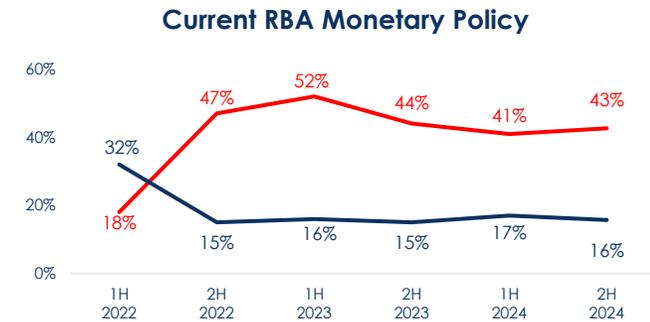
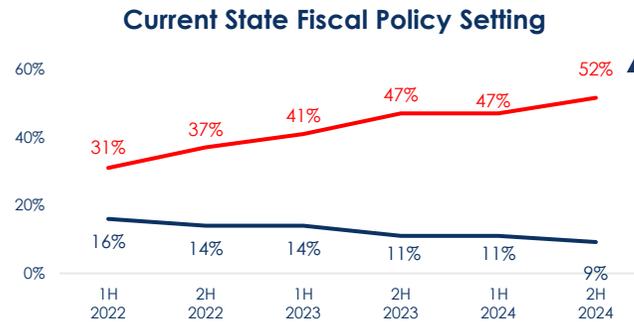
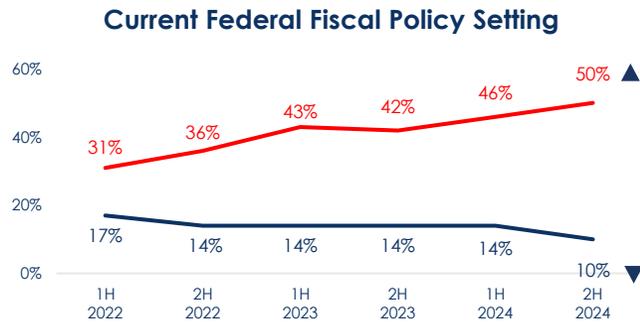
Arrows represent significant increase or decrease at 95% or 99% confidence level since 1st Half 2024 survey.

# Over half of directors report that current federal and state fiscal policies have negatively impacted their businesses, a significant increase from 1H 2024

## IMPACT ON BUSINESS (3-YEAR TREND)

— Total Negatively (Very negatively + Somewhat negatively)  
— Total Positively (Very positively + Somewhat positively)

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.



Source: AICD Director Sentiment Index Survey 2nd Half 2024. Base: AICD Directors 18+; n=1,309 MA1. How positively or negatively do the following affect your business?

▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1st Half 2024 survey.

# 46% of directors believe that Australia will be in a recession within the next 12 months, a significant increase of 15 points from 1H 2024

The majority of directors maintain that any further increase in interest rate would negatively affect the economy, and that a cut would have the opposite effect. Significantly fewer directors believe that the RBA holding interest steady will have a positive impact on the economy compared to 1H 2024.

## THINKING ABOUT INFLATION, INTEREST RATES AND THE RBA, PLEASE INDICATE THE EXTENT TO WHICH YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS:

Any further increase in interest rates by the RBA will negatively impact the economy

78% 81%

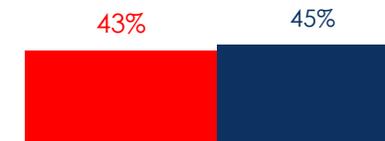
8% 8%  
1H2024 2H2024

The RBA cutting interest rates will have a positive impact on the economy

68% 66%

15% 16%  
1H2024 2H2024

Likelihood of interest rate cut in the next 6 months



■ Total Unlikely ■ Total Likely  
New question for 2H 2024 (No historical data available)

The RBA holding interest rates steady will have a positive impact on the economy

49% 36% ▼  
19% 30% ▲  
1H2024 2H2024

Current monetary policies will cause a major uptick in business insolvency

51% 59% 54% 47% 56% ▲  
17% 15% 16% 19% 15% ▼  
2H2022 1H2023 2H2023 1H2024 2H2024

Likelihood of recession in the next 12 months

42% 53% 46% ▲  
39% 31% 35% ▼  
2H2023 1H2024 2H2024

— Total Disagree (Strongly disagree + Somewhat disagree)  
— Total Agree (Strongly agree + Somewhat agree)

▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1<sup>st</sup> Half 2024 survey.

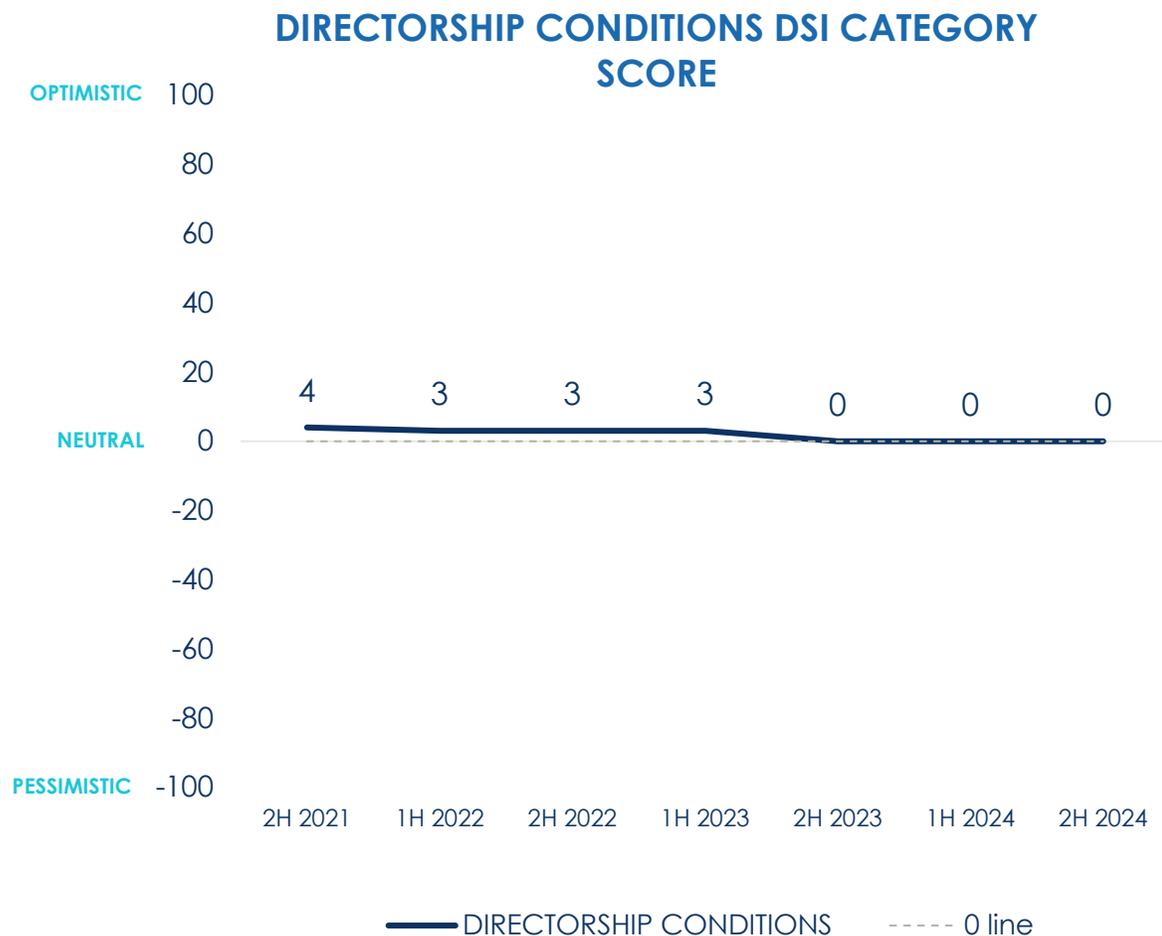
Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree. Neither likely nor unlikely etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.

Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.  
RBA1. Thinking about inflation, interest rates and the RBA, please indicate the extent to which you agree or disagree with the following statements.  
RBA2. What do you think is the likelihood of an interest rate cut by the RBA in the next 6 months?  
DD10. How likely or unlikely do you think that it is that Australia will be in a recession within the next 12 months?



# Directorship Conditions

# Directorship conditions remained unchanged at the zero neutral point



## DIRECTORSHIP CONDITIONS DSI CATEGORY OVERVIEW

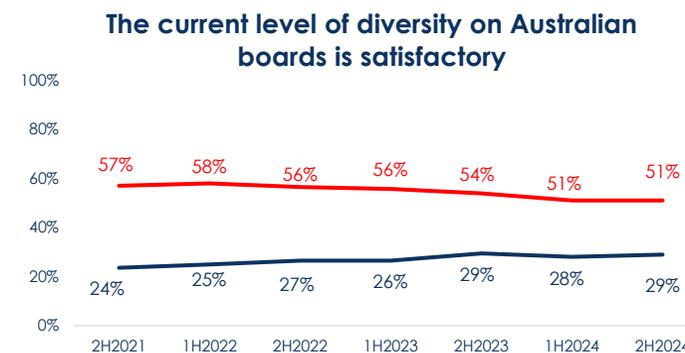
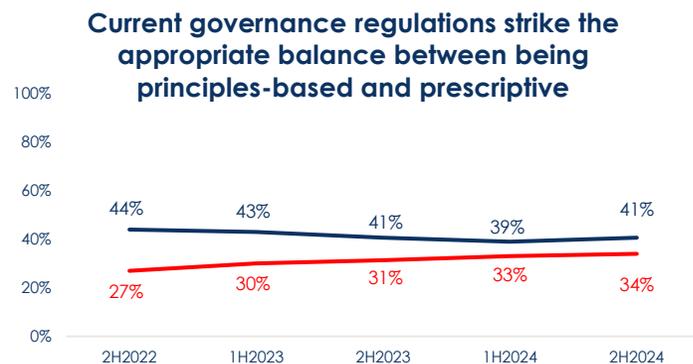
- The Directorship Conditions DSI category includes:
  - Balance of current governance regulations (principles-based vs prescriptive), satisfaction of corporate reporting requirements and diversity on Australian boards, and whether director liability provisions negatively impact decision-making.
- This wave's results saw higher levels of negative sentiment towards the level of diversity on Australian Boards (-29) and decreased negative sentiment towards the current Director liability provisions (-3, increment of 7 points from the 1H 2024). current balance of governance regulations (5) and level of corporate reporting requirements (26) have marginally increased.

Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.  
G1. Based on your personal board experience, please indicate the extent to which you agree or disagree with the following statements.

# No significant changes in perceived directorship conditions since the 1<sup>st</sup> half of 2024. Directors are most satisfied with the level of corporate reporting and are least satisfied with board diversity

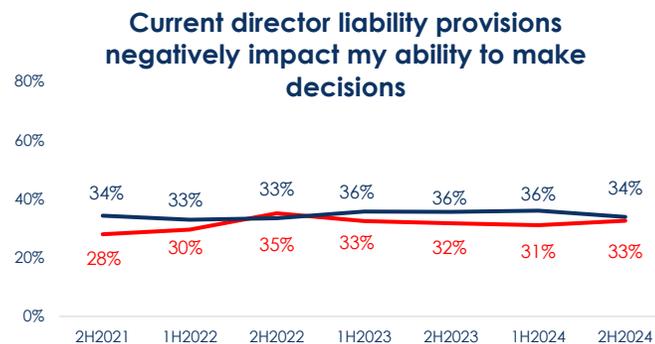
The statement “Current level of diversity on Australian boards is satisfactory” is the only statement that had more directors’ disagreement than agreement.

## BASED ON YOUR PERSONAL BOARD EXPERIENCE, PLEASE INDICATE THE EXTENT TO WHICH YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS:



— Total Disagree (Strongly disagree+ Somewhat disagree)  
 — Total Agree (Strongly agree + Somewhat agree)

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.



Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.

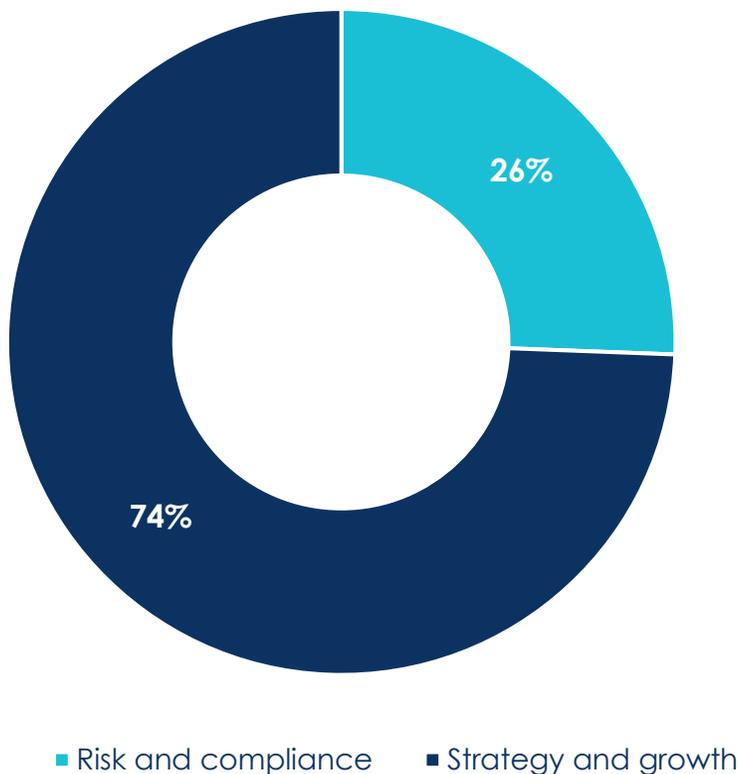
G1. Based on your personal board experience, please indicate the extent to which you agree or disagree with the following statements.

Board experience statements 1-2% = Not applicable; My board faces difficulties recruiting new talented directors 4.5% = Not applicable. Total disagreed that governance regulations strike appropriate balance n=449.

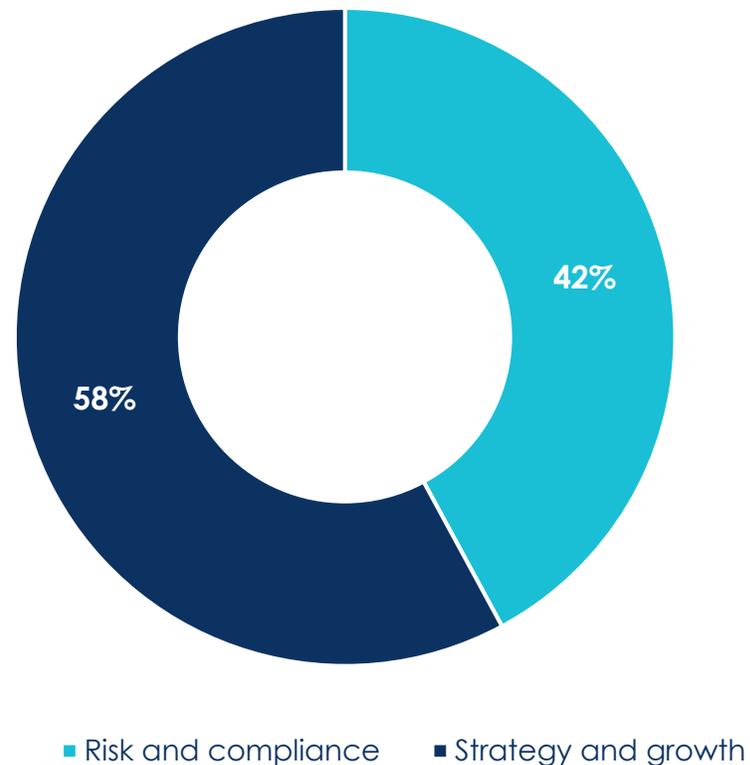
▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1<sup>st</sup> Half 2024 survey.

“Strategy and growth” is the main focus of the Board for 74% of directors and occupies on average 58% of discussions, with the remainder focused on “risk and compliance”

The Board’s main focus currently is...



Percentage of board’s discussion and consideration on each of these topics:



Question reinstated for 2H 2024

Source: Roy Morgan AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+, n= 1,309.

G3. Below are two opposing views about the main focus of Boards. Please select the statement that comes closest to the situation within your primary directorship:

G3A. Now, thinking about your board’s focus on the 2 topics of “Strategy and growth” and “Risk and compliance”. Please estimate the percentage of your board’s discussion and consideration on each of these topics.

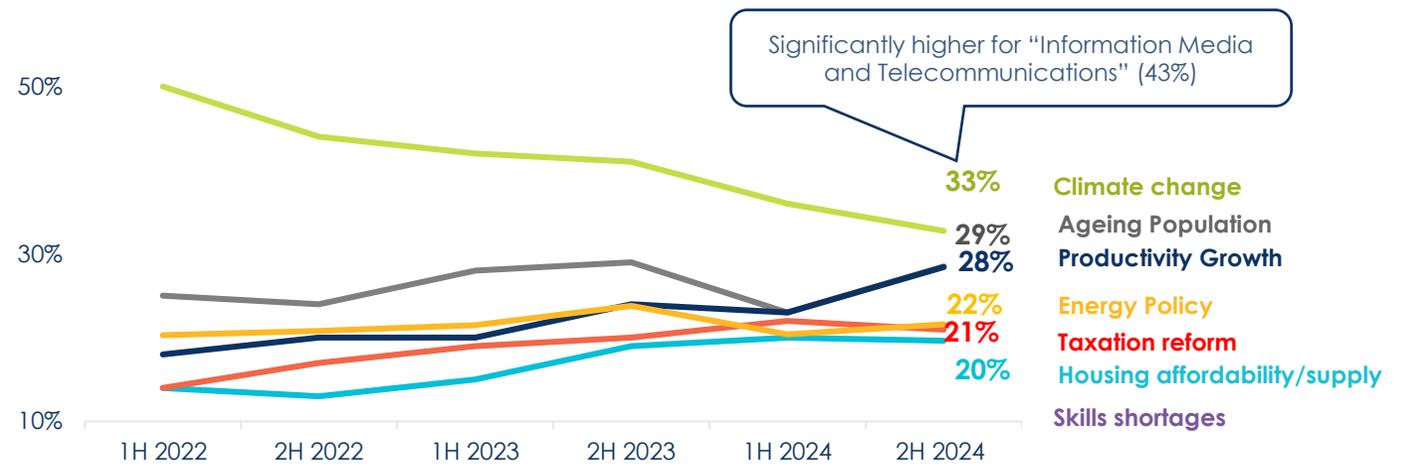
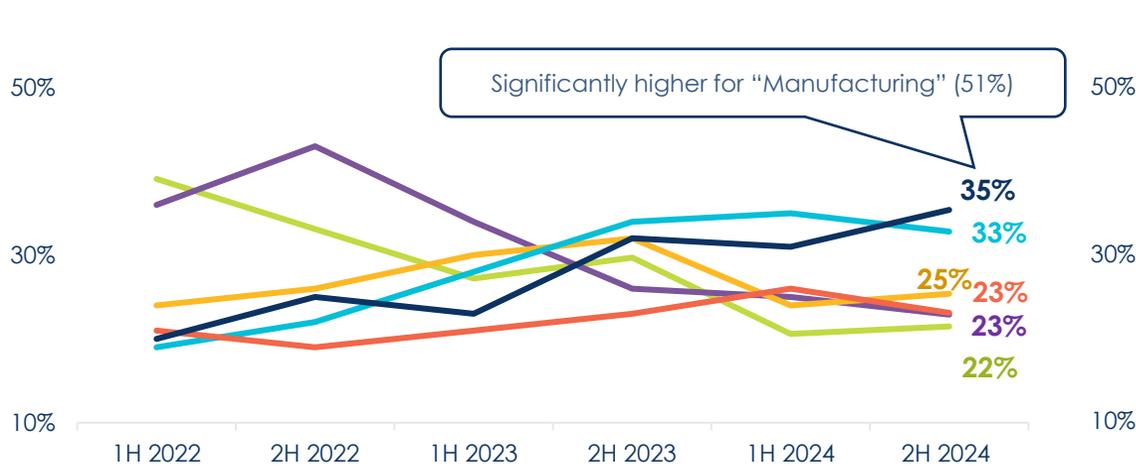
# Topical issues

# “Productivity growth” climbs steadily on the list of both short and long term priorities for the federal government while “Climate change” is moving in the opposite direction

“Housing affordability” is perceived as one of the top short-term priorities and “Climate change”, “Ageing population” and “Productivity Growth” are the top long-term priorities.

## TOP ISSUES FEDERAL GOVERNMENT SHOULD ADDRESS IN NEXT 3 YEARS

## TOP ISSUES FEDERAL GOVERNMENT SHOULD ADDRESS IN NEXT 10-20 YEARS



Source: AICD Director Sentiment Index Survey 2nd Half 2024. Base: AICD Directors 18+; n=1,309.  
 RE4. In your opinion, what are the top 3 issues the federal government should address in the short term (next 3 years)?  
 RE4a. Now thinking about the longer term (next 10-20 years), what are the top 3 issues the federal government should address?  
 Percentage refers to respondents who nominated this as a top 3 issue. Note: Amendments to list may impact comparability with previous results.  
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▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1st Half 2024 survey.

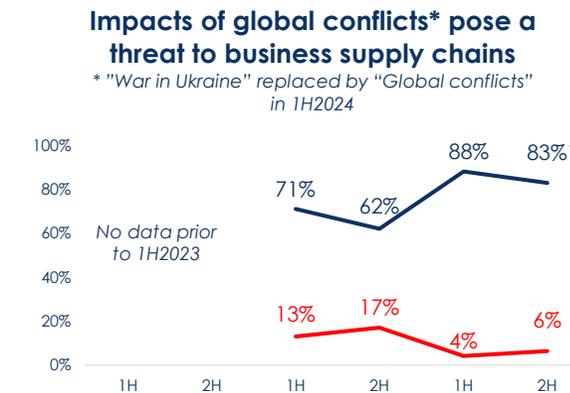
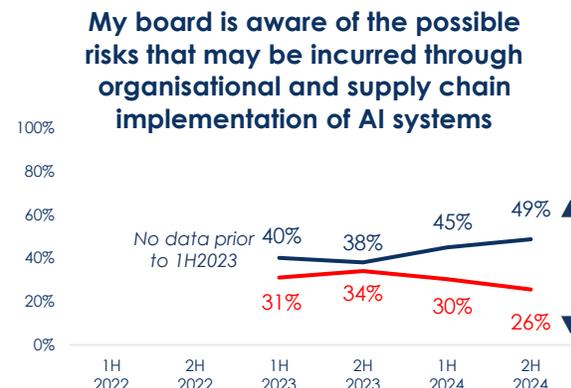
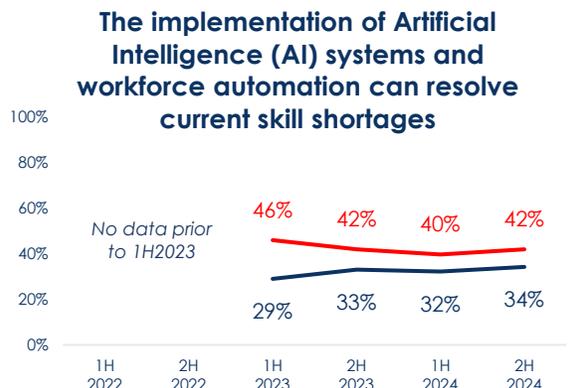
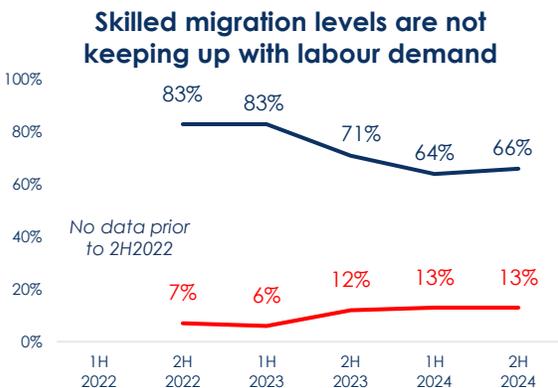
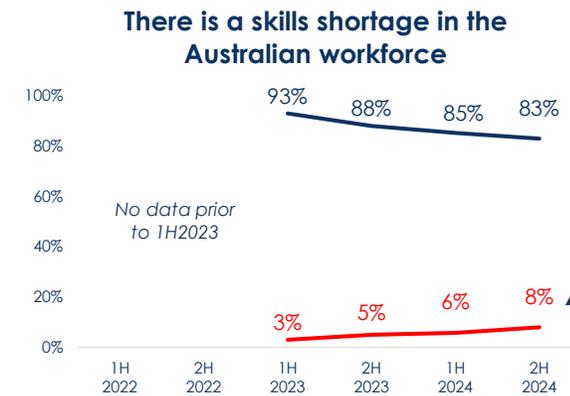
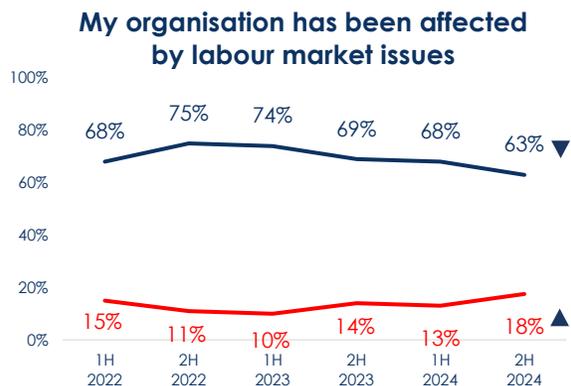
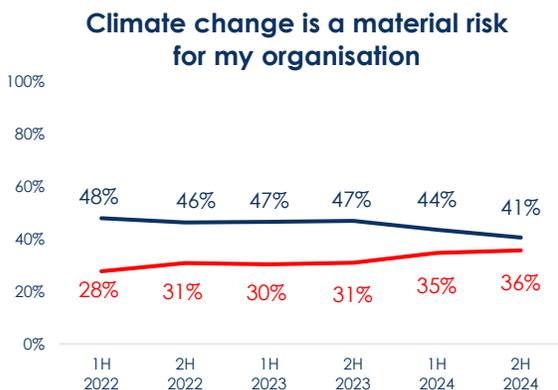
# “Impacts of global conflicts” and “Skills shortage” are concerns for around 8 in 10 directors

“Culture of organisation”, “Labour market issues” and migration levels also concern the majority of directors surveyed. Significantly fewer directors are concerned about labour market issues (a drop of 5 points to 63%) and global conflicts (a drop of 5 points to 83%) in 2H 2024. Awareness of possible risk related to implementation of AI systems has significantly increased by 4 points to 49%.

## DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS...?

— Total Disagree (Strongly disagree + Somewhat disagree)  
 — Total Agree (Strongly agree + Somewhat agree)

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.



Source: AICD Director Sentiment Index Survey 2nd Half 2024. Base: AICD Directors 18+; n=1,309.

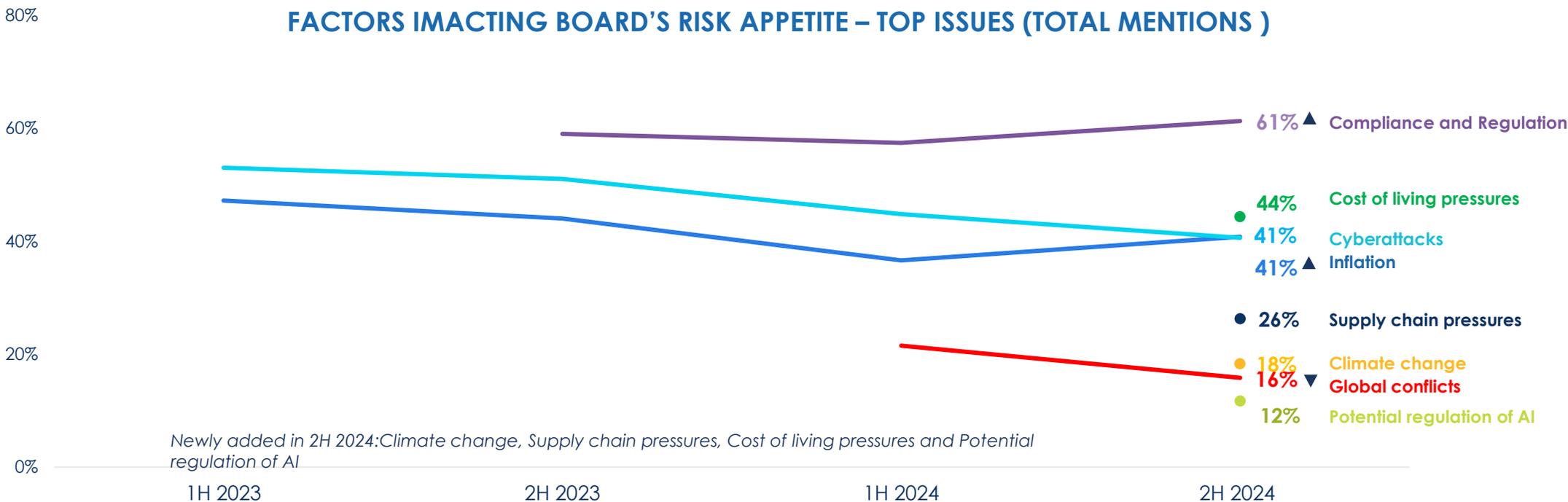
TQ3. To what extent do you agree or disagree with the following statements...?

Note: Amendments to list may impact comparability with previous results. All figures included in the report are rounded to whole numbers.

▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1st Half 2024 survey.

# “Compliance and regulation” remains the top factor impacting boards’ risk appetite and its impact has significantly increased to 61% in 2H 2024

The cost of living, inflation and cyber-attacks are the second and third most often indicated factors affecting the board’s risk appetite with 4 in 10 directors citing them. Significantly more directors cited “inflation” and significantly fewer directors cited “global conflicts” as factors impacting their boards’ risk appetite compared to the 1H 2024.



Newly added in 2H 2024: Climate change, Supply chain pressures, Cost of living pressures and Potential regulation of AI

Note: In the latest survey; Climate change, Supply chain pressures, Cost of living pressures and Potential regulation of AI are newly added. 'Global conflict' was added to the list of responses and 'War in Ukraine' was removed.

Source: AICD Director Sentiment Index Survey 2nd Half 2024. Base: AICD Directors 18+; n=1,309. TQ3a1. Have any of the following impact your board’s risk appetite?  
 Note: The added response option in 2H 2023 may impact comparability.

▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1st Half 2024 survey.

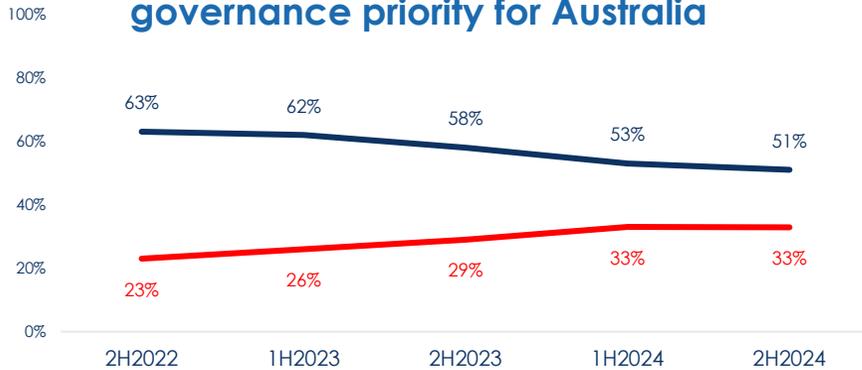
# Areas in which boards seek to increase diversity remained broadly unchanged from the first half of 2024

“Skills” and “Digital capability/Technology” are the diversity areas with the highest priority to increase, according to directors. Advancing reconciliation with First Nations people is considered a national governance priority by fewer directors, declining from 63% in 2H 2022 to 51% in 2H 2024.

— Total Disagree (Strongly disagree + Somewhat disagree)  
 — Total Agree (Strongly agree + Somewhat agree)

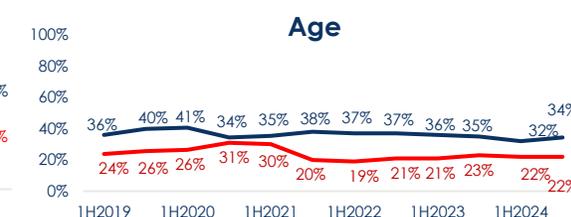
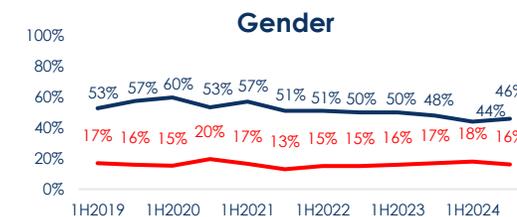
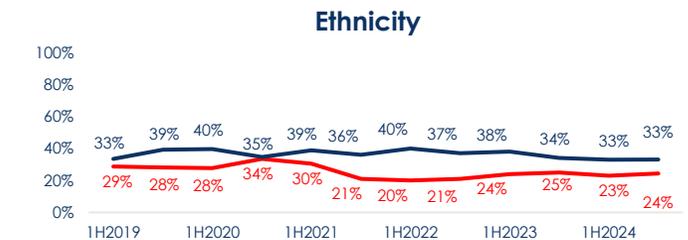
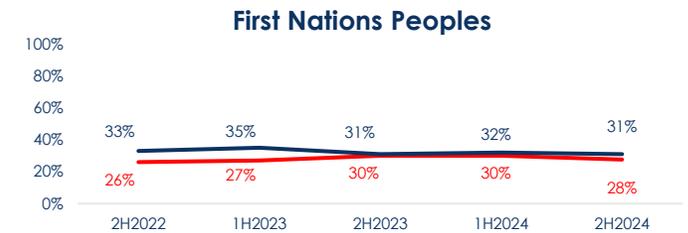
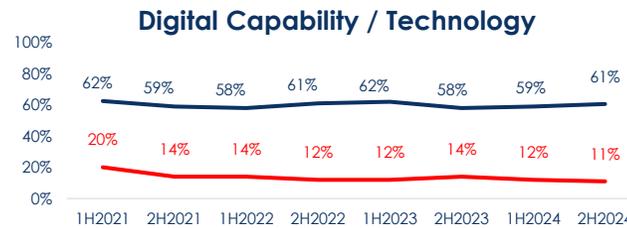
Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.

## Advancing reconciliation with first nations peoples is a national governance priority for Australia



▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1<sup>st</sup> Half 2024 survey.

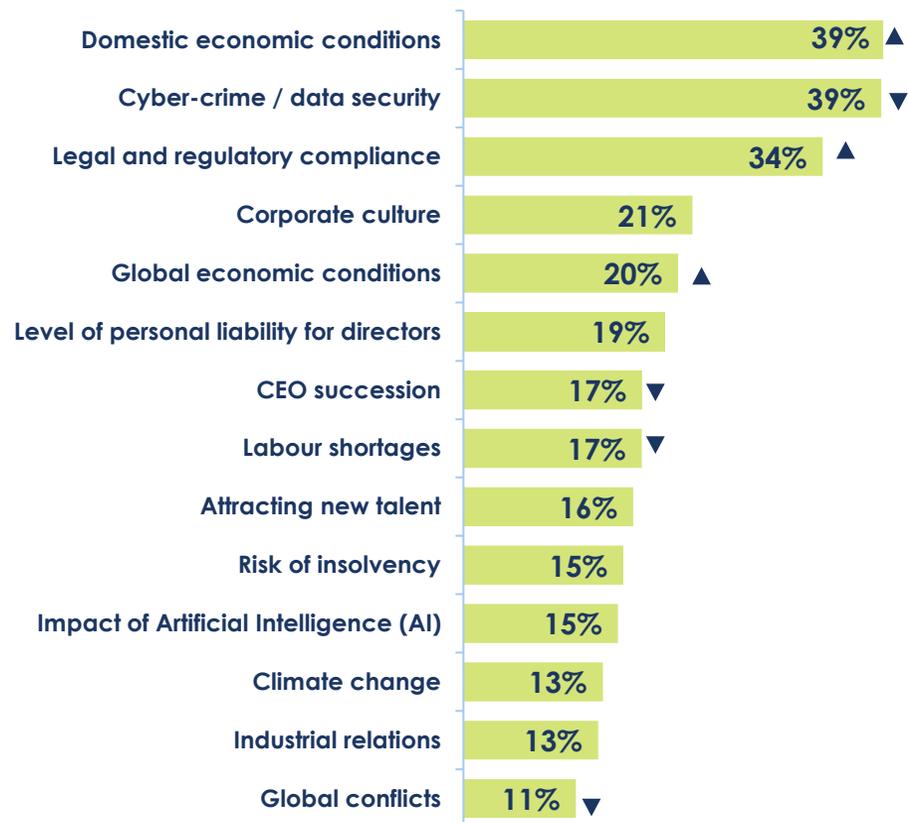
## Is your board seeking to increase diversity in...



Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.  
 IRAP1a. To what extent do you agree or disagree with the following statement? Advancing reconciliation with First Nations peoples is a national governance priority for Australia. Don't know = 1%.  
 BD2a. How much do you agree or disagree that your board is currently seeking to increase diversity in the following areas?

“Domestic economic conditions” and “Cyber-crime/data security” are the top issues that “keep directors awake at night”, followed by “Legal and regulatory compliance”

**TOP ISSUES THAT KEEP DIRECTORS AWAKE AT NIGHT? (TOTAL MENTIONS) – 2H 2024**



Significant increase from 1H 2024 for “Professional, scientific and technical services” (30% → 47%)  
Significantly higher for VIC (47%), NSW (38%) and QLD (36%).

▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1<sup>st</sup> Half 2024 survey.

\*Note: In the latest survey, 'Global geopolitical conditions' was changed into 'Global conflicts'.

Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.

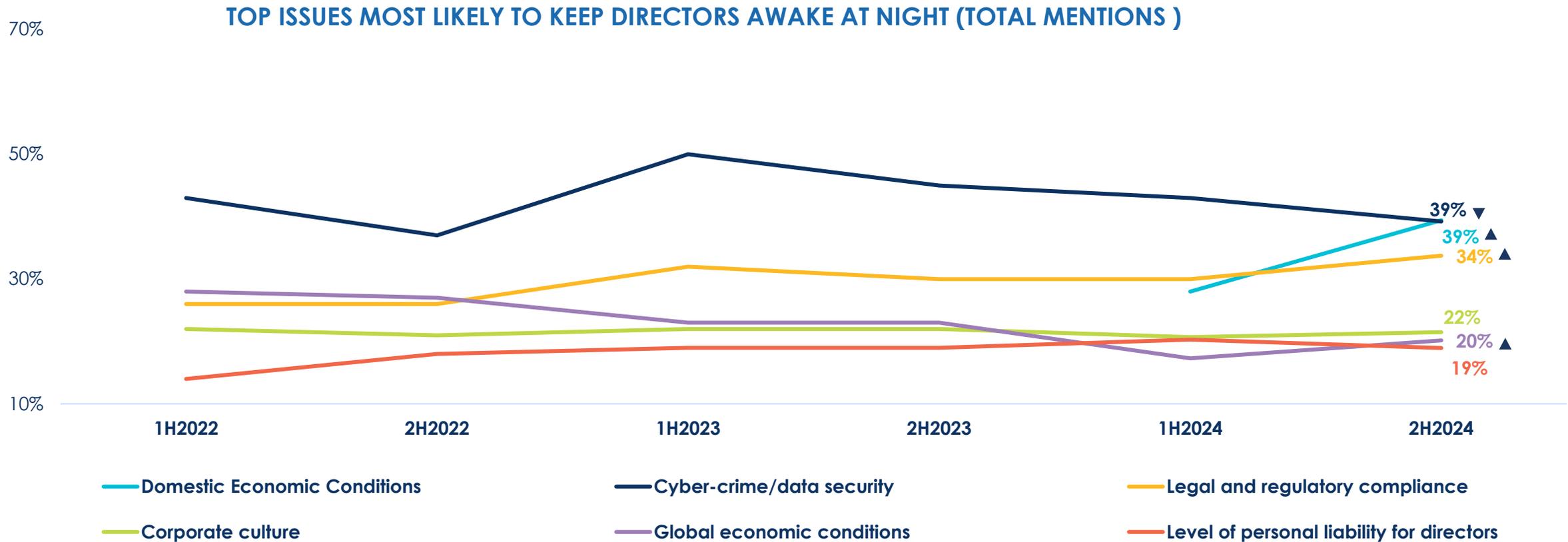
TQ1. What are the top 3 issues most likely to “keep you awake at night” as a director on your board? Display % rounded to no decimal points, ranked to 1 decimal point. Percentage refers to respondents who nominated this as a top 3 issue. Top 10 issues included.

Note: Amendments to list may impact comparability with previous results.

# The proportion of directors concerned about “Domestic economic conditions” has significantly risen over the past six months, increasing by 10 points

Cyber security issues are becoming less of a concern for directors (significantly declined by 4 points to 39% in 2H 2024) although it remains a primary concern.

“Legal and regulatory compliance” and “Global economic conditions” have significantly increased in mentions of issues keeping directors awake at night in 2H 2024.



Source: AICD Director Sentiment Index Survey 2nd Half 2024. Base: AICD Directors 18+; n=1,309.

TQ1. What are the top 3 issues most likely to “keep you awake at night” as a director on your board? The percentage refers to respondents who nominated this as a top 3 issue. Note: Amendments to list may impact comparability with previous results.

Note: Only displaying prominent issues in 2H 2024, rest of the issues are available in the Data Appendix.

# Why do “Domestic economic conditions”, “Cyber-crime/data security” and “Legal and regulatory compliance” keep directors awake at night?

## WHY DOMESTIC ECONOMIC CONDITIONS?

*“Direct correlation between insolvency risks and reduced competition as it’s not sustainable to run a business, pay staff and still afford the cost of living.”*

*“Low demand for our services means I may need to let people go, which will make it difficult to then support clients when demand then picks up, which it will.”*

*“Poor government policy increasing costs, complexity and diminishing productivity, combined with over-spend by the government, high interest rates and low consumer and business demand.”*

*“Career politicians (especially those who come up through ‘the system’) have no idea how the real world operates. They should be banned from being in politics for more than three terms/12 years.”*

*“Poor policy settings by federal and state governments can be disincentives to business investment.”*

## WHY CYBER-CRIME AND DATA SECURITY?

*“The number of hacks on businesses. More investment is needed, quality systems to combat data security. We are all exposed because of the many personal details held by organisations.”*

*“Impact to essential health and social services if there is a major cyber attack or data breach. Increasing resources and systems costs to maintain adequate data security/privacy and mitigate risks.”*

*“Loss of sensitive data, inability of systems to operate and impact on end customers resulting from an attack, plus legal and reputational impacts”*

*“Fact it is not a set and forget issue and needs constant vigilance and work. Increasing likelihood of attacks even if you have made it a priority.”*

*“Cost of preventions, upskilling and protecting data. People are less likely to want to share data/information as the incidents of data breaches, scams and phishing increases and persists. This is a material cost and upkeep for the NFP sector.”*

## WHY LEGAL AND REGULATORY COMPLIANCE?

*“Financial services industry regulation is not calibrated to the size of the entity. The same costly and often unnecessary regulations apply, with threats from non-compliance.”*

*“Complexity is causing a focus on justification and defensive positioning rather than risk taking and investment. Compliance should be turned around to be a positive issue rather than aggressive attacks. Organisations that fail compliance should be named and shamed.”*

*“The fact that they are becoming a bigger requirement of what a Director needs to focus on compared to years ago, where strategy and growth were much more of a focus.”*

*“The legal and regulatory compliance includes numerous aspects, is complex, and constantly changing. How to ensure our organisation is on top of all of this, and confident in their assertions of compliance is a concern.”*

Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.

TQ1. What are the top 3 issues most likely to “keep you awake at night” as a director on your board? Display % rounded to no decimal points, ranked to 1 decimal point. Percentage refers to respondents who nominated this as a top 3 issue. Top 10 issues included. Note: Amendments to list may impact comparability with previous results.

TQ1BA. What aspects of [no.1 TQ1 issue] make it the main issue likely to ‘keep you awake at night’?

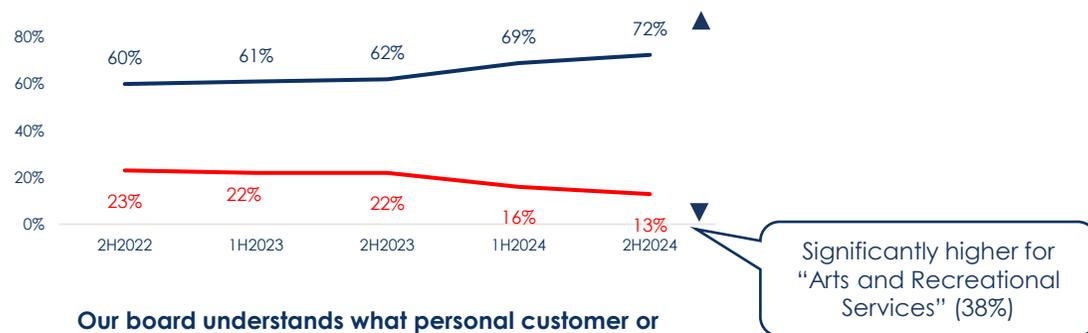
# As in the first half of 2024, the overwhelming majority of directors agreed with each of the four data security/privacy-related statements

Compared to the first half of 2024, significantly more directors agreed that their “Board has oversight of cyber security threats” and that their board understands what personal customer or employee data is collected, who has access to it and where it is stored.

## DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS...?

— Total Disagree (Strongly disagree + Somewhat disagree)  
 — Total Agree (Strongly agree + Somewhat agree)

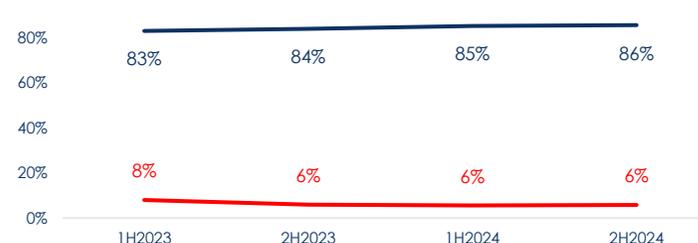
**Our board has effective oversight of cyber security threats to our organisation**



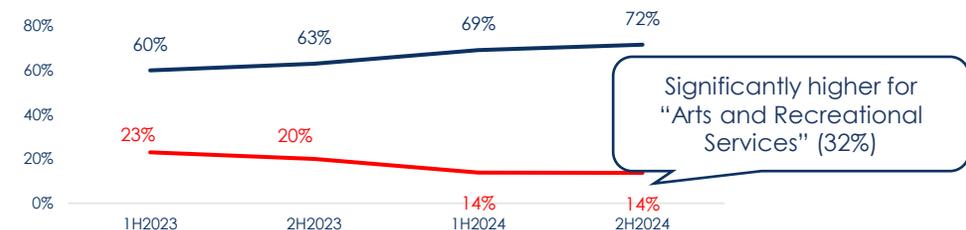
**Our board understands what personal customer or employee data is collected, who has access to it and where it is stored**



**Our board is aware of the Privacy Act obligations related to the collection, storage and management of personal information**



**We have a data governance framework to guide how data is collected, stored, protected and destroyed**



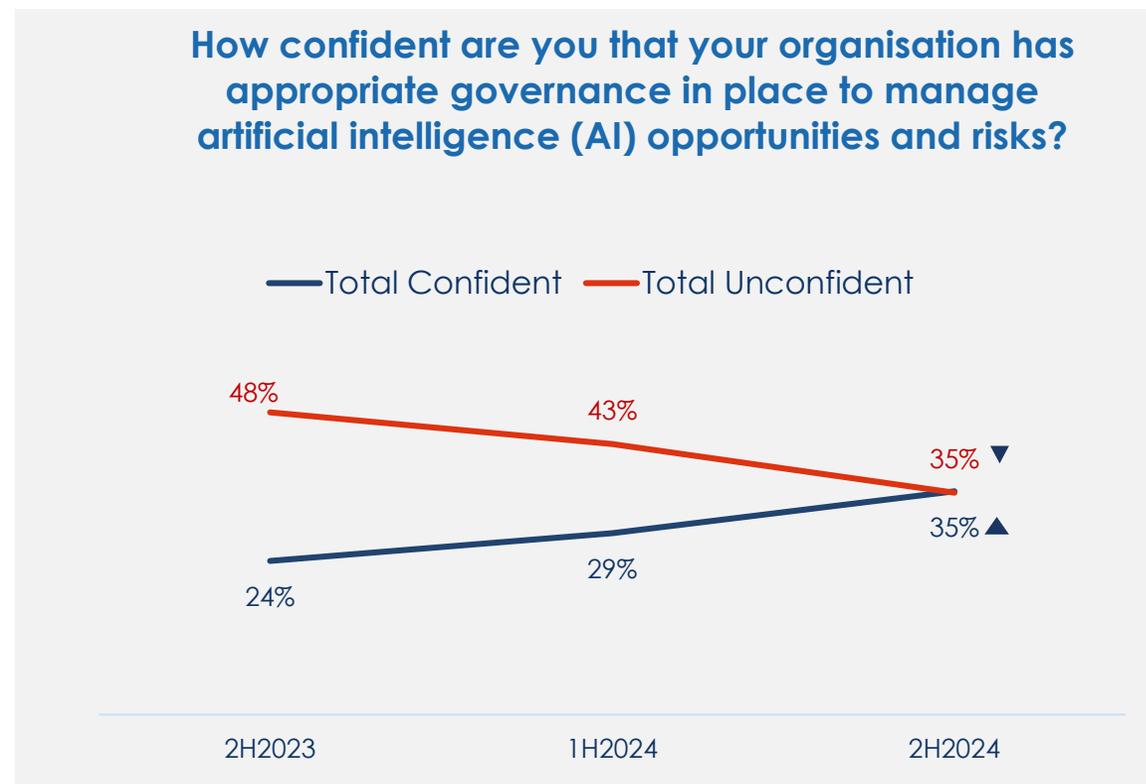
Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309. CYB1. To what extent do you agree or disagree with the following statements...?

▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1<sup>st</sup> Half 2024 survey.

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.

# 9 out of 10 directors haven't experienced a significant cyber security incident in the last 12 months, remaining the same since the first half of 2024

Confidence that the organisation has appropriate governance in place to manage AI opportunities and risks has significantly increased over the past six months, rising from 29% to 35%.

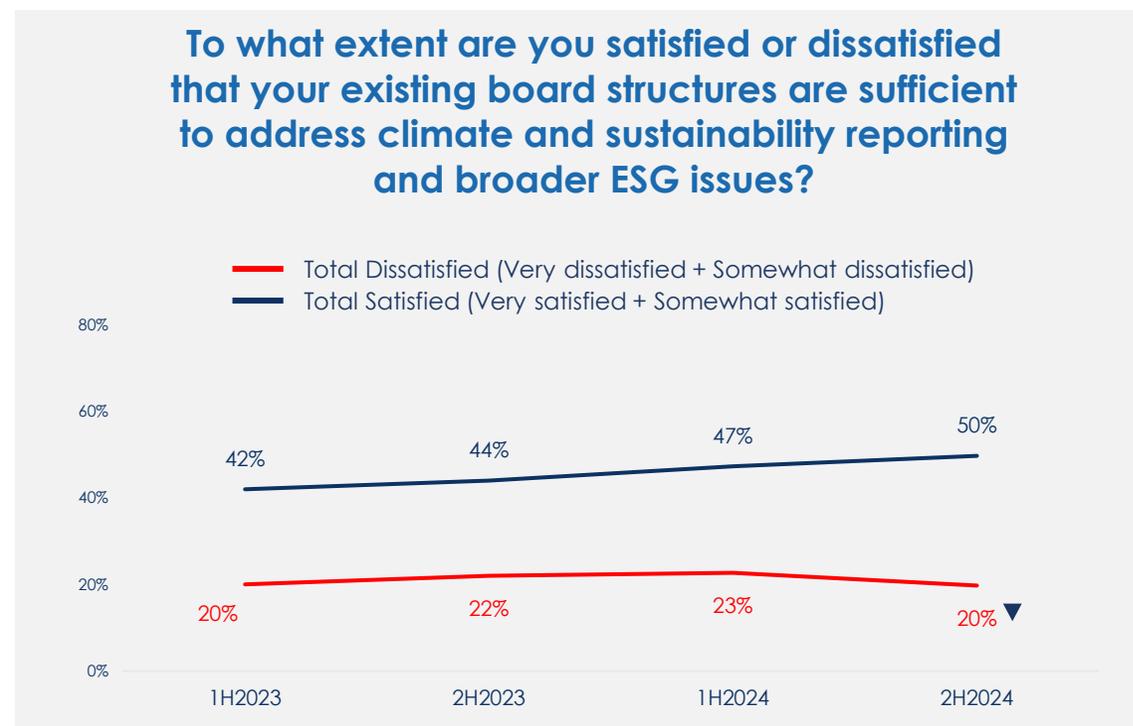
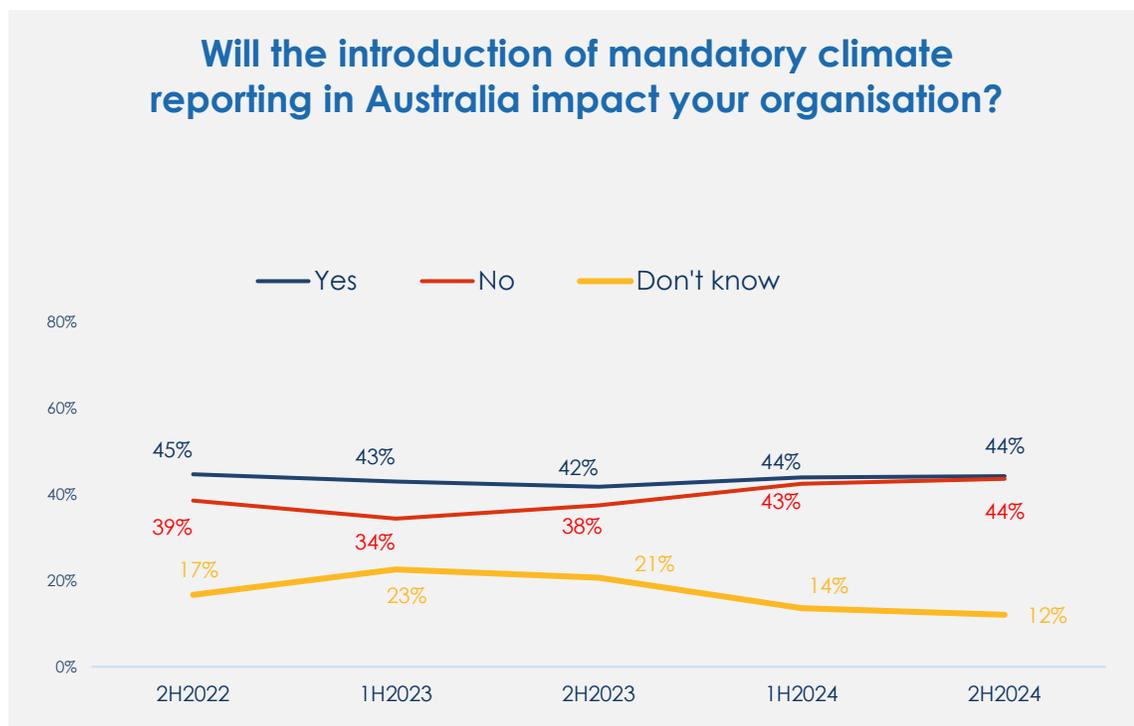


Source: AICD Director Sentiment Index Survey 2nd Half 2024. Base: AICD Directors 18+; n=1,309.  
 CYB1a. In the last 12 months, has your organisation experienced a significant cyber security incident where a threat actor (e.g. a hacker) successfully obtained organisational data or system access?  
 CYB2. How confident are you that your organisation has appropriate governance in place to manage Artificial Intelligence (AI) opportunities and risks?

▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1st Half 2024 survey.

# The same proportion of directors (44%) believe that mandatory climate reporting will impact their organisation as those who believe it will not

1 in 2 directors are satisfied that the existing board structures are sufficient to address climate and sustainability reporting and broader ESG issues and 1 in 5 directors are dissatisfied.



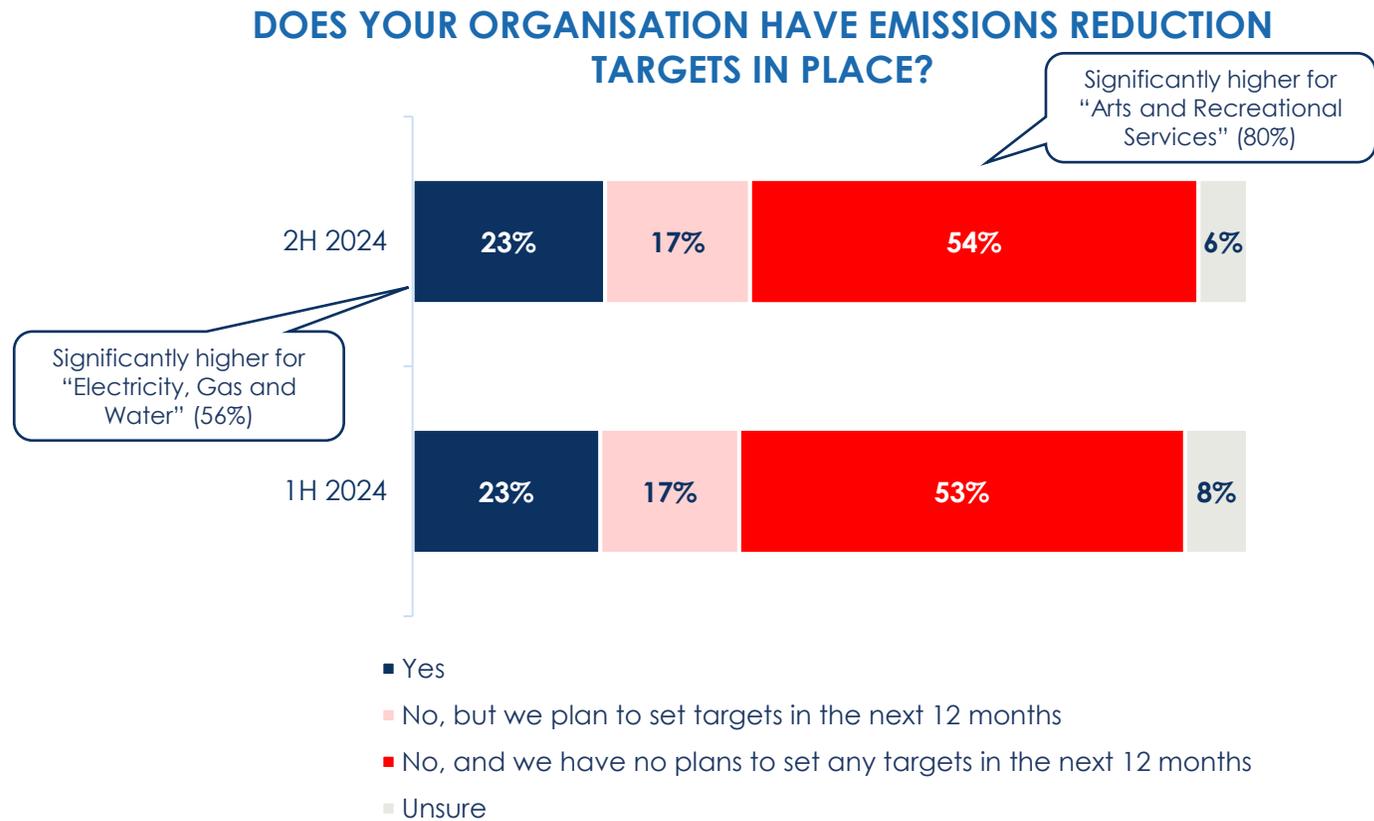
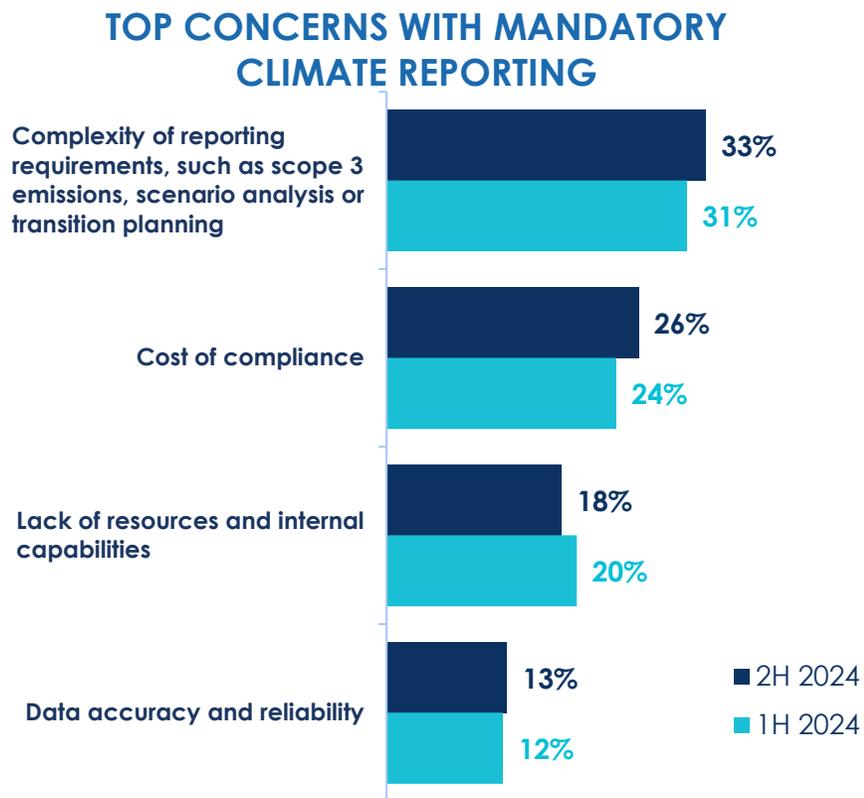
▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1<sup>st</sup> Half 2024 survey.

Note: Neutral (Neither strong nor weak, Neither Satisfied nor Dissatisfied, Neither Agree nor Disagree etc.) was a response option in the survey but it is not displayed in these charts, hence the Totals do not add to 100%.

Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.  
 DD5ai. Will the introduction of mandatory climate reporting in Australia impact your organisation?  
 DD5c. To what extent are you satisfied or dissatisfied that your existing board structures are sufficient to address climate and sustainability reporting and broader ESG issues?

23% of organisations currently have emission reduction targets in place, while 71% do not and 54% do not plan to set any in the next 12 months

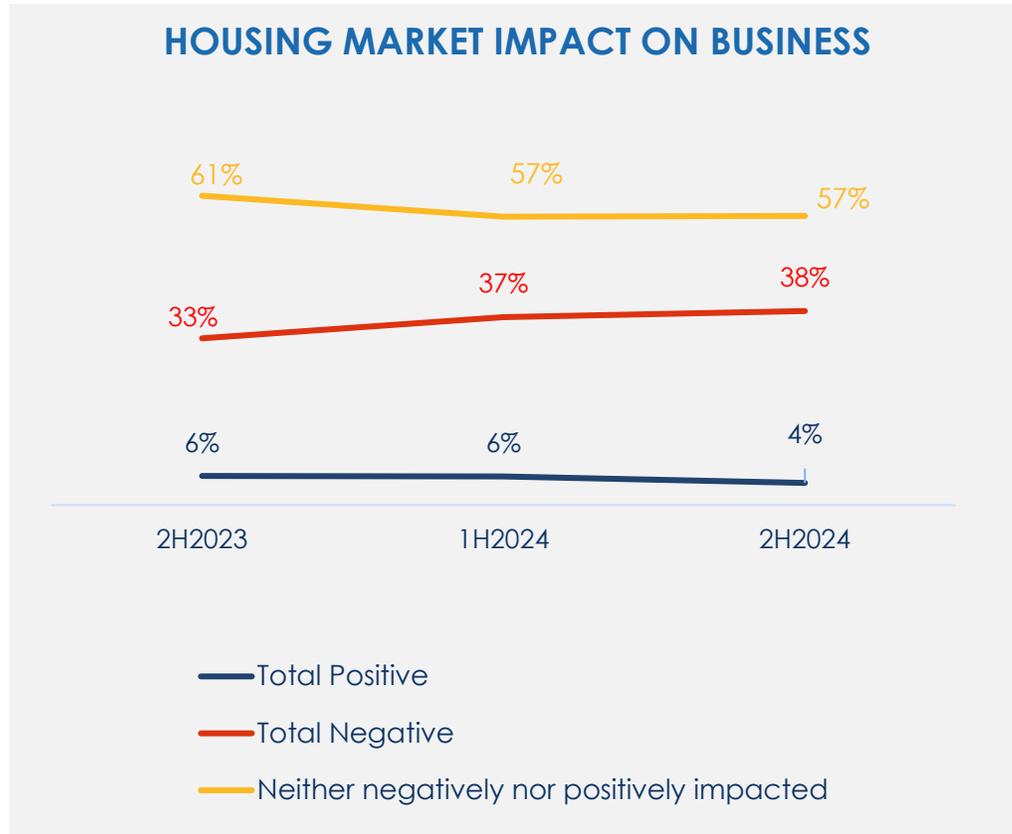
The chief concerns with mandatory climate reporting remain the “Complexity of climate reporting requirements” (33%), followed by “Cost of compliance” and “Lack of resources and capabilities”.



Source: AICD Director Sentiment Index Survey 2nd Half 2024. Base: AICD Directors 18+; n= 1,309.  
 DD5d. What is your biggest concern with the shift to mandatory climate reporting?  
 DD5e. Does your organisation have emissions reduction targets in place?

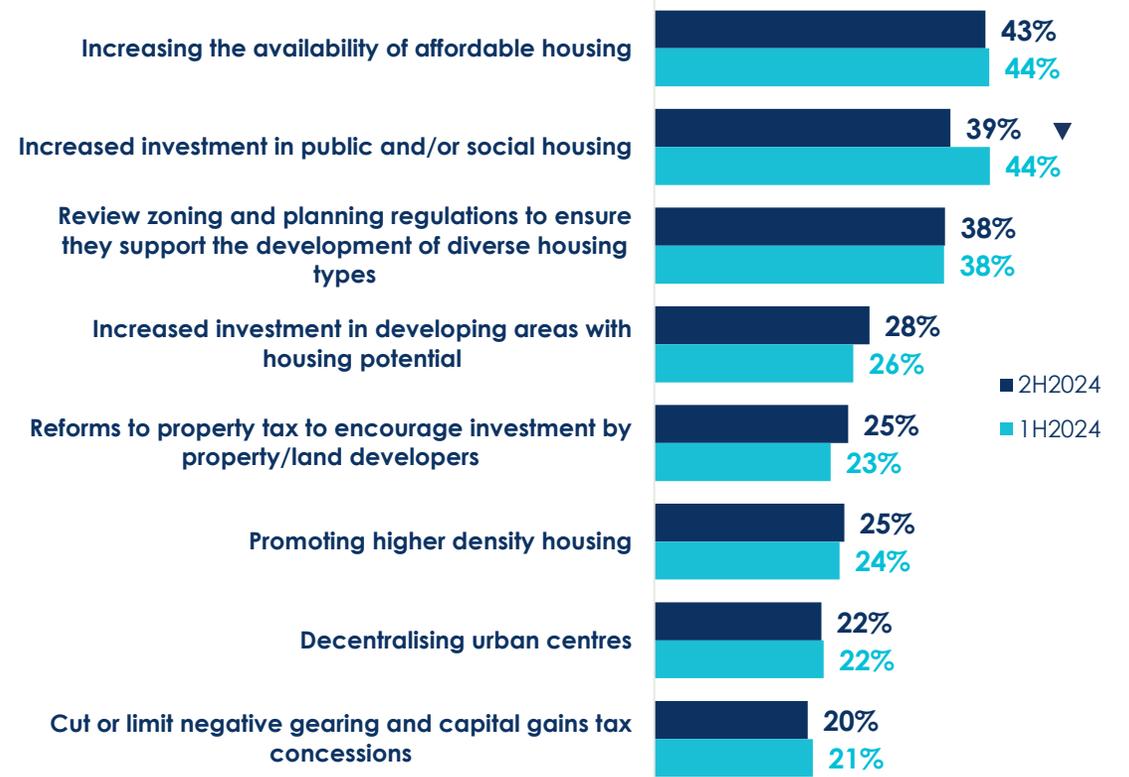
# 38% of directors claim their business has been negatively impacted by the housing market, while only 4% report a positive impact

“Increasing availability of affordable housing” and “investment in social/ public housing”, along with “reviewing zoning and planning regulations” are the key factors in addressing the housing issue in Australia.



Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.  
 DD13. How is your business/organisation being impacted by the current state of the housing market in Australia?  
 DD9. In your opinion, which of the following are most important in addressing the housing issue in Australia ?

### IMPORTANT STRATEGIES IN ADDRESSING THE HOUSING ISSUE IN AUSTRALIA – TOP ISSUES (TOTAL MENTIONS )

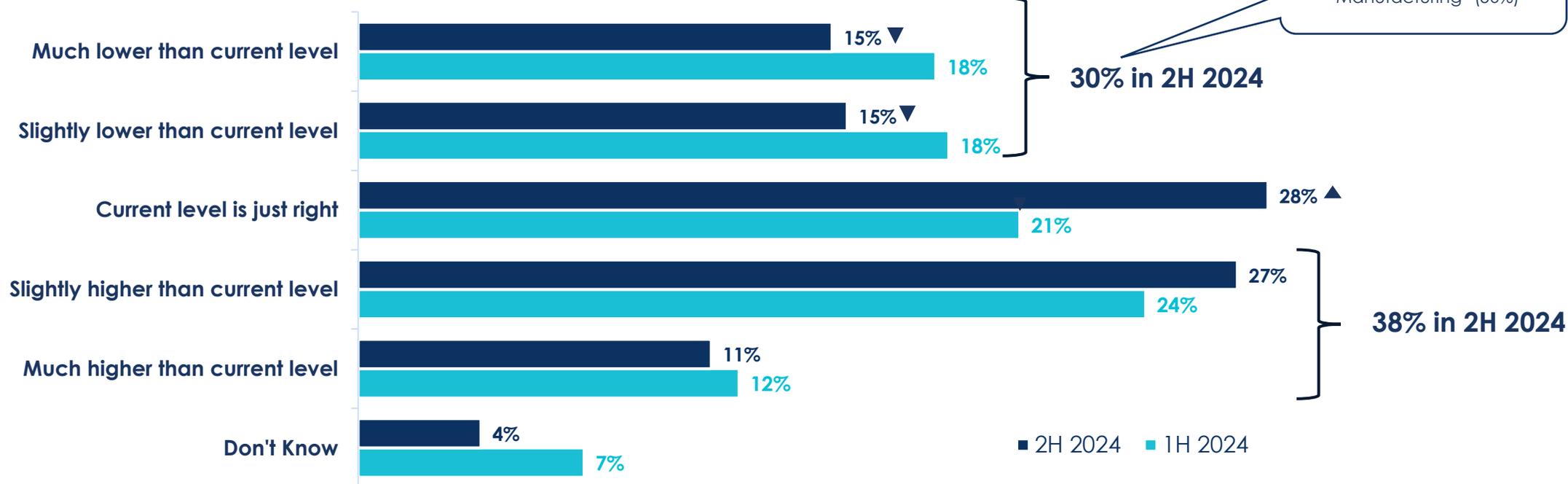


▲▼ Arrows represent a significant increase or decrease at 95% or 99% confidence level since the 1<sup>st</sup> Half 2024 survey.

# A significantly higher proportion of directors (28%) think migration levels are at the right level in 2H 2024, a significant increase of 7 points from 1H 2024

The proportion of directors wanting an increase in migration levels is stable from 1H 2024, at 38% compared to 36% in the previous wave.

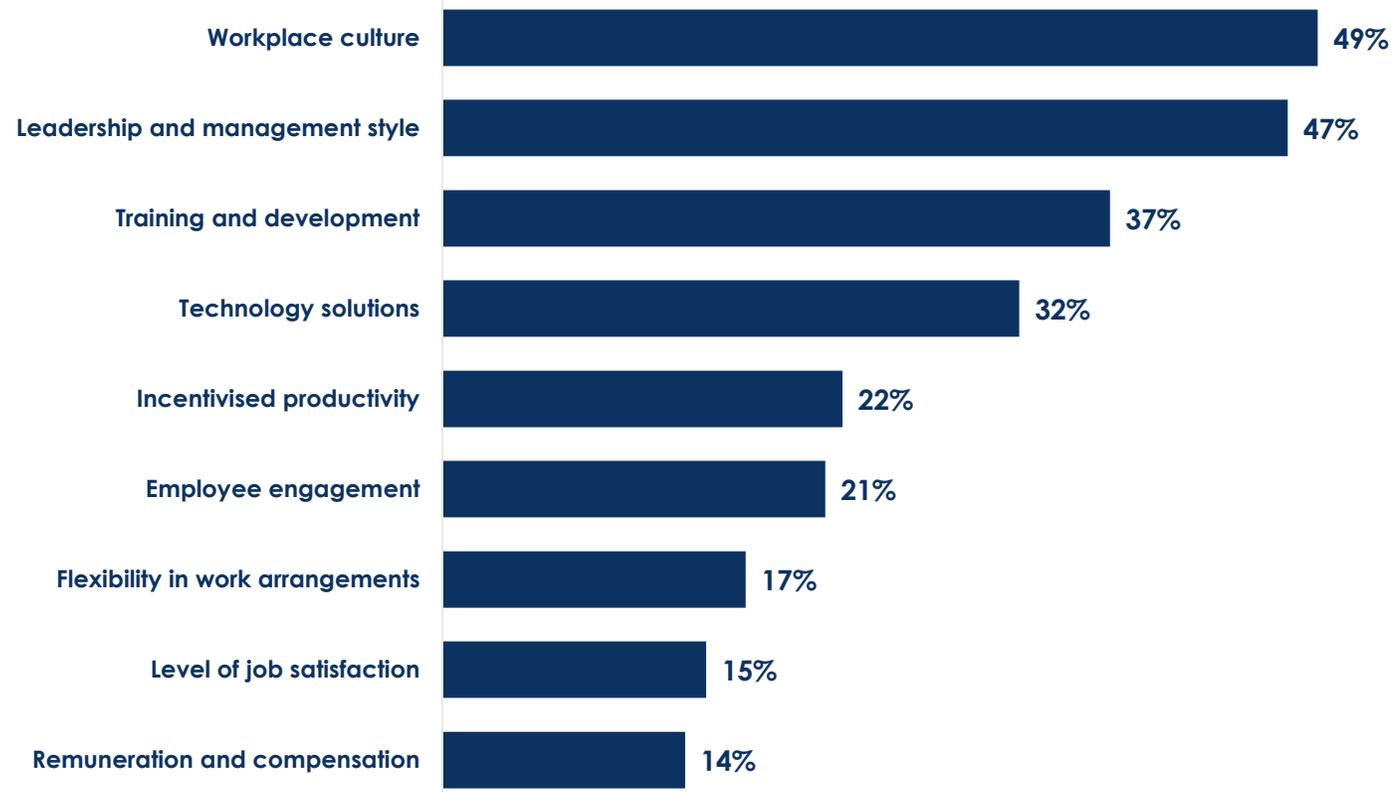
## Migration levels should be ...



Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.  
 DD15. Thinking about the level of migration and its overall impact on the economy, which of the following best describes your opinion of Australia's level of migration?

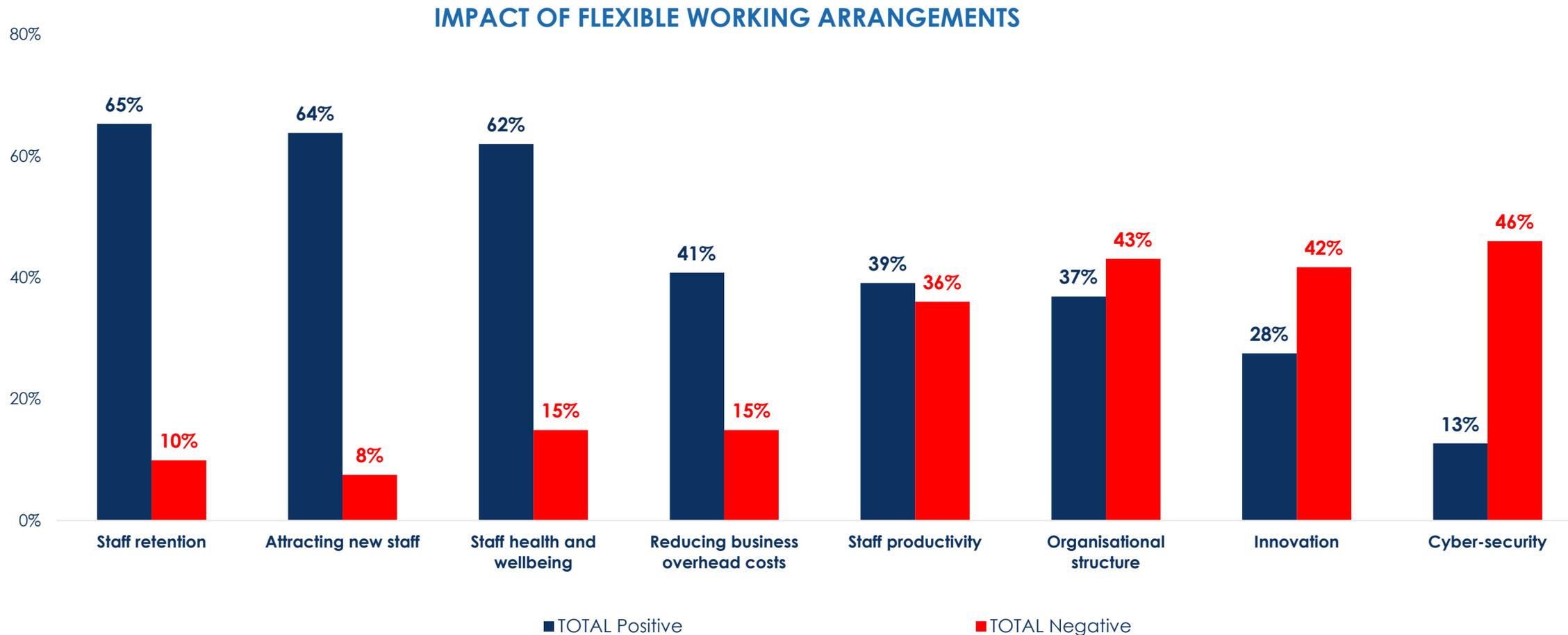
“Workplace culture” (49%) and “Leadership and management style” (47%) are the most important factors boosting productivity in business, followed by “Training and development” (37%) and “Technology solutions” (32%)

### FACTORS IMPACTING BOOSTING PRODUCTIVITY IN BUSINESS – TOP ISSUES (TOTAL MENTIONS)



Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.  
DD11. In your opinion, which of the following have the largest impact on boosting productivity in businesses? Please select up to 3 only, with 1 having the largest impact.

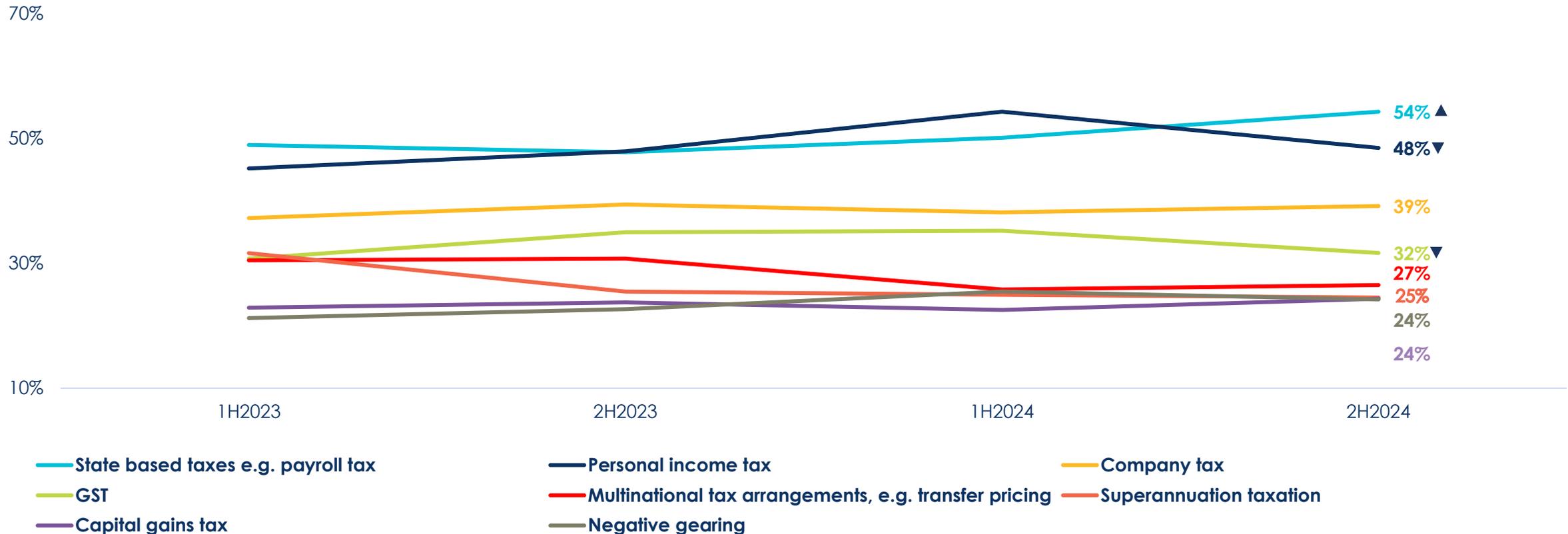
Flexible working arrangements have a very strong positive impact on staff retention, health and wellbeing and attracting new staff, while cyber-security, innovation and organisational structure are negatively impacted



Source: AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+; n=1,309.  
DD1. How would you rate the impact of flexible working arrangements such as working remotely / from home in your organisation, in terms of?

“State based taxes” are the top priority for tax reform for over half of the directors (54%) and its importance is gradually increasing, while significantly fewer directors mentioned personal taxes (48%) as a reform priority in 2H 2024

**PRIORITIES FOR TAX REFORM – TOP ISSUES (TOTAL MENTIONS )**



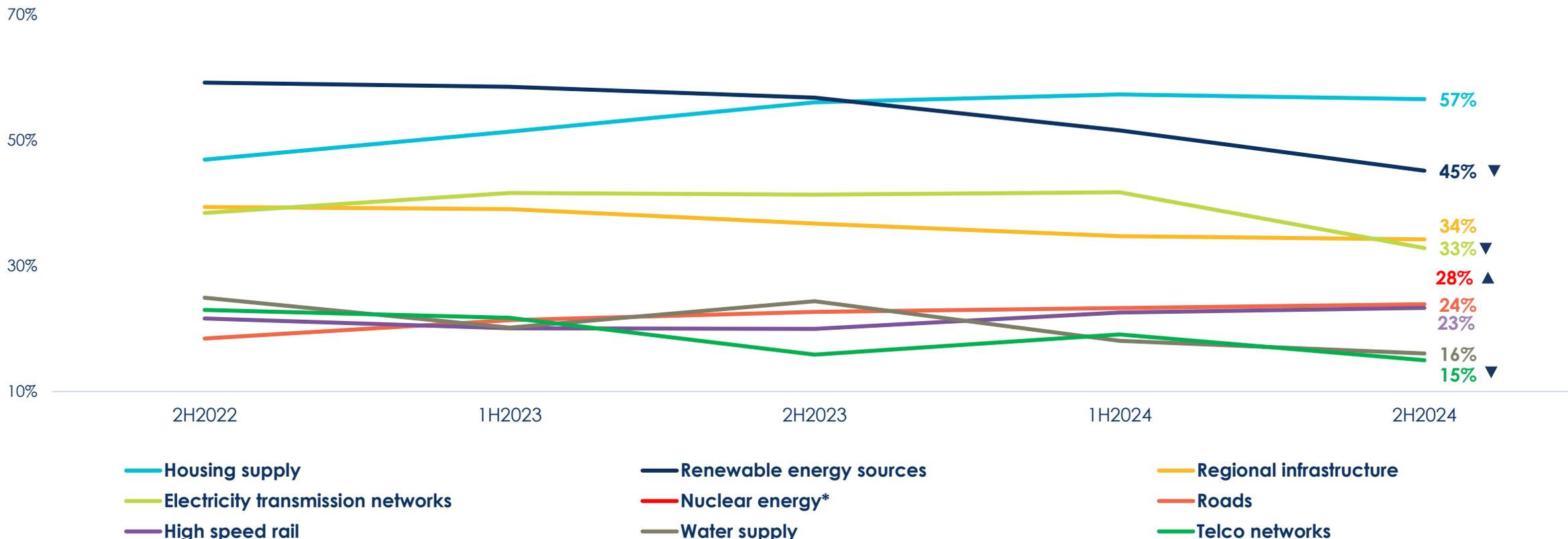
Source: AICD Director Sentiment Index Survey 2nd Half 2024. Base: AICD Directors 18+; n=1,309. RE6d. Now thinking about a possible review of the current taxation system, please nominate your top 3 priorities for tax reform:

▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1st Half 2024 survey.

# Housing supply remains the top priority for investment in infrastructure

The percentage of directors stating “Renewable energy sources”, “Electricity transmission networks” and “Telco networks” as a top priority for investment have significantly declined in 2H 2024.

## PRIORITIES FOR INVESTMENT – TOP ISSUES (TOTAL MENTIONS)



Source: AICD Director Sentiment Index Survey 2nd Half 2024. Base: AICD Directors 18+; n=1,309. I2. Now thinking about infrastructure, what are the top 3 priorities for investment in your opinion?

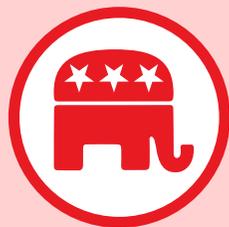
▲▼ Arrows represent significant increase or decrease at 95% or 99% confidence level since 1st Half 2024 survey.

\*New statement added in 2H 2024

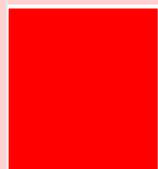
The vast majority of Australian directors think that Harris's presidency would be better than Trump's for both US economy (61%) and Australia's relationship with the US (70%)

For the US economy:

For Australia's relationship with the US:



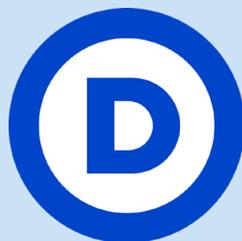
Trump's presidency would be better



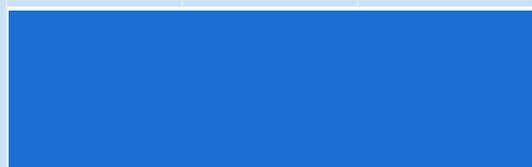
17%



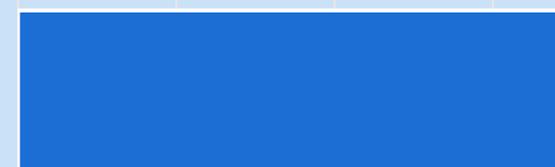
10%



Harris's presidency would be better



61%



70%

Source: Roy Morgan AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 18+, n= 1,309.  
INT1. In your opinion, would a Harris or Trump presidency be better for the US economy?  
INT2. Do you think a Harris or Trump presidency would be better for Australia's relationship with the US?

# Data Appendix

# Economic Outlook

ECONOMIC OUTLOOK INDICATOR	NET BALANCE (%STRONG-%WEAK)						
	2 <sup>nd</sup> HALF 2024	1 <sup>st</sup> HALF 2024	2 <sup>nd</sup> HALF 2023	1 <sup>st</sup> HALF 2023	2 <sup>nd</sup> HALF 2022	1 <sup>st</sup> HALF 2022	2 <sup>nd</sup> HALF 2021
Health of the Australian economy – current	-32	+6	+10	+27	+34	+38	+42
Health of the state economy – current	-27	+2	+4	+26	+26	+28	+27
Health of the Chinese economy – current	-32	-27	-30	+13	-4	+49	+20
Health of the Asian (ex. China) economy – current	+17	+22	+20	+18	+10	+26	+18
Health of the European economy – current	-26	-25	-22	-40	-48	-24	-9
Health of the US economy – current	-4	+19	+4	-3	-19	+16	+14

ECONOMIC OUTLOOK INDICATOR	NET BALANCE (%STRONG-%WEAK)						
	2 <sup>nd</sup> HALF 2024	1 <sup>st</sup> HALF 2024	2 <sup>nd</sup> HALF 2023	1 <sup>st</sup> HALF 2023	2 <sup>nd</sup> HALF 2022	1 <sup>st</sup> HALF 2022	2 <sup>nd</sup> HALF 2021
Health of the NSW economy – current	-18	+2	+19	+32	+33	+42	+55
Health of the VIC economy – current	-76	-41	-48	+7	+1	+3	-18
Health of the QLD economy – current	-22	+13	+13	+20	+22	+8	+1
Health of the SA* economy – current	0	+5	+9	+14	+14	+20	+26
Health of the WA economy – current	+66	+71	+89	+83	+82	+84	+82
Health of the TAS* economy – current	-67	+4	+12	+29	+34	+62	+68
Health of the ACT* economy – current	-16	+8	+13	+37	+50	+52	+48
Health of the NT* economy – current	-87	-80	-54	-52	-15	-19	-18

ECONOMIC OUTLOOK INDICATOR	NET BALANCE (%STRONG-%WEAK)						
	2 <sup>nd</sup> HALF 2024	1 <sup>st</sup> HALF 2024	2 <sup>nd</sup> HALF 2023	1 <sup>st</sup> HALF 2023	2 <sup>nd</sup> HALF 2022	1 <sup>st</sup> HALF 2022	2 <sup>nd</sup> HALF 2021
Health of the Australian economy – future (N12M**)	-28	+7	+2	+7	+15	+38	+53
Health of the state economy – future (N12M)	-27	0	-5	+10	+11	+32	+46
Health of the Chinese economy – future (N12M)	-25	-18	-21	+21	-8	+45	+24
Health of the Asian (ex. China) economy – future (N12M)	+15	+22	+17	+18	0	+28	+29
Health of the European economy – future (N12M)	-19	-16	-17	-29	-42	-28	+12
Health of the US economy – future (N12M)	0	+15	+2	-3	-22	+14	+29

ECONOMIC OUTLOOK INDICATOR	NET BALANCE (%STRONG-%WEAK)						
	2 <sup>nd</sup> HALF 2024	1 <sup>st</sup> HALF 2024	2 <sup>nd</sup> HALF 2023	1 <sup>st</sup> HALF 2023	2 <sup>nd</sup> HALF 2022	1 <sup>st</sup> HALF 2022	2 <sup>nd</sup> HALF 2021
Health of the NSW economy – future (N12M)	-20	+13	+6	+7	+14	+41	+69
Health of the VIC economy – future (N12M)	-69	-40	-51	-6	-14	+12	+24
Health of the QLD economy – future (N12M)	-18	+10	+1	+7	+10	+21	+19
Health of the SA* economy – future (N12M)	+6	+11	+8	-2	+2	+32	+34
Health of the WA economy – future (N12M)	+42	+53	+70	+70	+63	+79	+75
Health of the TAS* economy – future (N12M)	-61	-17	+2	+10	+28	+53	+72
Health of the ACT* economy – future (N12M)	-14	-7	+8	+25	+39	+47	+51
Health of the NT* economy – future (N12M)	-78	-82	-46	-52	+2	+2	+3

Source: Roy Morgan AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 2<sup>nd</sup> Half 2024 18+; n=1,309. NSW n=379, VIC n=371, QLD n=225, SA n=71, WA n=128, TAS n=29\*, ACT n=47\*, NT n=22\*. \* Indicates small base <50. Base: AICD Directors 1<sup>st</sup> Half 2024 18+; n=1,087. NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21\*, ACT n=41\*, NT n=16\*. Base: AICD Directors 2<sup>nd</sup> Half 2023 18+; n=1,324. NSW n=394, VIC n=338, QLD n=222, SA n=88, WA n=146, TAS n=38, ACT n=42, NT n=12. Base: AICD Directors 2<sup>nd</sup> Half 2022 18+; n=1,475. NSW n=443, VIC n=387, QLD n=234, SA n=98, WA n=156, TAS n=38, ACT n=53, NT n=17. Base: AICD Directors 1<sup>st</sup> Half 2022 18+; n=1,737. NSW n=525, VIC n=433, QLD n=240, SA n=133, WA n=190, TAS n=48, ACT n=58, NT n=20. Base: AICD Directors 2<sup>nd</sup> Half 2021 18+; n=1,645. NSW n=521, VIC n=411, QLD n=260, SA n=92, WA n=197, TAS n=33, ACT n=54, NT n=11. \* Indicates small base <50 \*\*N12M is Next 12 months.

# Business Conditions

BUSINESS CONDITIONS INDICATOR	NET BALANCE (%STRONG-%WEAK)						
	2 <sup>nd</sup> HALF 2024	1 <sup>st</sup> HALF 2024	2 <sup>nd</sup> HALF 2023	1 <sup>st</sup> HALF 2023	2 <sup>nd</sup> HALF 2022	1 <sup>st</sup> HALF 2022	2 <sup>nd</sup> HALF 2021
Assessment of AUS business conditions – current	-26	-2	+2	+15	+26	+28	+31
Assessment of NSW business conditions – current	-24	-3	+4	+13	+22	+27	+38
Assessment of VIC business conditions – current	-60	-30	-38	+4	+5	+6	-7
Assessment of QLD business conditions – current	-27	+4	-6	+8	+23	+20	+20
Assessment of SA business conditions – current	-14	-2	+7	+19	+16	+25	+25
Assessment of WA business conditions – current	+27	+34	+58	+57	+56	+69	+70
Assessment of TAS* business conditions – current	-53	+3	+32	+33	+14	+49	+69
Assessment of ACT* business conditions – current	-40	-13	+11	+12	+35	+42	+31
Assessment of NT* business conditions – current	-82	-59	-41	+12	-1	0	0

BUSINESS CONDITIONS INDICATOR	NET BALANCE (%STRONG-%WEAK)						
	2 <sup>nd</sup> HALF 2024	1 <sup>st</sup> HALF 2024	2 <sup>nd</sup> HALF 2023	1 <sup>st</sup> HALF 2023	2 <sup>nd</sup> HALF 2022	1 <sup>st</sup> HALF 2022	2 <sup>nd</sup> HALF 2021
Assessment of AUS business conditions – future (N12M)	-24	+3	-2	+11	+15	+30	+50
Assessment of NSW business conditions – future (N12M)	-19	+7	-2	+8	+13	+33	+63
Assessment of VIC business conditions – future (N12M)	-65	-34	-43	-5	-4	+10	+20
Assessment of QLD business conditions – future (N12M)	-22	+10	-6	+8	+14	+16	+26
Assessment of SA* business conditions – future (N12M)	-7	+4	+6	+11	+7	+23	+33
Assessment of WA business conditions – future (N12M)	+24	+36	+57	+56	+55	+70	+68
Assessment of TAS* business conditions – future (N12M)	-53	+5	+4	+9	+36	+46	+53
Assessment of ACT* business conditions – future (N12M)	-41	-9	+4	+15	+29	+46	+47
Assessment of NT* business conditions – future (N12M)	-60	-61	-38	-27	-10	+25	+16

Source: Roy Morgan AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 2<sup>nd</sup> Half 2024 18+; n=1,309 NSW n=379, VIC n=371, QLD n=225, SA n=71, WA n=128, TAS n=29\*, ACT n=47\*, NT n=22\*. \* Indicates small base <50. Base: AICD Directors 1<sup>st</sup> Half 2024 18+; n=1,087. NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21\*, ACT n=41\*, NT n=16\*. Base: AICD Directors 2<sup>nd</sup> Half 2023 18+; n=1,324. NSW n=394, VIC n=338, QLD n=222, SA n=88, WA n=146, TAS n=38, ACT n=42, NT n=12. Base: AICD Directors 2<sup>nd</sup> Half 2022 18+; n=1,475. NSW n=443, VIC n=387, QLD n=234, SA n=98, WA n=156, TAS n=38, ACT n=53, NT n=17. Base: AICD Directors 1<sup>st</sup> Half 2022 18+; n=1,737. NSW n=525, VIC n=433, QLD n=240, SA n=133, WA n=190, TAS n=48, ACT n=58, NT n=20. Base: AICD Directors 2<sup>nd</sup> Half 2021 18+; n=1,645. NSW n=521, VIC n=411, QLD n=260, SA n=92, WA n=197, TAS n=33, ACT n=54, NT n=11. \* Indicates small base <50 \*\*N12M is Next 12 months.

# Business Conditions & Micro/Structural Policy Settings

BUSINESS CONDITIONS INDICATOR (TOP ECONOMIC CHALLENGES)	% OF TOTAL MENTIONS						
	2 <sup>nd</sup> HALF	1 <sup>st</sup> HALF	2 <sup>nd</sup> HALF	1 <sup>st</sup> HALF	2 <sup>nd</sup> HALF	1 <sup>st</sup> HALF	2 <sup>nd</sup> HALF
	2024	2024	2023	2023	2022	2022	2021
Cost of living	43%	40%	42%	33%	24%	N/A	N/A
Labour shortages	29%	35%	43%	52%	60%	60%	55%
Productivity growth	36%	34%	32%	16%	17%	24%	22%
Inflation and high interest rates*	42%	28%	39%	56%	49%	N/A	N/A
Regulation requirements / red tape	23%	24%	19%	17%	12%	20%	23%
Global economic uncertainty	24%	22%	22%	27%	28%	55%	30%
Climate change	16%	21%	26%	18%	22%	34%	38%
Energy policy	19%	21%	25%	24%	20%	21%	22%
Industrial relations	20%	21%	-	-	-	-	-
Taxation system	13%	17%	12%	11%	7%	11%	13%
Supply chain challenges	9%	15%	14%	23%	33%	N/A	N/A
Government debt levels	14%	9%	12%	8%	9%	13%	14%
Trade with China**	6%	6%	8%	9%	10%	23%	30%
Global protectionism	3%	4%	2%	2%	2%	6%	7%
Coronavirus/ COVID-19	-	-	0%	1%	4%	27%	43%
Incompetent/ ineffective government	0%	0%	0%	1%	0%	1%	1%
Global logistics/ supply chain	-	0%	-	0%	0%	1%	N/A
Other	-	4%	3%	2%	2%	3%	3%

BUSINESS CONDITIONS INDICATOR	NET BALANCE (%INCREASE-%DECREASE)						
	2 <sup>nd</sup> HALF	1 <sup>st</sup> HALF	2 <sup>nd</sup> HALF	1 <sup>st</sup> HALF	2 <sup>nd</sup> HALF	1 <sup>st</sup> HALF	2 <sup>nd</sup> HALF
	2024	2024	2023	2023	2022	2022	2021
Investment Levels	+6	+13	+13	+13	+15	+36	+54
Staffing Levels / Labour Demands	+4	+18	+22	+28	+45	+57	+60
Wage Levels	+54	+65	+69	+72	+78	+72	+67
Costs (e.g. raw materials, energy)	+81	+82	+83	+86	+89	+89	+83
Turnover / Sales	+23	+32	+31	+35	+43	+56	+66
Profitability	-11	+1	-3	+1	+1	+15	+32

MICRO/STRUCTURAL INDICATOR	NET BALANCE (%AGREED-%DISAGREED)						
	2 <sup>nd</sup> HALF	1 <sup>st</sup> HALF	2 <sup>nd</sup> HALF	1 <sup>st</sup> HALF	2 <sup>nd</sup> HALF	1 <sup>st</sup> HALF	2 <sup>nd</sup> HALF
	2024	2024	2023	2023	2022	2022	2021
Federal government understands business	-38	-29	-21	-11	-2	+6	+7
NSW government understands business	-2	-11	-10	+30	+25	+29	+61
VIC government understands business	-60	-39	-48	-12	-18	-23	-22
QLD government understands business	-51	-49	-57	-52	-48	-40	-40
SA* government understands business	+13	+7	+2	+7	+7	+39	+22
WA government understands business	+1	-6	+14	+16	+22	+11	+13
TAS* government understands business	-8	+21	+15	+29	+37	+45	+54
ACT* government understands business	-29	-21	-47	-14	-10	+4	+11
NT* government understands business	-15	-37	-15	-42	-20	-46	-26

MICRO/STRUCTURAL INDICATOR	NET BALANCE (%AGREED-%DISAGREED)						
	2 <sup>nd</sup> HALF	1 <sup>st</sup> HALF	2 <sup>nd</sup> HALF	1 <sup>st</sup> HALF	2 <sup>nd</sup> HALF	1 <sup>st</sup> HALF	2 <sup>nd</sup> HALF
	2024	2024	2023	2023	2022	2022	2021
Trust in Federal Government	-29	-26	-23	-10	+1	-22	-17
Trust in NSW government	+1	-14	-10	-2	-6	-1	+34
Trust in VIC government	-61	-38	-54	-18	-26	-19	-23
Trust in QLD government	-54	-54	-66	-55	-50	-45	-42
Trust in SA* government	+10	-1	+9	+11	+11	+28	+24
Trust in WA government	-2	-15	+6	-7	+12	0	+2
Trust in TAS* government	-25	+1	+5	+18	+27	+26	+68
Trust in ACT* government	-25	-19	-37	-15	-4	+2	+33
Trust in NT* government	-24	-49	-41	-71	+4	-35	-24

Source: Roy Morgan AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 2<sup>nd</sup> Half 2024 18+; n=1,309 NSW n=379, VIC n=371, QLD n=225, SA n=71, WA n=128, TAS n=29\*, ACT n=47\*, NT n=22\*. \* Indicates small base <50. Base: AICD Directors 1<sup>st</sup> Half 2024 18+; n=1,087. NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21\*, ACT n=41\*, NT n=16\*. Base: AICD Directors 1<sup>st</sup> Half 2023 18+; n=1,324. NSW n=394, VIC n=338, QLD n=222, SA n=88, WA n=146, TAS n=38, ACT n=42, NT n=12. Base: AICD Directors 2<sup>nd</sup> Half 2022 18+; n=1,475. NSW n=443, VIC n=387, QLD n=234, SA n=98, WA n=156, TAS n=38, ACT n=53, NT n=17. Base: AICD Directors 1<sup>st</sup> Half 2022 18+; n=1,737. NSW n=525, VIC n=433, QLD n=240, SA n=133, WA n=190, TAS n=48, ACT n=58, NT n=20. Base: AICD Directors 2<sup>nd</sup> Half 2021 18+; n=1,645. NSW n=521, VIC n=411, QLD n=260, SA n=92, WA n=197, TAS n=33, ACT n=54, NT n=11. \* Indicates small base <50

# Micro/Structural & Macro Policy Settings

MICRO/STRUCTURAL INDICATOR	NET BALANCE (%SATISFIED-%DISSATISFIED)						
	2 <sup>nd</sup> HALF 2024	1 <sup>st</sup> HALF 2024	2 <sup>nd</sup> HALF 2023	1 <sup>st</sup> HALF 2023	2 <sup>nd</sup> HALF 2022	1 <sup>st</sup> HALF 2022	2 <sup>nd</sup> HALF 2021
Corporate taxation / company tax rates	-27	-29	-29	-20	-20	-19	-18
Personal taxation / personal income tax	-35	-41	-36	-33	-30	-30	-28
GST	-6	-8	-5	+3	+2	0	+3
Government spending on infrastructure	-18	-19	-15	-3	-2	-6	+10
Government openness to foreign investment	-6	-2	-2	+8	+7	+3	+4
Support for international trade	+2	+2	+10	+16	+12	+11	+10
Gov. spending on education and training	-42	-40	-34	-40	-40	-41	-32
Gov. support for innovation and R&D	-46	-43	-44	-40	-40	-40	-37

MACRO POLICY INDICATOR	NET BALANCE (%POSITIVE-%NEGATIVE)						
	2 <sup>nd</sup> HALF 2024	1 <sup>st</sup> HALF 2024	2 <sup>nd</sup> HALF 2023	1 <sup>st</sup> HALF 2023	2 <sup>nd</sup> HALF 2022	1 <sup>st</sup> HALF 2022	2 <sup>nd</sup> HALF 2021
Impact on business of current Federal fiscal policy settings	-40	-33	-28	-29	-22	-14	-11
Impact on business of current state fiscal policy settings	-42	-36	-36	-27	-23	-15	-8
Impact on business of current RBA monetary policy	-27	-24	-29	-36	-32	+14	+19
Impact on business of current level of the Australian dollar	-16	-15	-29	-9	-13	+3	+6
Impact on business of the availability of business credit	-12	-12	-16	-12	-10	+9	+13

MACRO POLICY INDICATOR	NET BALANCE (%AGREED-%DISAGREED)				
	2 <sup>nd</sup> HALF 2024	1 <sup>st</sup> HALF 2024	2 <sup>nd</sup> HALF 2023	1 <sup>st</sup> HALF 2023	2 <sup>nd</sup> HALF 2022
Any further increase in interest rates by the RBA will negatively impact the economy	+73	+70	N/A	N/A	N/A
The RBA holding interest rates steady will have a positive impact on the economy	+7	+30	N/A	N/A	N/A
The RBA cutting interest rates will have a positive impact on the economy	+50	+53	N/A	N/A	N/A
Current monetary policies will cause a major uptick in business insolvency	+41	+29	+38	+44	+34

MACRO POLICY INDICATOR	NET BALANCE (%POSITIVE-%NEGATIVE)						
	2 <sup>nd</sup> HALF 2024	1 <sup>st</sup> HALF 2024	2 <sup>nd</sup> HALF 2023	1 <sup>st</sup> HALF 2023	2 <sup>nd</sup> HALF 2022	1 <sup>st</sup> HALF 2022	2 <sup>nd</sup> HALF 2021
NSW policy settings affect on business	-33	-31	-29	-14	-11	-7	+14
VIC policy settings affect on business	-67	-54	-60	-36	-31	-24	-28
QLD policy settings affect on business	-49	-46	-42	-45	-49	-33	-34
SA* policy settings affect on business	-18	-20	-21	-25	-17	-3	+5
WA policy settings affect on business	-15	-12	-2	-20	-14	-12	0
TAS* policy settings affect on business	-53	-36	-16	-24	-14	+15	+39
ACT* policy settings affect on business	-26	-29	-42	-20	-26	-5	-12
NT* policy settings affect on business	-63	-46	-58	-64	-35	-32	-18

Source: Roy Morgan AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 2<sup>nd</sup> Half 2024 18+; n=1,309 NSW n=379, VIC n=371, QLD n=225, SA n=71, WA n=128, TAS n=29\*, ACT n=47\*, NT n=22\*. \* Indicates small base <50. Base: AICD Directors 1<sup>st</sup> Half 2024 18+; n=1,087. NSW n=332, VIC n=279, QLD n=192, SA n=59, WA n=109, TAS n=21\*, ACT n=41\*, NT n=16\*. Base: AICD Directors 1<sup>st</sup> Half 2023 18+; n=1,324. NSW n=394, VIC n=338, QLD n=222, SA n=88, WA n=146, TAS n=38, ACT n=42, NT n=12. Base: AICD Directors 2<sup>nd</sup> Half 2022 18+; n=1,475. NSW n=443, VIC n=387, QLD n=234, SA n=98, WA n=156, TAS n=38, ACT n=53, NT n=17. Base: AICD Directors 1<sup>st</sup> Half 2022 18+; n=1,737. NSW n=525, VIC n=433, QLD n=240, SA n=133, WA n=190, TAS n=48, ACT n=58, NT n=20. Base: AICD Directors 2<sup>nd</sup> Half 2021 18+; n=1,645. NSW n=521, VIC n=411, QLD n=260, SA n=92, WA n=197, TAS n=33, ACT n=54, NT n=11. \* Indicates small base <50

# Directorship Conditions & Topical / Deep-Dive Issues

DIRECTORSHIP CONDITIONS INDICATOR	NET BALANCE (%AGREED-%DISAGREED)						
	2 <sup>nd</sup> HALF 2024	1 <sup>st</sup> HALF 2024	2 <sup>nd</sup> HALF 2023	1 <sup>st</sup> HALF 2023	2 <sup>nd</sup> HALF 2022	1 <sup>st</sup> HALF 2022	2 <sup>nd</sup> HALF 2021
Current governance regulations are appropriately balanced	+7	+7	+9	+13	+17	N/A	N/A
Current level of corporate reporting requirements is satisfactory	+21	+20	+21	+30	+30	+30	+32
Current level of diversity on Australian boards is satisfactory	-22	-23	-24	-29	-30	-33	-33
Current director liability provisions have a negative impact on decision making	+1	+5	+4	+3	-2	+3	+6
My board faces difficulties recruiting new talented directors	+3	+7	+9	+11	+9	+10	N/A

TOPICAL/DEEP-DIVE INDICATOR (ISSUES KEEP YOU AWAKE)	TOTAL MENTIONS					
	2 <sup>nd</sup> HALF 2024	1 <sup>st</sup> HALF 2024	2 <sup>nd</sup> HALF 2023	1 <sup>st</sup> HALF 2023	2 <sup>nd</sup> HALF 2022	1 <sup>st</sup> HALF 2022
Cyber-crime / data security	39%	43%	45%	50%	37%	43%
Legal and regulatory compliance	34%	30%	30%	32%	27%	26%
Domestic economic conditions	39%	28%	N/A	N/A	N/A	N/A
Corporate culture	22%	21%	22%	22%	21%	22%
Labour shortages	17%	21%	22%	30%	33%	28%
Level of personal liability for directors	19%	20%	19%	19%	18%	14%
CEO succession	17%	20%	18%	22%	18%	20%
Global geopolitical conditions*	NA	19%	17%	16%	20%	N/A
Global economic conditions	20%	17%	23%	23%	27%	28%
Attracting new talent	16%	18%	20%	21%	26%	24%
Global conflicts	11%	17%	23%	23%	27%	28%
Impact of Artificial Intelligence (AI)	15%	14%	14%	N/A	N/A	N/A
Industrial relations	13%	13%	10%	7%	8%	N/A
Risk of insolvency	15%	13%	N/A	N/A	N/A	N/A
Climate change	13%	11%	20%	13%	18%	20%
Climate / sustainability reporting	4%	5%	6%	5%	5%	N/A
Geopolitics	N/A	N/A	N/A	0%	0%	1%
No other concerns	1%	0%	0%	N/A	N/A	0%
Other	5%	3%	5%	4%	4%	3%
None	1%	1%	1%	1%	1%	2%

Source: Roy Morgan AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base AICD Directors 2<sup>nd</sup> Half 2024 18+; n=1,309; Base AICD Directors 1<sup>st</sup> Half 2024 18+ Base; n=1,087; Base AICD Directors 2<sup>nd</sup> Half 2023 n=1,324; Base AICD Directors 1<sup>st</sup> Half 2023 n=1,324; Base AICD Directors 2<sup>nd</sup> Half 2022 n=1,475; Base AICD Directors 1<sup>st</sup> Half 2022 n=1,737; Base AICD Directors 2<sup>nd</sup> Half 2021 n=1,645. Note: Additional response options impact comparability with previous wave. Total mentions = Percentage of respondents who nominated this as a top 3 issue. Base: AICD Directors 18+ who believe the likely shift to mandatory climate reporting in Australia will impact their organisation; 2<sup>nd</sup> Half 2024 n=581; 1<sup>st</sup> Half 2024 n=480; 2<sup>nd</sup> Half 2023 n=566; 1<sup>st</sup> Half 2023 n=566

BOARD DIVERSITY TOPICAL/DEEP-DIVE INDICATOR	NET BALANCE (%AGREED-%DISAGREED)						
	2 <sup>nd</sup> HALF 2024	1 <sup>st</sup> HALF 2024	2 <sup>nd</sup> HALF 2023	1 <sup>st</sup> HALF 2023	2 <sup>nd</sup> HALF 2022	1 <sup>st</sup> HALF 2022	2 <sup>nd</sup> HALF 2021
Gender	+30	+26	+31	+33	+35	+36	+38
Age	+12	+10	+12	+15	+17	+18	+18
Skills	+66	+64	+66	+65	+65	+66	+66
Ethnicity	+9	+10	+9	+14	+16	+20	+15
Digital capability / technology	+50	+47	+44	+50	+49	+44	+45
First Nations people	+3	+2	+1	+8	+7	N/A	N/A
Disability	-5	-6	-6	N/A	N/A	N/A	N/A

CLIMATE REPORTING TOPICAL/DEEP-DIVE INDICATOR	NET BALANCE (%SATISFIED-%DISSATISFIED)						
	2 <sup>nd</sup> HALF 2024	1 <sup>st</sup> HALF 2024	2 <sup>nd</sup> HALF 2023	1 <sup>st</sup> HALF 2023	2 <sup>nd</sup> HALF 2022	1 <sup>st</sup> HALF 2022	2 <sup>nd</sup> HALF 2021
To what extent are you satisfied or dissatisfied that your existing board structures are sufficient to address climate and sustainability reporting and broader ESG issues?	+30	+25	+22	+21	N/A	N/A	N/A

\*Global geopolitical conditions up fill 1<sup>st</sup> Half 2024

# Topical / Deep-Dive Issues

TOPICAL INDICATOR (TOP ISSUES GOVERNMENT SHOULD ADDRESS)	SHORT-TERM							LONG-TERM						
	2 <sup>nd</sup> HALF 2024	1 <sup>st</sup> HALF 2024	2 <sup>nd</sup> HALF 2023	1 <sup>st</sup> HALF 2023	2 <sup>nd</sup> HALF 2022	1 <sup>st</sup> HALF 2022	2 <sup>nd</sup> HALF 2021	2 <sup>nd</sup> HALF 2024	1 <sup>st</sup> HALF 2024	2 <sup>nd</sup> HALF 2023	1 <sup>st</sup> HALF 2023	2 <sup>nd</sup> HALF 2022	1 <sup>st</sup> HALF 2022	2 <sup>nd</sup> HALF 2021
Housing affordability/ housing supply	33%	35%	34%	28%	22%	19%	22%	20%	21%	19%	15%	13%	14%	15%
Productivity growth	35%	31%	32%	23%	25%	20%	23%	28%	23%	24%	20%	20%	18%	22%
Taxation reform	23%	26%	23%	21%	19%	21%	26%	21%	22%	20%	19%	17%	14%	20%
Lack of skills in workforce/ skills shortages	23%	25%	26%	34%	43%	36%	41%	15%	16%	15%	18%	20%	18%	18%
Energy policy	25%	24%	32%	30%	26%	24%	27%	22%	20%	24%	21%	21%	20%	22%
Climate change	22%	21%	32%	27%	33%	39%	48%	33%	36%	41%	42%	44%	50%	59%
Education	12%	14%	12%	15%	12%	16%	17%	13%	17%	14%	17%	17%	18%	20%
Health	14%	13%	12%	19%	16%	16%	17%	15%	13%	14%	18%	16%	15%	16%
Defence	7%	12%	8%	12%	11%	10%	0%	13%	17%	11%	16%	15%	11%	0%
Cyber security threats	15%	17%	N/A	N/A	N/A	N/A	N/A	8%	11%	N/A	N/A	N/A	N/A	N/A
Industrial relations	15%	12%	8%	6%	8%	N/A	N/A	6%	6%	4%	3%	5%	N/A	N/A
Ageing population	12%	11%	13%	12%	12%	15%	12%	29%	23%	29%	28%	24%	25%	26%
Innovation policy / Barriers to innovation	12%	11%	12%	13%	11%	17%	0%	13%	12%	13%	15%	14%	17%	0%
International competitiveness	12%	11%	11%	11%	11%	12%	20%	20%	18%	18%	18%	21%	21%	27%
Regulation of Artificial Intelligence (AI)	8%	10%	3%	N/A	N/A	N/A	N/A	9%	11%	9%	N/A	N/A	N/A	N/A
Infrastructure	8%	9%	10%	10%	10%	14%	15%	13%	13%	15%	14%	14%	16%	18%
Federal budget position	12%	7%	10%	12%	11%	10%	14%	11%	8%	12%	16%	16%	15%	18%
Indigenous reconciliation	4%	6%	11%	14%	9%	N/A	N/A	6%	7%	8%	9%	10%	N/A	N/A
Australia-China relationship	5%	6%	8%	12%	11%	18%	0%	6%	7%	7%	9%	11%	14%	0%
Other	2%	2%	1%	2%	1%	2%	0%	1%	1%	1%	1%	1%	1%	0%

\* Previously war in Ukraine

Source: Roy Morgan AICD Director Sentiment Index Survey 2<sup>nd</sup> Half 2024. Base: AICD Directors 2<sup>nd</sup> Half 2024 18+ Base n=1,309; Base: AICD Directors 1<sup>st</sup> Half 2024 18+; n=1,087; Base: AICD Directors 2<sup>nd</sup> Half 2023 n=1,352; Base: AICD Directors 1<sup>st</sup> Half 2023 18+; n=1,324; Base: AICD Directors 2<sup>nd</sup> Half 2022 n=1,475; Base: AICD Directors 1<sup>st</sup> Half 2022 n=1,737; Base: AICD Directors 2<sup>nd</sup> Half 2021 n=1,645.

Note: Additional response options impact comparability with previous wave. Percentage of respondents who nominated this as a top 3 issue. \*New statement added in 1<sup>st</sup> Half 2023. Amendments to list may impact comparability with previous results.

TOPICAL INDICATOR	NET BALANCE (%AGREED-%DISAGREED)						
	2 <sup>nd</sup> HALF 2024	1 <sup>st</sup> HALF 2024	2 <sup>nd</sup> HALF 2023	1 <sup>st</sup> HALF 2023	2 <sup>nd</sup> HALF 2022	1 <sup>st</sup> HALF 2022	2 <sup>nd</sup> HALF 2021
Climate change is a material risk to my organisation	+5	+9	+17	+16	+15	+20	+22
Organisation affected by labour market issues	+45	+55	+55	+64	+64	+54	+45
Sufficient oversight of organisation culture	+67	+64	+63	+64	+60	+63	+62
There is a skills shortage in the Australian workforce*	+75	+80	+83	+90	N/A	N/A	N/A
Skilled migration levels are not keeping up with labour demand in Australia and will impact growth	+54	+51	+59	+77	+76	N/A	N/A
The implementation of AI systems and workforce automation can resolve current skill shortages*	-8	-8	-9	-17	N/A	N/A	N/A
My board is aware of the possible risks that may be incurred through organisational and supply chain implementation of AI systems*	+23	+15	+5	+9	N/A	N/A	N/A
Impacts of global conflicts pose a threat to business supply chains*	+77	+84	+45	+58	N/A	N/A	N/A



# Thank you

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The Australian Institute of Company Directors acknowledges the Traditional Custodians of the Lands on which we are located and pay our respects to the Elders, past and present. We acknowledge the First Nation people across this Country and recognise their unique cultural and spiritual relationships to the Skies, Land, Waters, and Seas and their rich contribution to society.

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