

# FAR NORTH QUEENSLAND PULSE SURVEY REPORT

JUNE QUARTER 2021



# SUMMARY

Latest results for the Pulse Survey in the June Quarter indicate the Far North Queensland business community has bucked a statewide deterioration but it is not yet out of the woods and its recovery remains in the balance.

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 Far North Queensland businesses in the June quarter were above the Queensland average and expectations are also above of the statewide benchmark.

The 12 month outlook, 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 is 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.

**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.**



## PERFORMANCE RELATIVE TO THE QUEENSLAND STATE AVERAGE

### JUNE QUARTER SENTIMENT

Far North Queensland

**55.7**

Queensland  
53.7

### SEPTEMBER QUARTER FORECAST

Far North Queensland

**55.6**

Queensland  
53.6

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

## 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

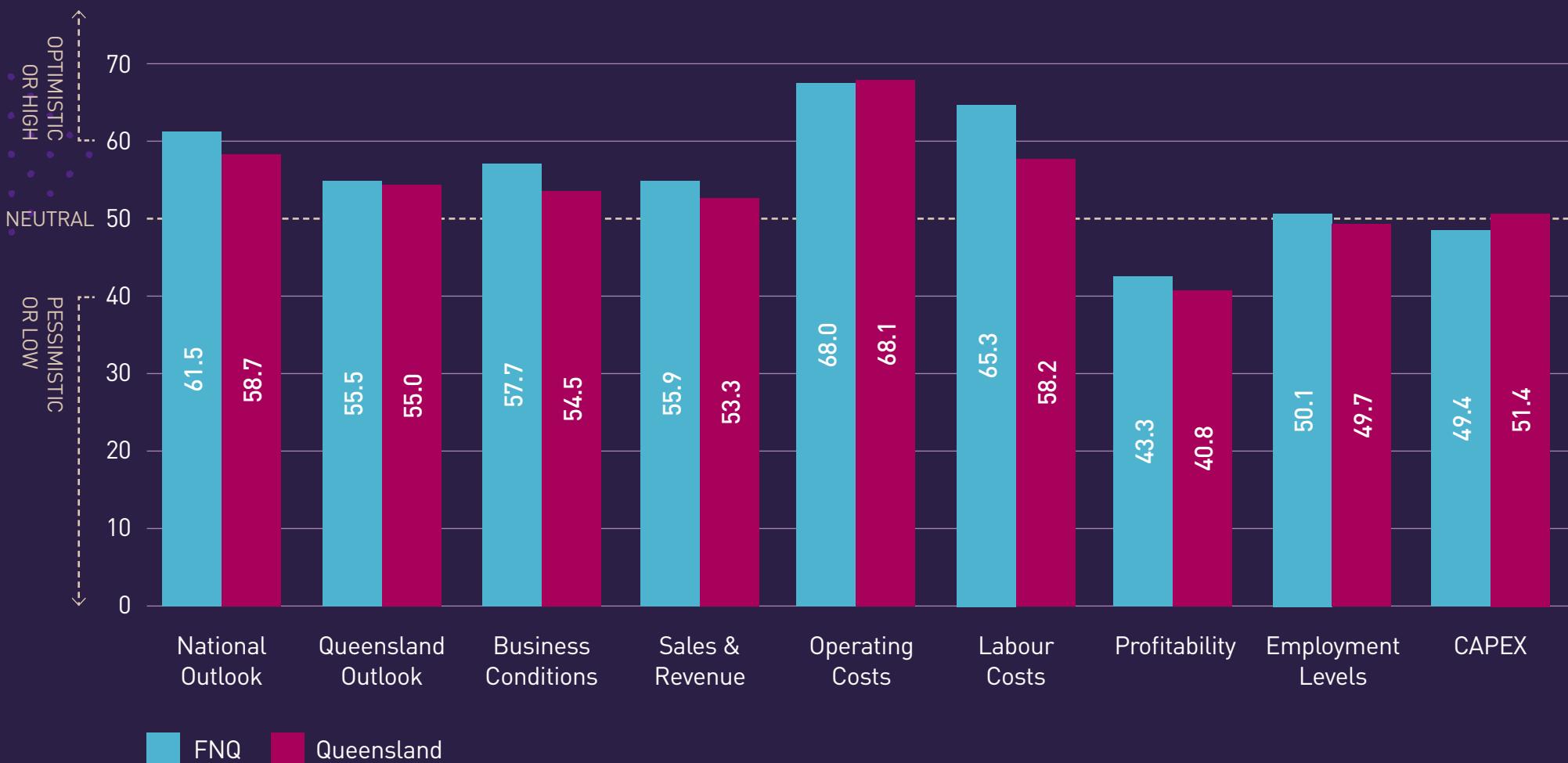
Supply chain disruptions and associated rising input costs

Deterioration in trade relationship with China

Both skilled and unskilled labour shortages.

# SNAPSHOT DATA

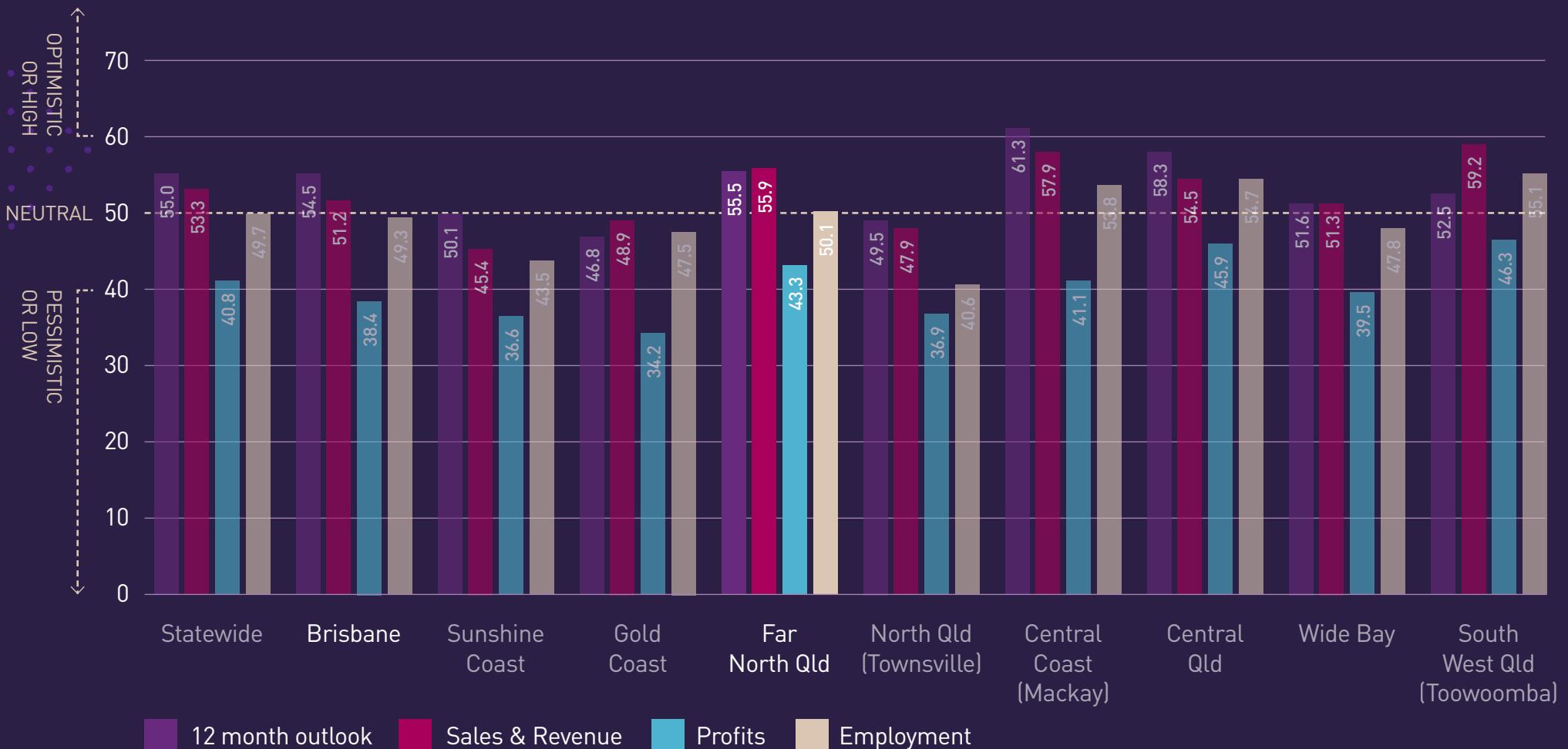
## FAR NORTH QUEENSLAND PULSE SURVEY INDEX\* RATINGS JUNE 2021



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# SNAPSHOT DATA

## PULSE SURVEY INDEX \* RATINGS JUNE 2021



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# SNAPSHOT



## 12-MONTH OUTLOOK

### PULSE SURVEY INDEX

Queensland Outlook = **55.5** (+5.3); Satisfactory

National Outlook = **61.5** (+1.5); Satisfactory

The 12 month outlook improved with the index rising 5.3 points to 55.5 indicating 'strengthening' growth prospects for Far North Queensland and is above the Queensland average (55.0). Furthermore business confidence remains considerably above this time last year (15.0). Surprisingly Far North Queensland businesses continue to believe the National economy will outperform the Queensland economy over the next twelve months. This is no doubt a reflection of FNQ'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 = **55.9** (+2.0); Satisfactory

Sept-21 = **55.0** (-0.9); Satisfactory

The sales and revenue PBI of 55.9 is 2.0 index points up on the previous March quarter index of 53.9. 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 Far North Queensland are higher than the statewide average (53.3). Total sales revenue is expected to fall fractionally down 0.9 points in the September quarter to 55.0.



## GENERAL BUSINESS CONDITIONS

### PULSE SURVEY INDEX

June-21 = **57.7** (+4.3); Satisfactory

Sept-21 = **53.5** (-4.2); 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 57.7 sees an increase (+4.3) on the March quarter PBI of 53.4 and remains considerably above this time last year (22.5). Again Far North Queensland's result is above the Statewide average (54.4). Favourable general business conditions are not expected to hold in the September quarter with the PBI down 4.2 points to 53.5.

## OPERATING COSTS

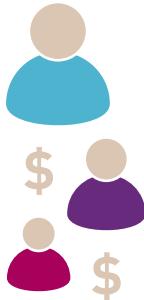
### PULSE SURVEY INDEX

June-21 = **68.0** (+2.7); High

Sept-21 = **68.3** (0.3); High

Operating costs during the June quarter 2021 continued to rise with the PBI increasing by 2.7 index points from 65.3 in the March quarter to 68.0. 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 (68.3).

# SNAPSHOT



## LABOUR COSTS

### PULSE SURVEY INDEX

June-21 = **65.3** (+3.6); High

Sept-21 = **64.5** (-0.8); High

Labour costs in the June quarter 2021 increased and are now at a historic high with a PBI of 65.3. This result is 3.6 index points above the preceding March quarter (61.7) and well above this time last year (38.0). 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 (64.5) 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.



## PROFITABILITY

### PULSE SURVEY INDEX

June-21 = **43.3** (+2.5); Satisfactory

Sept-21 = **44.3** (+1.0); Satisfactory

An increase in sales has seen profitability improve in the June quarter 2021. The profitability PBI encouragingly increased by 2.5 points from 40.8 in the March quarter to 43.3. Far North Queensland business profitability is pleasingly better than the Statewide average (40.8). Far North Queensland businesses anticipate a further improvement in their profitability in the September quarter, with the Index forecast to rise by another 1.0 point to 44.3.



## EMPLOYMENT LEVELS

### PULSE SURVEY INDEX

June-21 = **50.1** (+5.7); Satisfactory

Sept-21 = **50.3** (+0.2); Satisfactory

Employment levels lifted in the June quarter 2021 with the PBI increasing to be above 50. The employment PBI increased by 5.7 index points from 44.4 in the March quarter to 50.1 in the quarter. The PBI is 17.2 index points above this time last year (32.9) but sits just above the state average of 49.7. Employment levels are expected to further improve in the September quarter, albeit marginally with the employment PBI expected to rise by 0.2 index points to 50.3. sales and greater profitability.



## CAPITAL EXPENDITURE

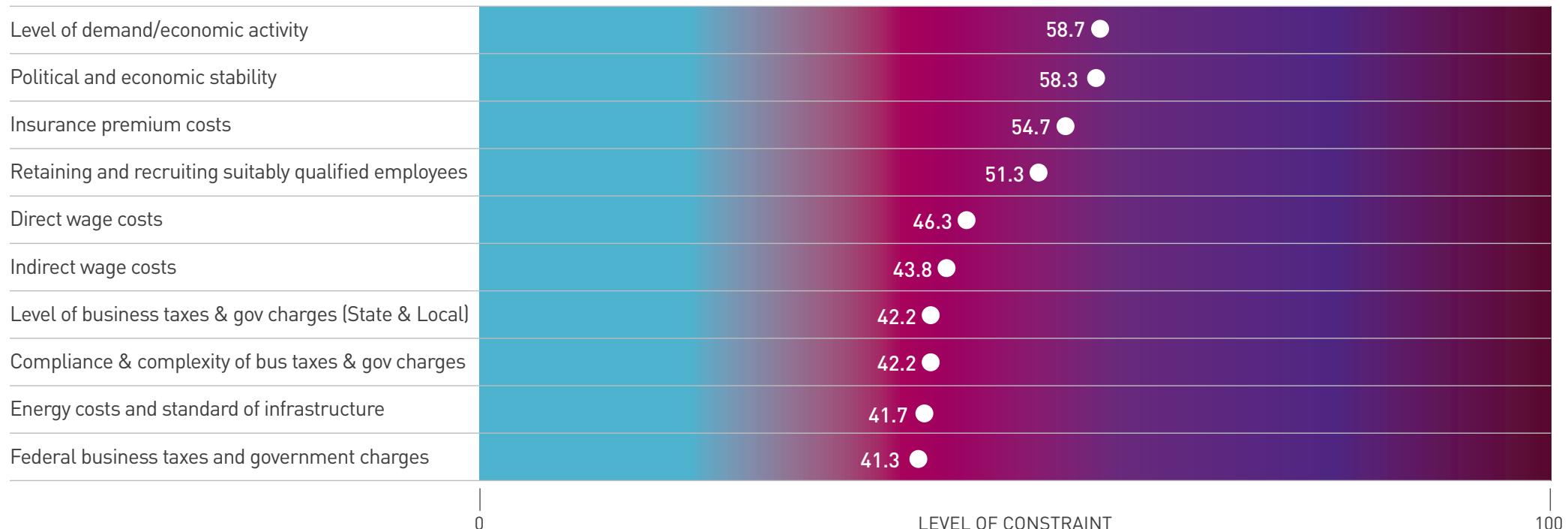
### PULSE SURVEY INDEX

June-21 = **49.4** (+2.8); Satisfactory

Sept-21 = **47.0** (-2.4); Satisfactory

The capital expenditure PBI in the June quarter also increased by 2.8 index points from 46.6 in the March quarter to 49.4 which indicates relatively unchanged investment. This improvement sees Far North Queensland business capital expenditure close the gap on the statewide average of 51.4. However this improvement is not expected to hold as capital expenditure is expected to fall by 2.4 points to 47.0 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 and lock downs on the negative side and increased domestic travellers in market given pent up demand and inability to travel overseas on the up side.



The lack of certainty with regard to vaccinations and COVID. Lack of integrity by government, will continue to be front of mind with business and people generally.



How quickly all levels of government can roll out the vaccine program and allow businesses and industry to operate under a more stable and secure platform. That includes having a timeline and target for when random lockdowns will cease, travel will be permitted and business activities can resume at a more 'normal' level.

# 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). 104 FNQ 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

