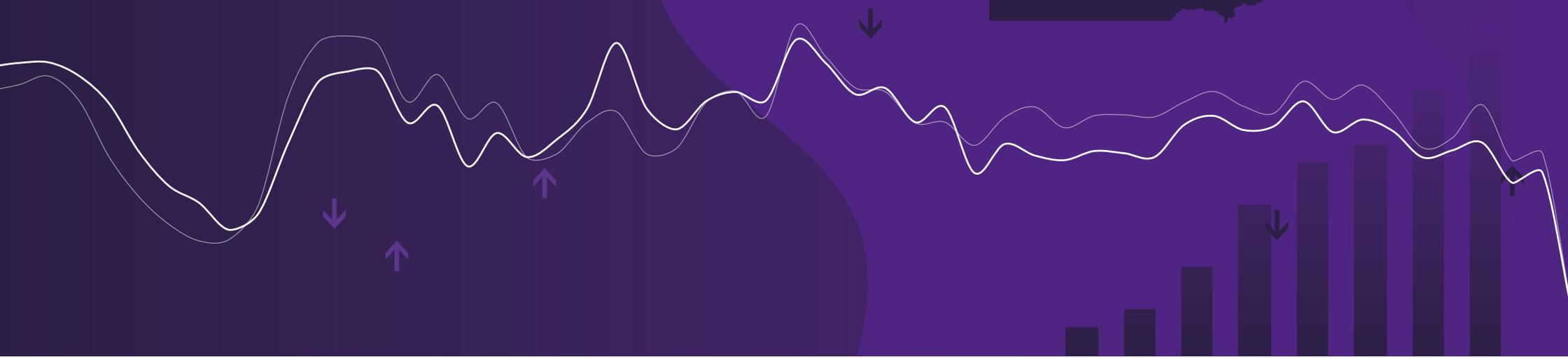


# BRISBANE PULSE SURVEY REPORT

JUNE QUARTER 2021



# SUMMARY

**Latest results for the Pulse Survey in the June Quarter indicate the Brisbane business community is not out of the woods yet and our recovery remains in the balance.**

The overall results are slightly negative but represent small changes rather than large movements and hopefully are a case of 'two steps forward with one step back' as opposed to 'one step forward with two steps back'. In short the June quarter's results indicate that Brisbane's economic recovery is far from assured.

Across the board performance for Brisbane businesses in the June quarter were below the Queensland average.

The 12 month outlook, general business conditions, total sales revenue and employment levels have all fallen in the June quarter compared to the March quarter. They remain close to 50 indicating only marginal growth but are all well above this time last year and the long term 10 year trend.

There are concerns around record increases in labour costs, high operational costs that have caused profitability to deteriorate.

Furthermore, expectations for the September quarter are fragile with most indicators further declining. There is re-emerging uncertainty associated with shut downs interstate associated with the delta variant of COVID-19 and slow vaccine roll out. These are undermining business confidence and in turn recovery.

**The Pulse Survey was conducted during the period 7th to 16th July prior to the latest COVID-19 related shutdowns in SEQ. Whilst results for the June quarter are not impacted the general deterioration noted for the September quarter and reduction in business confidence for the Queensland economy across the next 12 months is now likely to be significantly more pronounced.**

# KEY FINDINGS AND THEMES

COVID-19 outbreaks and the ongoing uncertainty that it creates

Government responses to COVID-19 including lockdowns, business restrictions and both international and domestic border closures

Removal of Government business support and stimulus measures

Lack of consensus on above issues with wide variation in business views

Efficiency, effectiveness and accelerated roll-out of our National vaccination program

General erosion of business confidence in State and Federal Government

Supply chain disruptions and associated rising input costs

Deterioration in trade relationship with China

Both skilled and unskilled labour shortages.



## PERFORMANCE RELATIVE TO THE QUEENSLAND STATE AVERAGE

### JUNE QUARTER SENTIMENT

Brisbane

**53.2** Queensland  
53.7

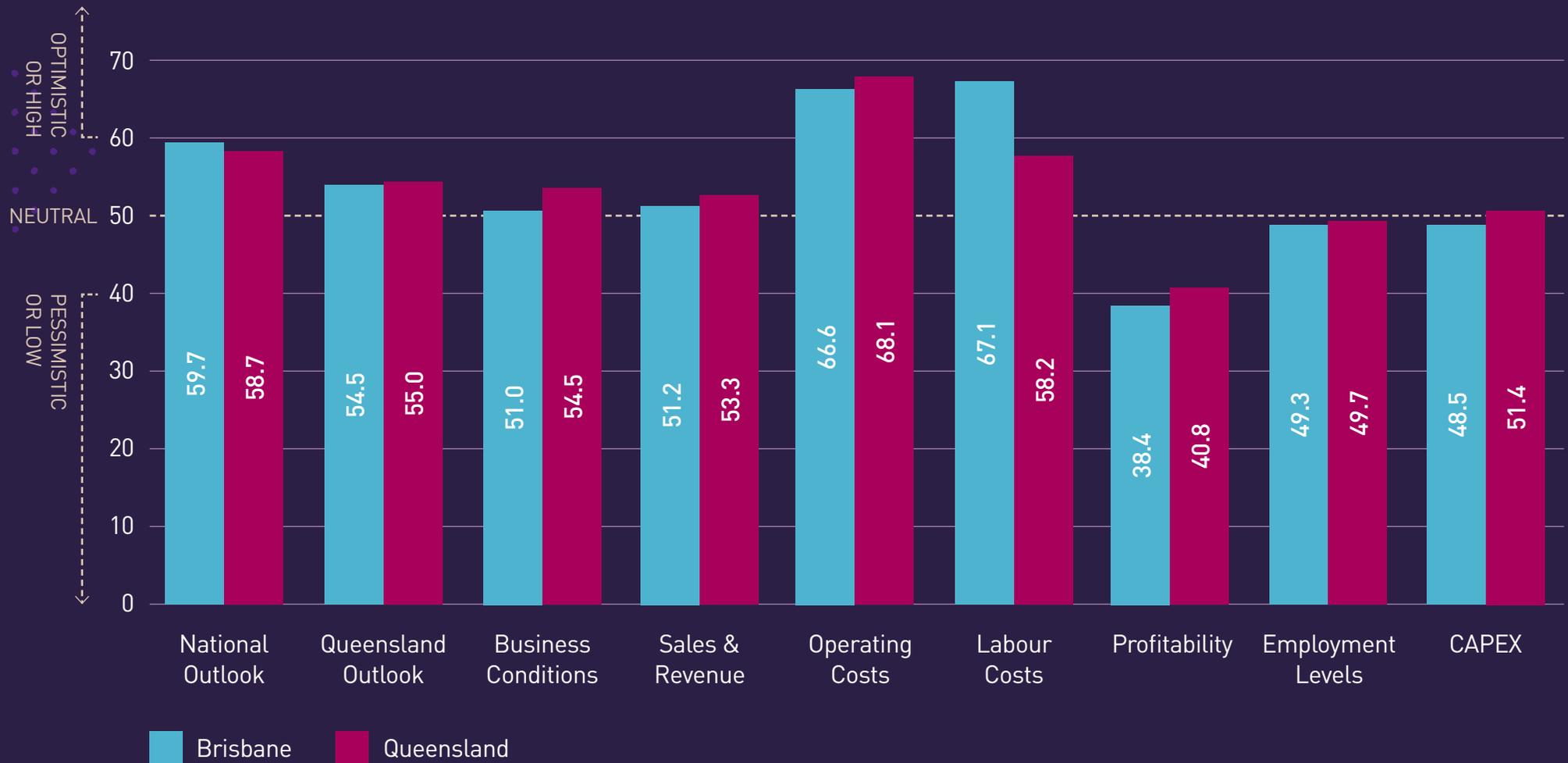
### SEPTEMBER QUARTER FORECAST

Brisbane

**53.8** Queensland  
53.6

# SNAPSHOT DATA

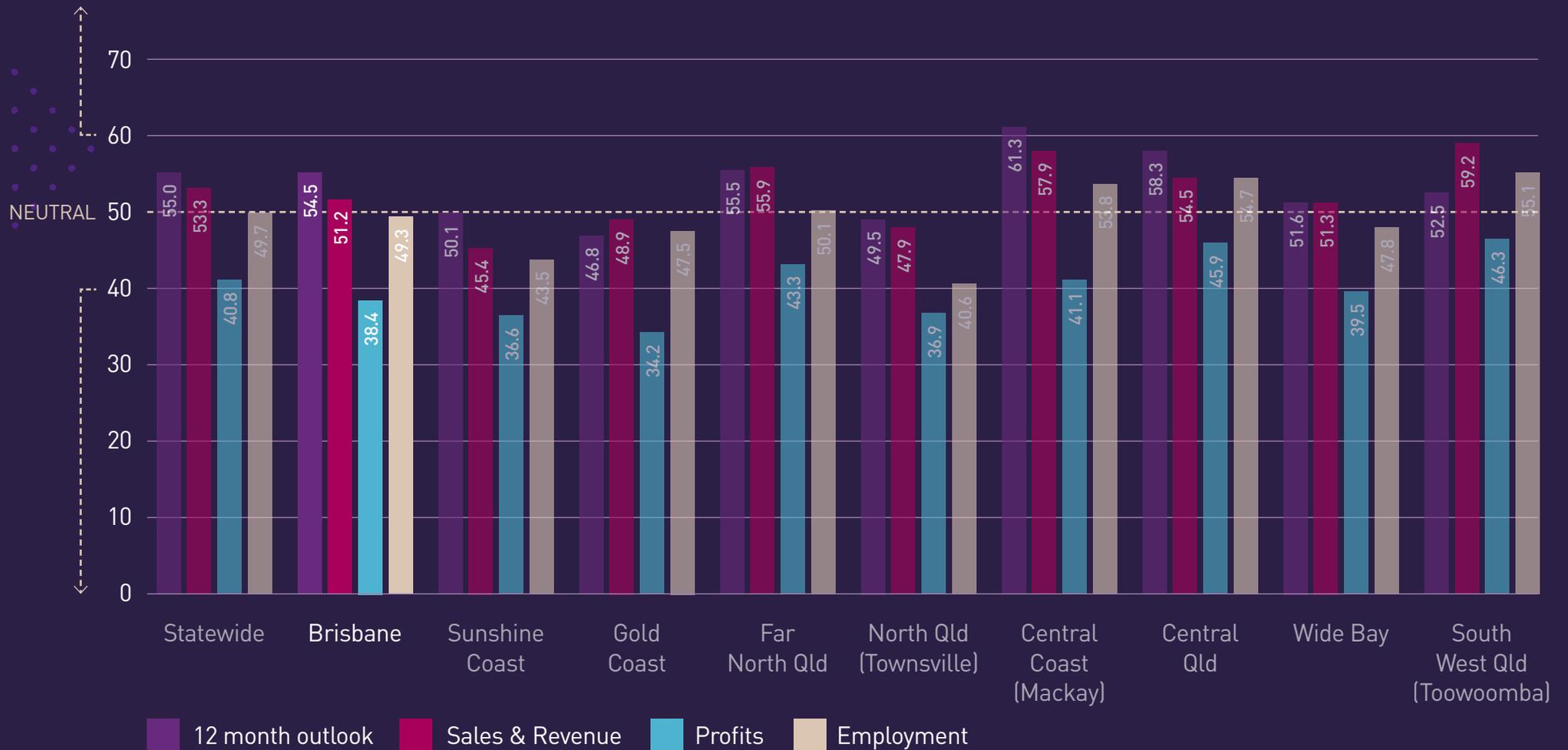
## BRISBANE PULSE SURVEY INDEX\* RATINGS JUNE 2021



Survey Index Ratings: Very Poor = 0-19 points / Poor = 20-39 points / Satisfactory = 40-59 points / Good = 60-79 points / Excellent = 80-100 points

# SNAPSHOT DATA

## PULSE SURVEY INDEX \* RATINGS JUNE 2021



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## 12-MONTH OUTLOOK

### PULSE SURVEY INDEX

Queensland Outlook = **54.5** (+2.3); Satisfactory  
National Outlook = **59.7** (-0.8); Satisfactory

Business confidence remains considerably above this time last year (24.0). The 12 month outlook improved with the index up 2.3 points to 54.5 indicating slightly strengthening growth prospects but continues to be lower than the Queensland average (55.0). Surprisingly Brisbane businesses continue to believe the National economy will outperform the Queensland economy over the next twelve months. This is no doubt a reflection of the SEQ's vulnerability to COVID-19 flare-ups and border and business restrictions.

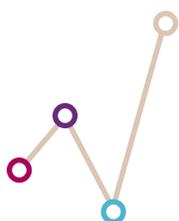


## SALES AND REVENUE

### PULSE SURVEY INDEX

June-21 = **51.2** (-2.6); Satisfactory  
Sept-21 = **50.3** (-0.9); Satisfactory

The sales and revenue PBI of 51.2 is 2.6 index points down on the previous March quarter index of 53.8. The tapering in sales revenue during the quarter is consistent with the progressive easing of stimulus measures coupled with re-emerging uncertainty and another 3 day lockdown in SEQ. Sales in Brisbane was lower than the Statewide average (53.3). Total sales revenue is expected to remain above 50 in the September quarter, albeit only fractionally with a PBI of 50.3.



## GENERAL BUSINESS CONDITIONS

### PULSE SURVEY INDEX

June-21 = **51.0** (-2.6); Satisfactory  
Sept-21 = **50.5** (-0.5); Satisfactory

The recent improvement in business conditions stalled in the June quarter largely as a consequence of sales tapering, rapidly increasing labour and operational costs squeezing business profitability. The latest index score of 51.0 sees a slight decline (-2.6) on the March quarter PBI of 53.6 but remains considerably above this time last year (30.1). Again Brisbane's result is below the Statewide average (54.4). General business conditions are expected to further ease in the September quarter with an expected PBI of 50.5.

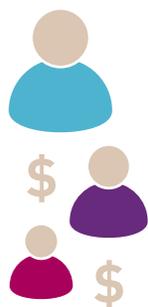


## OPERATING COSTS

### PULSE SURVEY INDEX

June-21 = **66.6** (+1.3); High  
Sept-21 = **66.0** (-0.6); High

Operating costs during the June quarter 2021 continued to rise with the PBI increasing by 1.3 index points from 65.3 in the March quarter to 66.6. Rent, utility and insurance costs have started to rise as a result of a cessation of assistance relief coupled with global supply chain shortages fuelling business input price rises as switching occurs to more expensive domestic suppliers but also as overseas suppliers increase prices to reflect supply issues. Operating costs are expected to remain high in the September quarter (66.0).



## LABOUR COSTS

### PULSE SURVEY INDEX

June-21 = **67.1** (+1.6); High  
Sept-21 = **67.4** (+0.3); High

Labour costs in the June quarter 2021 increased and are now at a historic high with a PBI of 67.1. This result is 1.6 index points above the preceding March quarter (65.5) and well above this time last year (45.4). This result reflects a catch up following pay freezes and reduced pay but also emerging skill and labour shortages. Labour costs will further increase in the September quarter (67.4) as a result of the Fair Work Commission's 2.5 per cent wage increase to modern awards and an increase in employer super to 10 per cent.



## EMPLOYMENT LEVELS

### PULSE SURVEY INDEX

June-21 = **49.3** (-1.8); Satisfactory  
Sept-21 = **48.1** (-1.2); Satisfactory

Employment levels declined in the June quarter 2021 with the PBI falling back below 50. The employment PBI reduced by 1.8 index point from 51.1 in the March quarter to 49.3 in the quarter. The PBI does however remain 9.1 index points above this time last year (40.2) and sits just below the state average of 49.7. Employment levels are expected to further reduce in the September quarter with the employment PBI expected to fall by 1.2 index points to 48.1.



## PROFITABILITY

### PULSE SURVEY INDEX

June-21 = **38.4** (-0.8); Poor  
Sept-21 = **40.3** (+1.9); Satisfactory

A tapering of sales coupled with compounding increases in operating and labour costs have seen profitability deteriorate in the June quarter 2021. The profitability PBI fell by 0.8 points from 39.2 in the March quarter to 38.4 and is now regarded as being at a poor level. Brisbane business profitability is also generally poorer than the Statewide average (40.8). Brisbane businesses anticipate a slight improvement in their profitability in the September quarter, with the Index forecast to grow by 1.9 points to 40.3.



## CAPITAL EXPENDITURE

### PULSE SURVEY INDEX

June-21 = **48.5** (+2.4); Satisfactory  
Sept-21 = **46.9** (-1.6); Satisfactory

The capital expenditure PBI in the June quarter surprisingly increased by 2.4 index points from 46.1 in the March quarter to 48.5 which indicates relatively unchanged investment. Despite this improvement Brisbane business capital expenditure remains below the statewide average of 51.4. Furthermore this improvement is not expected to hold as capital expenditure is expected to fall by 1.6 points to 46.9 in the September quarter.

# MAJOR CONSTRAINTS ON BUSINESS GROWTH



**Degree of constraint index ratings guide:** No constraint: **0-20** / Slight constraint: **21-40** / Moderate constraint: **41-60** / Large constraint: **61-80** / Critical constraint: **81-100**

“ A feeling that the present up-business beat could be lost if another Covid outbreak were to impact South East Queensland. Brisbane

“ As more people get vaccinated, the losses from lockdowns will reduce, although likely hotspots will continue to occur. The closer we can get to the old normal the better for all business and cash movement through the economy. Where border closures occur when not absolutely necessary, the greater the frustration, the less confidence that is in the market, the greater the losses and the longer the recovery in total. Brisbane

“ The uncertainty surrounding lockdowns / border closures and loss of business due to the lack of confidence in people making advanced bookings and related due to the regularity of cancellations etc. This then reduces business confidence to invest for the future. Brisbane

# ABOUT PULSE

The Pulse Survey has measured Queensland business confidence and expectations for over 25 years. The survey publishes results quarterly from key questions put to the Queensland business community. The survey is unchallenged in terms of being the most authoritative, timely and comprehensive snapshot of Queensland business sentiment, providing critical insights into the opinions of business owners across the state. The survey contains data from a sample covering the entire breadth of the business community.

The survey period was from the 7th to the 16th of July 2021 and examined business sentiment and activity throughout the June quarter (2021). 366 Brisbane businesses responded to the survey.

## Pulse Business Index

The analysis undertaken by CCIQ in preparing this Pulse Survey Report is based on survey responses from Queensland business. The report uses the PBI as well as (base) statistical data provided from the survey responses to effectively measure respondent's views as to how current or future activity (eg. three months ahead) compares with the previous quarter.

To find out more about Pulse, please contact CCIQ on 1300 731 988 or at [cciqadvocacy@cciq.com.au](mailto:cciqadvocacy@cciq.com.au).

The following guide is useful in interpreting the PBI results into broad indicative performance classifications.

### Pulse Business Index

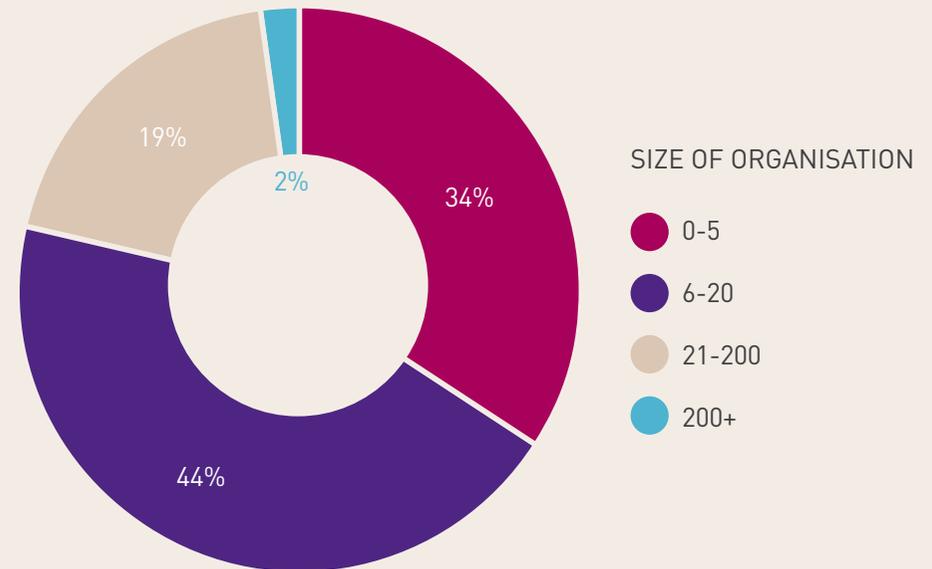
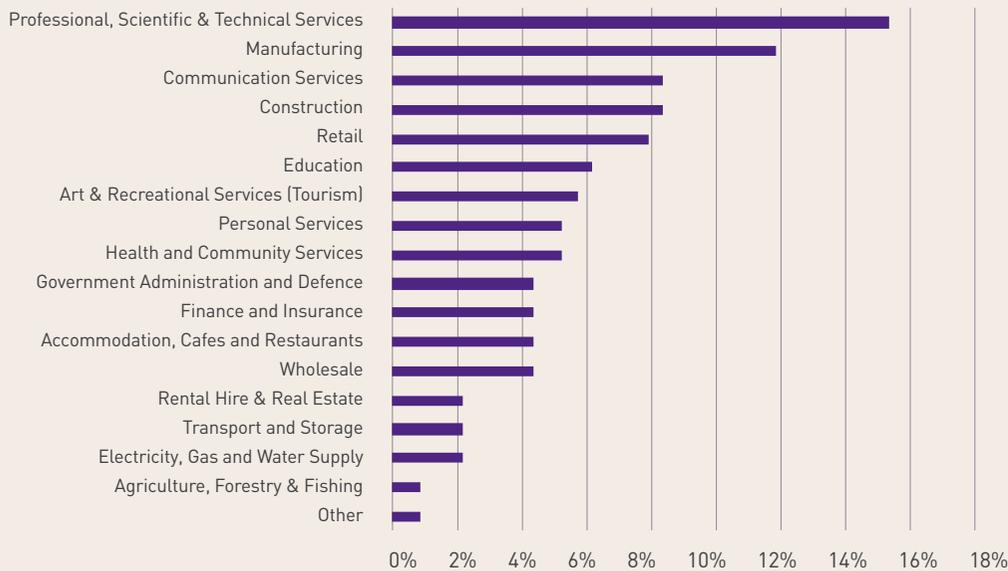
Very Poor:	0-20
Poor:	21-40
Satisfactory:	41-60
Good:	61-80
Excellent:	81-100

The Pulse Business Constraints Index (BCI) measures the level of key impediments on business growth. The following guide is used in interpreting the BCI results.

### Degree of Constraint Index

No Constraint:	0-20
Slight Constraint:	21 - 40
Moderate Constraint:	41 - 60
Large Constraint:	61 - 80
Critical Constraint:	81 - 100

## INDUSTRY REPRESENTATION



## Chamber of Commerce & Industry Queensland

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