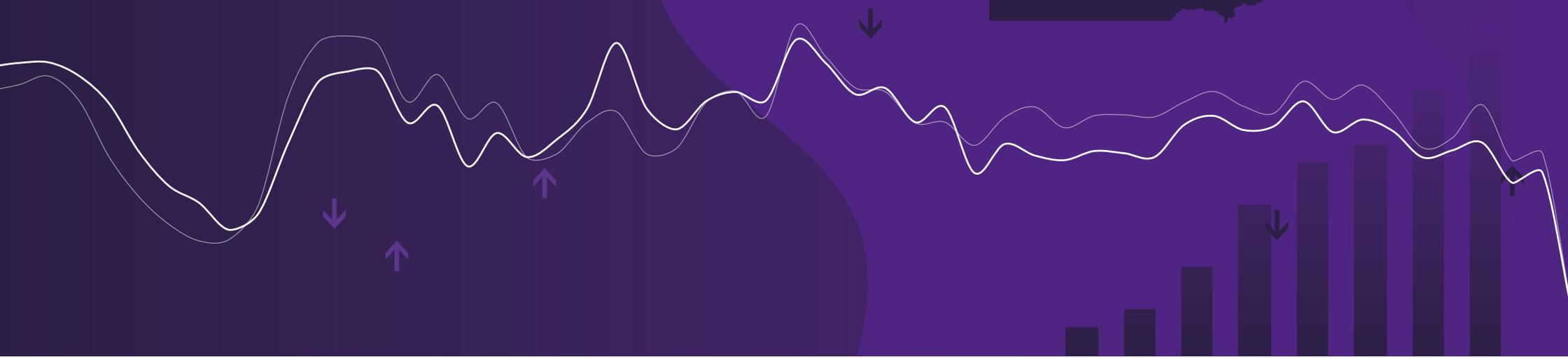


CENTRAL QUEENSLAND PULSE SURVEY REPORT

JUNE QUARTER 2021



SUMMARY

Latest results for the Pulse Survey in the June Quarter indicate the Central Queensland business community has somewhat bucked a statewide deterioration.

The overall results are in the main positive but represent small changes rather than large movements. Across the board performance for Central Queensland businesses in the June quarter were a mixed bag and are above and below the Queensland average and expectations.

The 12 month outlook and total sales revenue have both fallen in the June quarter compared to the March quarter whilst general business conditions and capital expenditure have improved. Their current levels are above this time last year.

There are concerns around record increases in labour costs, high operational costs that will threaten profitability.

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.

In summary, hopefully results are a case of 'two steps forward with one step back' as opposed to 'one step forward with two steps back'.

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

Central Queensland

58.7 Queensland
53.7

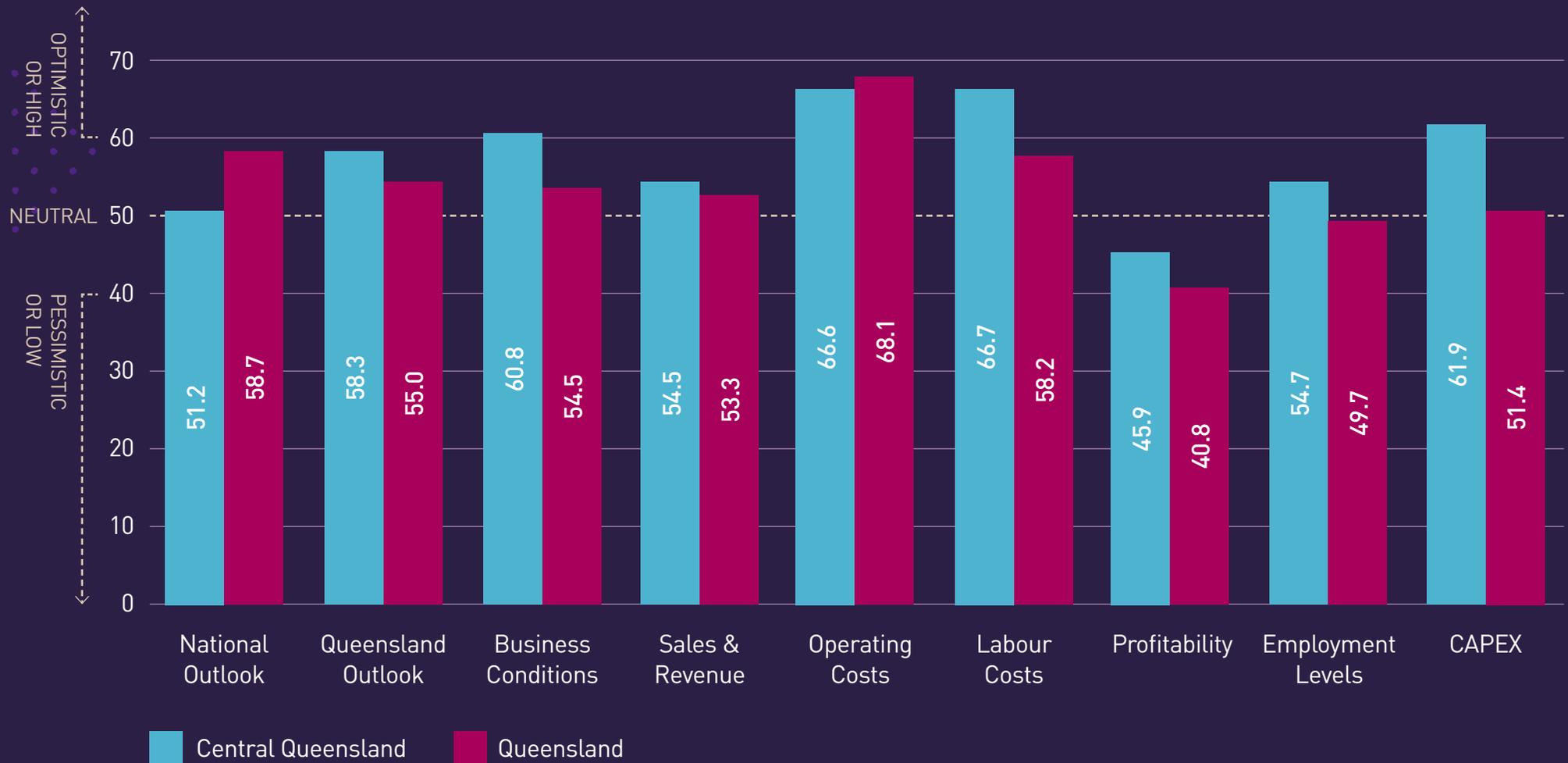
SEPTEMBER QUARTER FORECAST

Central Queensland

57.8 Queensland
53.6

SNAPSHOT DATA

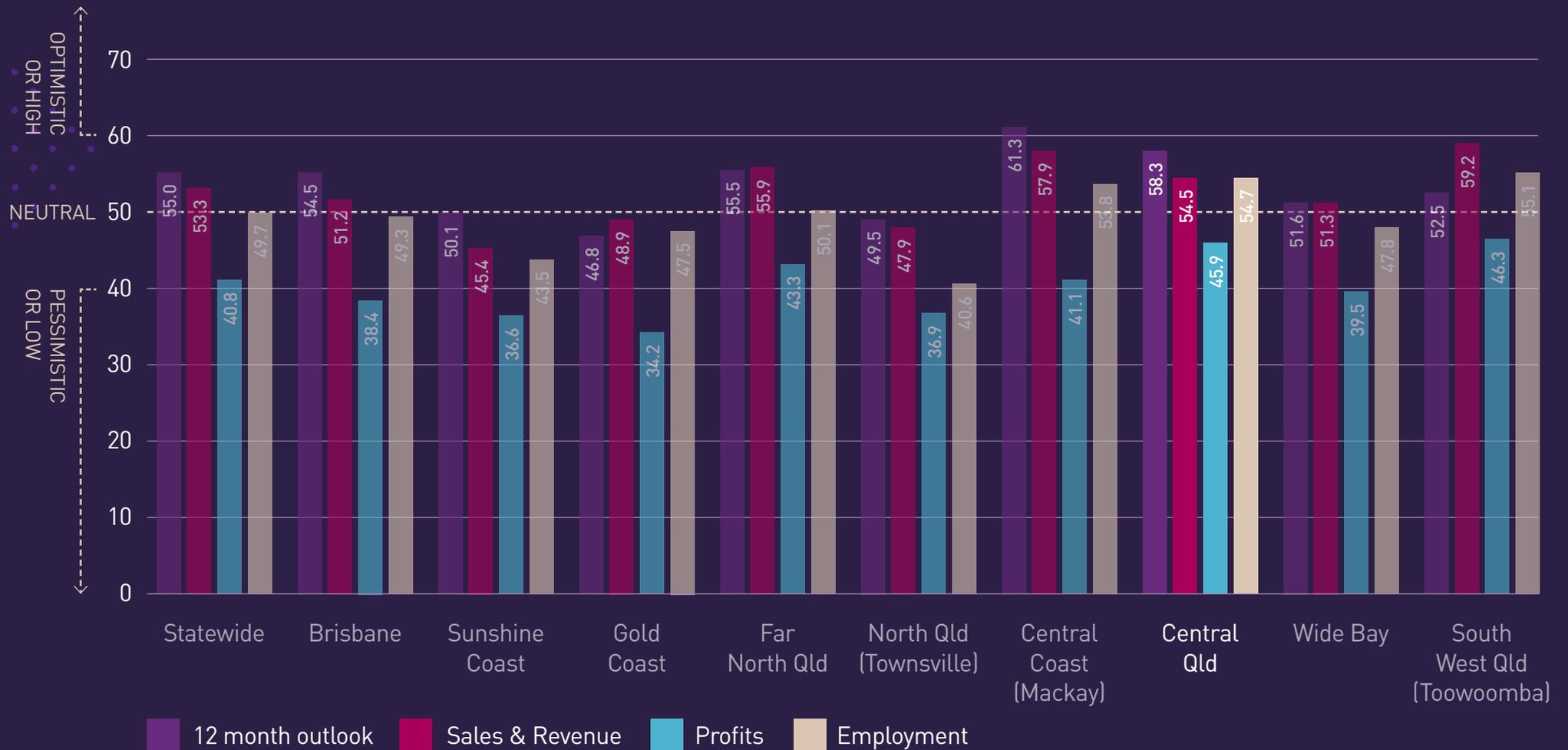
CENTRAL QUEENSLAND PULSE SURVEY INDEX* RATINGS JUNE 2021



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



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



12-MONTH OUTLOOK

PULSE SURVEY INDEX

Queensland Outlook = **58.3** (-1.6); Satisfactory
National Outlook = **61.2** (-1.9); Good

The 12 month outlook remained relatively unchanged falling only 1.6 points to 58.3 and continues to indicate 'strengthening' economic growth over the next twelve months. The index score remains considerably above this time last year (18.4). Central Queensland businesses are more confident than the Queensland average (55.0). Furthermore Central Queensland businesses are the only part of the State who believe the Queensland economy will outperform the National economy (51.2) over the next twelve months.

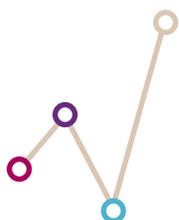


SALES AND REVENUE

PULSE SURVEY INDEX

June-21 = **54.5** (-0.6); Satisfactory
Sept-21 = **54.2** (-0.3); Satisfactory

The sales and revenue PBI of 54.5 is 0.6 index points down on the previous March quarter index of 55.1. The small reduction in sales revenue during the quarter is consistent with the progressive easing of stimulus measures coupled with re-emerging uncertainty. Total sales revenue is expected to fractionally ease again in the September quarter down 0.3 index points to 54.2.



GENERAL BUSINESS CONDITIONS

PULSE SURVEY INDEX

June-21 = **60.8** (+4.0); Good
Sept-21 = **55.9** (-4.9); Satisfactory

The recent improvement in business conditions continued in the June quarter. The latest business conditions index of 60.8 is an improvement on the March quarter PBI of 56.8 and remains considerably above this time last year (34.8). Again Wide Bay's result is above the Statewide average (54.4). General business conditions are however expected to ease in the September quarter with an expected PBI down 4.9 index points to 55.9.

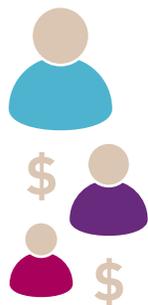


OPERATING COSTS

PULSE SURVEY INDEX

June-21 = **66.6** (+0.1); High
Sept-21 = **69.5** (+2.9); High

Operating costs during the June quarter 2021 remained 'high' with the PBI increasing by 0.1 index point from 66.5 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 be even higher in the September quarter up another 2.9 index points to 69.5.



LABOUR COSTS

PULSE SURVEY INDEX

June-21 = **66.7** (-3.2); High
Sept-21 = **67.3** (+0.6); High

Labour costs in the June quarter 2021 declined but remain at a 'high' level with a PBI of 66.7. This result is 3.2 index points below the preceding March quarter (69.9) but remains well above this time last year (42.4). The continuing high level of labour costs reflects a catch up following pay freezes and reduced pay levels but also emerging skill and labour shortages. Labour costs whilst relatively unchanged will remain high in the September quarter (67.3) 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 = **54.7** (-); Satisfactory
Sept-21 = **49.9** (-4.8); Satisfactory

Employment levels were unchanged in the June quarter 2021 with the PBI falling staying at 54.7. The PBI sits 16.8 index points above this time last year (37.9) and also lies above the state average of 49.7. Employment levels are anticipated to fall in the September quarter with the employment PBI expected to decrease by 4.8 index points to 49.9.



PROFITABILITY

PULSE SURVEY INDEX

June-21 = **45.9** (+1.4); Satisfactory
Sept-21 = **47.4** (+1.5); Satisfactory

The profitability PBI rose by 1.4 index points from 44.5 in the March quarter to 45.9. Central Queensland business profitability is better than the Statewide average (40.8). Central Queensland businesses anticipate another small increase in their profitability in the September quarter, with the Index forecast to rise to 47.4.



CAPITAL EXPENDITURE

PULSE SURVEY INDEX

June-21 = **61.9** (+2.4); Good
Sept-21 = **56.7** (-5.2); Satisfactory

The capital expenditure PBI in the June quarter rose by 2.4 index points from 59.5 in the March quarter to 61.9 indicating increasing investment levels. This improvement sees Central Queensland business capital expenditure levels sit above the statewide average of 51.4. However a reduction in capital expenditure is expected with the PBI anticipated to fall 5.2 index points to 56.7 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**



Border closures within Australia and having no date for the opening of International borders so people can plan. With a Federal election looming, the politicizing of the Covid crisis affects businesses negatively



I think the uncertainty of the Australian economy, along with the delay in shipping, parts availability from overseas will start to affect local sales.



Ongoing actual lockdowns and border closures; as well as the potential for such actions which will dampen confidence to invest in growth or expansion

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). 38 Central Queensland 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

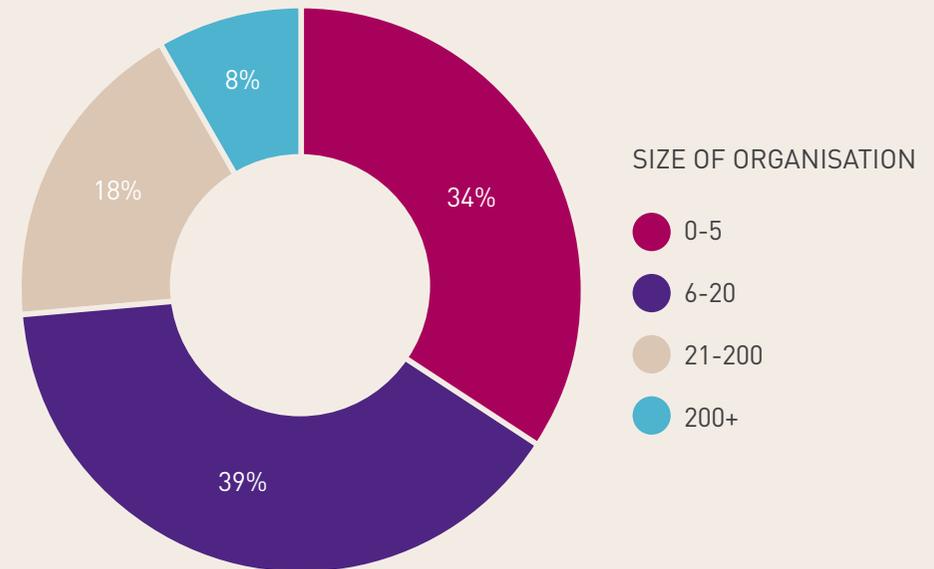
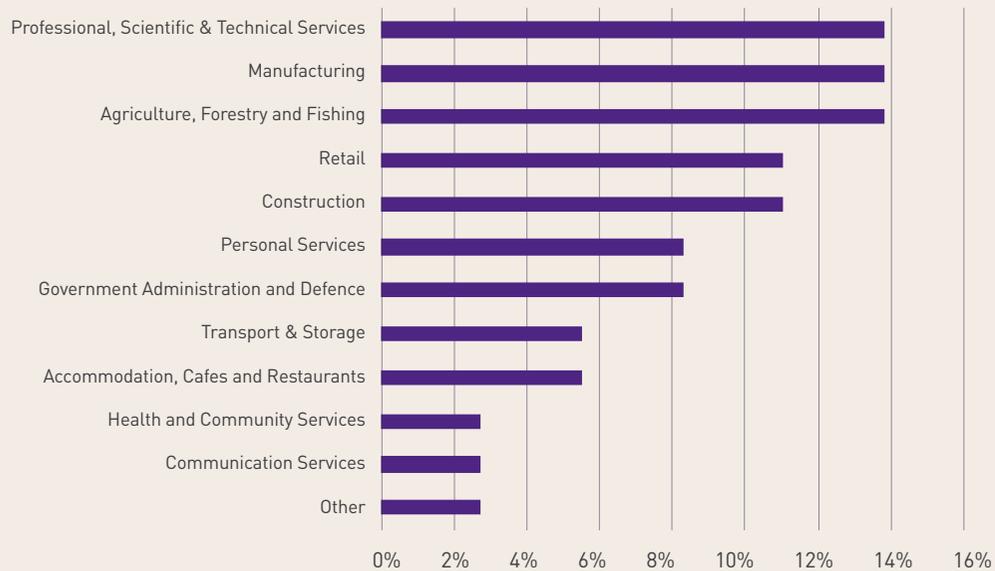
Very Poor:	0-20
Poor:	21-40
Satisfactory:	41-60
Good:	61-80
Excellent:	81-100

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



Chamber of Commerce & Industry Queensland

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