



SUNCORP GROUP CCIQ PULSE SURVEY OF BUSINESS CONDITIONS

▼ SEPTEMBER QUARTER 2017



The CCIQ Pulse Survey of Business Conditions is the largest survey of Queensland businesses, providing critical insights into the sentiment of business owners across the State. It is unchallenged in terms of being the most authoritative, timely and comprehensive snapshot of Queensland business expectations and confidence and has been in operation for decades.

The survey period is for 18th September to 6th October 2017 and covers business sentiment through the September Quarter 2017.

GENERAL BUSINESS CONDITIONS

The Pulse General Business Conditions Index (46.8) continues to show operating conditions deteriorated during the latest quarter.

Small businesses expect minimal changes in operating conditions for the December quarter with an index reading of 49.0.

OVERVIEW

Sentiment remains stalled in the 12-month outlook for both the Queensland and national economies, with confidence at pessimistic levels.

The key issues and concerns facing businesses remain similar to previous; with international geopolitical issues, energy costs, the uncertainty of policy particularly in the lead-up to a state election, and high levels of household debt.

The broad range of performance indicators show an ongoing struggle in business operating conditions. While sales and revenues are generally expanding, profitability is still declining as operating costs expand at a faster rate than revenues. This is reflected in the General Business Conditions Index which fell to 46.8 points for the latest quarter.

12 MONTH OUTLOOK

The 12-month outlooks for the Australian (49.8) and the Queensland (47.4) economies are both in pessimistic territory.

INTRODUCTION

Business confidence in the Queensland economy has stalled in the latest Suncorp Pulse Survey of Business Conditions.

Confidence remains pessimistic in Queensland. After rising to a high of 48.9 points in the March quarter, business confidence slid back to a level of 47.4 points in the September quarter – remaining below the neutral reading of 50.

Confidence in the Queensland economy continues to be plagued by local policy and political uncertainty, with this cycle of instability being stretched out given the constant speculation of a looming State Election. Under these circumstances and the prospect of the formation of another minority government, businesses have indicated their reluctance to invest due to the lack of clarity about the future.

Rising cost pressures is a consistently recurring theme across survey periods. Businesses are citing the increase in energy costs as a critical issue along with the increases in insurance premiums, taxation and utility bills. International geopolitical issues such as the uncertain prospect of conflict in North Korea, and the unpredictability of policy in the Trump Administration are other factors unsettling to the business community.

There were also some positive signs for business with the Commonwealth Games providing a boost to confidence to businesses in the South East Queensland region, while elevated commodity prices and the value of the currency is helping stimulate activity across other industries.

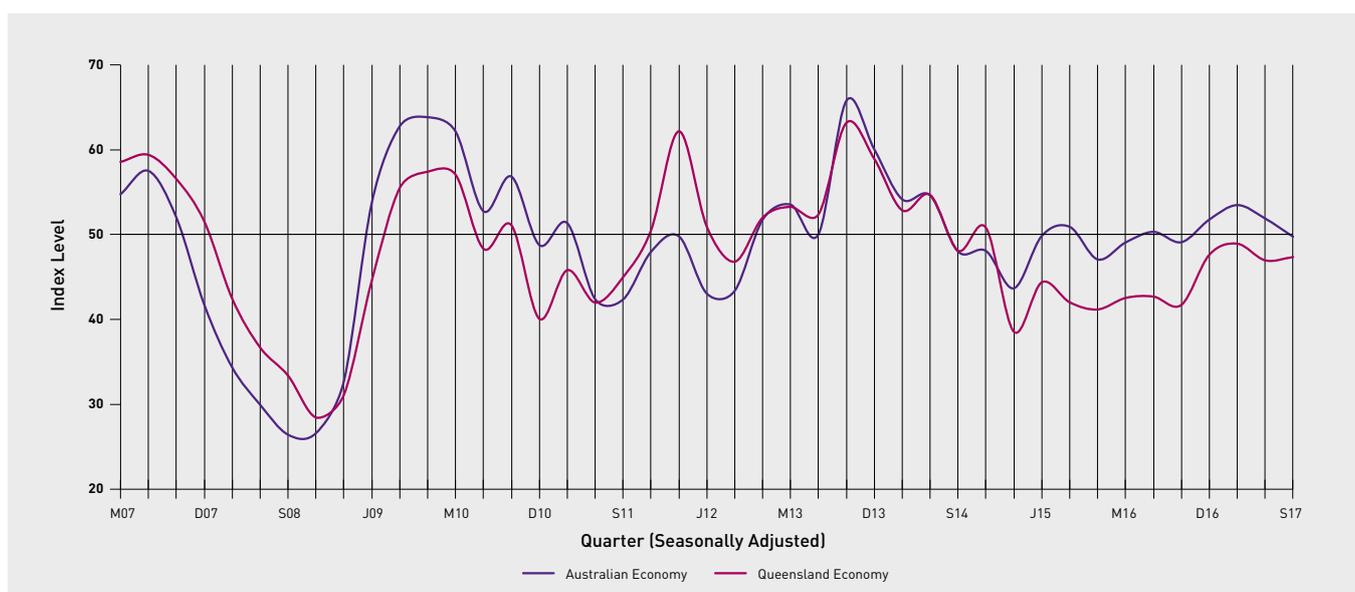
Meanwhile, confidence in the Australian economy weakened further in the past quarter, falling into pessimistic territory for the first time since September 2016. Business confidence peaked at a level of 53.5 points in March and has since declined 4.7 points to 49.8 points (below the neutral level of 50).

In the latest Pulse survey results, the broad range of performance indicators show an ongoing struggle in business operating conditions. While sales and revenues are generally expanding, profitability is still declining as operating costs expand at a faster rate than revenues. This is reflected in the General Business Conditions Index which fell to 46.8 points for the latest quarter.

Both the Australian and State economies will suffer due to the rising cost of essential services such as power, gas and water. In manufacturing, the cost increases in all three vital services are placing businesses in jeopardy. Being an Australian manufacturer, the rises in electricity and gas cannot be recovered by raising the price of our products because of competition with Chinese and Asian produced goods. – Survey Respondent, Brisbane.

The political scene in Australia at present is not conducive to inspiring businesses to grow. Reckless spending by both the Federal and State Governments is actually a significant disincentive to business. The fact that debt levels are at record highs makes it seem like a much greater risk for small business to want to spend more money themselves. Both federal and state politicians appear to be more interested in their own welfare rather than that of the nation as a whole. The whole country is sadly lacking for the want of some strong leadership. – Survey Respondent, Gold Coast.

12 MONTH OUTLOOK: AUSTRALIAN & QUEENSLAND ECONOMIES



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

	Queensland Outlook			Australian Outlook		
	Sep-16	Jun-17	Sep-17	Sep-16	Jun-17	Sep-17
Weaker (%)	39	35	32	25	22	26
Same (%)	45	41	42	53	53	48
Stronger (%)	15	24	26	22	25	26
Index (original)	41.8	45.2	47.4	48.9	50.1	49.5
Index (seasonally adjusted)	41.7	47.0	47.4	49.1	51.9	49.8

Sentiment remains stalled in the 12-month outlook for both the Queensland and Australian economies. The Pulse Index of Business Confidence for the Queensland economy rose marginally in the past quarter to 47.4 points but still remains in pessimistic territory (below the neutral level of 50). Meanwhile, confidence in the national economy has dropped 2.1 points to an index reading of 49.8. This is the first time Queensland small businesses have felt pessimistic about the Australian economy in a year.

The key issues and concerns facing businesses remain similar to previous reports with international geopolitical issues, energy costs, the uncertainty of domestic policy particularly in the lead-up to a state election, and the high level of household debt all commonly cited as concerns for business owners. On the positive side, businesses are seeing improving activity with the approach of Commonwealth Games and the improvement in mining sector activity, particularly with the currently elevated level of coal prices.

QUEENSLAND ECONOMY

- Business confidence remains pessimistic in Queensland.
- The Pulse Index was measured at 47.4 points in September 2017 (seasonally adjusted), an improvement of 0.4 points over the previous quarter. However, confidence has improved significantly over the past year, rising from 41.7 points in September 2016.
- The proportion of businesses expecting an improvement to conditions rose in the past quarter to 26 per cent (from 24 in the June quarter), while the proportion of businesses expecting weaker conditions fell to 32 per cent (from 35 per cent in June).

AUSTRALIAN ECONOMY

- The national index indicates businesses overall are marginally pessimistic.
- Confidence in the national economy declined 2.1 points to 49.8 points (seasonally adjusted) during the September quarter. Compared to a year ago, confidence is 0.7 points higher.
- The proportion of businesses expecting stronger conditions over the coming year rose 1.0 percentage points to 26 per cent over the latest quarter. However, more concerning is the rise in businesses expecting conditions to deteriorate in the next 12-months. The proportion of businesses expecting weaker conditions lifted to 26 per cent in September – an increase of 4.0 percentage points over the June value and is also higher than a year prior.

GENERAL BUSINESS CONDITIONS

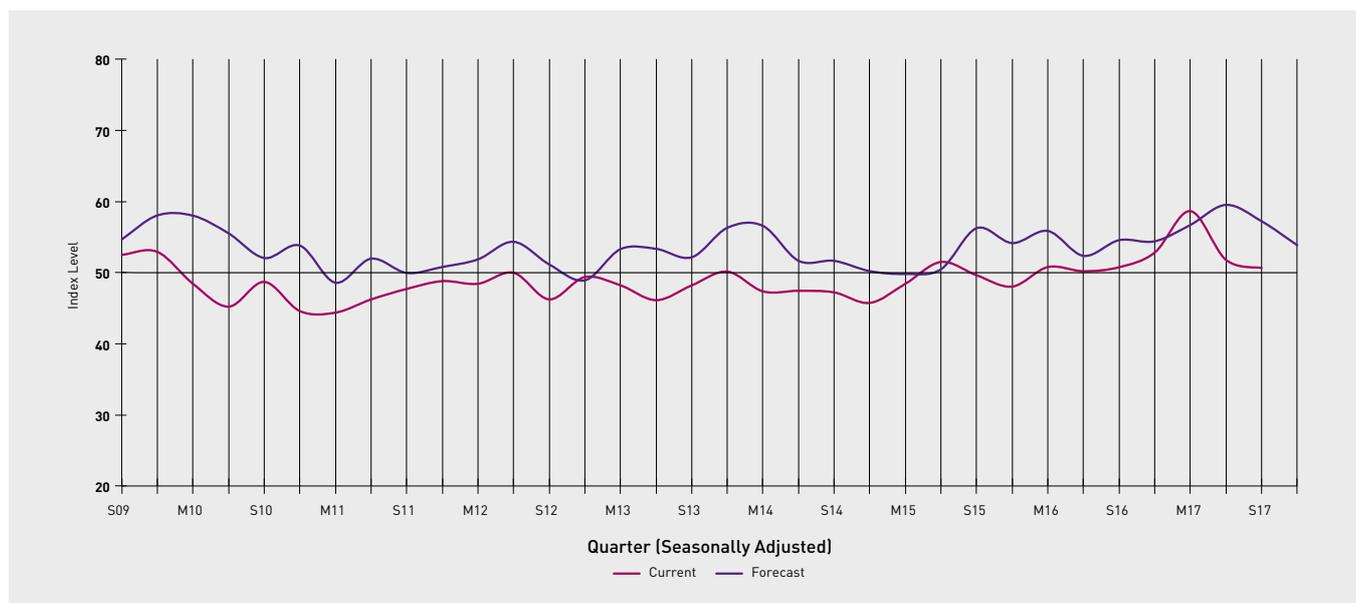


General Business Conditions				
	Mar-17	Jun-17	Sep-17	Dec-17
Weaker (%)	27	40	33	22
Same (%)	50	42	45	58
Stronger (%)	23	18	22	20
Index (original)	48.7	43.5	47.9	48.9
Index (seasonally adjusted)	52.3	44.6	46.8	49.0

- The Pulse General Business Conditions Index continues to show operating conditions deteriorated during the latest quarter.
- The index rebounded 2.2 points in the September Quarter to 46.8 points in seasonally adjusted terms. However, as the index level is below the neutral level of 50, it indicates General Business Conditions have weakened in the latest period.
- On a positive note, the proportion of businesses which believed conditions weakened in the latest quarter dropped from 40 per cent to 33 per cent.
- The Pulse General Business Conditions Forecast index indicates small businesses expect minimal changes in operating conditions for the December quarter with an index reading of 49.0.

All costs are rising: power, gas, rates, insurance, wages and it goes on and on. Businesses are trying to be competitive but can't lift or increase prices as fast as expenses.
 – Survey Respondent, Anonymous.

SALES AND REVENUE

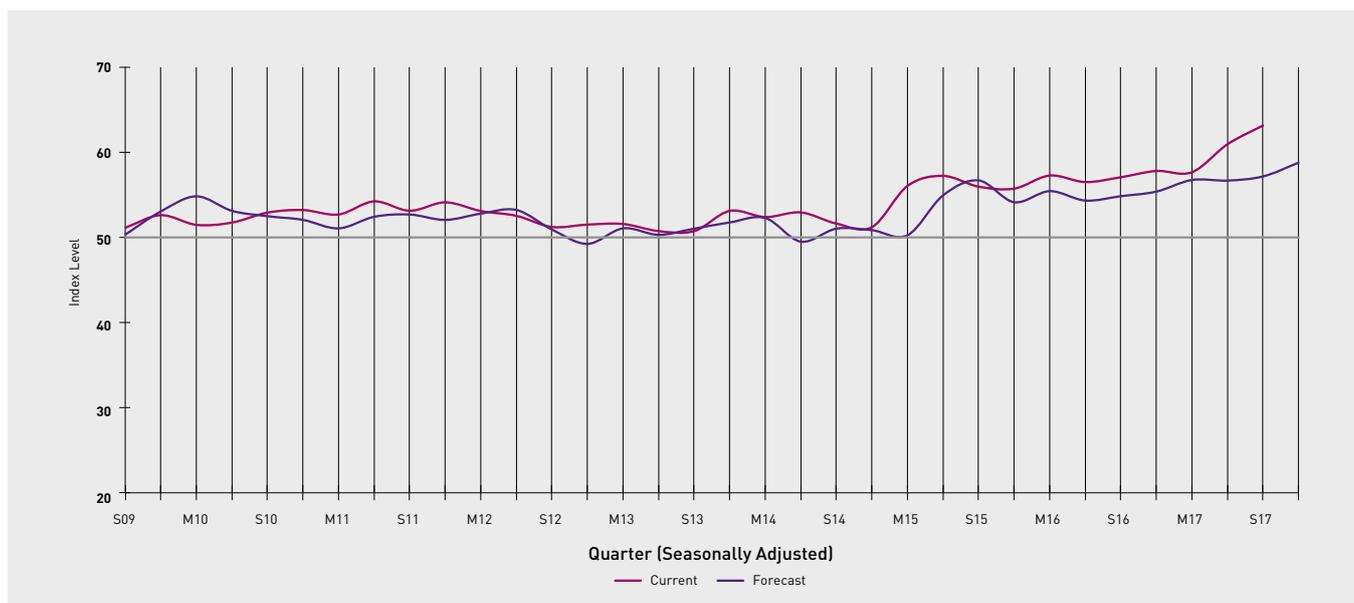


Sales & Revenue				
	Mar-17	Jun-17	Sep-17	Dec-17
Decreased (%)	25	29	31	23
Same (%)	32	37	31	36
Increased (%)	44	34	39	41
Index (original)	54.9	51.1	51.6	54.0
Index (seasonally adjusted)	58.7	51.8	50.7	53.9

- The Pulse Sales and Revenue Index fell 1.1 points in the September Quarter to 50.7. With the Sales and Revenue Index sitting above the 50.0 level, this marks the seventh consecutive quarter of growth in business revenues.
- This quarter's decline followed a steep fall during the June quarter. This indicates that the pace of growth in business revenues is slowing.
- Over the next quarter, businesses expect further improvements in sales and revenue activity with the Pulse Sales and Revenue Index forecast series at a level of 53.9 for the December quarter.

My business is benefitting from better brand recognition, product quality and a better price than my competitors. – Survey Respondent, Gold Coast.

LABOUR COSTS



Labour Costs				
	Mar-17	Jun-17	Sep-17	Dec-17
Decreased (%)	7	7	6	5
Same (%)	59	46	43	58
Increased (%)	34	47	52	37
Index (original)	56.8	61.0	63.8	58.4
Index (seasonally adjusted)	57.7	60.9	63.1	58.8

- The Pulse Labour Costs Index rose by 2.2 points to 63.1 in September. This indicates the pace of growth in labour costs accelerated further during the past quarter. This pace of growth is at its highest level since early last decade.
- Over half of businesses surveyed indicated labour costs had increased during the September quarter. The recent pace of growth in labour costs has significantly exceeded business expectations.
- The upward pressure on payroll is expected to continue into the December quarter with the Pulse Labour Costs Index forecast series at 58.8 points.

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.

Other Operating Costs				
	Mar-17	Jun-17	Sep-17	Dec-17
Decreased (%)	1	2	1	1
Same (%)	40	20	24	40
Increased (%)	59	78	75	58
Index (original)	66.2	75.0	72.9	66.7

- The Pulse Other Operating Costs Index was 72.9 in the September quarter (in original terms), rising 9.1 index points from the year prior. The growth in operating costs is placing a strain on businesses, especially as revenue growth is not keeping pace with costs.
- Three-quarters of all businesses reported other rising operating costs in the September quarter.
- Businesses expect further increases in costs over the next quarter with the Pulse Other Operating Costs forecast series at a level of 66.7. The proportion of businesses expecting increased costs in the final quarter of the 2017 calendar year is 58 per cent, while 40 per cent of businesses expect costs to remain steady.

PROFITABILITY



Profitability				
	Mar-17	Jun-17	Sep-17	Dec-17
Decreased (%)	34	54	47	31
Same (%)	45	30	35	46
Increased (%)	21	16	18	22
Index (original)	46.1	39.1	40.6	47.2
Index (seasonally adjusted)	49.0	39.9	39.7	47.4

- The Pulse Profitability Index continues to indicate falling profitability for the small business community, with the index falling marginally to 39.7 points in September.
- The proportion of businesses reporting profitability increased was steady at 18 per cent. However, more concerning is the high proportion of businesses which indicated profitability levels fell during the September quarter (47 per cent). Rising costs underpin these poor profitability results as the Sales and Revenue Index reported an expansion in the past quarter.
- Businesses remain pessimistic about the level of profits for the December quarter. The Pulse Profitability Forecast Index is at the 47.4 level which is below neutral, with almost a third of businesses expecting profits to come under pressure in the December quarter. A smaller proportion of businesses (22 per cent) are expecting profits to rise in the next period.

Although staff have worked even harder than previously, the pressure of rising costs impacts on the financial outcome of our business. – Survey Respondent, Sunshine Coast.

EMPLOYMENT LEVELS

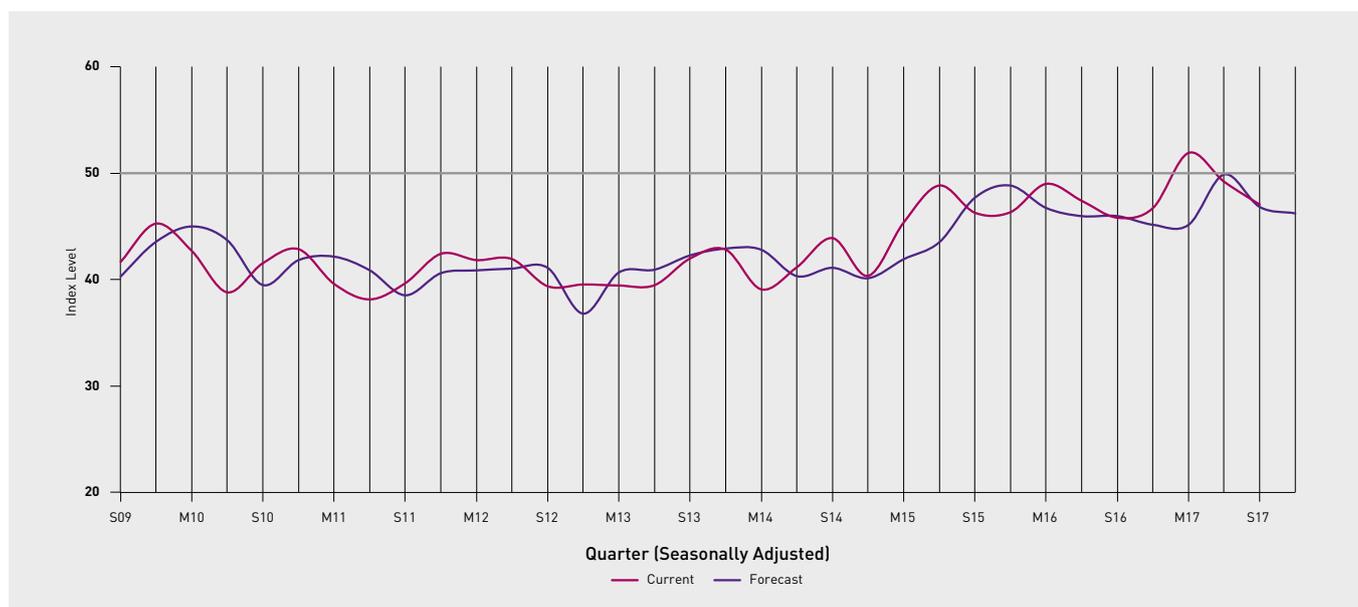


Employment levels				
	Mar-17	Jun-17	Sep-17	Dec-17
Decreased (%)	19	22	20	18
Same (%)	60	60	56	64
Increased (%)	21	18	24	18
Index (original)	50.6	48.6	50.4	49.4
Index (seasonally adjusted)	51.6	49.2	50.0	49.2

- The Pulse Employment Levels Index was at the neutral level of 50.0 points for the September quarter.
- Although the Employment Index was neutral, a positive signal was the proportion of businesses which increased employment levels was at its highest mark for several years at 24 per cent.
- The September quarter forecast of 49.2 indicates a small contraction in employment by small businesses for the December quarter.

Lower levels of unemployment has made replacing staff more difficult. Good staff are harder to find. – Survey Respondent, Far North Queensland.

CAPITAL EXPENDITURE



Capital Expenditure				
	Mar-17	Jun-17	Sep-17	Dec-17
Decreased (%)	21	27	26	23
Same (%)	54	47	51	62
Increased (%)	25	25	24	15
Index (original)	50.0	48.1	47.9	46.5
Index (seasonally adjusted)	51.9	49.2	47.1	46.2

- The Pulse Capital Expenditure Index showed a contraction in small business investment expenditure during the September Quarter.
- The index fell to 47.1 points and makes the increase in capex witnessed during the March quarter an outlier. The data also points to businesses remaining cautious about their spending intentions.
- Further declines in capital expenditure are expected in the next three months, with the Capital Expenditure Index expected to remain below neutral at 46.2 points for the December Quarter.

There is a distinct lack of confidence and therefore demand. In our industry, no-one is undertaking capital expenditure and continuing to do only the minimum necessary to keep their equipment operational. – Survey Respondent, Central Queensland.

REGIONAL ANALYSIS

The diverse sample of the CCIQ Pulse Survey identifies differences in economic conditions across Queensland. Although businesses in regional Queensland are generally more optimistic on the prospects of the Queensland economy overall, they have also reported lower levels of sentiment across most indicators of business activity.

Current – September 2017 (Original)	Queensland	South-East Queensland	Regional Queensland
Queensland Economy	47.4	44.8	49.8
General Business Conditions	45.2	47.7	42.5
Sales & Revenue	51.6	54.3	48.9
Profitability	40.6	42.2	39.3
Labour costs (Avg. Wage)	63.8	63.8	63.5
Employment Levels	50.4	51.6	49.4
Other Operating Costs	72.9	70.4	74.8

REGIONAL BUSINESS CONFIDENCE:

- The conditions faced by businesses in Regional Queensland continue to be more difficult than the operating environment for businesses in South-East Queensland. Businesses across both areas indicated General Business Conditions deteriorated further during the latest quarter with conditions faring much worse in Regional Queensland (42.5) than in SEQ (47.7).
- Profitability continues to deteriorate across the state (40.6) with businesses in the regions (39.3) experiencing larger declines in profitability than their SEQ counterparts (42.2).
- Rising costs continue to impact profitability levels. Both regional and metropolitan businesses are reporting rising input costs through operating costs and wages.
- At the state level, revenues for businesses had increased (51.6), however outcomes across the regions is varied. Businesses in the SEQ region reported rising levels of sales and revenues (54.3), while businesses in Regional Queensland (48.9) reported weaker revenues for the latest quarter.
- Businesses in regional Queensland (49.8) continue to be more optimistic about the outlook for the Queensland economy than businesses in South-East Queensland (44.8). This has occurred despite SEQ businesses outperforming regional businesses on most of the surveyed indicators.
- The forecasts provided by the survey participants indicate that businesses operating in South-East Queensland will face more favourable business conditions relative to Regional Queensland over the next quarter.

Forecast – September 2017 (Original)	Queensland	South-East Queensland	Regional Queensland
General Business Conditions	48.9	50.0	48.1
Sales & Revenue	54.0	56.9	51.7
Profitability	47.2	47.2	47.4
Labour costs (Avg. Wage)	58.4	60.1	57.0
Employment Levels	49.4	50.7	48.3
Other Operating Costs	66.7	65.4	68.3

MAJOR CONSTRAINTS ON BUSINESS GROWTH

Rank	Constraint	Sep-16	Jun-17	Sep-17	Quarterly Change
1	Level of demand/economic activity	64.6	54.9	64.3	↑
2	Political and economic stability	61.0	58.9	59.2	=
3	Energy costs and standard of infrastructure	49.8	60.5	57.1	↓
4	Direct wage costs	54.4	52.5	52.8	↑
5	Insurance premium costs	51.5	54.9	52.4	↓
6	Retaining and recruiting suitably qualified employees	46.8	44.9	51.5	↑
7	Level of business taxes and government charges (State and Local)	53.6	53.5	51.3	↓
8	Indirect wage costs (Superannuation, Workers Compensation etc)	52.6	48.6	49.4	↑
9	Level of business taxes and government charges (Federal)	50.9	53.4	48.6	↓
10	Compliance and complexity of business taxes and government charges	52.4	50.7	48.4	↓

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

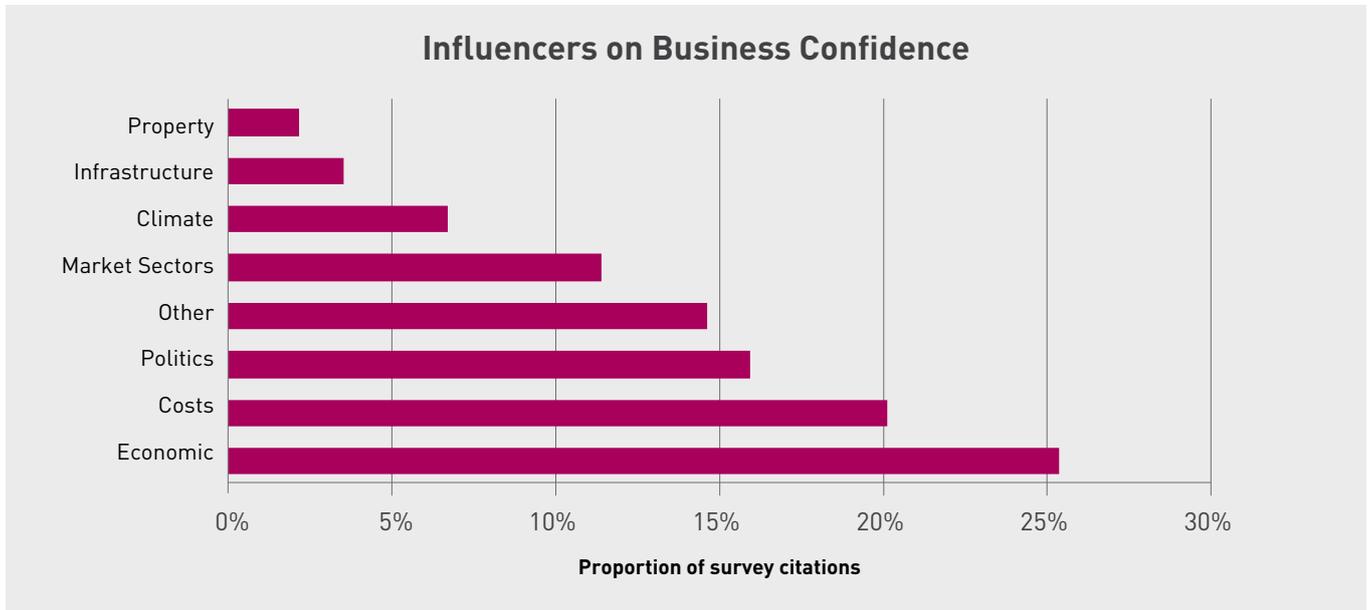
- There has been a reshuffling of the order at the top of the major constraints for small business growth.
- The level of demand and economic activity has switched positions with energy costs to become once again the leading issue constraining business growth. A lack of demand has been the leading constraint on business growth for most of the past decade.
- Political and economic stability was considered the second largest constraint on business growth, consistent with previous Pulse surveys over the past decade. Minority governments and political opportunism are issues that are consistently raised by many survey respondents.
- Energy costs dropped two positions to become the third largest constraint on business. Although electricity costs fell in importance relative to other factors, the degree of constraint remains high – measured at a rating of 57.1 points. Over the past twelve months, energy as an issue for businesses has risen from tenth largest constraint on growth to third.
- Businesses continue to indicate that operational costs are the major impediments to their business operations. These costs include energy, insurance, taxes and charges (at the federal, state and local levels) and employment costs.
- Rising into the top 10 constraints on business is skilled labour. Small businesses are increasingly finding it difficult to attract and retain qualified workers. This coincides with recent labour force data which is showing employment growth accelerating across the state.

Locally, the upcoming State election continues to affect the performance of the Queensland economy. Another minority government situation would be a disaster.
– Survey Respondent, Wide Bay.

INFLUENCERS ON BUSINESS CONFIDENCE

Business confidence in the Queensland and Australian economies fell during the September quarter. This section investigates the influences and factors behind the current levels of business confidence.

Analysis of qualitative data extracted from the Suncorp Group 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 September quarter.



1. ECONOMIC ISSUES

Demand-side issues impacting business revenues continues to be a major concern for small business owners. The Trump Administration and geopolitical uncertainty created by the ongoing dispute with North Korea are creating apprehension that there could be an escalation in global conflict.

Locally, poor consumer and business confidence is believed to be holding back demand for goods and services. A number of risks were identified which could impact future demand such as rising interest rates in a highly indebted household sector, while some businesses noted access to credit is becoming more difficult lately.

There are several issues: the lack of wages growth leading to lower spending in the real economy, the possibility of a global downturn brought on by conflict in key regions and poor government planning and a lack of suitable policies aimed at achieving real wages growth to free up spending. – Survey Respondent, Sunshine Coast.

2. BUSINESS COSTS

Operational costs continue to rise faster than revenues placing stress on many small businesses across Queensland. The cost of electricity is the most pressing concern with many businesses reporting substantial increases in their utilities bills. Due to the nature of market competition, many businesses have not been able to pass on these increased costs to customers.

Continued cost rises for energy are hurting my business. I am unable to pass on any production cost increases as my competitors are importers. – Survey Respondent, Brisbane.

3. POLITICS

The uncertainty created by the impending State election and the citizenship fiasco impacting Federal politics are issues cited as impacting business confidence. Business owners indicated they were unwilling to invest in their businesses while there was instability in the policy environment. Governments also received criticism for self-interest leading to poor decision making and the failure to resolve energy market issues.

A looming QLD election causes instability. The reality is we have changed the Premier three times over the last 5-6 years and each time we have had to reset our business forecasts and start again each time. – Survey Respondent, Brisbane.

4. OTHER

Brain drain and staffing recruitment and retainment is continuing to influence business confidence. With impacts from the changes to 457 visas being felt, the impending changes in March 2018 to the regional sponsorship migration scheme are beginning to weigh on businesses who are having difficulty filling roles.

Digital disruption and opportunity remains as a business influencer for the past quarter. Amazon, Uber, Airbnb and Airtasker are having positive and negative impacts on varying sectors. In the past quarter, Adani announced its fly-in fly-out (FiFo) workforce would be based in Rockhampton and Townsville. In the same quarter, 100 per cent FiFo operations in Queensland have been banned therefore ensuring future regional infrastructure projects will have a local workforce to a degree.

Regional Queensland is still confident to secure the multi-billion dollar defence building contracts. Bank lending however is creating a negative influence across the state as banks constrict lending and finance, slowing investment and business growth.

Difficulty attracting/retaining trade qualified personnel with increased mining/resource industry opportunities for tender from the Commonwealth Government. – Survey Respondent, South West Queensland.

5. MARKET SECTORS

Businesses are looking forward to the Commonwealth Games as it is predicted to be a major boost for businesses in the SEQ region with potential for regional businesses to also benefit from increased tourism and trade. However, some negative influence has crept in with businesses concerned of a risk of boom and bust following the completion of the Games. Commodity prices in the past quarter were elevated, leading to minimal improvement in confidence for regional communities whose primary industry is mining and exports.

We are having a small boom in the lead up to the Commonwealth Games. But what happens after it is over? – Survey Respondent, Gold Coast.

6. CLIMATE

The weather continues to offer a range of opportunities and threats to businesses across Queensland. With variable conditions across the State, growing conditions for agriculture have been difficult due to recent lack of rain, however, other industries such as construction has benefitted from the drier conditions. The dry weather conditions also led to improved activity for businesses in the SEQ corner engaged in hospitality which have noted an uptick in tourist numbers.

Tropical Cyclone Debbie continues to be cited as an influence on activity. Businesses in the northern regions of Cairns and Townsville noted the negative impact media coverage has had on tourism related bookings. Meanwhile, the recovery along the central coast (Mackay to Rockhampton) is leading to stronger demand for repair work but is being hampered by an emerging shortage of skilled labour to carry out the restoration works.

Good winter weather helped bring more tourists to our area. – Survey Respondent, Sunshine Coast.

7. INFRASTRUCTURE

Businesses recognise the importance of infrastructure spending and the impact it has on jobs and local spending. In regions such as Toowoomba and Townsville, survey responses noted the positive impact projects were having on local communities. In other regions, respondents continued to be concerned by the patchwork coverage of infrastructure projects and spending across the State with some regions missing out.

The Federal and State Governments need to focus less on the next election/winning votes and more on making reasoned, informed decisions about infrastructure expenditure. Resolving issues that have been shelved for fear of losing votes has to be a priority or business confidence will suffer. – Survey Respondent, Sunshine Coast.

8. PROPERTY

A slowing in the property market is considered a risk to the businesses directly related to the housing industry. There are also concerns for the wider implications of a downturn in the housing market which could puncture consumer confidence and depress spending across the state economy.

Tightening lending conditions and concern about household debt levels can lower growth in house prices and reduce construction activity. – Survey Respondent, South West Queensland.

SALES AND REVENUE

The Pulse Sales and Revenue Index fell 1.1 points in the September Quarter to 50.7.

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

LABOUR COSTS

The Pulse Labour Costs Index rose by 2.2 points to 63.1 in September.

Over half of the businesses surveyed indicated labour costs had increased during the September quarter. The recent pace of growth in labour costs has significantly exceeded business expectations.

PROFITABILITY

The Pulse Profitability Index continues to indicate falling profitability, with the index falling marginally to 39.7 points in September.

The proportion of businesses reporting profitability increased was steady at 18 per cent. However, more concerning is the high proportion of businesses (47 per cent) which indicated profitability levels fell during the September quarter.

CAPITAL EXPENDITURE

The Pulse Capital Expenditure Index showed a contraction in small business investment expenditure during the September Quarter.

EMPLOYMENT LEVELS

The Pulse Employment Levels Index was at the neutral level of 50.0 points.

Although the Employment Index was neutral, a positive signal was the proportion of businesses which increased employment levels was at its highest mark for several years at 24 per cent.

ABOUT PULSE

The Pulse Survey has been measuring Queensland business confidence and expectations for over 20 years and is conducted in conjunction with the Australian Chamber of Commerce and Industry's National Survey of Business Expectations. The survey publishes quarterly the results from key questions put to the Queensland business community on National, State and individual economic performances.

The survey is unchallenged in terms of being the most authoritative, timely and comprehensive snapshot of Queensland business sentiment.

The survey contains data from the largest firms in Queensland through to the smallest, and provides a sample covering the entire business community.

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



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