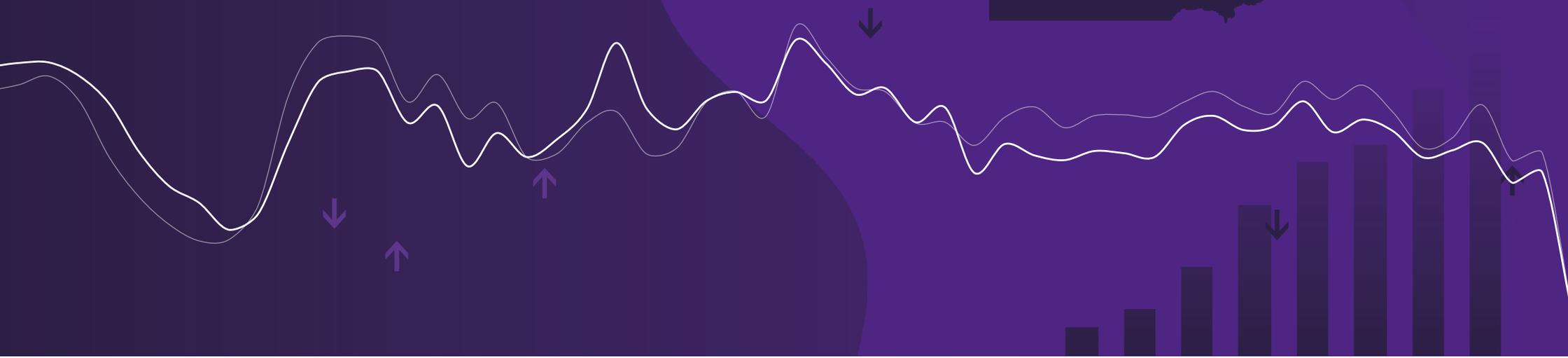


CENTRAL COAST PULSE SURVEY REPORT

JUNE QUARTER 2021



SUMMARY

Latest results for the Pulse Survey in the June Quarter indicate the Mackay and Central Coast business community has bucked a statewide deterioration.

The overall results are positive but represent small changes rather than large movements and are a case of 'two steps forward in the June quarter with one step back in the September quarter'.

Across the board performance for Mackay and Central Coast businesses in the June quarter were above the Queensland average and expectations are also above of the statewide benchmark.

General business conditions, total sales revenue, profitability and employment levels all rose in the June quarter compared to the March quarter. Additionally their current levels are well above this time last year.

There are however concerns around record increases in labour costs, high operational costs that are keeping profitability at only 'satisfactory' levels.

Expectations for the September quarter are fragile with most indicators 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.

In summary, Mackay and the Central Coast remains the stand out area of business activity in Queensland at present.

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

Both skilled and unskilled labour shortages

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.



PERFORMANCE RELATIVE TO THE QUEENSLAND STATE AVERAGE

JUNE QUARTER SENTIMENT

Central Coast

57.3 Queensland
53.7

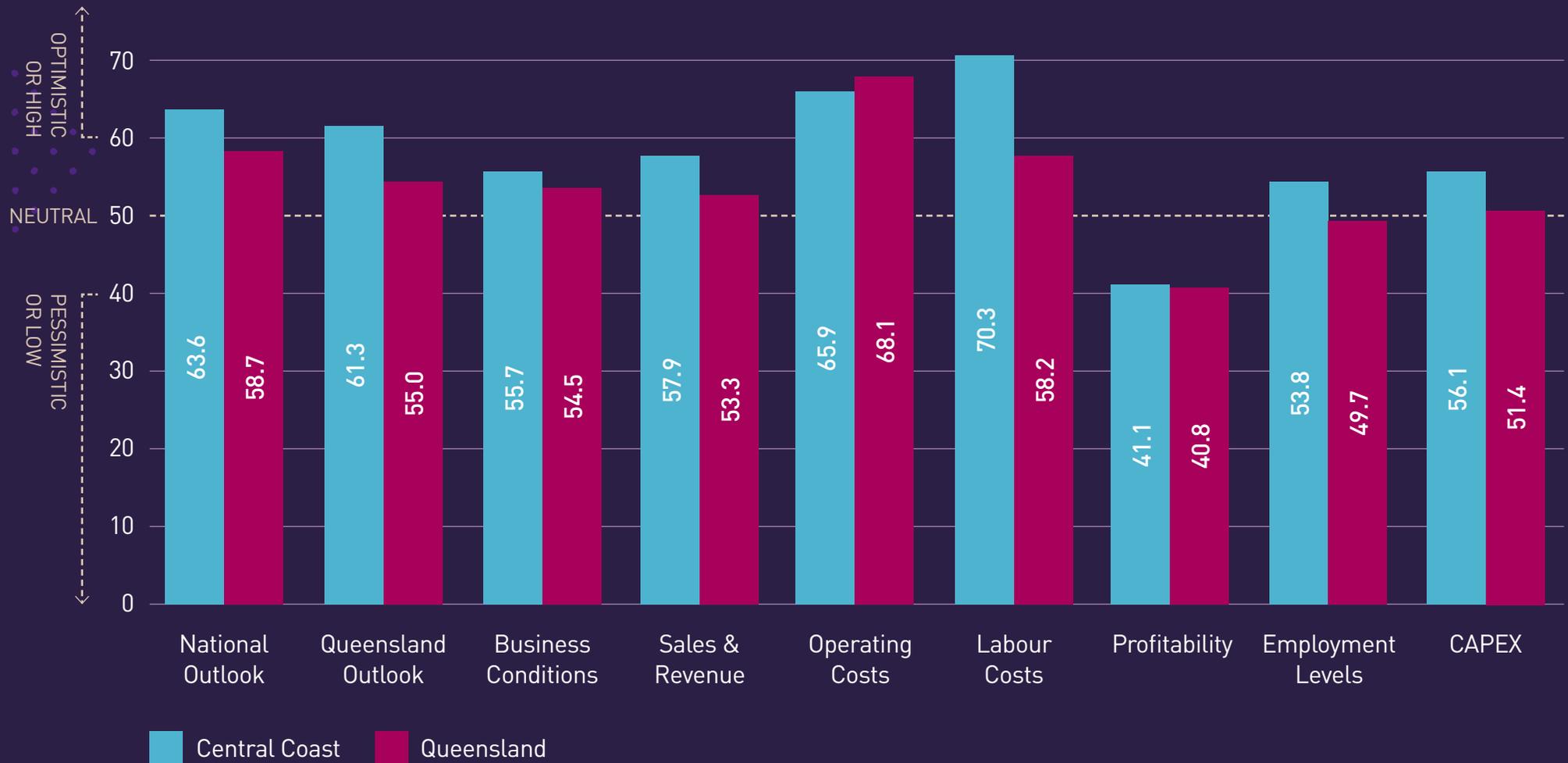
SEPTEMBER QUARTER FORECAST

Central Coast

57.9 Queensland
53.6

SNAPSHOT DATA

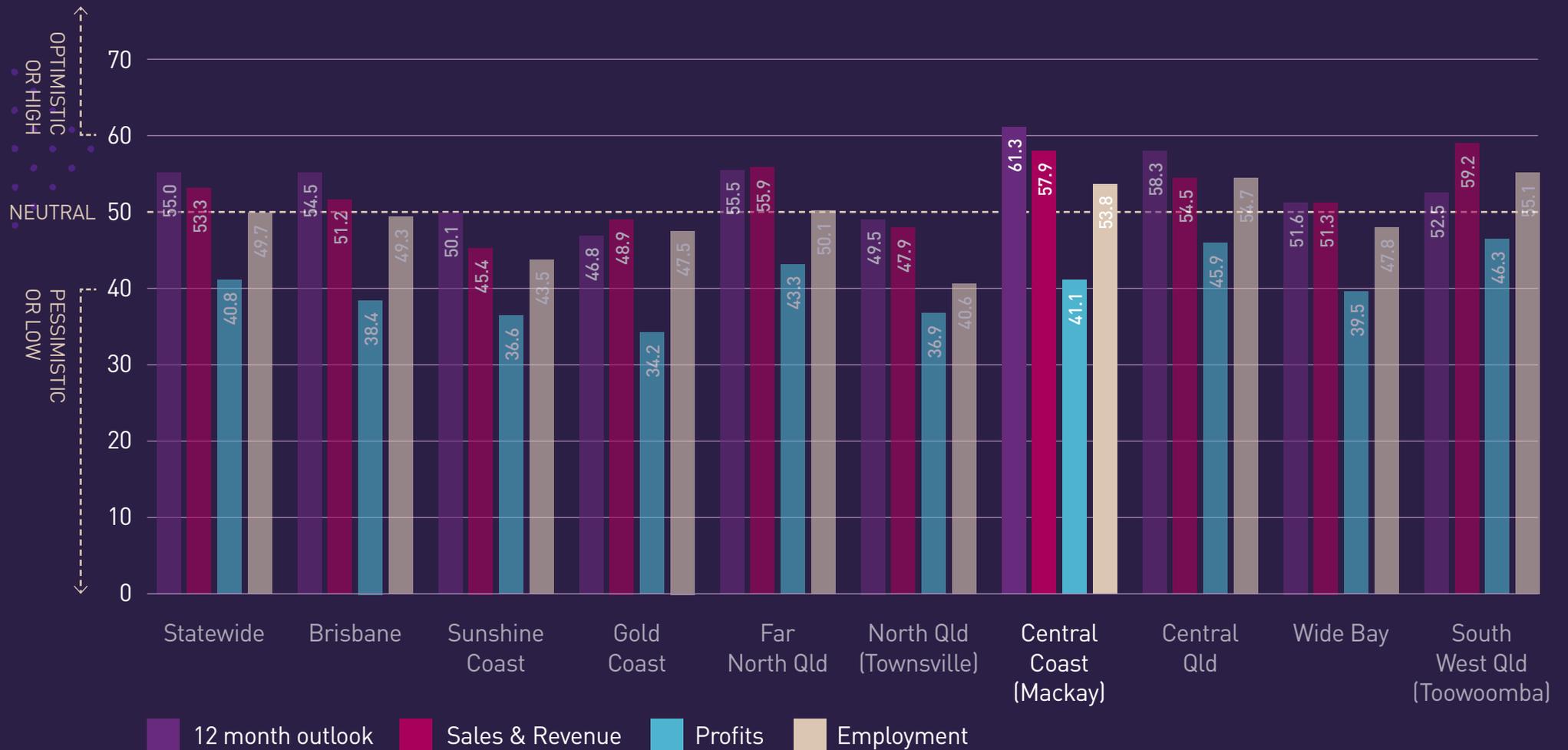
CENTRAL COAST PULSE SURVEY INDEX* RATINGS JUNE 2021



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 = **61.3** (-1.6); Good
National Outlook = **63.6** (-3.3); Good

The 12 month outlook declined marginally with the index falling 1.6 points to 61.6 but continues to indicate both 'strengthening' and 'good' growth prospects for Mackay and the Central Coast and is above the Queensland average (55.0). Furthermore business confidence remains considerably above this time last year (25.5). Surprisingly Mackay and Central Coast businesses continue to believe the National economy will outperform the Queensland economy over the next twelve months. This is no doubt a reflection of SEQ's ongoing vulnerability to COVID-19 flare-ups, both interstate and international border restrictions and business restrictions.

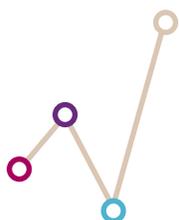


SALES AND REVENUE

PULSE SURVEY INDEX

June-21 = **57.9** (+9.6); Satisfactory
Sept-21 = **57.7** (-0.2); Satisfactory

The sales and revenue PBI of 57.9 is up a considerable 9.6 index points on the previous March quarter index of 48.3. The increase in sales goes against the statewide trend that has fallen following progressive easing of stimulus measures coupled with re-emerging uncertainty and another 3 day lockdown in SEQ. Sales in Mackay and the Central Coast are higher than the statewide average (53.3). Total sales revenue is expected to fall fractionally down 0.2 points in the September quarter to 57.7.



GENERAL BUSINESS CONDITIONS

PULSE SURVEY INDEX

June-21 = **55.7** (+2.7); Satisfactory
Sept-21 = **56.9** (+1.2); Satisfactory

The recent improvement in business conditions continued in the June quarter largely as a consequence of sales and profitability increasing although off low bases. The latest index score of 55.7 sees an increase (+2.7) on the March quarter PBI of 53.0 and remains considerably above this time last year (28.9). Again Mackay and the Central Coast's result is above the Statewide average (54.4). Favourable general business conditions are expected to hold in the September quarter with the PBI up another 1.2 points to 56.9.

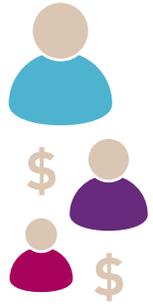


OPERATING COSTS

PULSE SURVEY INDEX

June-21 = **65.9** (-2.6); High
Sept-21 = **65.0** (-0.9); High

Operating costs during the June quarter 2021 continued to be high with the PBI at 65.9. 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 at a 'high' level in the September quarter (65.0).



LABOUR COSTS

PULSE SURVEY INDEX

June-21 = **70.3** (+3.6); High

Sept-21 = **70.1** (-0.2); High

Labour costs in the June quarter 2021 increased and are now at a historic high with a PBI of 70.3. This result is 3.6 index points above the preceding March quarter (66.7) and well above this time last year (41.1). This result reflects a catch up following pay freezes and reduced pay levels but also emerging skill and labour shortages. Labour costs will remain high in the September quarter (70.1) 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 = **53.8** (+7.3); Satisfactory

Sept-21 = **53.0** (-0.8); Satisfactory

Employment levels lifted in the June quarter 2021 with the PBI increasing to be above 50. The employment PBI increased by a solid 7.3 index points from 46.5 in the March quarter to 53.8 in the quarter. The PBI is 19.0 index points above this time last year (34.8) and sits above the state average of 49.7. Employment levels are expected to ease slightly in the September quarter, with the employment PBI expected to fall by 0.8 index points to 53.0.



PROFITABILITY

PULSE SURVEY INDEX

June-21 = **41.1** (+1.0); Satisfactory

Sept-21 = **45.8** (+4.7); Satisfactory

An increase in sales has seen profitability improve in the June quarter 2021. The profitability PBI encouragingly increased by 1.0 point from 40.1 in the March quarter to 41.1. Mackay and Central Coast business profitability is slightly better than the Statewide average (40.8). Mackay and Central Coast businesses anticipate a further improvement in their profitability in the September quarter, with the Index forecast to rise by another 4.7 point to 45.8.



CAPITAL EXPENDITURE

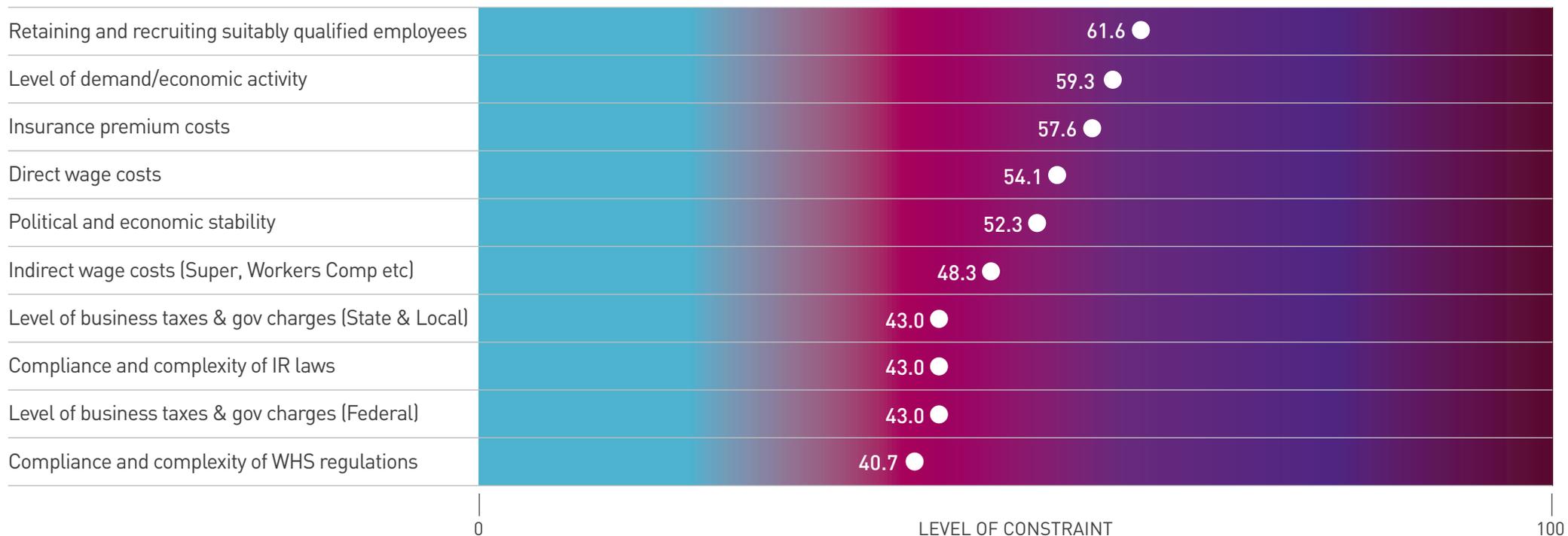
PULSE SURVEY INDEX

June-21 = **56.1** (0.4); Satisfactory

Sept-21 = **47.9** (-8.2); Satisfactory

The capital expenditure PBI in the June quarter also increased by 0.4 index points from 55.7 in the March quarter to 56.1 which indicates increasing investment. This improvement sees Mackay and Central Coast business capital expenditure sit noticeably above the statewide average of 51.4. However this improvement is not expected to hold as capital expenditure is expected to fall by 8.2 points to 47.9 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**



Unemployed unwilling to take up current vacant occupations. In some cases it is easier to stay on the dole and do what you want, have social housing etc than have a job, having to pay rent etc. We can't always say raise the wages as some people just cannot afford to increase wages, eg coffee shop, strawberry farm, etc. The overheads and govt fees etc can make it extremely difficult for a business to survive.



Closed Australian border is adversely impacting education, hospitality, tourism sectors. Ongoing state border closures are impacting hospitality and tourism sectors. Lockdowns are impacting all businesses, including beyond the immediate lockdown area (eg Sydney lockdown is impacting tourism and hospitality in regional NSW and all other states, including Qld)



Lack of skilled tradespeople in all sectors. Without the necessary skills to train up the incoming workforce and apprentices this will put a stranglehold on the future economies. We are desperately short of the required skills to satisfy the current workload and demand.

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). 49 Central Coast 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.

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

Pulse Business Index

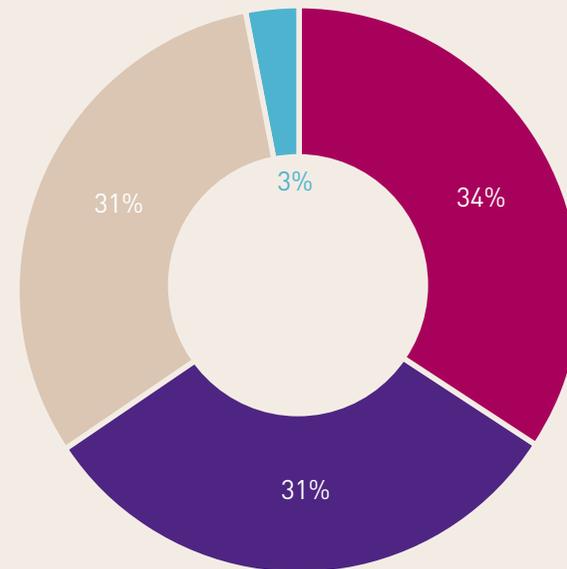
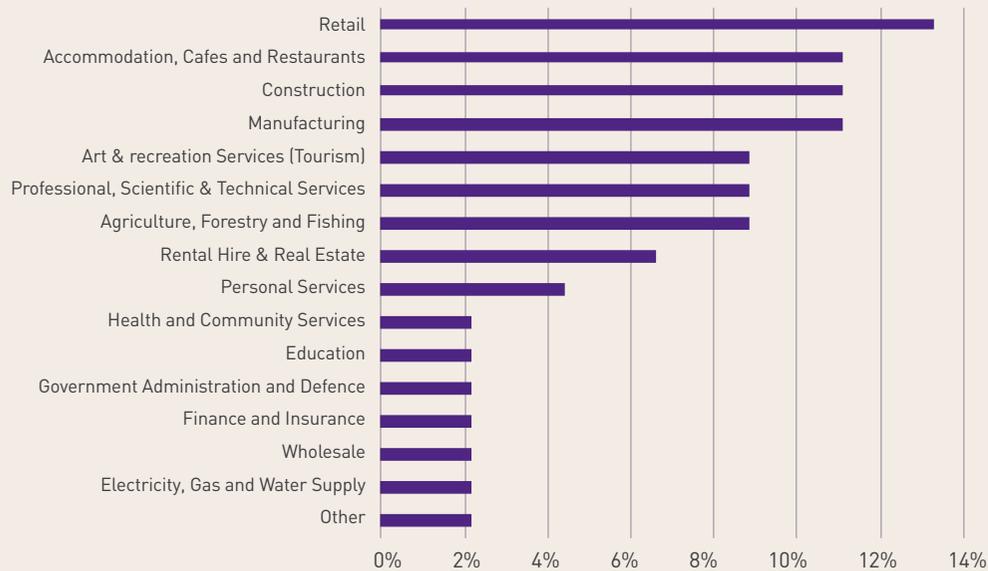
Very Poor:	0-20
Poor:	21-40
Satisfactory:	41-60
Good:	61-80
Excellent:	81-100

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



SIZE OF ORGANISATION

- 0-5
- 6-20
- 21-200
- 200+

Chamber of Commerce & Industry Queensland

Industry House, 375 Wickham Terrace, Spring Hill, Qld 4000
 Telephone 1300 731 988
www.cciq.com.au