

SOUTH WEST QUEENSLAND PULSE SURVEY REPORT

JUNE QUARTER 2021



SUMMARY

Latest results for the Pulse Survey in the June Quarter indicate Toowoomba and the SWQ business community have 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 Toowoomba and SWQ 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.

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

South West Queensland

58.6 Queensland
53.7

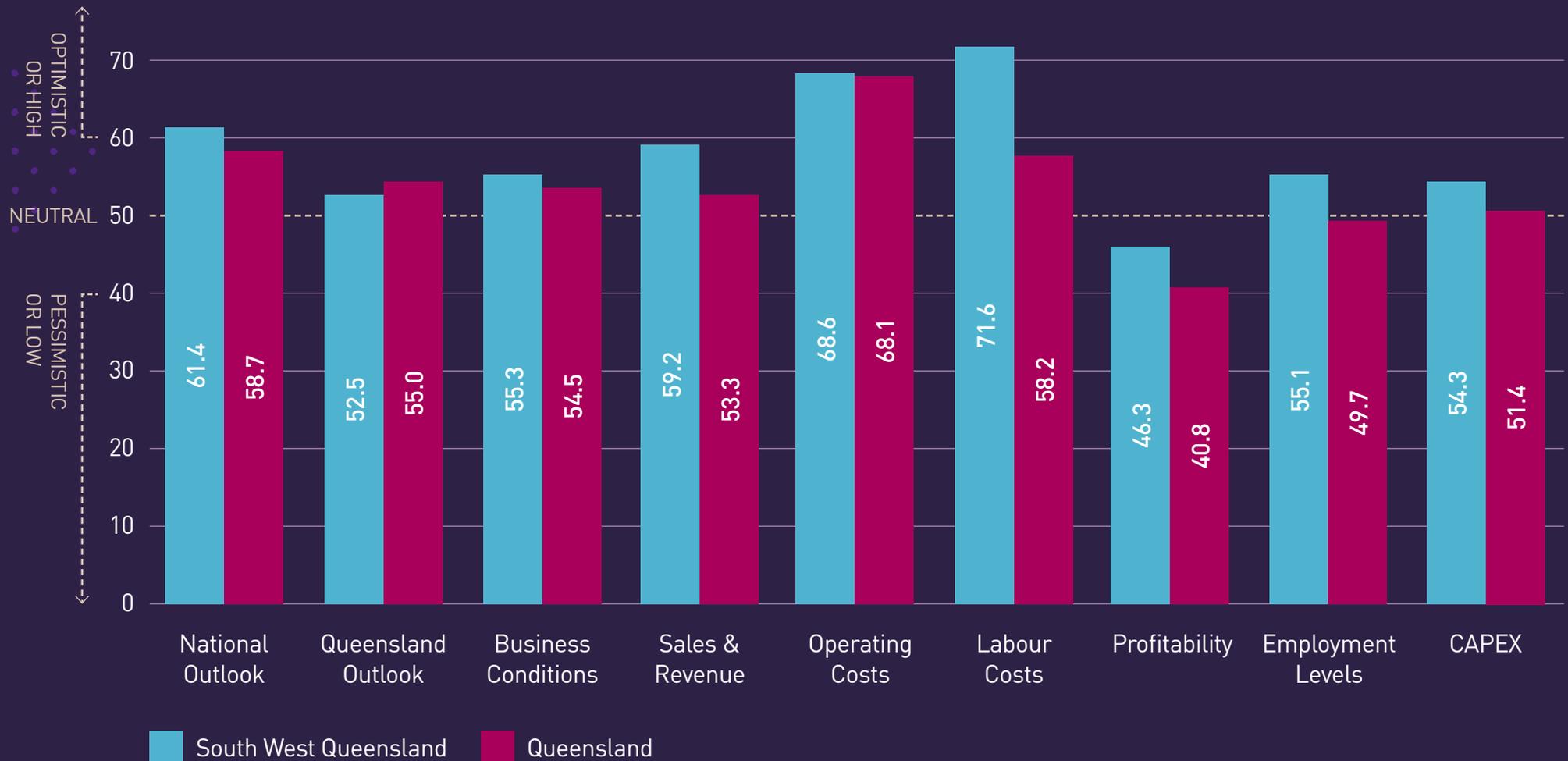
SEPTEMBER QUARTER FORECAST

South West Queensland

56.6 Queensland
53.6

SNAPSHOT DATA

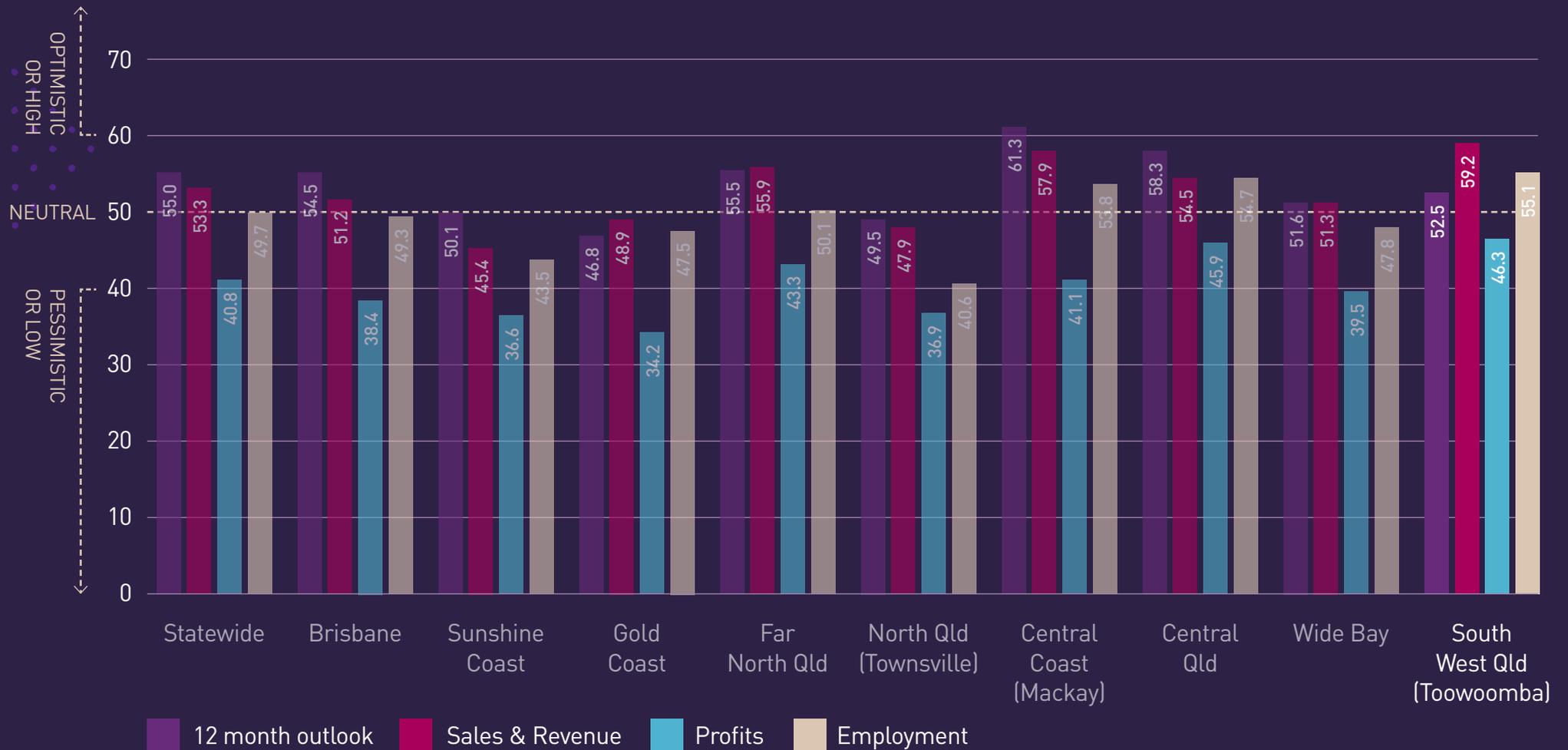
SOUTH WEST QUEENSLAND PULSE SURVEY INDEX* RATINGS JUNE 2021



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



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12-MONTH OUTLOOK

PULSE SURVEY INDEX

Queensland Outlook = **52.5** (+4.0); Satisfactory
National Outlook = **61.4** (+1.0); Good

The 12 month outlook improved with the index rising 4.0 points to 52.5 indicating 'strengthening' growth prospects for Toowoomba and SWQ and sits just below the Queensland average (55.0). Furthermore business confidence remains considerably above this time last year (29.4). Surprisingly Toowoomba and SWQ businesses continue to believe the National economy (61.4) will outperform the Queensland economy over the next twelve months.

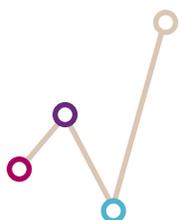


SALES AND REVENUE

PULSE SURVEY INDEX

June-21 = **59.2** (+4.5); Satisfactory
Sept-21 = **56.3** (-2.9); Satisfactory

The sales and revenue PBI of 59.2 is 4.5 index points up on the previous March quarter index of 54.8. 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 Toowoomba and SWQ are noticeably higher than the statewide average (53.3). Total sales revenue is expected to fall, down 2.9 points in the September quarter to 56.3 but continue to remain at an encouraging level.



GENERAL BUSINESS CONDITIONS

PULSE SURVEY INDEX

June-21 = **55.3** (+7.8); Satisfactory
Sept-21 = **54.2** (-1.1); 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 55.3 sees an increase (+7.8) on the March quarter PBI of 47.5 and remains considerably above this time last year (35.8). Toowoomba and SWQ's result sits above the Statewide average (54.4). Favourable general business conditions are expected to ease slightly in the September quarter with the PBI down 1.1 points to 54.2.

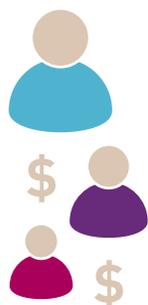


OPERATING COSTS

PULSE SURVEY INDEX

June-21 = **68.6** (-1.1); High
Sept-21 = **67.9** (-0.7); High

Operating costs during the June quarter 2021 bucked the statewide trend and fell with the PBI surprisingly declining by 1.1 index points from 69.7 in the March quarter to 68.6. However the index remains 'high' as 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 despite a small fall (-0.7) are expected to remain at 'high' in the September quarter (68.3).



LABOUR COSTS

PULSE SURVEY INDEX

June-21 = **71.6** (+4.6); High
Sept-21 = **72.4** (+0.8); High

Labour costs in the June quarter 2021 increased and are now at a historic high with a PBI of 71.6. This result is 4.6 index points above the preceding March quarter (67.0) and well above this time last year (45.8). This result reflects a catch up following pay freezes and reduced pay but also emerging skill and labour shortages. Labour costs will remain high in the September quarter (72.4) 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 = **55.1** (+7.6); Satisfactory
Sept-21 = **54.8** (-0.3); Satisfactory

Employment levels lifted in the June quarter 2021 with the PBI increasing to be above 50. The employment PBI increased by an encouraging 7.6 index points from 47.5 in the March quarter to 55.1 in the quarter. The PBI is 13.1 index points above this time last year (42.0) and sits well above the state average of 49.7. Employment levels are expected to remain relatively unchanged in the September quarter with the employment PBI expected to fall fractionally by 0.3 index points to 54.8.



PROFITABILITY

PULSE SURVEY INDEX

June-21 = **46.3** (+4.6); Satisfactory
Sept-21 = **42.9** (-3.4); Satisfactory

An increase in sales has seen profitability improve in the June quarter 2021. The profitability PBI encouragingly increased by 4.6 points from 41.7 in the March quarter to 46.3. Toowoomba and SWQ business profitability is noticeably better than the Statewide average (40.8). However Toowoomba and SWQ businesses anticipate a reduction in their profitability in the September quarter, with the Index forecast to fall by 3.4 points to 42.9.



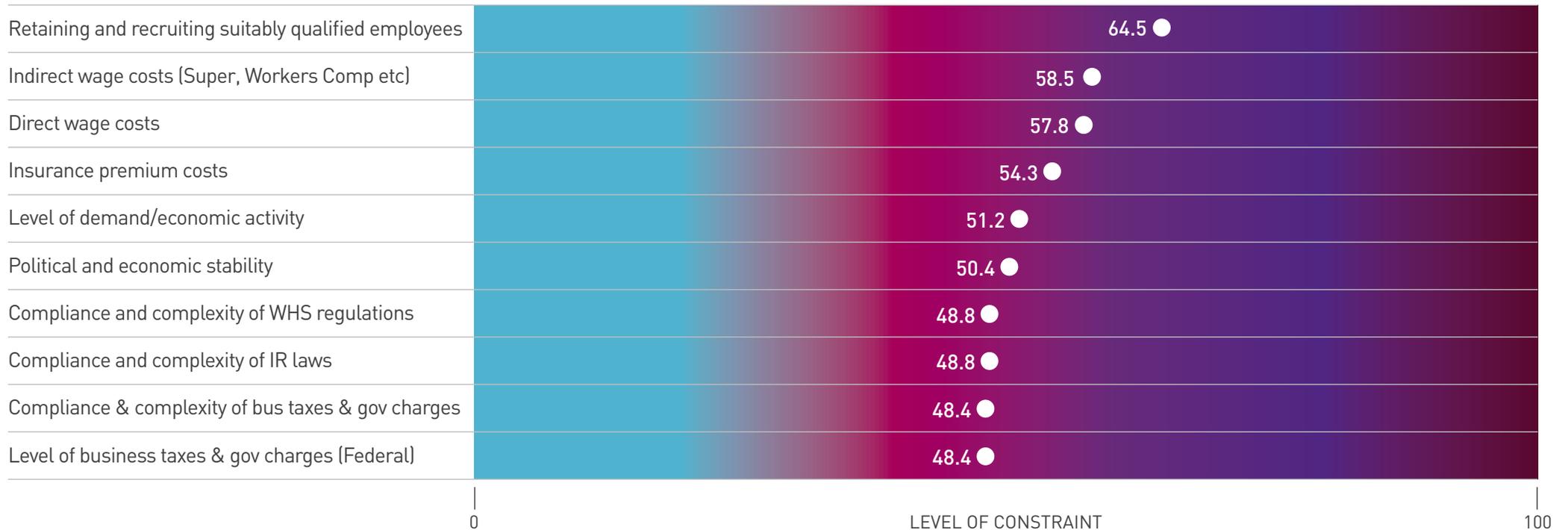
CAPITAL EXPENDITURE

PULSE SURVEY INDEX

June-21 = **54.3** (-0.7); Satisfactory
Sept-21 = **46.9** (-7.4); Satisfactory

The capital expenditure PBI in the June quarter fell by 0.7 index points from 55.0 in the March quarter to 54.3. Despite the fall Toowoomba and SWQ business capital expenditure levels remain above the statewide average of 51.4. This may well change as a sizeable reduction in capital expenditure levels is expected in the September quarter with the PBI down 7.4 points to 46.9.

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**



Constant media negative messaging needs to stop. Politicians point scoring and constant criticism results in our youth having no interest beyond their own personal needs...COVID has proved that decision making for the betterment of the country is almost impossible.



For our business border lock down as we live on the border of inland Queensland and have a lot of NSW customers.



The ability to have some certainty around business operations especially for the domestic tourism industry. If we continue to have border closures our performance will continue to be seriously impacted.

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). 51 South West 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

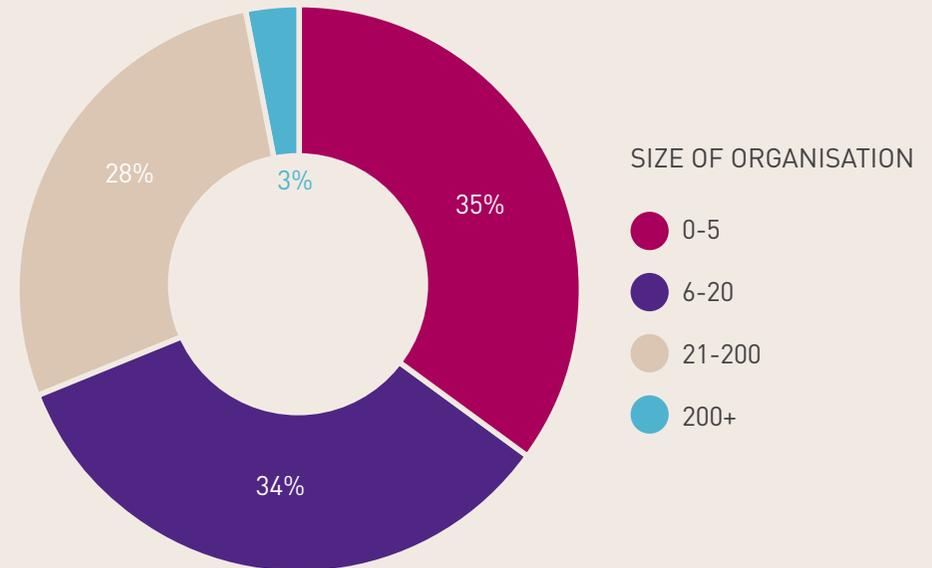
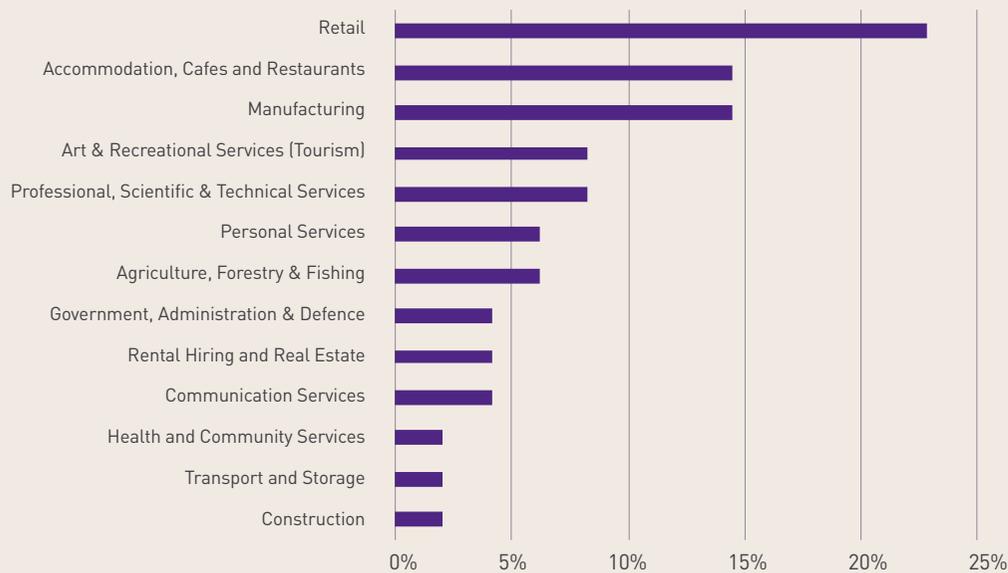
Very Poor:	0-20
Poor:	21-40
Satisfactory:	41-60
Good:	61-80
Excellent:	81-100

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



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