

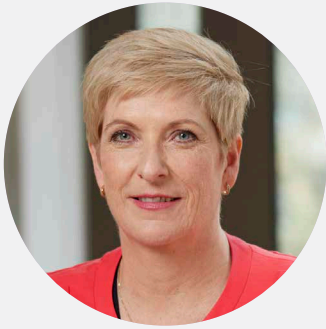


# MYOB Federal Budget Snapshot

SME and Consumer Survey

October 2022

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## Foreword

At a unique time of post-COVID recovery and global fiscal uncertainty, securing the growth of Australia's 2.5 million small and medium-sized businesses (SMEs) - and the opportunities for the more than 7.6 million Australians they employ - will be essential futureproofing for our economy. As we prepare for Treasurer Jim Chalmers to hand down his first Budget, MYOB has dug into the issues that matter most to consumers and small business owners to unpack what is needed now to set this crucial community up for future success.

At MYOB, we know SMEs are the lifeblood of the Australian economy - and the figures show most Australians agree with us. We surveyed over 1000 Australians and ninety-three per cent of survey respondents believe supporting small business is important for the nation's economic prosperity. The findings also show economic recovery is front of mind for consumers and SMEs alike. Australians want to see wage growth and ongoing support for small businesses as they navigate the lingering effects of COVID-19, including staffing, skills shortages and supply chain constraints.

A key risk facing SME growth and recovery are the impacts of inflation, and the flow-on effects this will have for discretionary spending. Over a third of SMEs surveyed said they were feeling the rising costs of doing business; in the last twelve months, 34% have made less revenue, 27% have passed cost increases onto customers, and over one in four (26%) have reduced their own income to support the viability of their business.

Navigating the pinch point of less money coming in and increased outgoings will undoubtedly pose significant challenges for many SMEs, still recovering from the impacts of the last few years.

However, we know that boosting digital skills and access to technology can accelerate SME productivity, creating future growth opportunities for SMEs and those they employ. Our modelling shows increasing SME access to technology and digital skills could bring an additional \$10.5 billion into the economy.

The Government's recent proposed measures targeting SME technology investment and access to skills (the Technology Investment Boost and Skills and Training Boost) are a necessary step towards supporting SME growth and enabling the sector to protect itself from external pressures. Our modelling shows every dollar invested by the Government to support SMEs to adapt and adopt technology would generate a \$25 return to the economy, through productivity gains and job creation. These two Boosts can help businesses where they need it most, right now.

Cyber security is an ever-present concern for many, with 72% of SMEs increasing their focus on IT security in the last year. Sixty-six per cent of SMEs believe adequate protection requires significant investment. However, 37% admit they are hesitant to make this investment due to the costs involved. Passing the Technology Investment and Skills Boosts will provide SMEs with the confidence to invest in technologies that can protect and grow their businesses.

We hope this research helps to inform the conversation and shine a light on current pressures and concerns. It is more important than ever to understand the top priorities and challenges facing the SME sector, so we can make sure SMEs and the millions they employ are future ready.


Helen Lea  
Chief Employee Experience Officer | MYOB


### Executive Summary


- Rising costs and external pressures are making it harder for businesses and consumers: **88%** of respondents are feeling the effects of the cost of living and inflation
- Small businesses are in flux: **34%** of small business have made less revenue and **56%** have felt stress running their business in the last 12 months
- Unreliable internet is a barrier in digital access, with **40%** saying challenges in accessing a stable internet connection prevents them from using digital tools


In October 2022, two weeks before the Albanese Government delivers its first Federal Budget, MYOB surveyed 847 consumers and 257 SME owners from across Australia to find out what they were hoping to see included.


### The top themes respondents want to see covered are:

 Cyber Security (86%)

 Renewable energy (72%)


 Agriculture (80%)


 Infrastructure (71%)

 National Security (75%)

When asked about the health of Australia's economy, **56%** of all survey respondents believe Australia is not yet in economic recovery, and **82%** of respondents think the economy still needs government support.

Respondents believe the top three things needed for economic recovery are:


 Wages growth (29%)


 Government assistance for small business (21%)


 Increase minimum wage (20%)

The cost of living is a real pressure point for consumers and small businesses alike, with **93%** of respondents saying they are concerned about the cost of living and a further **88%** of respondents admitting they are feeling the effects of the cost of living and inflation.

When asked how the cost of living is impacting them the top three answers were:

 I don't have as much discretionary spend (59%)

 I'm managing the family budget much closer (58%)

 I'm not driving as much to save on petrol (37%)

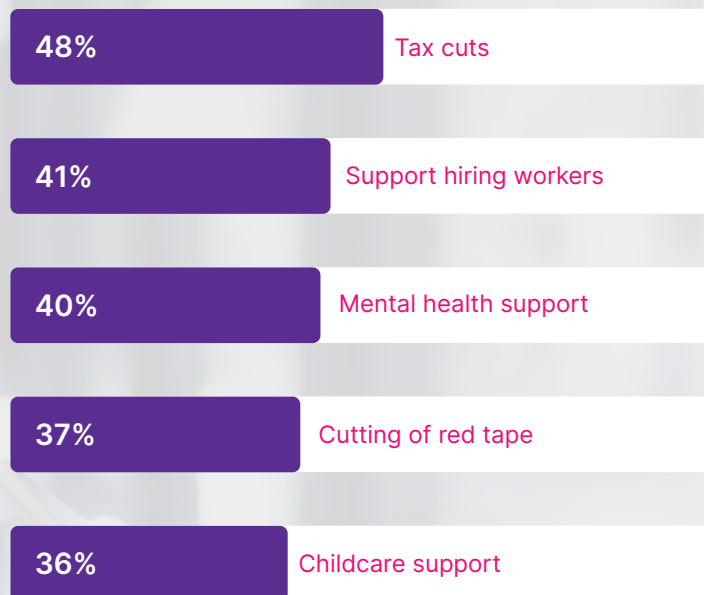


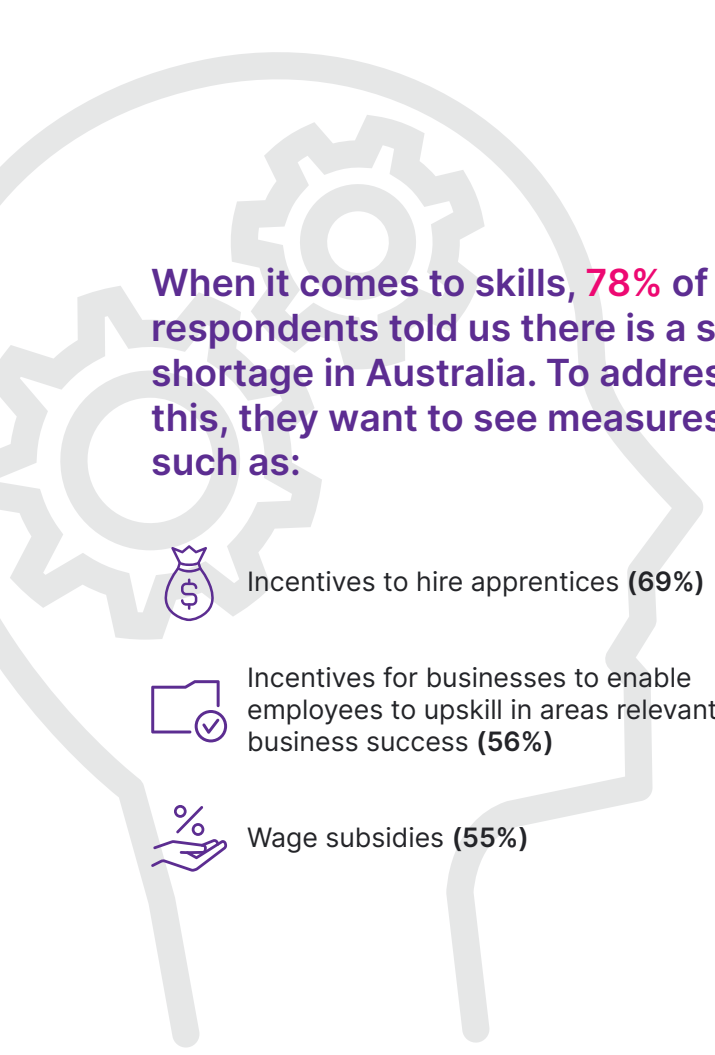
## Respondents believe support for small business key to economic recovery

Ninety-three per cent of respondents believe supporting small businesses is important for more economic prosperity and **92%** said they think the budget should priorities more support for small businesses rather than big business.

However, consumers remain divided when asked if they believe this Budget will deliver for small businesses: **33%** are not confident in small business support, **27%** are confident and **40%** just don't know.

**The top themes all respondents want to see in the Budget for SMEs are:**





When it comes to skills, **78%** of respondents told us there is a skills shortage in Australia. To address this, they want to see measures such as:



Incentives to hire apprentices (**69%**)



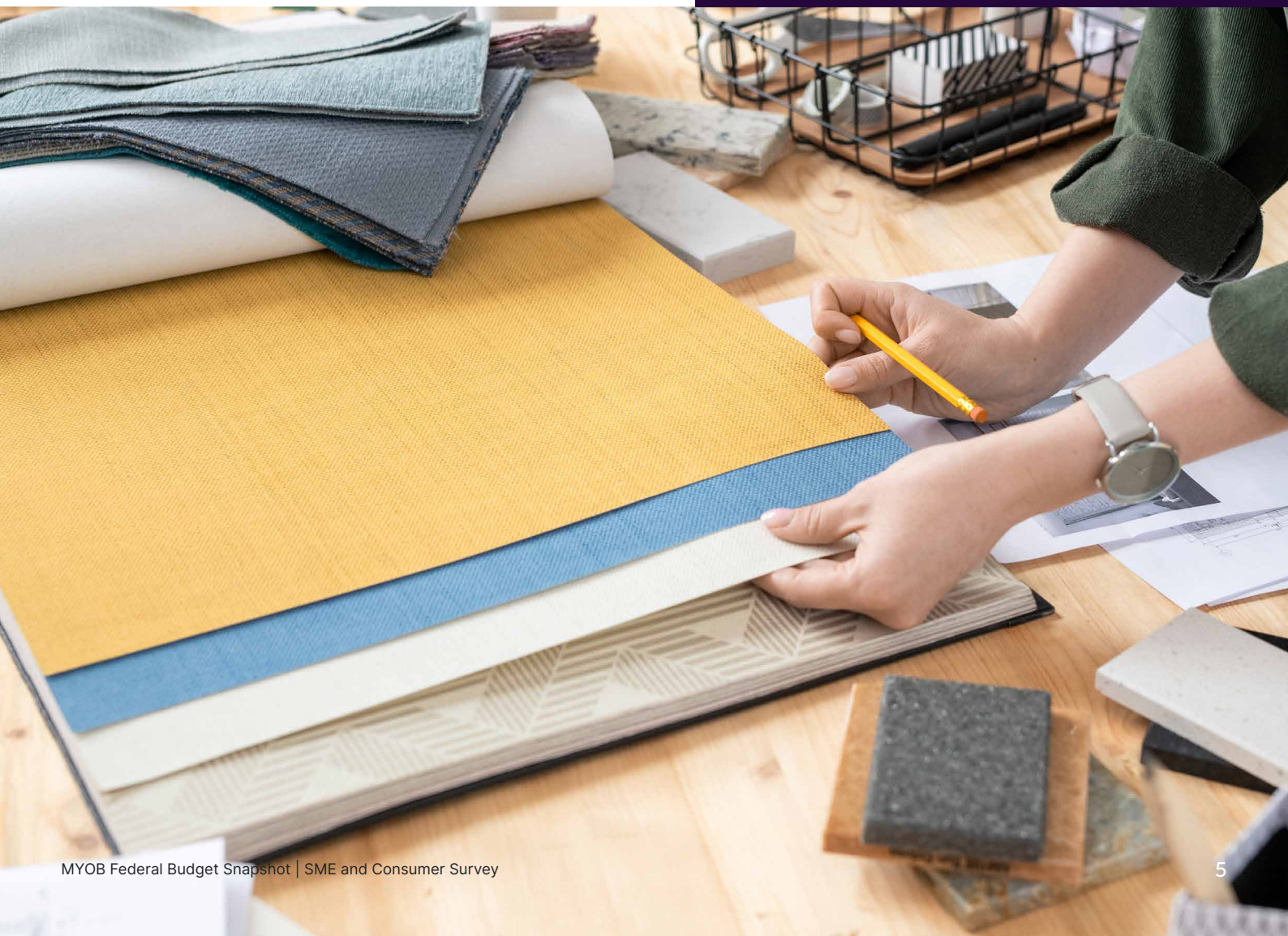
Incentives for businesses to enable employees to upskill in areas relevant to business success (**56%**)



Wage subsidies (**55%**)

This is particularly pertinent considering **43%** of SMEs surveyed are currently experiencing staff shortages. Most commonly, businesses are short by **20%** of their workforce.

However, in good news, **66%** of SME owners say they expect staff shortages will improve following the Albanese Government's recent announcement to increase skilled migration into the country.





# What small businesses want from the Budget

This is an important Budget for small businesses. More than one in three SMEs say they are feeling the rising costs of doing business.

As a result of these rising costs, **34%** say they made less revenue, **27%** have passed cost increases onto their customers and **26%** have reduced their own income.

Small businesses have told us they are seeking the following investment priorities from the Budget:

Tax reform



Incentives for apprenticeships and vocational training



Financial incentives for hiring staff



Cutting of red tape



Incentives for digital training



Seventy-two per cent of small business owners have become more concerned about cyber security in the last year and **66%** believe they need to spend more on cyber security to protect their business.

However, **37%** of SMEs report that the cost of cyber security protections remains a key barrier for them. With the impacts of cyber security threats far-reaching, this is a barrier that needs addressing to ensure a secure, productive ecosystem.

## Productivity

Sixty-two per cent of all respondents agree there's a productivity problem in Australia.

When asked what would improve productivity in Australia, respondents said:



Support to upskill Australians (66%)



Free tertiary education for in demand professions like nurses and teachers (58%)



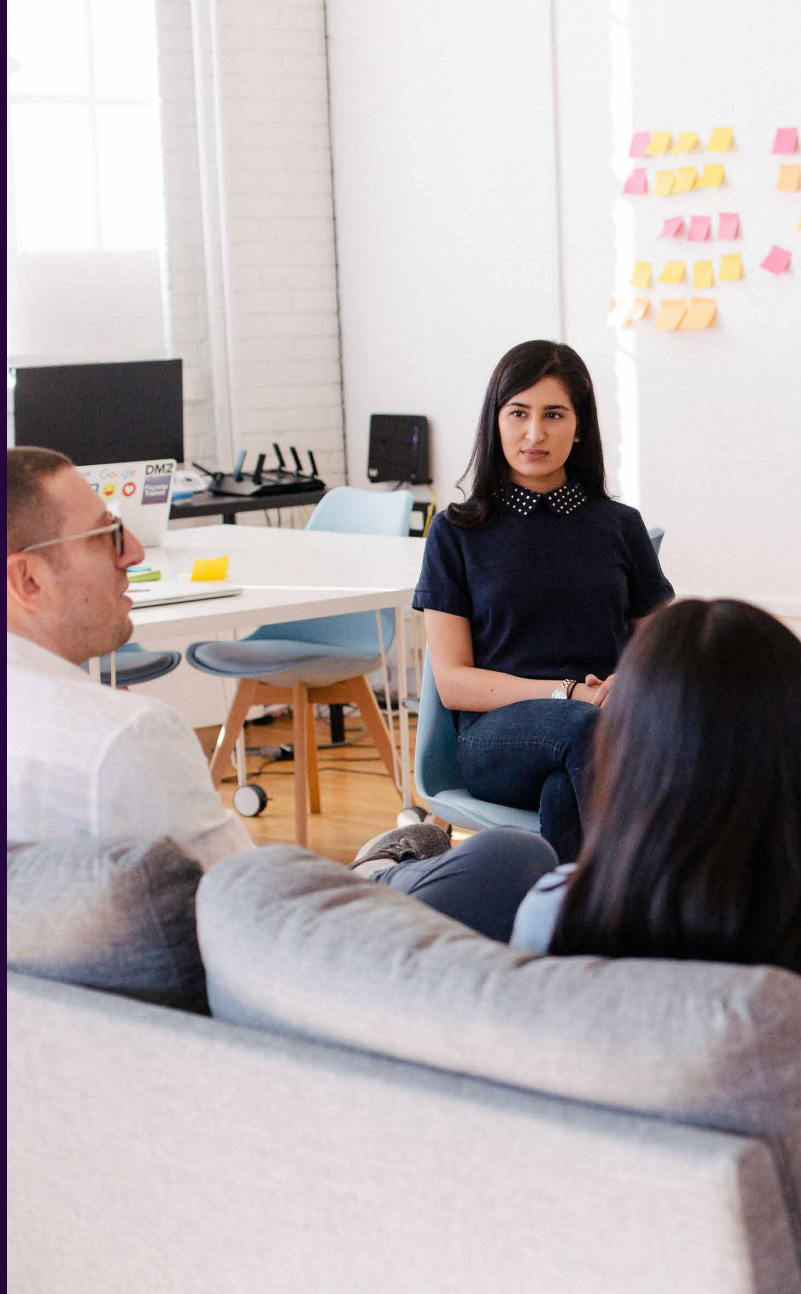
Increased opportunities to encourage women to get back into the workforce after having children (48%)



More accessible childcare (38%)



Encourage using digital solutions in businesses (35%)



## Digital access

Twenty-eight per cent of SMEs say challenges in accessing a stable internet connection prevent them from using digital tools. Access remains a hurdle for some seeking to engage with the digital economy.

## About the research

This report presents the summary findings for key indicators from a recent MYOB consumer and small business survey comprising a national sample of 847 consumers and 257 business owners conducted from October 1st 2022 to October 10th 2022. All data has been weighted by gender, location, industry and number of employees, which are in line with the Australian Bureau of Statistics (ABS - Counts of Australian businesses, including entries & exits - 8165.0).

## About MYOB

MYOB is a leading business platform with a core purpose of helping more businesses in Australia and New Zealand start, survive and succeed.

MYOB delivers end-to-end business, financial and accounting solutions direct to businesses employing between 0 and 1,000 employees, alongside a network of accountants, bookkeepers and consultants.

For more information visit [myob.com](https://myob.com) or follow @MYOB on Twitter.

