

MEDIA RELEASE

Business confidence flat: illion Business Expectations Survey

5 June 2018 – Confidence among 800 of Australia’s senior executives is beginning to lose steam, with more than two-thirds saying the Federal Government’s proposed tax changes will have limited impact on hiring and wage increases, according to [illion’s](#) latest Business Expectations analysis.

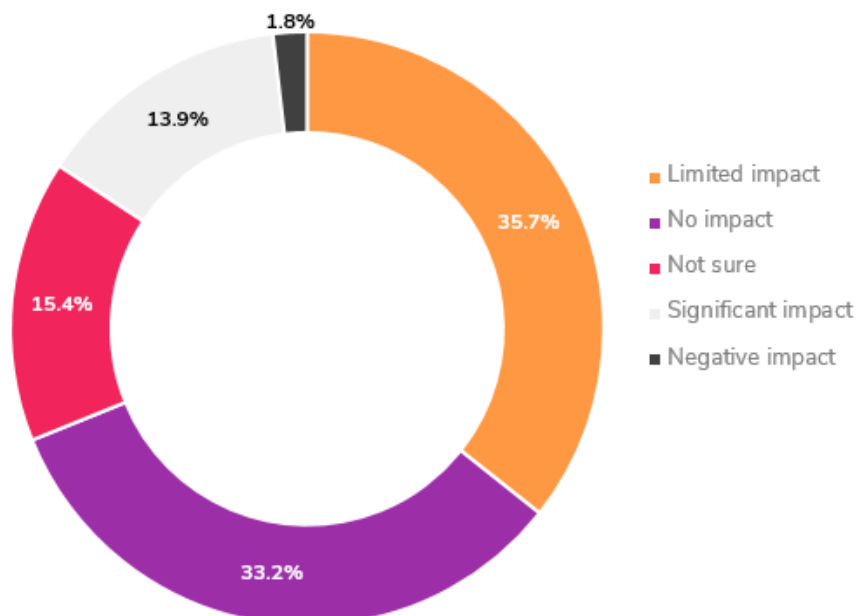
The Business Expectations Index for the September quarter now stands at 23.1 points, 38 per cent higher than the same time last year, but the short-term trajectory is downward.

illion Economic Adviser Stephen Koukoulas said the survey showed tax cuts are unlikely to solve stagnant business growth.

“The business sector has given a muted response to the government’s proposed company tax cut, with leaders more concerned about energy prices, the availability of skilled labour and overall business conditions.”

Across all sectors, almost 14 per cent of businesses said tax cuts would have a significant impact on wages and employment decisions. Two-fifths of services and retail firms said tax cuts would have ‘no impact’. At the other end of the scale, one-in-five construction businesses said cuts would have a ‘significant impact’.

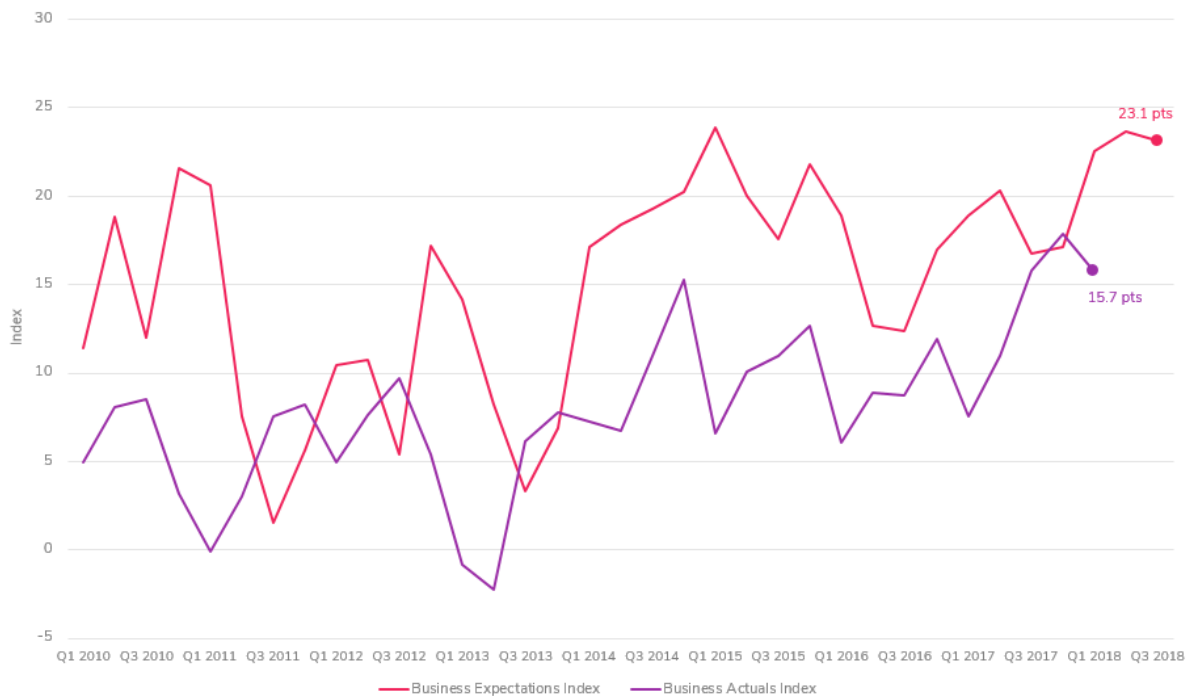
What impact will proposed company tax cuts have on wages and hiring for your business?



illion CEO Simon Bligh said the survey shows a mixed landscape, with hiring and capital investment planning remaining high, yet forecasts for sales and profits edging lower after a strong start to the year.

“We’re seeing increased softness after a solid run of results. The index doesn’t track a straight line, however, so we should be careful not to talk ourselves into a downturn. Confidence levels remain historically strong, interest rates are the lowest they’ve ever been and Australia hasn’t suffered a recession for a quarter of a century. Nevertheless, consumers are the linchpin of the Australian economy, and at present they don’t appear confident, which is in turn impacting the business outlook.”

Business Expectations Index – Q3 2018



The analysis showed consumer confidence and cash flow are the top two short-term business concerns.

Mr Koukoulas said despite the easing in business expectations, the overall economic outlook remains firm.

“It is too early to be sure whether there will be further downturns in the quarters ahead, but with banks tightening credit, the housing market weakening and the global economy showing signs of stress, the risks are building for a patch of weaker activity over the second half of 2018.”

The illion Business Expectations Survey Interim report for Q3 2018 is available [here](#).

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About the illion Australian Business Expectations Survey

Each month, illion asks a sample of executives if they expect an increase, decrease or no change in their quarter-ahead sales, profits, employees, capital investment and selling prices compared with the same quarter a year ago. The executives are also asked for actual changes over the twelve months to the latest completed quarter. In this issue, the preliminary indexes for the latest quarter are based on approximately 800 responses obtained during April and May 2018.