A majority of Australian businesses say we’re in ‘recession’

A majority of 56% of Australian businesses say Australia is in its first ‘recession’ in nearly three decades according to a special Roy Morgan Snap SMS Survey of 621 Australian businesses.

Analysing by States shows over two-thirds (68%) of Queensland businesses say Australia is now in a ‘recession’ – higher than any other State.

A majority of businesses in New South Wales (56%) and a slight majority in Victoria (51%) also agree that Australia is now in a ‘recession’. Although a small sample, Tasmanian businesses are more likely than those in any of the three larger States to say Australia is in a ‘recession’.

In contrast a slim majority of businesses in both Western Australia (53%) and South Australia (52%) say Australia is ‘not’ in a ‘recession’.

Businesses of all sizes agree – we’re in a ‘recession’

Businesses are in agreement that we’re in a ‘recession’ with 56% of businesses with annual turnover of under $5 million and also over $5 million saying Australia is now in a ‘recession’.

Most Industries agree Australia is in a ‘recession’

Majorities of businesses in Manufacturing, Construction, Wholesale trade, Accommodation & Food services, Information Media & Telecommunications, Finance & Insurance, Property & Business Services, Education & Training, Community Services and Recreation & Personal agree Australia is in a ‘recession’.

Roy Morgan Chief Executive Officer Michele Levine says a majority of Australian businesses agree we are in the first ‘recession’ since the early 1990s – and of those that don’t many expect to soon be in a ‘recession’:

“A clear majority of 56% of Australian businesses say Australia is in a ‘recession’ and this majority is highest in the three States hardest hit by the coronavirus COVID-19.

“Over two-thirds of businesses in Queensland (68%) and majorities in New South Wales (56%) and Victoria (51%) agree Australia is in a ‘recession’.

“Of Australia’s 375 confirmed cases (2pm on Tuesday March 17 at health.gov.au) over 80% (or 309) have been in one of these three States.

“Some industries have been hit harder than others but majorities of businesses in most industries agree Australia is in a ‘recession’ including Manufacturing, Construction, Wholesale trade, Accommodation & Food services and Education & Training.

“Although it’s obvious Australia is already in a ‘recession’ there are only a few things that can save Australia from experience a full-blown ‘depression’ which is recognised as a fall in GDP of at least 10%. The four companies that dominate Australia’s export of iron ore primarily to China led by BHP, Rio Tinto, Fortescue Metals and Gina Rinehart’s Roy Hill can ‘cushion the blow’ to the Australian economy if they can continue to export large quantities iron ore at the current high prices.

“The combination of continued high export earnings bringing dollars into the Australian economy and the benefit of cheap fuel caused by the oil price war can soften the impact of the COVID-19 related economic slowdown – helped a lot by the price of petrol dropping significantly!”
Is Australia in a ‘recession’ now?

![Graph showing percentages of businesses in different states and territories of Australia, with the majority indicating a ‘recession’]

**Source:** Roy Morgan Special Snap SMS Poll of Australian businesses in March 2020, n=621.
**Base:** Australian businesses.

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**Why do businesses say Australia is in a ‘recession’?**

Those who say Australia is in a ‘recession’ cite the fact people aren’t spending money in the economy, poor Governmental policies, the drop in confidence, falls in the share-market and the Australian Dollar, and also the high levels of unemployment and under-employment and also the **massive** drop-offs in tourism and travel as bans on several countries have been introduced as well as a mandatory two week quarantine period for all visitors to Australia.

“People are spending less money.”

“Lack of spending in the economy.”

“Because people aren’t going out as much which means they aren’t spending money.”

“The economy is dropping and there is less money being spent.”

“Sales are dropping like a stone and there is limited movement of people around the community.”

“Many industries have been affected by reduced sales.”

“Poor Governmental management.”

“The incompetent Federal Government policies.”

“Confidence is very low, especially with a Prime Minister who hoards facts and issues glib obfuscations. Trust in the Prime Minister is low and he seems to follow Trump’s methods of disregarding inconvenient truths and making up self-serving pronouncements.”

“There’s been poor governmental leadership. Very reactionary. Australia should follow the effective governments like in Singapore.”
“Government is driving up power prices while there’s been a drop in tourism from fires and COVID-19 and a drop in housing starts. This is a job too complex for the current government politicians.”

“Mainly panic and lack of confidence seem to be the greatest problem rather than the virus itself.”

“Confidence has been replaced by irrational fear. As Roosevelt said, ‘We have nothing to fear but fear itself’. Tragically we have embraced fear.”

“Major stores are going bankrupt. Droughts, fires, floods and now Coronavirus has made people nervous and lose confidence in the economy.”

“People are lacking confidence in the business sector.”

“There’s a falling sharemarket and Australian Dollar.”

“There’s shareprice falls, retail venues appear to be deserted and traffic on the road has decreased by at least 25%.”

“Everything has contracted so far on the share-market. Inevitably it will translate to loss of jobs and the downfall of many businesses.”

“ASX is a yo-yo. Down 7% one day, up 10% the next day and down 12% the day after that!”

“The plunge in the stock-market is driving down Consumer Confidence as people have no intention of making significant purchases.”

“Stock-markets are in steady decline and people are starting to lose their jobs.”

“The collapse of the Australian Dollar.”

“Unemployment is rising as small businesses are forced to close.”

“The number of businesses folding are driving up unemployment.”

“There’s already rising unemployment.”

“Unemployment is up, stocks are down and production is almost at a standstill.”

“People are losing their jobs and people are under-employed and not spending money either. Part-time workers are having their hours cut and older people are being retrenched.”

“The situation was already dire. Recession won’t be official until the numbers come out but everyone I know has a shrinking business. How can it not be a recession.”

“Business generally is floundering.”

“Some sectors such as travel already are and that will spread as stupid people panic.”

“The virus is having a major impact on travel and tourism.”

“Certain industries like travel have fallen off a cliff.”

“Big events cancelled, travel cancelled, work events cancelled and businesses are closed.”

“China has dramatically slowed down, particularly the housing market which will impact the commodities we sell, commodity prices and the tourism shock because of the travel bans and the bushfires.”

“The effects of bushfires has reduced tourism and recent business closures such as for Flight Centre are also starting to have a significant impact.”

“Continued quarters of decline following the impact of COVID-19 will decimate tourism and hospitality.”

“The restrictions on tourism.”

“There are too many challenges recently and currently both locally (Corona, fires, tourism and retail sales) and internationally.”

“Because businesses are cutting staff. The tourism industry is effectively closed to the international market. Local are now saving and holding onto money.”
Why do businesses say Australia is NOT in a ‘recession’?

Those who claim Australia is not in a ‘recession’ say that Australians are still spending, it hasn’t had an effect on our business as yet and business is brisk, unemployment hasn’t increased, we are in a panic, but not a ‘recession’, the Government stimulus package and interest rate cuts, we have not reached the technical definition of a ‘recession’ of two quarters of negative growth, and the most common response was that we not yet in a ‘recession’ although we are likely to be in one soon.

“We are still spending.”

“Demand for products and services is still high.”

“Plenty of spending occurring, especially in the last two weeks.”

“People are still buying products.”

“Just went out to lunch and restaurant was packed.”

“People are still spending money and willing to invest.”

“Shops are sold out in many areas and traffic in the morning on my way to work is as heavy as normal.”

“Business seems no different to the last couple of years.”

“Our business is still growing.”

“Business for us is still buoyant.”

“My business is still doing well.”

“My business in the wine industry is going better than it has been, although I suspect a recession is near.”

“There’s low unemployment and house prices are holding up.”

“Because there are still jobs.”

“Unemployment hasn’t increased, economic conditions effected by the corona virus will only be short-term and the economy will be improving as the drought is curtailed.”

“Still have jobs and a couple of new clients with new work.”

“Very few have lost their jobs yet, but many will soon.”

“Watch for the unemployment to increase as businesses close down – and then there’ll be a recession.”

“It’s mainly uncontrolled public fear assisted by the media hype that is causing panic buying and a cloud over the world of finance.”

“There’s some caution, but no panic.”

“We are in a panic, not a recession.”

“Panicked fluctuations aside, so far we have remained constant.”

“Things are slow, but not dead. The panic buying around COVID-19 shows people are choosing not to spend, but will when panicked.”

“We have a strong economy and a good stimulus package – although it could be more for the casual workforce.”

“The Government stimulus package.”

“The stimulus package and the cut in interest rates have balanced the down-side for now.”

“We have a stimulus package on the way.”

“The effects of any stimulus package hasn’t been seen as the funds haven’t yet been released.”
“The full effect of the stimulus package is being masked by the corona virus. We are close to a recession, but not quite there yet.”

“Because of the stimulus package and early planning.”

“Interest rates are still low.”

“We are not in recession yet, but if Australia doesn’t make some drastic change we soon will be. With the virus, stock-market and interest rates the way they are we won’t be far off recession.”

“No, not as of yet. There need to be two negative quarters to officially be in a recession.”

“The decline has so far been about 10% in the past two months. If the decline continues to increase and goes on for another two months then I would consider changing my answer. If the stock-market doesn’t bounce back I would consider changing my answer.”

“There hasn’t been two consecutive quarters of negative growth.”

“Doesn’t it have to be two quarters of negative growth? We don’t know yet. Is it likely, yes, but I’ll wait to hear from the experts.”

“We haven’t had a quarter of negative growth yet.”

“As yet Australia hasn’t had two quarters of negative growth.”

“We need two quarters of negative growth by definition. It’s coming for sure but we aren’t there yet and the situation is evolving rapidly.”

“I think we are close. The next 2-4 weeks will certainly set the scene as to how the economy will likely perform over say the next 6-12 months.”

“We are heading towards a recession but it hasn’t hit yet.”

“We aren’t quite there yet.”

“There’s not a bad enough deterioration yet.”

“Not there yet, but on the way soon.”

“Not yet, but soon will be because of the coronavirus COVID-19.”

“We may be headed that way but we are not there yet.”

“Not yet, it’s early days.”

“A recession is on the way. It’s not here yet.”

“Not yet. The impacts of coronavirus won’t be felt immediately, give it another couple of weeks.”

Additional details on how the COVID-19 coronavirus and the recent bushfires have affected Australian businesses are available to view here.

About Roy Morgan

Roy Morgan is Australia’s largest independent Australian research company, with offices in each state, as well as in the U.S. and U.K. A full-service research organisation, Roy Morgan has over 75 years’ experience collecting objective, independent information on consumers.
**Margin of Error**

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

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