

SUNCORP GROUP CCIQ PULSE SURVEY OF BUSINESS CONDITIONS

MARCH QUARTER 2018



SNAPSHOT

Business sentiment has dropped in the 12-month outlook for both the Queensland and national economies. While confidence levels still remain optimistic for the national economy, confidence in the Queensland economy has dropped to its lowest level since 2016.

The key issues having an impact on business confidence is the perceived influence third parties have on State and Federal governments, as well as a lack of action in the first 100 days of the Palaszczuk Government second term.

General business operating conditions are still a grind, with gains in sales and revenues eroded by faster increases in operating costs.

12-MONTH OUTLOOK

The 12-month outlooks for the Australian and Queensland economies fell in the latest quarter. The national economy remains at optimistic levels (51.3) while confidence in the Queensland economy (45.4) plunged into negative territory.

GENERAL BUSINESS CONDITIONS

The Pulse General Business Conditions Index (48.0) lifted during the March quarter but continues to show operating conditions deteriorating.

General business conditions are expected to remain difficult into the June quarter with an index reading of 53.4.

SALES AND REVENUE

The rate of growth in business revenues slowed during the March 2018 quarter with the Pulse Sales and Revenue Index falling to 51.6 points.

As the Sales and Revenue Index is measured above the 50.0 level, this marks the ninth-consecutive quarter of growth in business revenues.

CAPITAL EXPENDITURE

The Pulse Capital Expenditure Index showed a minor fall in small business investment expenditure during the March Quarter with the index recorded at 49.1 points.

Businesses have held off or delayed capital expenditure as a response to rising operating costs.

LABOUR COSTS

The Pulse Labour Costs Index highlights the continued expansion of labour costs for businesses. The index for March rose 1.1 points to a level of 60.2.

Half of the businesses surveyed reported payroll levels remaining steady in the latest quarter. However, the share of businesses with higher labour costs increased to 42%.

PROFITABILITY

Small business profits continue to be placed under stress, with the Pulse Profitability Index recorded below 50 at a reading of 42.2 points.

The proportion of businesses reporting stronger profits (14%) is at its lowest level over the past two years. Almost half the sample (45%) reported declining profitability. Higher operating costs continue to squeeze margins.

EMPLOYMENT LEVELS

Small businesses reported minor falls in employment levels during the March quarter with the Pulse Employment Levels Index below the neutral level at 49.4 points.

The Pulse Employment Levels Forecast Index indicates employment levels are expected to remain steady in the next quarter with an index reading of 50.1.

INTRODUCTION

What goes up, must come down. Following a surge in positivity in the December quarter, following the State Election, the honeymoon period is over with business confidence levels falling substantially in the first one hundred days of the Palaszczuk Government's second term. After spiking by over 4 points up to 50.9 last quarter, the March quarter saw a slump to 45.4, a reversal of the gains made.

In the past quarter government stability buoyed confidence. However, following one hundred days in office, and the announcements of five new taxes, business goodwill and hope for support has significantly waned. Further, federal government election speculation has driven down business confidence at the national level.

Despite elevated commodity prices and increased levels of infrastructure construction stimulating activity across other industries and regions, Queensland has suffered a setback in terms of confidence. Weakened consumer demand, rising input costs and deteriorating profits are taking their toll.

Additionally, confidence in the Australian economy took a hit, however remained above the neutral level of 50. Queensland businesses continue to show more faith in the Australian economy than the Queensland economy.

Rising operational cost pressures remain a recurring theme, threatening to hamper future business confidence growth, with utility bills cited heavily as an ongoing concern for business viability. Global conflict and other international geopolitical factors remain a destabilising concern, unsettling the business community. External influence of politicians and governments trended up as a key concern for businesses at all levels of government, with many small businesses wary of the union influence on state politics.

In the latest Pulse survey results, business operating conditions remained tight and difficult. Although sales and revenues continued expanding, profitability is still declining as operating costs continued their climb upward - increasing at a faster rate than revenues.



Will budget ideas from both state and federal governments actually actively encourage “small business”... or put just token carrots in front of us to make it appear as if they support us?

**Survey Respondent,
Sunshine Coast**



Wages are the single biggest cost in our business and is probably the same for all businesses. Politicians keep saying that wages need to grow and we need to employ more to make the economy grow, that is right, but businesses are crippled with tax and are doing every thing they can to pull in the opposite direction.

**Survey Respondent,
Far North Queensland**

12 MONTH OUTLOOK: AUSTRALIAN & QUEENSLAND ECONOMIES

The Queensland business outlook for 2018 started strong, but has slipped back into pessimistic territory.

During the December 2017 quarter, the Pulse Index rose to 50.9, indicating businesses were optimistic about the year ahead (the neutral level of the index is 50.0). Disappointingly this spike has deteriorated and is currently sitting at 45.4. Confidence in the national economy also slipped, falling to 51.3 points, 1.5 points less than where it was 12 months prior.

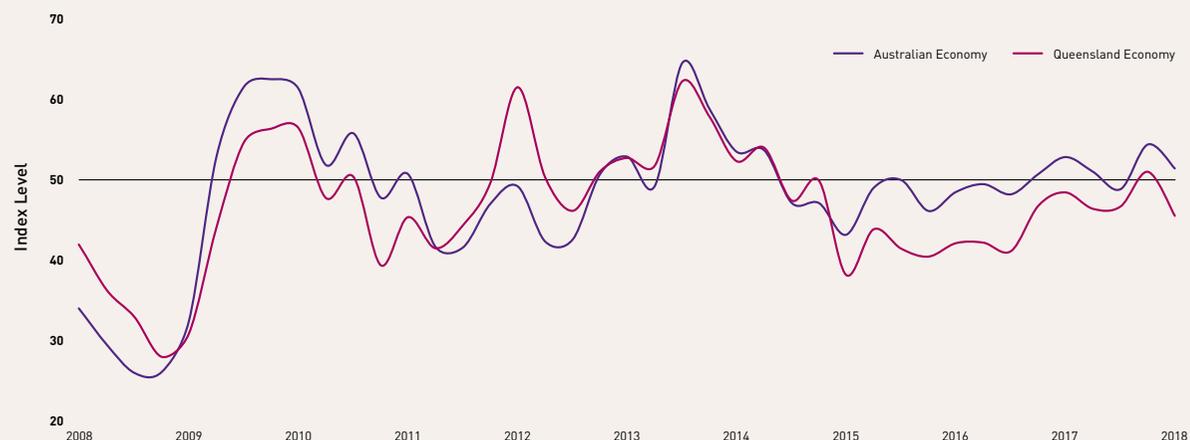
The key issues having an impact on business confidence is the perceived influence third parties have on State and Federal governments, as well as a static legislative agenda in the first 100 days of the Palaszczuk second term. The lead up to the Commonwealth Games continued to have a buoyant effect, however the games themselves generated a negative backlash impacting the Pulse survey results. International geopolitical issues, energy costs, and tight consumer demand continue to weigh heavily on business confidence, creating ongoing concerns.

QUEENSLAND ECONOMY

- Business confidence levels have plunged in Queensland with the Pulse Index falling from 50.9 points in the December quarter to 45.4 points in the latest March quarter survey (seasonally adjusted).
- Business confidence has fallen to its lowest level since September 2016.
- The proportion of businesses expecting Queensland economic conditions to improve fell to 24 per cent, while the proportion of businesses expecting weaker conditions jumped to 38 per cent.

AUSTRALIAN ECONOMY

- Confidence in the national economy remains buoyant at 51.3 points (seasonally adjusted). However, confidence has drifted lower in the last quarter.
- The proportion of businesses expecting stronger conditions over the coming year rose to 36 per cent, with the proportion of businesses expecting weaker conditions falling to 14 per cent in December quarter.



	Queensland Outlook			Australian Outlook		
	Mar-17	Dec-17	Mar-18	Mar-17	Dec-17	Mar-18
Weaker (%)	33	21	38	21	14	25
Same (%)	40	48	38	51	51	50
Stronger (%)	27	30	24	28	36	25
Index (original)	47.9	51.8	45.0	51.5	55.7	50.2
Index (seasonally adjusted)	48.4	50.9	45.4	52.8	54.3	51.3

GENERAL BUSINESS CONDITIONS

- The Pulse General Business Conditions Index lifted by 0.6 points to a reading of 48.0. At a level below 50, the index indicates business conditions deteriorated during the March quarter.
- Compared to a year ago, the proportion of businesses reporting weaker conditions rose from 27 per cent of businesses to 34 per cent of businesses. Correspondingly, the proportion of businesses reporting an improvement in conditions fell from 23 per cent to 21 per cent.
- The Pulse General Business Conditions Forecast Index suggests conditions will continue to be difficult in the next quarter with an index reading of 48.2



I expect further sub-standard decisions from both state and commonwealth governments that will stifle business. Examples will include over-regulation, environmental virtue-signalling that will further increase excessively high power prices and continued failure to balance budgets and pay down excessive debt. The result will be increased costs to businesses

Survey Respondent, Sunshine Coast



Difficult political conditions in Canberra will hold the economy back whilst we have such close numbers and hostile Senates filled with minority agendas. The State economy should improve slightly with the commencement of some big defence contracts and some infrastructure projects.

Survey Respondent, Brisbane

General Business Conditions				
	Mar-17	Dec-17	Mar-18	Jun-18
Weaker (%)	27	22	34	24
Same (%)	50	54	46	55
Stronger (%)	23	24	21	21
Index (original)	48.7	50.0	45.2	48.4
Index (seasonally adjusted)	51.7	47.4	48.0	48.2

SALES AND REVENUE

- The rate of growth in business revenues slowed during the March 2018 quarter with the Pulse Sales and Revenue Index falling to 51.6 points.
- This is the ninth consecutive quarter where businesses have reported stronger levels of sales and revenues.
- The Pulse Sales and Revenue Forecast Index indicates businesses are expecting revenues to lift further during the June quarter. However, relative to past outcomes, the forecast index series tends to be more optimistic than the actual outcomes.



Generally weak consumer confidence combined with global economic uncertainty is reducing our monthly sales. Expect this to be compounded as uncertainty starts developing over the future federal government.

Survey Respondent, South West Queensland

Sales and Revenue				
	Mar-17	Dec-17	Mar-18	Jun-18
Decreased (%)	25	21	31	17
Same (%)	32	36	36	42
Increased (%)	44	43	32	41
Index (original)	54.9	55.9	48.7	55.9
Index (seasonally adjusted)	58.1	53.2	51.6	55.2

LABOUR COSTS

- The Pulse Labour Costs Index highlights the continued expansion of labour costs for businesses. The index for March rose 1.1 points to a level of 60.2.
- Half of the businesses surveyed reported payroll levels remaining steady in the latest quarter, however, the share of businesses with higher labour costs increased to 42 per cent in the latest quarter.
- Business expectations are for further increases in payroll costs over the next quarter with the Pulse Labour Costs Index forecast series measured at 58.7 points



The small business sector is struggling to keep up with the increasing costs of employing staff.

Survey Respondent, Far North Queensland

Labour Costs				
	Mar-17	Dec-17	Mar-18	Jun-18
Decreased (%)	7	6	8	4
Same (%)	59	57	50	60
Increased (%)	34	37	42	36
Index (original)	56.8	58.8	59.4	58.5
Index (seasonally adjusted)	57.6	59.1	60.2	58.7

OPERATING COSTS

The Pulse Survey introduced a new indicator of Other Operating Costs in the March Quarter 2015, to provide additional insights into the costs of doing business. While an Index for Other Operating Costs has now been developed, only original estimates are currently available, with a seasonally adjusted index to be made available in the future.

- The Pulse Other Operating Costs Index was measured at 68.6 in the March quarter (in original terms), a level which indicates businesses are facing strong cost increases.
- Compared to a year ago, the index has increased 2.4 points with the proportion of businesses reporting higher costs increasing to 67 per cent.
- Businesses expect further increases in costs over the next quarter with the Pulse Other Operating Costs forecast series at a level of 63.5.



Government needs to address the issue of affordable and secure energy supply to ensure business operating costs are realistic.

Survey Respondent, Brisbane



Power prices are driving small and big business to the wall and having a major impact on the lives of ordinary working Australians.

Survey Respondent, South West Queensland

Other Operating Costs				
	Mar-17	Dec-17	Mar-18	Jun-18
Decreased (%)	1	2	3	3
Same (%)	40	36	30	44
Increased (%)	59	62	67	53
Index (original)	66.2	67.1	68.6	63.5



67%

Compared to a year ago, the index has increased 2.4 points with the proportion of businesses reporting higher costs increasing to 67 per cent.

PROFITABILITY

- Small business profits continue to be placed under stress, with the Pulse Profitability Index recorded below 50 at a reading of 42.2 points.
- The proportion of businesses reporting stronger profits (14 per cent) is at its lowest level over the past two years. Almost half the sample (45 per cent) reported declining profitability. Higher operating costs continue to squeeze margins.
- The Pulse Profitability Forecast Index has a reading of 46.1 points indicating businesses are expecting profits to face further erosion in the next quarter.



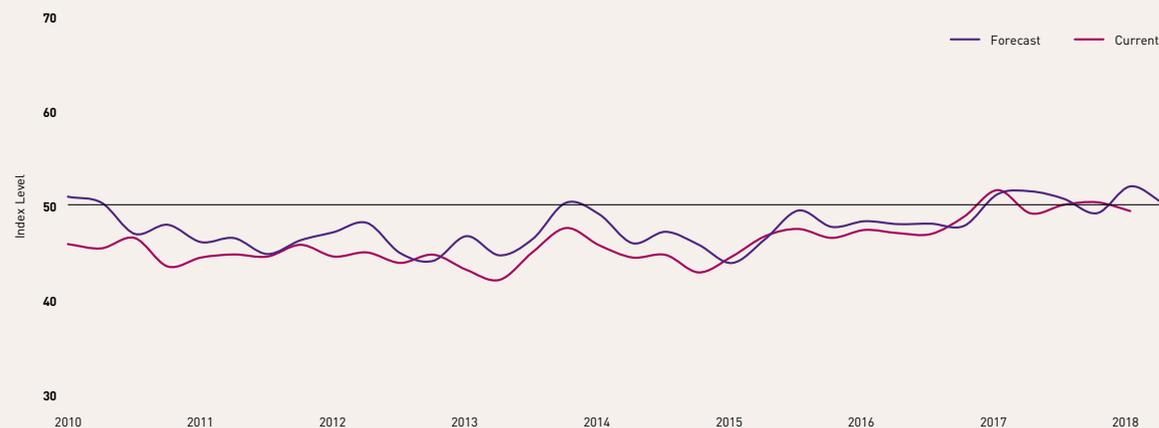
Businesses just aren't growing and are experiencing negative cashflows.

Survey Respondent, Brisbane

Profitability				
	Mar-17	Dec-17	Mar-18	Jun-18
Decreased (%)	34	38	45	30
Same (%)	45	39	41	49
Increased (%)	21	23	14	21
Index (original)	46.1	45.5	40.0	46.6
Index (seasonally adjusted)	48.6	43.1	42.2	46.1

EMPLOYMENT LEVELS

- Small businesses reported minor falls in employment levels during the March quarter with the Pulse Employment Levels Index below the neutral level at 49.4 points.
- The proportion of businesses reporting weaker levels of employment rose to 26 per cent, which is the highest level since 2016.
- The Pulse Employment Levels Forecast Index indicates employment levels are expected to remain steady in the next quarter with an index reading of 50.1.



Scale – An Index level above 50 indicates that growth prospects are strengthening, while an Index level below 50 indicates that growth prospects are weakening. *Seasonally adjusted



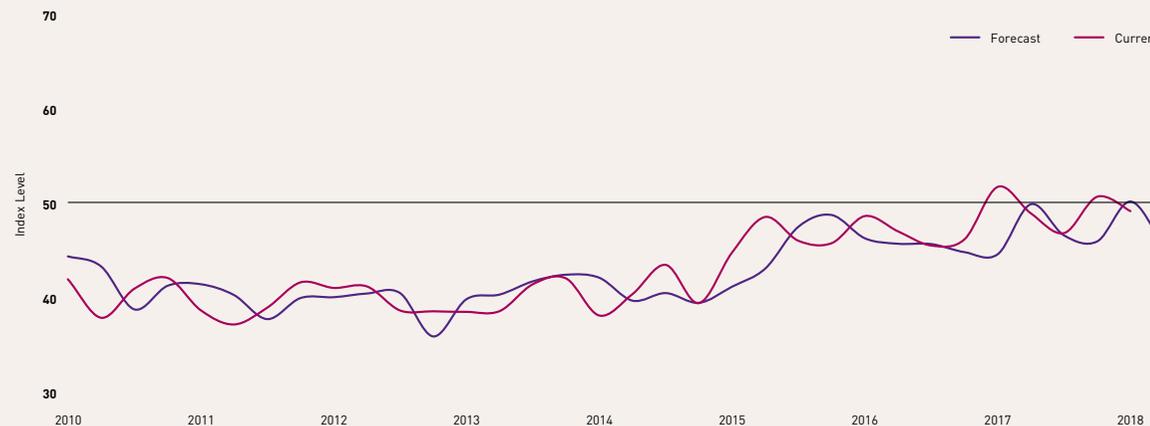
The ability, or lack thereof, for business to source and retain skilled staff in operational roles is of serious concern.

Survey Respondent, Brisbane

Employment Levels				
	Mar-17	Dec-17	Mar-18	Jun-18
Decreased (%)	19	16	26	17
Same (%)	60	63	52	66
Increased (%)	21	21	22	17
Index (original)	50.6	51.2	48.5	49.7
Index (seasonally adjusted)	51.5	50.2	49.4	50.1

CAPITAL EXPENDITURE

- The Pulse Capital Expenditure Index showed a minor fall in small business investment expenditure during the March Quarter with the index recorded at 49.1 points.
- It appears businesses have held off or delayed capital expenditure as a response to manage the impact of rising operating costs.
- The Capital Expenditure Forecast Index expects businesses to pull back on capital expenditure levels in the next quarter with the index below the neutral level at 45.8 points.



We need Governments that make good decisive decisions. We need Governments that do not bend to the unrealistic demands of very vocal self interest groups. We need Governments that are not steered by media and self appointed 'populist' social moralists.

Survey Respondent, Rockhampton

Capital Expenditure				
	Mar-17	Dec-17	Mar-18	Jun-18
Decreased (%)	21	18	28	30
Same (%)	54	55	49	51
Increased (%)	25	27	23	19
Index (original)	50.0	52.1	47.7	45.4
Index (seasonally adjusted)	51.5	50.6	49.1	45.8

REGIONAL ANALYSIS

The diverse sample of the CCIQ Pulse Survey identifies differences in economic conditions across Queensland. Businesses in regional Queensland have generally tended to be more optimistic on the prospects of the Queensland economy overall.

REGIONAL BUSINESS CONFIDENCE:

- The latest quarter saw a reversal in the state of play in the level of optimism and operating conditions between businesses located in the South-East region and Regional Queensland.
- Throughout all of 2017, confidence levels in Regional Queensland were several points higher than the reported confidence of businesses in SEQ. In the latest survey, the levels of confidence flipped between SEQ (46.6) and Regional Queensland (42.9), with quite a dramatic fall in confidence for Regional Queensland in the latest quarter.
- Over the past year, businesses in SEQ have fared better than their regional counterparts across most measures. It appears confidence levels have finally started to converge in some respect to the operating conditions faced by businesses in the regions.
- Across the range of different indicators, the biggest difference in operating conditions has emerged with respect to Sales & Revenue. Businesses in SEQ (50.7) reported increasing levels of sales, while Regional Queensland (44.9) businesses saw revenues decline.
- Across all regions, profitability continues to deteriorate due to stronger cost pressures with businesses in Regional Queensland (37.1) struggling significantly.
- The forecasts provided by the survey participants indicate that business conditions are expected to deteriorate further in the June quarter. However, businesses operating in Regional Queensland expect a relatively better period of performance than SEQ businesses with regard to Sales & Revenue and Profitability.



All levels of government are failing to focus on real issues, outside the metro limits. A failure to focus on rural and regional areas will cost the country in GDP.

Survey Respondent, South West Qld



There is a lack of foresight and investment by government in capital projects, particularly regionally.

Survey Respondent, Far North Queensland

Current March 2018 (Original)	Queensland	South-East Queensland	Regional Queensland
Queensland Economy	45.0	46.6	42.9
General Business Conditions	45.2	46.7	42.6
Sales & Revenue	48.7	50.7	44.9
Profitability	40.0	41.3	37.1
Labour costs (Avg. Wage)	59.4	59.4	59.6
Employment Levels	48.5	47.4	49.8
Other Operating Costs	68.6	67.6	70.1

Forecast June 2018 (Original)	Queensland	South-East Queensland	Regional Queensland
General Business Conditions	48.4	48.7	47.9
Sales & Revenue	55.9	55.4	56.3
Profitability	46.6	45.4	48.4
Labour costs (Avg. Wage)	58.5	57.5	60.4
Employment Levels	49.7	49.5	49.8
Other Operating Costs	63.5	62.5	65.0

MAJOR CONSTRAINTS ON BUSINESS GROWTH

- Political and economic stability has risen to become the top constraint in the latest survey, with the Level of demand and economic activity slipping to the second largest constraint. These two issues have been major areas of concern for much of the past decade.
- Since the state election, the move to implement new taxes and the failure of the federal company tax cuts to pass the Senate have been factors contributing to higher constraints on business growth.
- The other major factors holding back business growth were skilling shortages, energy costs, the level of wages and the cost of insurance premiums.
- Rising into the top constraints list is Compliance and complexity of IR laws, replacing Communication costs and standard of the infrastructure.
- The degree of constraint has increased over the past twelve months for almost all categories with the exception of Level of Demand and Climactic conditions which have slightly eased as constraints on business.

Rank	Constraint	Mar-17	Dec-17	Mar-18	Quarterly Change
1	Political and economic stability	56.6	55.0	60.2	↑
2	Level of demand/economic activity	59.8	58.1	59.5	↓
3	Compliance and complexity of business taxes and government charges	48.6	47.3	56.5	↑
4	Energy costs and standard of infrastructure	48.7	49.3	56.3	↑
5	Level of business taxes and government charges (State and Local)	49.8	48.4	56.1	↑
6	Direct wage costs	47.4	49.8	54.8	↓
7	Level of business taxes and government charges (Federal)	47.5	46.8	54.6	↑
8	Insurance premium costs	50.0	48.2	53.9	↓
9	Retaining and recruiting suitably qualified employees	44.8	49.6	52.3	↓
10	Compliance and complexity of IR laws (awards, agreements, unfair dismissal)	44.9	40.9	50.8	↑

↑ Rank order rose from previous quarter; = unchanged from previous quarter; ↓ decreased from previous quarter,



There is a lack of confidence in the economy, high unemployment and crime rates that do not appear to be addressed.

Survey Respondent, Townsville



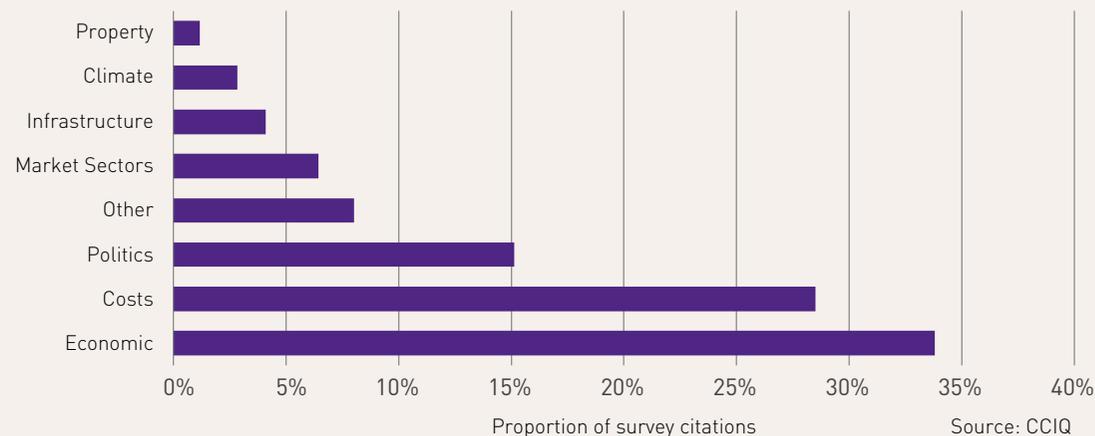
Most businesses are still being very cautious and not ready yet to spend. Projects are slow to commence hence people's hesitation, plus with the high costs of electricity, rent, etc, businesses are watching their spend closely.

Survey Respondent, Cairns

INFLUENCES ON BUSINESS CONFIDENCE

Following the first spike into optimistic territory since 2014, Queensland business confidence has slumped back to the negative territory in the March 2018 Quarter. This section investigates the key influences and factors behind the current levels of business confidence.

Analysis of qualitative data extracted from the Suncorp CCIQ Pulse Survey has revealed a number of factors are having both a positive and negative impact on the sentiment of Queensland small businesses. The data has been grouped into several themes consistently raised in survey responses: Economic Issues, Global Markets, Domestic Politics, Property Markets, Climate, Market Sectors, Infrastructure and Other. The chart below illustrates the distribution of these cited influences on business confidence in the March quarter.



ECONOMIC ISSUES

Employment issues and global markets significantly influenced business confidence in the past quarter, with an overwhelming response regarding the impact international markets are having on the Queensland domestic market. Ongoing geopolitical friction between China, the United States, Russia and Europe has instilled a sense of impending negative consequences. It appears these concerns are flowing through to consumers with businesses citing tight demand and low consumer confidence dragging on their businesses. Additionally, enduring tighter household budgets, due to higher costs of living and rising interest rates, were believed to be another major influencer reducing confidence and demand.

Businesses are continually struggling to source skilled labour, both in South East Queensland and regional Queensland. The changes to migration legislation are having a negative impact to human resourcing for small businesses. This is creating flow on effects to businesses fiscal position as they are not able to provide their full suite of services, and are spending longer on recruitment activities..



Consumer spending has been dropping due to poor wages growth and job losses in many areas. Businesses which in turn rely on spending down the line are also affected. There is also considerable concern based on international affairs which appeared to be at least stable point for many decades.

Survey Respondent, Sunshine Coast

BUSINESS COSTS

Concern regarding business costs again came in as the second greatest influencer on businesses. Over 25 per cent of business respondents raised concerns and highlighted the impacts of rising costs. Unfortunately, none of these impacts were positive.

Electricity and general utility costs were cited several times throughout the survey as key contributors to the rising operational costs of doing business in Queensland. Due to the nature of market competition, many businesses have not been able to pass on these increased costs to customers, eroding profit margins and driving some businesses to the wall. Although rising costs have encouraged some businesses to innovate, rising costs are continually putting small business longevity at risk.

Taxation surged as an influencer of business confidence in the past Quarter. Following the Queensland election and recent announcements, Queenslanders are facing five new taxes, creating a further impost on businesses and households.



Power Costs are excessive and ridiculous. Businesses struggle with costs. State Land Tax is a huge impost on small business.

Survey Respondent, Central Queensland

INFLUENCES ON BUSINESS CONFIDENCE

POLITICS

The March Quarter covered the first 100 days after the snap Queensland election, and the perception of politicians has not improved at any level. Small business respondents continue to lament policy inaction and factionalism. Much like with the State election speculation, Federal election rumours have been an influencer on businesses and their financial decisions. Governments have again attracted criticism due to perceived self-interest leading to poor decision making and the failure to resolve energy policy issues.



Political uncertainty and dithering at a federal level and too much growth in the number of public servants at the state level.

**Survey Respondent,
Far North Queensland (Cairns)**

OTHER

Small businesses are embracing innovative solutions to their problems. Many respondents commented on optimising internal systems and diversifying their products and market reach to breathe new life into their businesses. Some government funding programs were also cited a positive influence, specifically the R&D tax incentive provided by the Federal government.



We are continually refining our systems and procedures to achieve efficiencies to strive to remain relevant in a global marketplace. Management's willingness to perform extraordinary hours to achieve the above and progress.

Survey Respondent, Gold Coast

MARKET SECTORS

The lead up to the Commonwealth Games generated positive influence amongst businesses in the south-east corner and Townsville. However, as the survey was conducted during the games, the negative influences of the games were beginning to seep through in commentary. This will be further examined in the next Pulse survey, exploring the 'feast and famine' outcome of the games.

Improved commodity prices in the past quarter boosted commerce and industry confidence, however reports of a tariff 'trade war' has got some businesses and market sectors a bit skittish.



For the State economy I do expect a significant pick up as a consequence of the Commonwealth Games coupled with the re-invigoration of some of our agricultural industries.

Survey Respondent, South West Queensland

INFRASTRUCTURE

Although businesses remain optimistic about infrastructure projects, many Queensland small businesses have cited that slow commencement time of projects in Queensland is a factor of frustration and creates doubt whether projects will in fact go-ahead. Federal defence contracts awarded in Queensland provided a positive boost for local manufacturers as Queensland sets itself up as a defence industry hub. Further investment into road, trains and telecommunications has been encouraged by all sectors.



Political points scoring is happening from both parties. Creating jobs within government does not set the state up for the future. Greater long term infrastructure projects are needed to sustain our future.

Survey Respondent, Brisbane

CLIMATE

With the end of the cyclone season, the majority of Queensland escaped the damage seen this time last year, however heavy rainfall and flooding impacted much of the Northern Queensland. Following a long-lasting summer, businesses are feeling the pinch from prolonged, intense air conditioner usage, spiking electricity bills and reducing profit margins. However, the warmer and wet weather saw some industries positively boosted, with tourism operators pleased with the extended season and some agriculture businesses commenting favourably about increased yields due to a solid wet season.



Lack of rainfall placed downward pressure on farming yields which will raise commodity prices, placing pressure on household discretionary spending. High state based spending on government jobs which reduce spending on infrastructure and sustainable incomes.

Survey Respondent, South West Queensland

PROPERTY

Concern regarding the property market and churn has fallen to be of minimal impact. Any speculated property downturn will undoubtedly have pass through impacts to direct and indirect industries.

ABOUT PULSE

The Pulse Survey has been measuring Queensland business confidence and expectations for over 20 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 is for 3rd April to 16th April 2018 and covers business sentiment through the March Quarter 2018. Over 346 businesses provided responses to the survey.

To find out more about Pulse, please contact Steven Gosarevski, Economist, on 1300 731 988 or at cciqadvocacy@cciq.com.au

PULSE BUSINESS INDEX

The analysis undertaken by CCIQ in the preparation of this Pulse Survey Report is based on survey responses from Queensland business.

The report uses the Pulse Business Index (PBI) as well as the (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.

A Pulse Index reading of above 50 indicates conditions have improved over the previous quarter. A reading of 50 indicates conditions have remained the same and less than 50 indicates conditions have deteriorated.

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

Very Poor	0 – 29.99 Points
Poor	30 – 49.99 Points
Satisfactory	50 – 64.99 Points
Good	65 – 74.99 Points
Very Good	75 – 84.99 Points
Excellent	85 – 100 Points

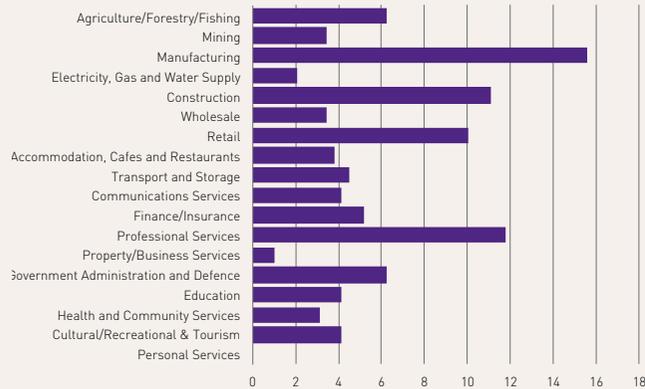
The state-wide PBI results have been seasonally adjusted.

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.

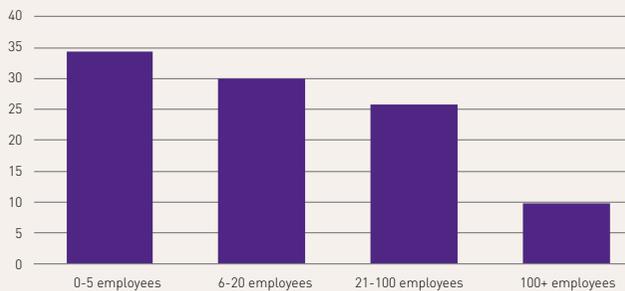
DEGREE OF CONSTRAINT INDEX

Critical	70 – 100
Large	50 – 69.99
Moderate	40 – 49.99
Slight	30 – 39.99
No Constraint	0 – 29.99

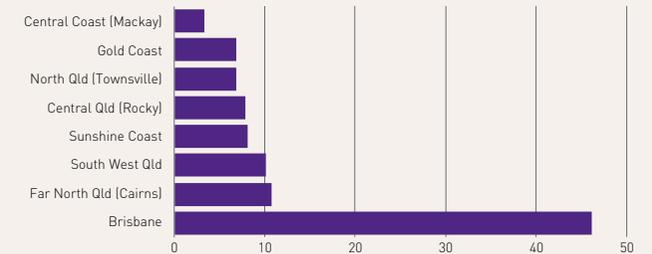
Industry Representation (%)



Size of Organisation (%)



Regional Representation (%)



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