

# WIDE BAY BURNETT PULSE SURVEY REPORT

SEPTEMBER QUARTER 2020



## SUMMARY

The results of the latest CCIQ Pulse Survey have recorded an improvement which builds on the recovery from the COVID-19 Economic Crisis. While business sentiment has improved across the board, confidence in the future economic outlook remains poor, especially for the Queensland economy. Persistent pessimism across these indicators stems mostly from the significant reliance of many small businesses on state and federal stimulus measures and a lack of foreseeable action on social distancing restrictions. Entering into the December quarter, businesses across the Wide Bay Burnett (WBB) region are being forced to adapt to the 'new norm' where economic activity is better than at the COVID-19 peak but well short of normal and sustainable business activity.

## KEY FINDINGS

- 1 **Nearly two-thirds** of businesses across WBB predict that the state and national economy will contract further over the next 12 months.
- 2 **More than four in five** businesses reported that they had maintained or increased their capital expenditure to leverage investment incentives.
- 3 Despite the Index improving by 4.2 points, **just under half** of all businesses still reported weaker profitability in the September quarter compared to the previous three months.
- 4 Following the strong recovery observed during the September quarter, each of the forecasted index readings, with the exception for labour costs, are expected to increase again over the next three months.



## PERFORMANCE RELATIVE TO THE QUEENSLAND STATE AVERAGE

### SEPTEMBER QUARTER SENTIMENT

#### Wide Bay Burnett

**45.2** Queensland  
43.0

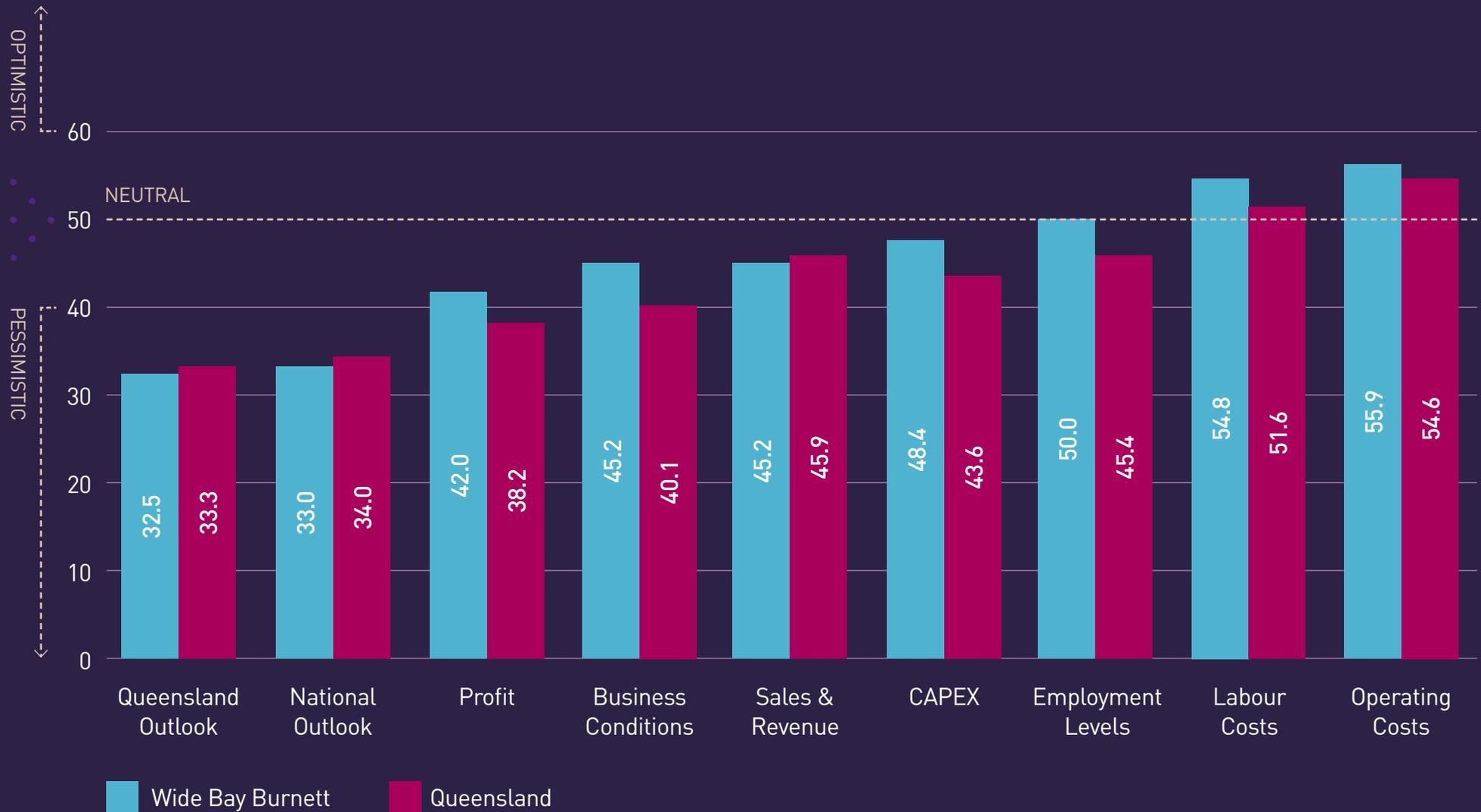
### DECEMBER QUARTER FORECAST

#### Wide Bay Burnett

**49.5** Queensland  
47.3

# SNAPSHOT DATA

## WIDE BAY BURNETT PULSE SURVEY INDEX\* RATINGS SEPTEMBER 2020



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 = **32.5** [-4.4]; Poor

National Outlook = **33.0** [+0.6]; Poor

Business sentiment surrounding the performance of the state and national economy slowed during the September quarter. More businesses across WBB are now pessimistic about the future performance of the state economy, with there being little shift in the outlook for Australia's future. This finding comes despite the complete implementation of the phase 1-3 easings of restrictions and the announcement for further stages leading up to December; regardless of their marginal benefits for restricted businesses. Hence, the lack of growth evidences the persistent uncertainty surrounding business viability when stimulus support ends in the latter half of the 2021 financial year.



## SALES AND REVENUE



### PULSE SURVEY INDEX

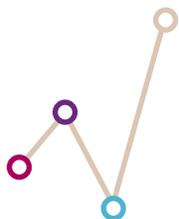
Sep-20 = **45.2** [+6.1]; Satisfactory

Dec-20 = **47.3** [+2.1]; Satisfactory

The sales and revenue index improved sharply over the September quarter and is now the first satisfactory result since the December quarter last year. Improved sentiment for business sales is consistent with economic data released by the Australian Bureau of Statistics (ABS) which saw retail turnover in August (2020) rebound by 21 per cent from the downturn in April. Retail sales across Queensland are now 15 per cent higher than at the same time last year (August 2019). Such a sharp recovery is linked to the JobKeeper payment which delivered much-needed stimulus for consumer confidence and spending. However, with the value of JobKeeper beginning to taper off in the December quarter, so too is the index which is forecast to grow only 2.1 points.



## GENERAL BUSINESS CONDITIONS



### PULSE SURVEY INDEX

Sep-20 = **45.2** [+4.2]; Satisfactory

Dec-20 = **45.7** [+0.5]; Satisfactory

Despite nearly one-third of businesses (32%) reporting weaker general business conditions during the September quarter, the index grew 4.2 points to 45.2. This result was largely underpinned by the transition to the third stage of eased restrictions which allowed for more trade than was previously permitted. The index for the December quarter is forecast to creep up to only 45.7 points with little being announced to assure businesses that they will be able to operate more viably before the new year



## OPERATING COSTS



### PULSE SURVEY INDEX

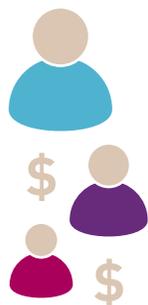
Sep-20 = **55.9** [+7.8]; Satisfactory

Dec-20 = **56.4** [+0.5]; Satisfactory

The index for business operating costs grew by 7.8 points, with the majority of businesses (96%) experiencing equal or greater outgoings. While rising operating costs would not typically be viewed as a positive finding, it does support qualitative responses from the September Survey where more businesses across the WBB region chose to reopen their doors for trade. On the flip side, the reduction of businesses experiencing weaker outgoings also coincides with less cashflow support being offered to businesses in the September quarter compared to preceding quarters.



## LABOUR COSTS



### PULSE SURVEY INDEX

Sep-20 = **54.8** (+9.3); Satisfactory  
Dec-20 = **51.6** (-3.2); Satisfactory

The labour cost index continued its recovery to pre-COVID-19 levels reflecting the growing proportion of businesses operating with equal or stronger employment expenditures (96%). The index reading is currently 0.9 points above its pre-COVID-19 level in December 2019 (53.9), where direct wage costs ranked as the eighth greatest constraint on business growth. This finding evidences the 'new norm' where labour costs are higher than at the peak of the COVID-19 Economic Crisis but well short of what was previous considered as high levels.

## EMPLOYMENT LEVELS



### PULSE SURVEY INDEX

Sep-20 = **50.0** (+6.4); Satisfactory WBB Unemployment = **12.7%**  
Dec-20 = **50.5** (+0.5); Satisfactory WBB Youth Unemployment = **32.4%**

The employment levels index improved 6.4 points to a satisfactory reading as fewer businesses reported decreased hiring intentions over the September quarter (19%). Improved employment levels are consistent with regional data which shows that 1,800 jobs have been recovered across the WBB region between the months of May and August 2020 (Conus Industry Employment Trend). While improved employment data provide evidence of the recovery being experienced by the region since the COVID-19 shutdown, there remain 7,000 fewer people employed, 3,600 more unemployed and 1.3 per cent less working-aged individuals (aged 15-64) participating in the workforce by actively working or seeking employment. Businesses are hopeful that the recovery will continue over the December quarter with the index forecast to grow, albeit at a much slower rate (+0.5).

## PROFITABILITY



### PULSE SURVEY INDEX

Sep-20 = **42.0** (+4.2); Satisfactory  
Dec-20 = **42.6** (+0.6); Satisfactory

The profitability index improved despite the proportion of businesses reporting a stronger bottom line remaining the minority (23%). Moving forward, the future of business viability in the region will rely on a strong recovery for profitability over the Christmas and New Year season. This is especially true for businesses reliant on stimulus support which is due to conclude in the new year.

## CAPITAL EXPENDITURE



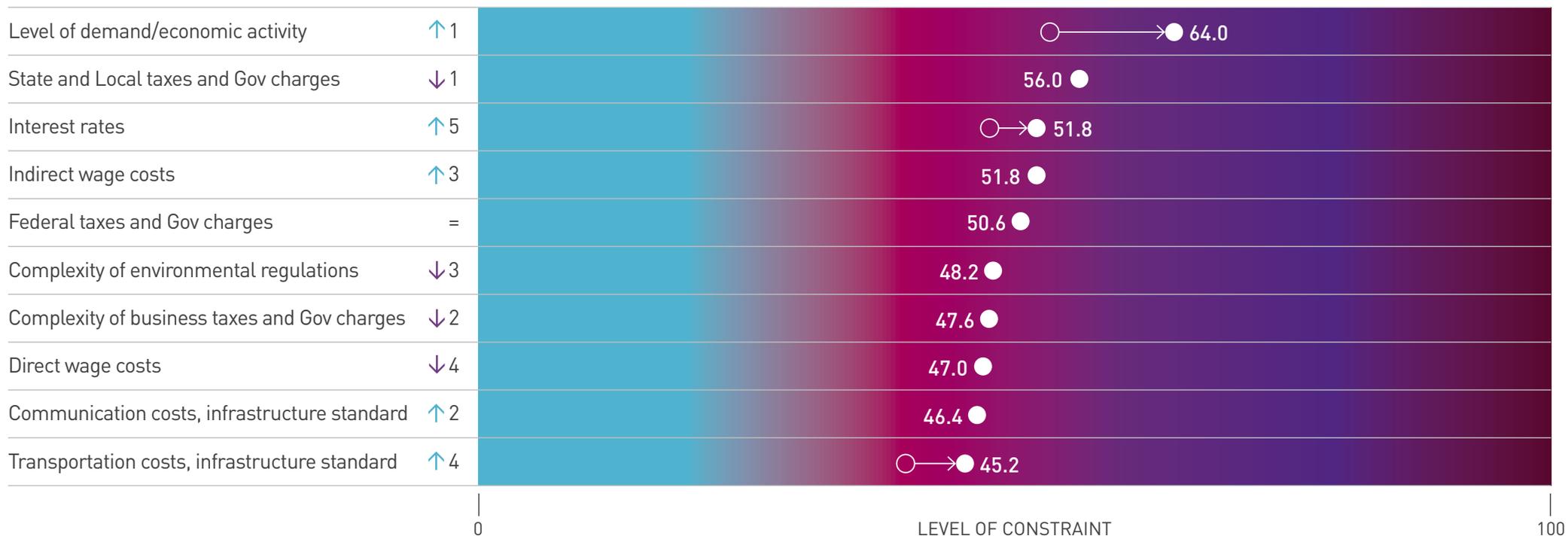
### PULSE SURVEY INDEX

Sep-20 = **48.4** (+1.6); Satisfactory  
Dec-20 = **52.7** (+4.3); Satisfactory

The capital expenditure index rose by 1.6 points to 48.4 to reflect the fact that only slightly more businesses invested productively within the economy. Lagged economic data for capital expenditures across the state in the June quarter show that total investments recovered by 17.1 per cent, representing \$835 million in additional investment. This momentum is likely to have been carried forward across the WBB region with nearly one-quarter of all businesses (23%) reporting stronger investment compared to the preceding three months. Capital investment is expected to continue over the December quarter as more than four in five businesses (88%) opt to increase or maintain the same levels of investment.

# MAJOR CONSTRAINTS ON BUSINESS GROWTH

LEGEND: ↑ 2 QUARTERLY CHANGE ● CURRENT ○ PREVIOUS



**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**



COVID-19 has had a catastrophic impact on small businesses. However, the longer-term impact of the pandemic will be on the creation of jobs. We must look to develop new industries and projects that will provide long term employment for generations to come.



COVID-19 has gravely affected the ability of people to be travelling and generally spending money. Many have lost employment altogether and businesses have either had to close temporarily/permanently, suspend trade, reduce the hours of trade, and/or reduce staff hours.



My business model has adapted as a result of successful projects run during COVID. My business is now on the map!

# ABOUT PULSE

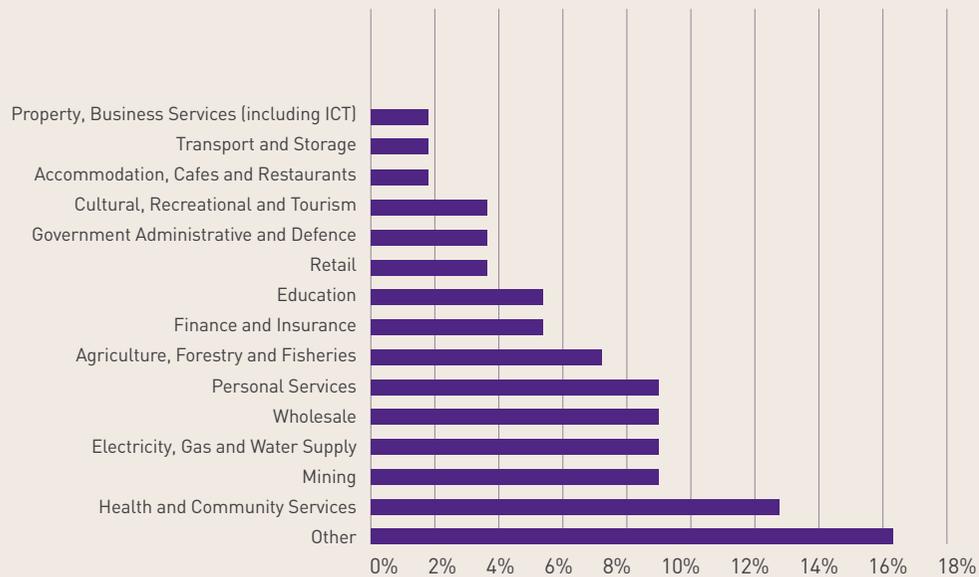
The Pulse Survey has measured Queensland business confidence and expectations for over 20 years. The survey publishes results quarterly from key questions put to the Queensland business community. The survey is unchallenged in terms of being the most authoritative, timely and comprehensive snapshot of Queensland business sentiment, providing critical insights into the opinions of business owners across the state. The survey period was open from the 22nd of September to the 5th of October 2020 and examined business sentiment throughout the September Quarter 2020. There were 1,307 respondents to the survey consisting of 67 from WBB (5%).

CCIQ undertakes the analysis, incorporating the Pulse Business Index (PBI) as well as (base) statistical data provided from the survey responses. This allows for an effective measurement of the responses from businesses across the state about business conditions and their operational activity over the previous quarter. To find out more about the Pulse survey, please contact Chamber of Commerce and Industry Queensland (CCIQ) on 1300 731 988.

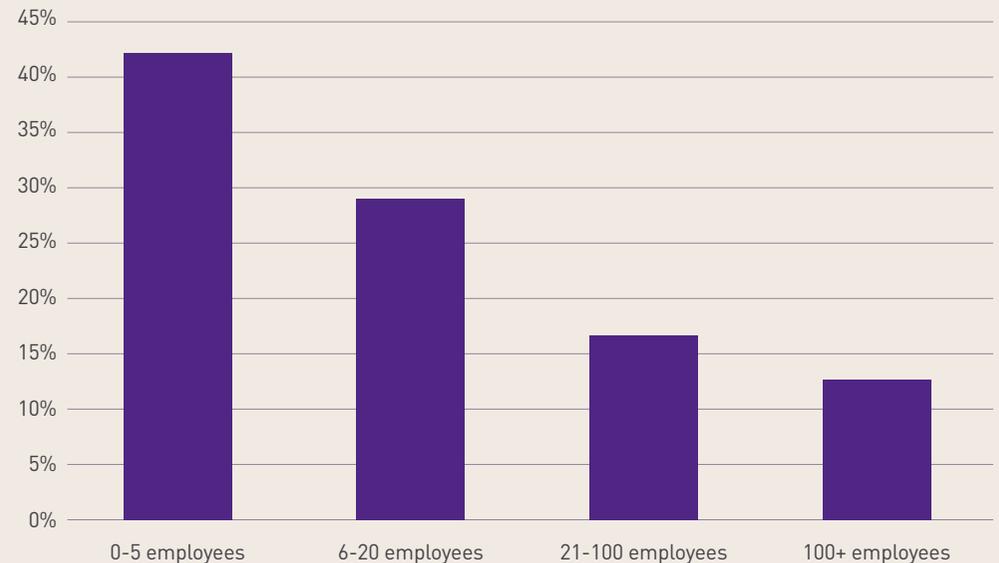
A Pulse Index reading greater than 50 indicates that conditions have improved over the previous quarter. A reading of 50 indicates that conditions have remained the same, while less than 50 indicates conditions have deteriorated. The following guide is useful in interpreting the PBI results into broad indicative performance classifications:

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

## INDUSTRY REPRESENTATION



## SIZE OF ORGANISATION



### Chamber of Commerce & Industry Queensland

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Telephone 1300 731 988  
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