

# WIDE BAY BURNETT PULSE SURVEY REPORT

MARCH QUARTER 2020



# SUMMARY

The results from the latest Suncorp Pulse Survey for the March Quarter show that business confidence and conditions for Queensland and in Wide Bay Burnett (WBB) are now at their lowest levels ever recorded with the worst not yet being realised. The collapse of the Pulse Index followed the unprecedented forced business closures and strict social distancing measures put in place by the Queensland state government in response to the COVID-19 pandemic. Businesses across WBB have been particularly impacted as a result of the strong linkage between agricultural and service-based industries with international trade and consumer confidence/ demand. With there still being little said about when trade borders and 'non-essential' businesses can return to normal, small and medium-sized enterprises (SMEs) are pessimistic about the future performance of the state and national economy.

Responses from WBB reveal the harrowing conditions as business owners endure severe financial and emotional distress.



Nearly two thirds (60%) of business across WBB experienced weaker operating conditions during the March quarter with 66 per cent recording a decline in their sales and revenue. As a result 92 per cent expect the local economy to weaken over the next 12 months.



Despite WBB faring relatively better than the state average across several indicies, the business community had a more pessimistic outlook for the state and national economy over the forward 12 months.



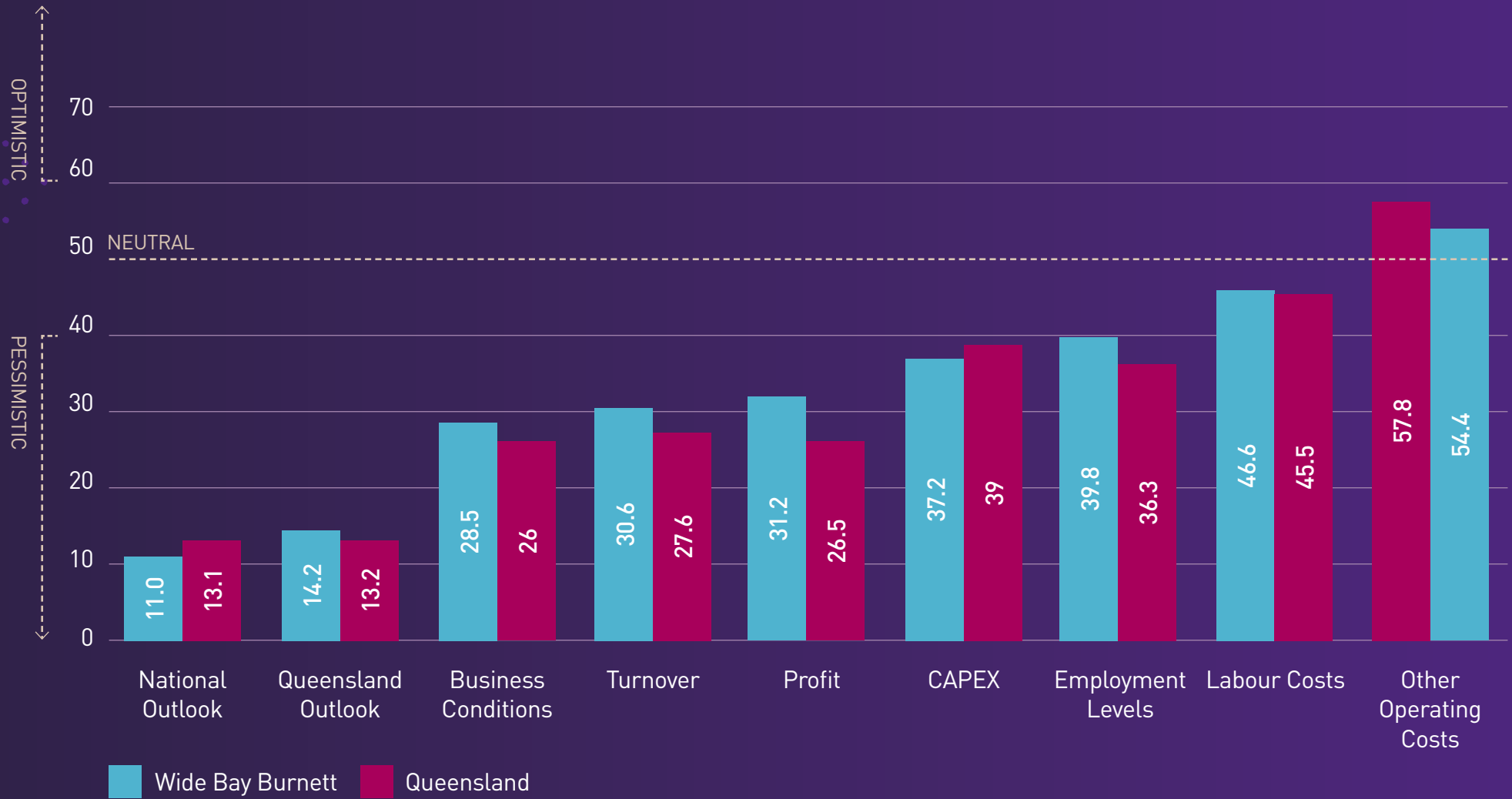
Discussions with the WBB business community suggests that the economic downturn is being more severely by exporting industries, as well as by the 'non-essential' sector which relies heavily on consumer confidence and demand.



Forecasts for the June quarter indicate that WBB businesses are anticipating conditions to deteriorate even further. Many businesses have expressed concern for their outlook and ability to survive under current circumstances.

# SNAPSHOT DATA

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



Survey Index Ratings: 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

# SNAPSHOT

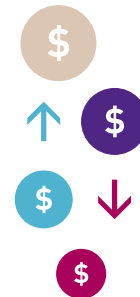


## 12-MONTH OUTLOOK

### PULSE SURVEY INDEX

Queensland Outlook = **11.0** [-27.1]; Very poor  
National Outlook = **14.2** [-26.0]; Very poor

The absolute majority of small businesses across WBB anticipate weaker economic conditions over the near term. Confidence in the state economy collapsed, with 92 per cent of businesses expecting a weaker economic performance during the following 12 months. Results surrounding the outlook for the national economy are similar, with 89 per cent reporting a negative outlook. Across all of Queensland, fewer business respondents anticipated a weaker economic outlook for Australia (87%) and Queensland (88%).

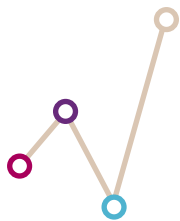


## SALES AND REVENUE

### PULSE SURVEY INDEX

Turnover = **30.6** [-9.4]; Poor

Two thirds (66%) of businesses across WBB reported weaker turnover during the March quarter. This finding compares to the slim number (14%) that experienced stronger sales and revenues (largely related to pharmaceutical, grocery, alcohol and hardware retailing). Reflecting the uncertain outlook was the fact that only four per cent of businesses are forecasting an uptake in turnover during the June quarter. This result follows an overwhelming number of companies (88%) anticipating further downturns as the impact from the pandemic transpires.



## GENERAL BUSINESS CONDITIONS

### PULSE SURVEY INDEX

Business Conditions = **28.5** [-14.0]; Very poor

More than one half (60%) of WBB businesses experienced weaker operating conditions during the March quarter. This finding is less than the state average where a higher proportion of businesses (70%) reported a slide in trading conditions.

The forecast for the June quarter highlights the fact that SMEs expect business conditions to worsen. Namely, 82 per cent of businesses from WBB foresee weaker trading conditions during the proceeding three months as a result of the lagged implications of COVID-19. Such a poor outlook is not dissimilar to the state average where 83 per cent are anticipating business conditions to deteriorate further.



## OPERATING COSTS

### PULSE SURVEY INDEX

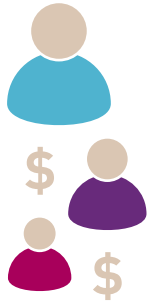
Other Operating Costs = **57.8** [-8.4]; Satisfactory

Nearly two thirds (65%) of business across WBB indicated that their operating costs had not increased over the March quarter. The findings from WBB were below the state average, which saw 70 per cent of businesses reporting unchanged operating costs in the area of electricity, insurances, rent and more.

Businesses indicated that they anticipate their running costs to ease further during the June quarter with 81 per cent of businesses anticipating their costs to stay the same or fall. This is largely a reflection of government, utility providers and corporate Australia providing relief measures to the business community.

# SNAPSHOT

## LABOUR COSTS



### PULSE SURVEY INDEX

Labour Costs = **46.6** [-7.4]; Satisfactory

WBB businesses have clearly sought to shore up their long term viability by reducing staffing levels and requesting cuts in salary. One-fifth (20%) of the business respondents reported a higher payroll during the March quarter (2020). This finding compares to the 80 per cent of businesses indicating either unchanged or lower wage costs over the same period.

It is likely that the implementation of the JobKeeper Payment and Apprentice Wage Subsidy (amongst other stimulus support) has aided businesses ability to continue paying their employees with 42 per cent anticipating eased payroll burdens over the June quarter.

## EMPLOYMENT LEVELS



### PULSE SURVEY INDEX

Employment Levels = **39.8** [-1.4]; Poor

Unfortunately, more than one third (37%) of businesses reported decreasing their staffing levels across WBB. Similar findings were observed across the state with more (43%) businesses having to lay off staff. Despite the introduction of various stimulus measures aiding payroll costs, 54 per cent of businesses across WBB anticipate employment to fall over the June quarter (2020). This finding is likely to be the result of weak business profitability and consumer demand, particularly impacting WBB's casual workforce.

## PROFITABILITY



### PULSE SURVEY INDEX

Capital Expenditure = **31.2** [-8.8]; Very poor

An unprecedented reduction in sales and revenue coupled with only limited capacity to reduce business costs have resulted in profitability collapsing. Business profits fell steeply over the March quarter with 64 per cent across WBB reporting weaker profitability. The results suggest that businesses across WBB have fared relatively better than the state average, where more businesses experienced a thinner bottom line (70%). Businesses across the region do not expect there to be any improvement in profitability over the June quarter with 85 per cent of businesses fearing that poorer profitability is still to come.



## CAPITAL EXPENDITURE

### PULSE SURVEY INDEX

Capital Expenditure = **37.3** [-9.0]; Poor

Business investment levels decreased over the March quarter. While half of the respondents (50%) reported the same level of investment, 40 per cent reported falling capital expenditures. The reduction in profitability and absence of cash reserves will lead to 59% of businesses across WBB either delaying or decreasing investment activities in the June quarter.

# THE VOICE OF THE WIDE BAY BURNETT

“ Tax incentives and the JobKeeper Payment are great stimulus measures, but the fact remains that people do not want to spend money. As a business we still have rent, electricity and gas to pay, all the while our revenues have been frozen.

“ Support packages from the state and the federal government will mean that the usual amount of budgeted surplus will not be available. We are probably looking at higher taxes and other revenue sources being introduced to restore the bottom line.

“ Limited travellers coming into the country has affected many industries ranging from tourism to education.

“ Money was handed out too early, and to the wrong people in my opinion. Many businesses have plenty of work and are still applying for the stimulus packages which they do not need.

“ There is a lack of constructive leadership aimed at building both consumer and business confidence. The critical key will be driving confidence upwards with positive signs of recovery in the near term.

“ Some businesses will come out of this in a much stronger position as they will have had the time to work on their business rather than in the business. Many will now know the value of digital marketing to grow and promote their businesses as more and more people will be searching online for products and services while they are in lockdown.

“ There will be many factors impacting the performance of business in WBB. The most obvious challenges at present is the social distancing regulations and the toll it has taken on already cautious consumers. Down the line, high unemployment, excessive activism, and slowing overseas trade amidst a global recession will all impact the business community.

“ Certain service-based industries are at risk of becoming abolished unless a cure is found for COVID-19.

“ The lack of household income stemming from higher unemployment and being stood down will have a lasting impact on 'non-essential' and local businesses.

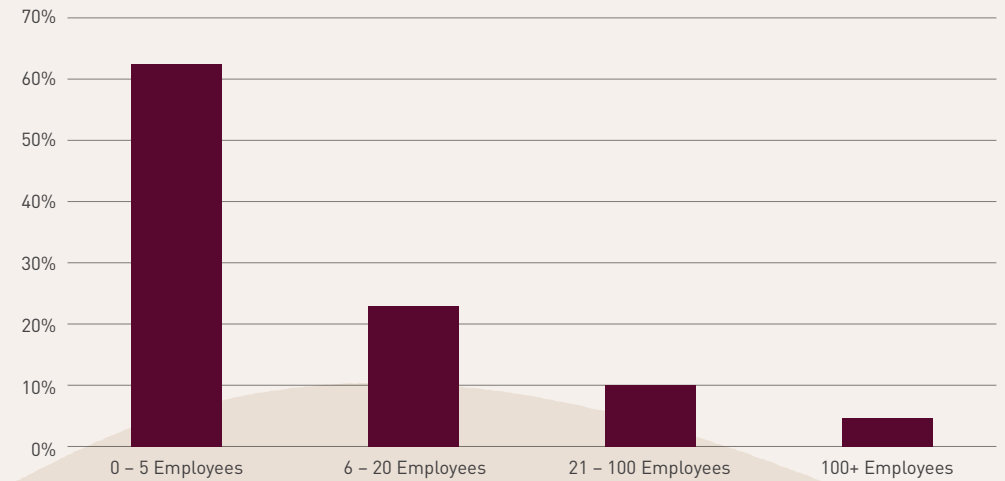
“ I am hopeful that after COVID-19 more companies and consumers will consider supporting Australian companies for their supplies. This will provide more jobs and more activities in local cities/ towns.

## MAJOR CONSTRAINTS ON BUSINESS GROWTH

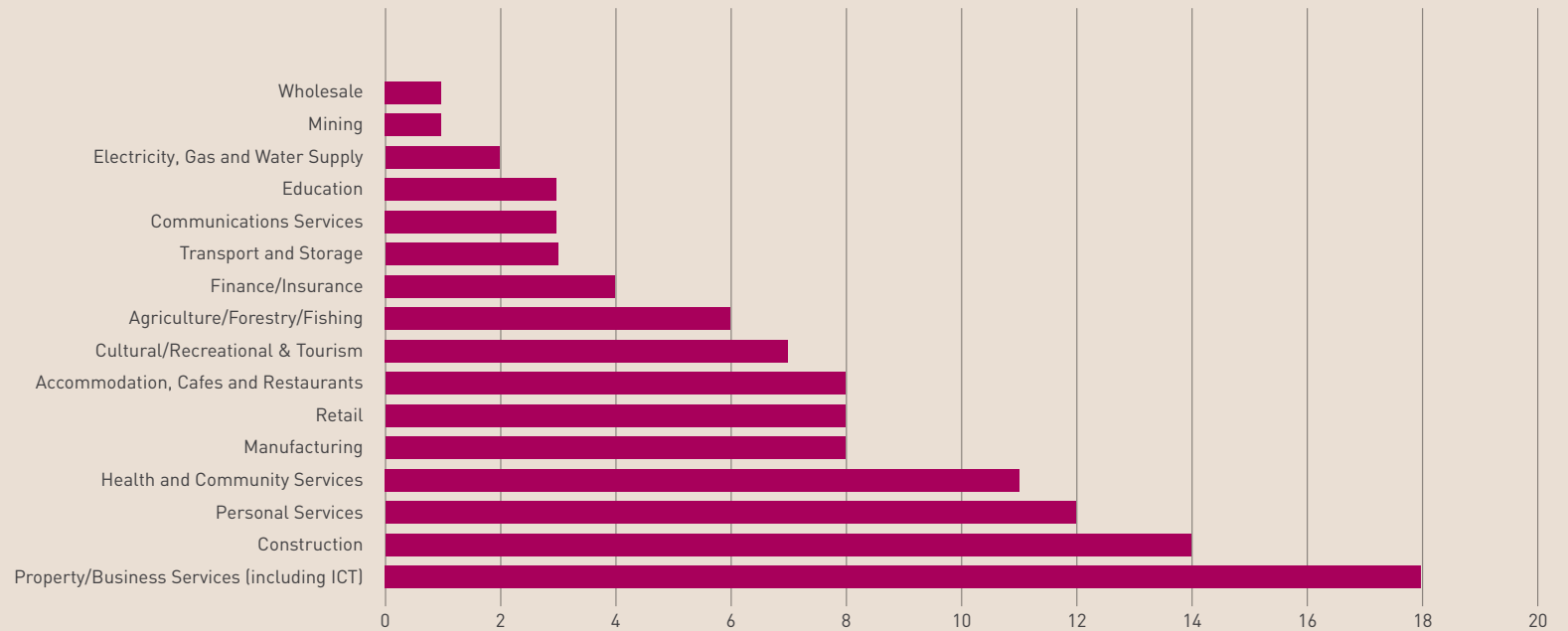
Rank	Constraints	Index Level <sup>1</sup>
1	Level of demand/economic activity	72.4
2	Direct wage costs	56.2
3	Insurance premium costs	55.8
4	Political and economic stability	55.4
5	Indirect wage costs (Superannuation, Workers Compensation etc)	50.6
6	Level of business taxes and government charges (Federal)	50.3
7	Compliance and complexity of business taxes and government charges	48.1
8	Energy costs and standard of infrastructure	46.8
9	Level of business taxes and government charges (State and Local)	45.8
10	Retaining and recruiting suitably qualified employees	42.2

<sup>1</sup> Degree of constraint index ratings guide: 100 – 70 Critical; 69.99 – 50 Large; 49.99 – 40 Moderate; 39.99 – 30 Slight; 29.99 – 0 No constraint

## SIZE OF ORGANISATION



## INDUSTRY REPRESENTATION



## ABOUT THE PULSE BUSINESS SURVEY

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 3rd to the 17th of April 2020 and examined business sentiment throughout the March Quarter 2020. There were 2,419 respondents to the survey consisting of 109 from WBB (5%).

To find out more about the Pulse survey, please contact Chamber of Commerce and Industry Queensland (CCIQ) on 1300 731 988. 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. 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:

<b>Very Poor</b>	0 – 29.99 points
<b>Poor</b>	30 – 49.99 points
<b>Satisfactory</b>	50 – 64.99 points
<b>Good</b>	65 – 74.99 points
<b>Very Good</b>	75 – 84.99 points
<b>Excellent</b>	85 – 100 points

## Chamber of Commerce & Industry Queensland

Industry House, 375 Wickham Terrace, Spring Hill, Qld 4000  
Telephone 1300 731 988

[www.cciq.com.au](http://www.cciq.com.au)