

NAB MONTHLY BUSINESS SURVEY – BUSHFIRES

SPECIAL SURVEY ON THE SECOND ROUND IMPACT OF RECENT BUSHFIRES



NAB Australian Economics

While Bushfire impacts have been catastrophic for those directly involved we have used the Business Survey panel to try and judge the broader impact of the bushfires on the general economy. Although there's no doubting the devastating impact upon local businesses in bushfire affected areas, key results suggest that the Bushfires have not impacted significantly on the macroeconomy (and significantly less than the Qld floods impact). Indeed the answers imply a reduction from Q1 2020 GDP growth of around 0.15 percentage points from Bushfires vis-à-vis more than 1 percentage point from the Qld floods. The Survey involves responses from 339 firms from our broader Business Survey panel and 279 firms from our SME panel. Broadly the results from both panels are similar.

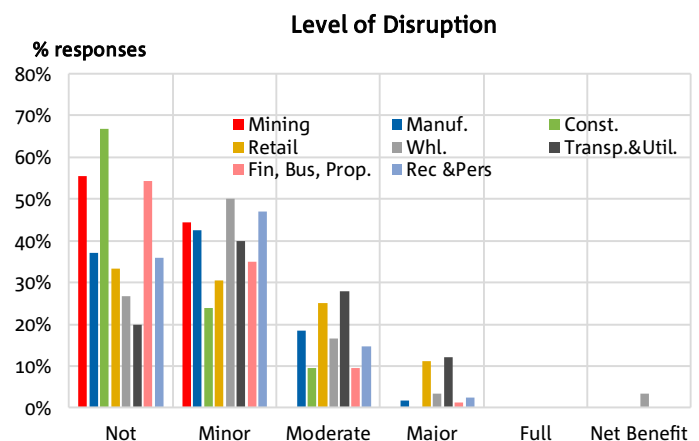
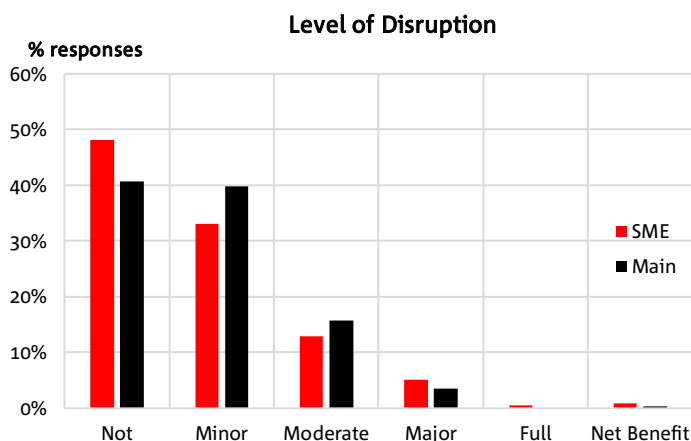
Some of the key results are:

- Around 80% of respondents report no to little impact (by way of contrast Qld floods read was 68%) and moderate to large impacts were around 20% (Qld floods were 38%);
- Loss of capacity utilisation and revenue was relatively minor – but for some huge; average working days lost were around 4½ days but higher for SMEs and in NSW;
- Impacts were most pronounced for retail and transport and utilities followed by wholesale and recreational and personal services; the largest impacts were in NSW and Victoria;
- There was a large section of losses not covered by insurance (higher in the SME space);
- The biggest restraints to recovery were labour and material availability, lack of demand and utility outages;
- A surprisingly large number of respondents reported that they were back to pre bushfire business levels (around 75%). Those reporting it would take more than a month to recover were around 8% (Qld floods were over 20%).
- While around half of respondents saw no need to put more emphasis on climate change from the bushfires (especially mining & construction), there were 30% suggesting moderate to significant change was required.

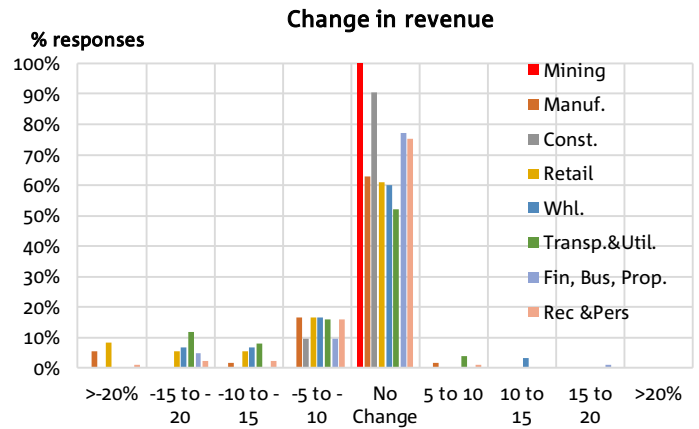
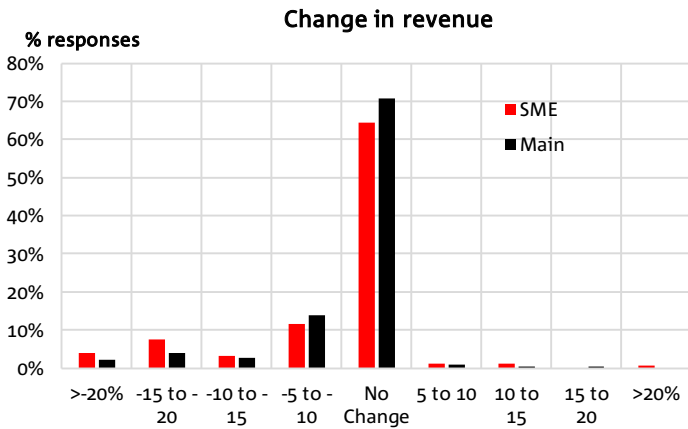
Finally while the indirect impact from the bushfires on the broader economy was surprisingly low (in our opinion) they are consistent with only small differences between the December and January Monthly Business survey results.

HIGHLIGHTS

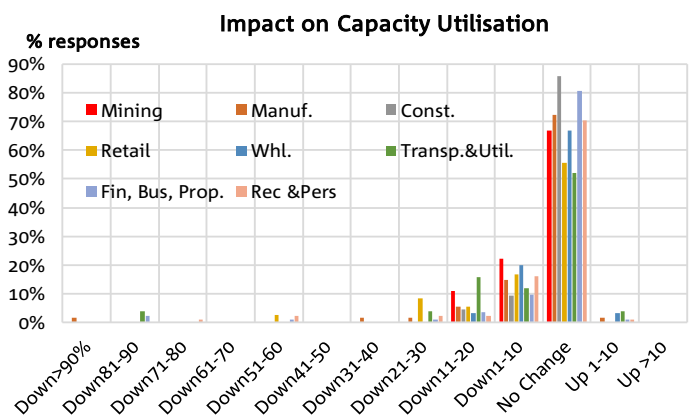
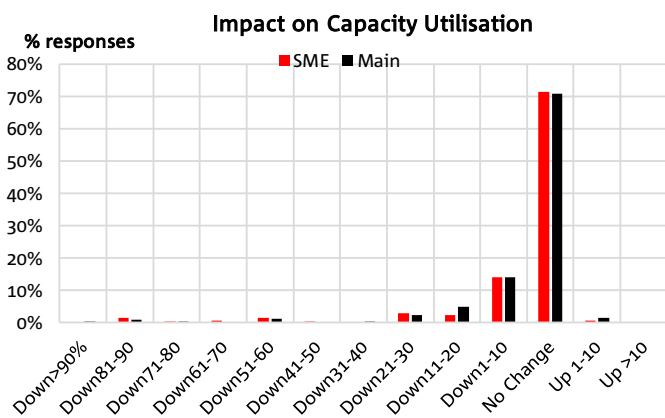
- **Level of Disruption.** Around 80% of respondents reported little to no disruption – with no real differences at the broader economy panel and those in the SME space. With around 15% reporting moderate disruption and around 3-5% major disruption. By industry as expected retail and transport and utilities were the hardest hit.



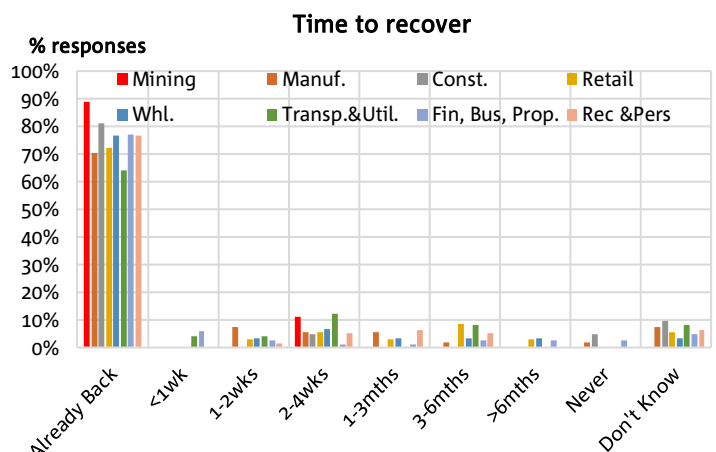
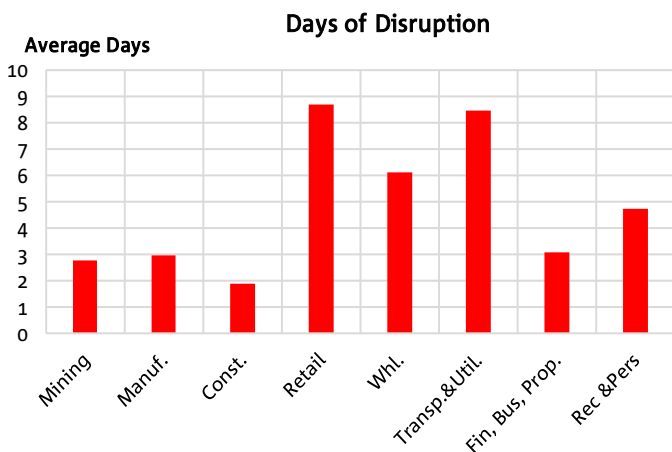
- Change in Revenue.** No changes to revenue were reported by around 70% of larger firms and around 65% of SMEs. Of those that indicated a change in revenue, most were in the bucket of less than 10%. By industry again the largest hits to revenue were in recreational and personal services, retail, and transport. The largest revenue hits (down more than 20%) were in retail, manufacturing, and recreational and personal services.



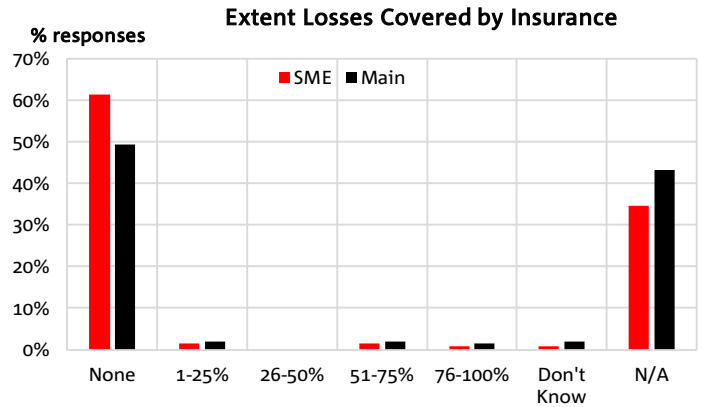
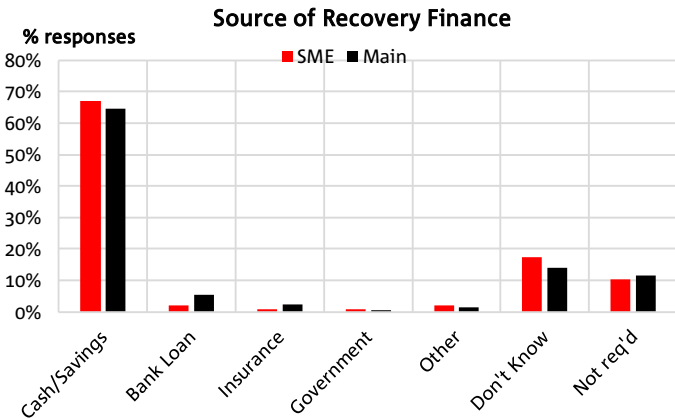
- Change in Capacity.** As expected the changes to capacity are broadly similar to the results re revenue and imply not much change at the economy wide level to capacity utilisation.



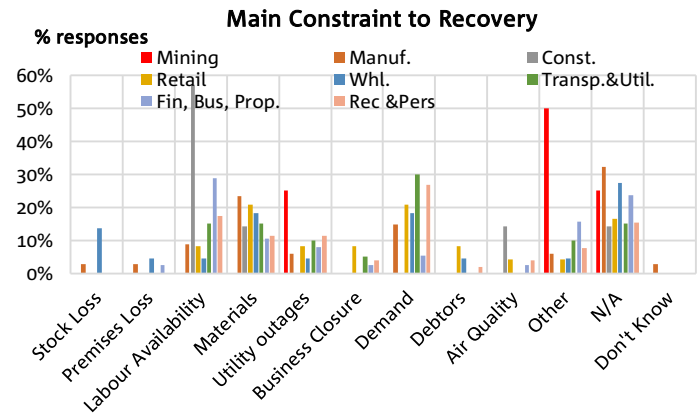
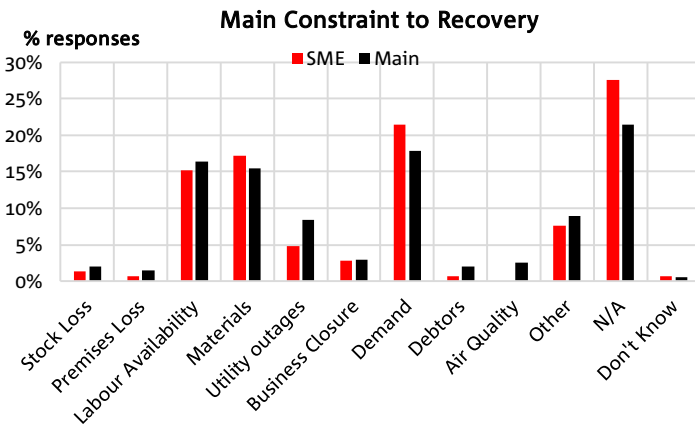
- Days of disruption and time to recovery.** As noted previously, average days of disruption were around 4-5 days but are slightly higher in retail and transport. Surprisingly large number of responses suggest that full recovery has occurred already – which is a much quicker response than in the Qld floods. The longest recovery times are typically in retail, property, and transport.



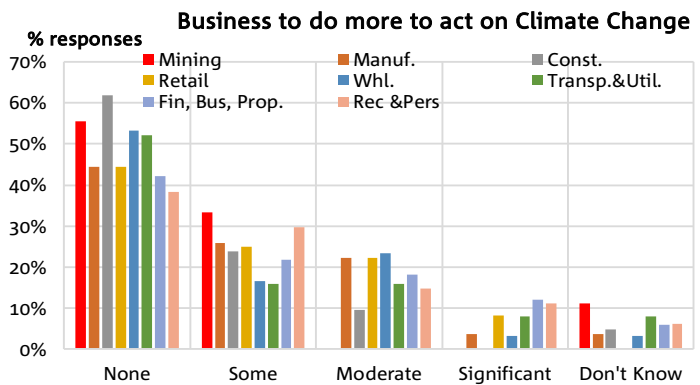
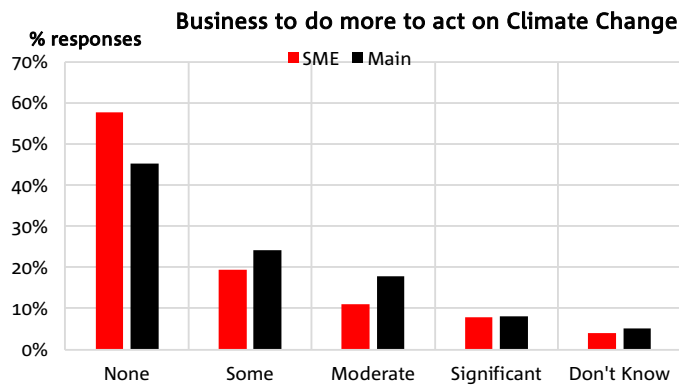
- Sources of financing recovery and insurance coverage.** Surprisingly the largest source of financing any rebuild is expected via cash and savings – with little expected from the government. More concerning is the lack of insurance in many of the responses.



- Main restraint to recovery and by industry.** The main areas of difficulty for recovery are in demand- especially for recreational and personal services, and transport – materials and labour availability. On the latter it appears that the most compelling constraint is labour availability which presumably relates to the lack of supply of suitable trades people to rebuild.



- Do the bushfires change your views on the need for more policy action on climate change.** This question was added to get a feel about bushfires and climate change among business. It is hard to interpret the responses but there seems to be around half of respondents suggesting no change – with the highest reads in construction and mining. That said around 20% suggest there is a moderate need to change policy and around 10% a significant need. The strongest advocates are in recreational and personal services, and finance, business, and property services.



Group Economics

Alan Oster
Group Chief Economist
+(61 3) 8634 2927

Jacqui Brand
Executive Assistant
+(61 3) 8634 2181

Dean Pearson
Head of Behavioural &
Industry Economics
+(61 3) 8634 2331

John Sharma
Economist
+(61 3) 8634 4514

Australian Economics and Commodities

Gareth Spence
Senior Economist
+(61 0) 436 606 175

Phin Ziebell
Economist – Australia
+(61 0) 475 940 662

Behavioural & Industry Economics

Robert De Iure
Senior Economist –
Behavioural & Industry
Economics
+(61 3) 8634 4611

Brien McDonald
Senior Economist –
Behavioural & Industry
Economics
+(61 3) 8634 3837

Steven Wu
Economist – Behavioural &
Industry Economics
+(61 3) 9208 2929

International Economics

Tony Kelly
Senior Economist
+(61 3) 9208 5049

Gerard Burg
Senior Economist –
International
+(61 3) 8634 2788

Global Markets Research

Ivan Colhoun
Global Head of Research
+(61 2) 9237 1836

Important Notice

This document has been prepared by National Australia Bank Limited ABN 12 004 044 937 AFSL 230686 ("NAB"). Any advice contained in this document has been prepared without taking into account your objectives, financial situation or needs. Before acting on any advice in this document, NAB recommends that you consider whether the advice is appropriate for your circumstances.

NAB recommends that you obtain and consider the relevant Product Disclosure Statement or other disclosure document, before making any decision about a product including whether to acquire or to continue to hold it.

Please click [here](#) to view our disclaimer and terms of use.