

SUNCORP GROUP CCIQ PULSE SURVEY OF BUSINESS CONDITIONS

SEPTEMBER QUARTER 2018



SNAPSHOT

Sentiment measures for the September quarter show business confidence in Queensland to have waned, particularly with respect to the outlook for the economy at both the state and national level.

Regional Queensland has again continued to report weaker operating conditions and business confidence than South-East Queensland across major performance indicators. Anecdotal evidence also suggests there is a divergence of economic conditions within Regional Queensland as the resources industry gains momentum in Central Queensland.

Businesses reported optimistic views toward an improvement in competitiveness due to a lower Australian Dollar and a resurgent resources sector. Furthermore, some reported increases to sales and the survey results suggest there has been an expansion of capital expenditure over the quarter. However, this sentiment failed to outweigh the concerns expressed about rising business costs, domestic political uncertainty, issues associated with recruiting and retaining suitable staff as well as an assurgent interest rate environment coupled with tightening credit conditions.

12-MONTH OUTLOOK

Business confidence in the Australian and Queensland economies have declined since the last quarter. The outlook for the national economy dived 5.8 points to 49 on a seasonally adjusted basis – the lowest level since the September quarter last year. Similarly, Queensland's Index rating declined 2.3 points, falling to 45.8.

With both levels below a neutral rating of 50, this reflects a tepid outlook for economic conditions over the medium term.

GENERAL BUSINESS CONDITIONS

The Pulse General Business Conditions Index declined 3.6 points to a rating of 46.3 in seasonally adjusted terms because of an increase in the proportion of businesses reporting weaker conditions. The Pulse Forecast Index shows a rating of 51 expected for the December quarter, signalling that general business conditions are expected to be either the same or better during the next quarter coming into Christmas and the holiday season.

SALES AND REVENUE

The Pulse Sales and Revenue Index fell 3.9 points to a rating of 52.4 indicating that, while small business turnover continues to track higher, its growth rate has slowed.

The Pulse Forecast Index shows a level above 56 points, indicating businesses are further expecting better sales conditions during the December quarter.

EMPLOYMENT LEVELS

The Pulse Employment Levels Index was reasonably stable at 51.0 points, indicating a marginal increase to employment levels during the September quarter.

The Pulse Employment Levels Forecast Index rating of 51.1 points indicates similar employment conditions are expected during the next quarter.

LABOUR COSTS

The 3.8 point increase in Pulse Labour Costs Index to a level of 63.9 shows that labour costs have reportedly continued to rise substantially for businesses over the September quarter.

The Pulse Labour Costs Forecast Index suggests that, while payroll costs are expected to continue to rise, businesses are also expecting the rate of growth in costs to fall during the December quarter.

PROFITABILITY

The Pulse Profitability Index declined 3.1 points to a rating of 43.1 during the September quarter – and this is despite the reported positive outlook for sales and revenue. This tends to suggest that costs may be rising quicker than revenues for many businesses.

At a rating of 49.7, the Pulse Profitability Forecast Index indicates that businesses remain pessimistic about profitability during the next quarter.

CAPITAL EXPENDITURE

The Pulse Capital Expenditure Index showed an expansion in small business investment expenditure during the September quarter, with the index reading up 0.4 points to 51.2 points.

The Capital Expenditure Forecast Index points to investment falling over the next quarter below the neutral level at 49.4, suggesting businesses are planning to slow investment during the December quarter.

INTRODUCTION

The CCIQ Suncorp Pulse Survey of Business Conditions is the largest survey of Queensland businesses and serves as a leading indicator of business confidence across Queensland's diverse business community. Pulse is unique and aims to measure the sentiment of business owners and managers across the state, providing critical insights into current, planned and latent business activity. It is therefore a barometer of optimism and concern regarding key matters that are important to Queensland's small-to-medium size enterprises and provides a platform for their collective voices to be heard.

Responses from the September quarter Pulse survey indicate that there has been a deterioration in sentiment regarding Australia's economic conditions at both the state and national level. Measures of confidence in Queensland's economic outlook over the next twelve months showed a decrease in the September quarter, which effectively erased the improvement in sentiment observed during the previous June quarter. At the same time, there has been a stark turn-around for business confidence in national economic conditions, with sentiment falling to a subpar level last observed in the September quarter last year. In general, Regional Queensland is less sanguine about the prospects for better future economic conditions than South-East Queensland. However, anecdotal evidence suggests that a two-speed economy is occurring within Regional Queensland as a resurgence within the resources industry gains momentum in Central Queensland.

Factors respondents identified as likely to affect economic performance include global economic conditions, particularly the exchange rate and issues around trade and foreign markets. On the domestic front, common themes were the recurrent issue of rising business costs and the drought as well as a lack of political stability and leadership. Concern was expressed for potential increases to interest rates and a deterioration in credit conditions in the aftermath of revelations from the Royal Commission into the financial services industry, while others raised issues surrounding skills shortages. On a brighter note, some businesses are optimistic toward an improvement in competitiveness associated with a lower Australian Dollar, increased sales and a resurgent resources sector in Central Queensland.



The Australian economy is likely to be flat owing to the political uncertainty and impending change of government, despite favourable trading conditions. The Qld economy is unlikely to grow any faster, as there is a distinct lack of forward planning.

Survey Respondent, Brisbane



Factors affecting the performance of the Australian and state economy are the Australian Dollar, interest rates and tightening of lending/finance and the impact on the housing market.

Survey Respondent, Cairns



(There is) a lack of general awareness of Mackay by the rest of the state, and very poor support by the state government. Power cost increases are not sustainable or realistic.

Survey Respondent, Mackay



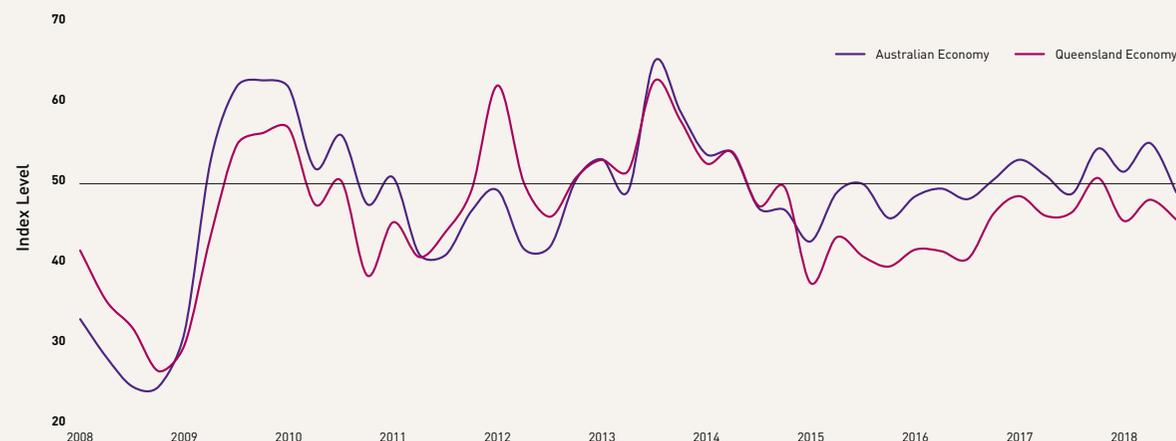
It would be great to see government put money in to help keep staff, rather than give us money to re-employ.

Survey Respondent, Brisbane

12 MONTH OUTLOOK: AUSTRALIAN & QUEENSLAND ECONOMIES

Movements in the September Pulse Economic Outlook Indices show that business confidence in the national and Queensland economies declined during the last quarter, reflecting a tepid outlook for business conditions going forward. Economic sentiment in Queensland remains morose, with the Queensland Index retreating 2.3 points from the June quarter on a seasonally adjusted basis. The statistics show that the decrease was predominantly the result of fewer respondents anticipating a strengthening in economic conditions and instead expecting relatively similar conditions. At the same time, the onset of a sombre view toward national economic conditions saw sentiment dive 5.8 points to a subpar level last observed in the September quarter last year. The statistics indicated a drop in the percentage of respondents who were previously bullish towards the performance of the Australian economy, which was mainly picked up by a larger percentage of respondents reporting a weaker outlook.

Commentary from respondents indicated that Regional Queensland is experiencing a two-speed economy between the Central Region and the Northern Region, which is driving a dichotomy of views about the economic outlook. However, Regional Queensland is categorically less sanguine about future economic conditions than South-East Queensland (SEQ). Disaggregated results show Regional Queensland's level of confidence in the Queensland economy at 45.6, while sentiment in SEQ is marginally higher at 47.5. Readings were mixed, however, on the national economy. Sentiment in SEQ indicates a moderate degree of optimism at 50.5 in contrast to 48.6 for Regional Queensland.



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

	Queensland Outlook			Australian Outlook		
	Sep-17	Jun-18	Sep-18	Sep-17	Jun-18	Sep-18
Weaker (%)	32	30	29	26	17	24
Same (%)	42	46	53	48	50	52
Stronger (%)	26	24	18	26	33	24
Index (original)	47.4	47.0	46.6	49.5	53.9	49.7
Index (seasonally adjusted)	46.7	48.1	45.8	48.8	54.8	49.0

	Queensland Outlook		Australian Outlook	
	SEQ	Regional QLD	SEQ	Regional QLD
Weaker (%)	20	38	23	31
Same (%)	58	39	62	42
Stronger (%)	22	23	15	27
Index (original)	50.5	45.6	47.5	48.6



As a regional centre dependent on the resources sector, Mackay has seen a general turn-around from where it had been during the last 4 years. Unemployment at around 3%, rental vacancies at 2%, coking and thermal coal prices at strong dollar levels while housing approvals are up by 40%, all indicate positive opportunities for the future.

Survey Respondent, Mackay

GENERAL BUSINESS CONDITIONS

The Pulse General Business Conditions Index indicated a deterioration in conditions since the June quarter, where sentiment improved. Accordingly, the current Index level of 46.3 points is down to the same level it was in the September quarter last year. Statistics showed that while the proportion of businesses reporting improved conditions has held steady at 23%, however, the proportion of businesses experiencing weaker conditions increased from 24% to 29% in the latest quarter. With a positive index reading of 51.0, the Pulse Forecast Index shows general businesses conditions are expected to be either the same or better in the next quarter coming into Christmas and the holiday season.



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



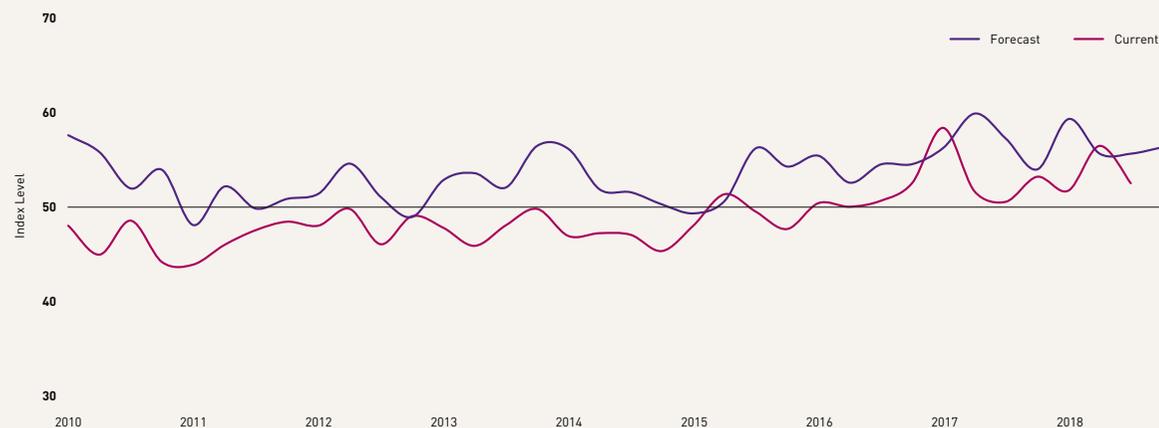
Currently our politicians ... appear to be focusing on votes and pandering to loud minority groups. We need leadership to represent the majority and this needs to be the case in all levels of government. This creates a lack of confidence in the country and small business has no real say in any decisions ... Of course, politicians talk about the importance of small business; however, they really have no respect for small business.

Survey Respondent, Townsville

General Business Conditions				
	Sep-17	Jun-18	Sep-18	Dec-18
Weaker (%)	33	24	29	19
Same (%)	45	53	47	55
Stronger (%)	22	23	23	26
Index (original)	47.9	49.0	47.7	51.2
Index (seasonally adjusted)	46.4	49.9	46.3	51.0

SALES AND REVENUE

Small business turnover continues to track higher with the Pulse Sales and Revenue Index holding in growth territory at 52.4 points. Nevertheless, growth has slowed rather significantly. While a marginally higher proportion of businesses reported higher levels of sales this quarter, since the last quarter there was also a substantial increase in the proportion of businesses which report their level of sales falling. The Pulse Forecast Index recorded a level above 56 points, which indicates businesses are projecting better sales conditions over the next quarter.



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



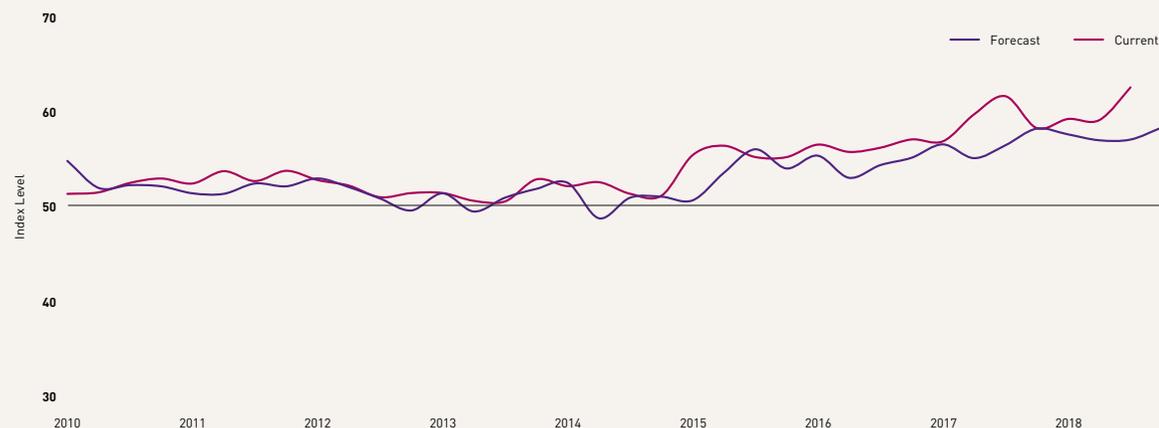
More quotes coming in. More retail sales.

Survey Respondent, Cairns

Sales and Revenue				
	Sep-17	Jun-18	Sep-18	Dec-18
Decreased (%)	31	19	29	17
Same (%)	31	41	29	42
Increased (%)	39	40	42	41
Index (original)	51.6	55.8	53.6	56.3
Index (seasonally adjusted)	50.5	56.3	52.4	56.1

LABOUR COSTS

Labour costs have continued along an upward trend with a reading of 63.9 points for the Pulse Labour Costs Index. The September Index measure indicates most businesses surveyed experienced elevated payroll costs during the quarter. While labour costs are forecast to continue to grow in the December quarter, however, the Forecast Index predicts a decline in the rate of growth in payroll costs during the next quarter. Productivity of staff and the lack of skilled employees was also reported as a source of frustration by employers.



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



As we are in contract work with contracts rises tied to CPI, there has been an ongoing increasing gap between our ability to raise contract prices and that of labour cost increases.

Survey Respondent, Brisbane



Costs of staff ... has resulted in deciding to cut back.

Survey Respondent, Brisbane

Labour Costs				
	Sep-17	Jun-18	Sep-18	Dec-18
Decreased (%)	6	5	3	4
Same (%)	43	53	40	59
Increased (%)	52	42	57	37
Index (original)	63.8	60.3	64.9	58.5
Index (seasonally adjusted)	62.9	60.1	63.9	59.2

OPERATING COSTS

With a view to providing additional insights into the costs of doing business, the Pulse Survey introduced a new indicator to measure Other Operating Costs in the March Quarter, 2015. 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.



Continued competitive pressure from clients (government and private sectors) on professional fees, despite increases in operating costs (salary, electricity, rent, insurance).

Survey Respondent, Cairns

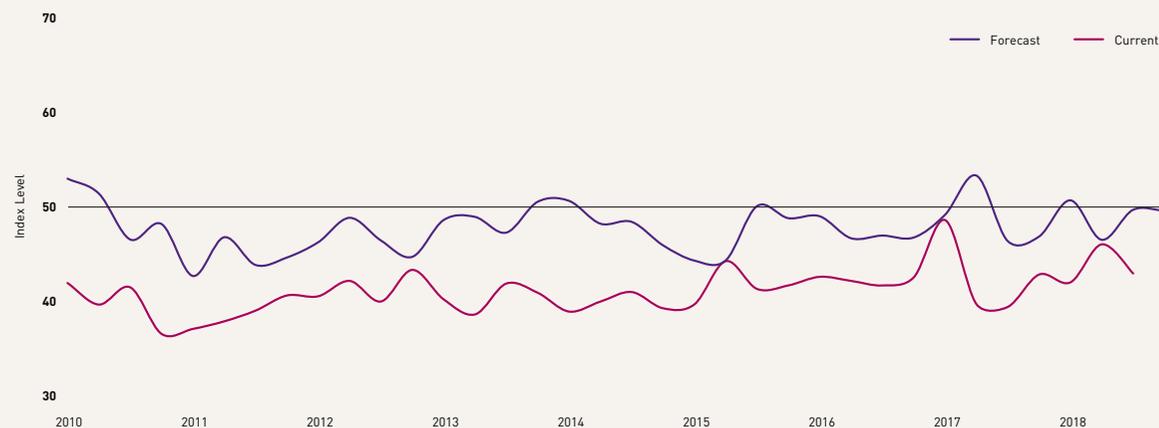
Other Operating Costs

	Sep-17	Jun-18	Sep-18	Dec-18
Decreased (%)	1	2	3	1
Same (%)	24	30	38	51
Increased (%)	75	68	59	47
Index (original)	72.9	69.6	66.3	62.1



PROFITABILITY

The Pulse Profitability Index continues to show businesses are struggling. The index remains entrenched below the neutral level of 50 at a reading of 43.1 points. Most businesses (43%) recorded falling profitability levels during the last quarter, while a mere 22% of businesses reported a growth in profits. The Pulse Profitability Forecast Index indicates businesses expect profitability levels to either stay the same or marginally improve over the next quarter.

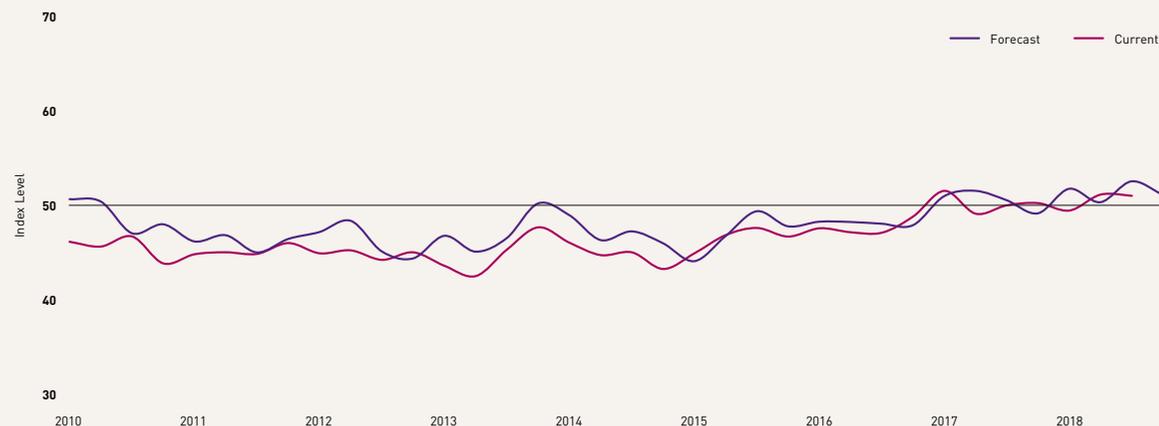


Notes: Seasonally adjusted. Scale – An Index level above 50 indicates that growth prospects are strengthening, while an Index level below 50 indicates that growth prospects are weakening.

Profitability				
	Sep-17	Jun-18	Sep-18	Dec-18
Decreased (%)	47	37	43	27
Same (%)	35	41	34	45
Increased (%)	18	21	22	28
Index (original)	40.6	45.2	44.2	49.9
Index (seasonally adjusted)	39.7	46.2	43.1	49.7

EMPLOYMENT LEVELS

The Pulse Employment Levels Index was 51.0 points during the September quarter, indicating an increase in jobs creation by small businesses during the September quarter. The proportion of businesses hiring more workers (26%) was higher than the proportion of businesses indicating that they are employing less workers (20%). The Pulse Forecast Index indicates employment levels are expected to either maintain employment levels or otherwise increase into the December quarter.



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



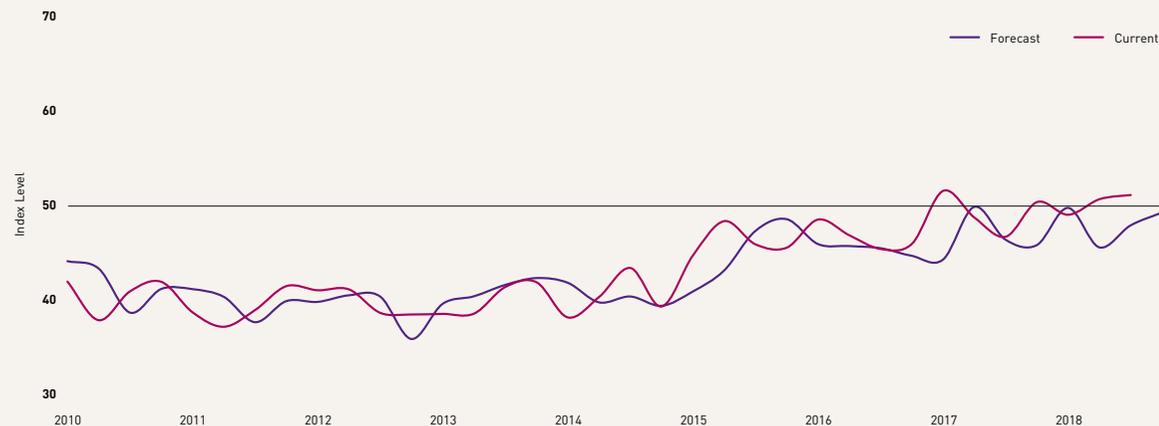
Improving quality reputation due to good people in sales development, service support and technical trades. Employment of apprentices and trades assistants to assist with growth and retain knowledge.

Survey Respondent, Brisbane

Employment Levels				
	Sep-17	Jun-18	Sep-18	Dec-18
Decreased (%)	20	17	20	19
Same (%)	56	64	54	58
Increased (%)	24	20	26	24
Index (original)	50.4	50.7	51.4	51.3
Index (seasonally adjusted)	50.0	51.1	51.0	51.1

CAPITAL EXPENDITURE

Ideally, a sustained period of increased capital expenditure would be a strong indication that business conditions are improving and optimism is returning to the small business sector. The Pulse Capital Expenditure Index showed an expansion in small business investment expenditure during the September quarter, with an index reading in positive territory at 51.2 points. The Forecast Index points to a slowing in investment over the next quarter below the neutral level at 49.4 points as capital expenditure is largely expected to remain the same or marginally decrease.



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

Capital Expenditure				
	Sep-17	Jun-18	Sep-18	Dec-18
Decreased (%)	26	23	21	22
Same (%)	51	50	48	58
Increased (%)	24	27	31	21
Index (original)	47.9	49.9	52.1	49.8
Index (seasonally adjusted)	47.0	50.8	51.2	49.4

REGIONAL ANALYSIS

The diversity in geographical sampling of the CCIQ Pulse Survey allows for a disaggregation of data to identify differences between economic conditions in areas across Queensland. Throughout 2017, businesses across Regional Queensland tended to be more optimistic about prospects for the Queensland economy. However, this sentiment has reversed during 2018. Furthermore, SEQ businesses are reportedly more confident in business conditions than those located within Regional Queensland.

REGIONAL BUSINESS CONFIDENCE:

Business confidence remains pessimistic in both Regional Queensland and SEQ. Confidence levels are higher in SEQ although the gap in the level of confidence between the regions narrowed to 1.9 points (from 3.9 points in the June survey). Operational performance continues to favour SEQ businesses when assessing indicators such as revenue, profits and costs. Compared to recent surveys, the difference in the outcomes between the regions has narrowed. The forecast outcomes for the next quarter offer some significant differences in expectations for business performance across the regions. The key difference is businesses in SEQ are projecting increases in profitability next quarter, while businesses in Regional Queensland expect a further erosion in their bottom lines. Overall, businesses across Queensland expect to see higher levels of sales and revenues, however, revenue growth is expected to be significantly higher in SEQ. In terms of operating costs and payrolls, businesses in Regional Queensland are expecting slightly stronger increases.

Current September 2018 (Original)	Queensland	South-East Queensland	Regional Queensland
Queensland Economy	46.6	47.5	45.6
General Business Conditions	47.7	48.2	47.1
Sales & Revenue	53.6	54.1	52.9
Profitability	44.2	44.6	44.0
Labour costs (Avg. Wage)	64.9	63.9	64.7
Employment Levels	51.4	51.3	51.5
Other Operating Costs	66.3	64.0	68.2

Forecast December 2018 (Original)	Queensland	South-East Queensland	Regional Queensland
General Business Conditions	51.2	51.9	50.3
Sales & Revenue	56.3	58.5	54.5
Profitability	49.9	51.7	48.5
Labour costs (Avg. Wage)	58.5	57.1	59.8
Employment Levels	51.3	51.9	50.9
Other Operating Costs	62.1	61.1	63.0

MAJOR CONSTRAINTS ON BUSINESS GROWTH

There was quite a re-shuffle at the top of the major constraints list in the September quarter. The shortage of suitably qualified workers has become a more pressing concern for businesses over the past year with the issue more acute in regional areas than in the SEQ region. Costs to business was promoted as a major issue affecting business growth during the latest quarter. Direct wage costs moved up to 3rd on the list of constraints, while indirect wage costs rose to 6th position – signalling the extent to which concern regarding labour costs has increased.

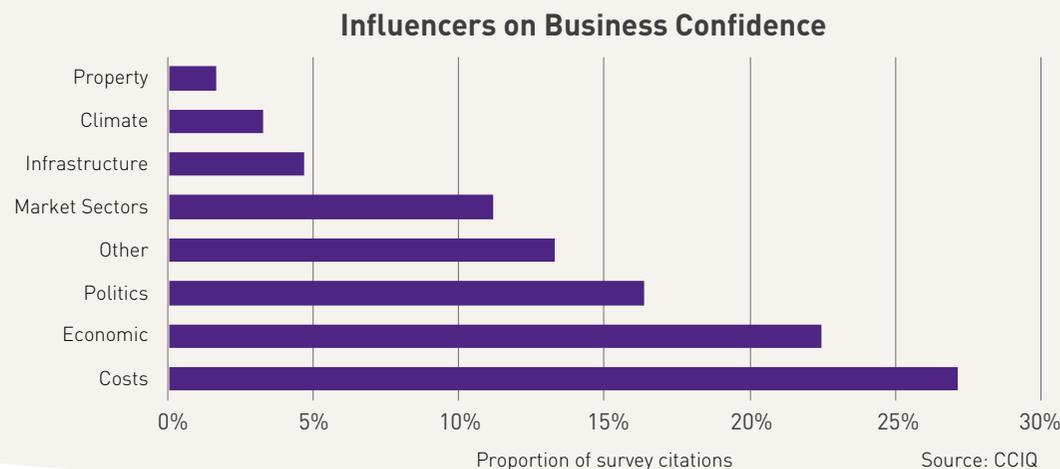
The Level of demand/economic activity and Political instability are usually the top two constraints faced by businesses. In this latest survey, Political instability fell to the 4th biggest constraint to business growth despite the degree of constraint remaining high. Business growth continues to be hampered by the burden of tax and compliance activities. Taxes and charges levied by both the Federal and State government have increased in the measured level of constraint as too has compliance activities for business taxes and industrial relations activities.

Rank	Constraint	Sep-17	Jun-18	Sep-18	Quarterly Change
1	Retaining and recruiting suitably qualified employees	51.5	53.5	65.2	↑
2	Level of demand/economic activity	64.3	57.2	58.3	=
3	Direct wage costs	52.8	49.9	57.7	↑
4	Political and economic stability	59.2	59.8	56.7	↓
5	Level of business taxes and government charges (State and Local)	51.3	50.8	54.3	↑
6	Indirect wage costs (Superannuation, Workers Compensation etc)	49.4	47.5	54.1	↑
7	Compliance and complexity of business taxes and government charges	48.4	52.5	53.3	↓
8	Compliance and complexity of IR laws (awards, agreements, unfair dismissal)	45.8	48.8	52.6	↑
9	Level of business taxes and government charges (Federal)	48.6	49.9	51.8	↓
10	Insurance premium costs	52.4	48.1	51.4	=

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

INFLUENCES ON BUSINESS CONFIDENCE

Open-ended qualitative questions within the Suncorp CCIQ Pulse Survey enable small businesses to provide commentary about issues and matters specific to their own businesses. Accordingly, the key factors influencing sentiment within the Queensland small business community during the September quarter were costs and the economy, followed by politics.



BUSINESS COSTS

Following the previous June quarterly survey, costs to business was the most concerning issue cited for businesses. Power/energy/electricity costs were high on the agenda, while higher interest rates and petrol prices were also common themes. The obvious problem for businesses is that their capacity to manage energy, financing and fuel costs are, to a large extent, out of the control of business owners. One may expect these concerns to intensify during the next quarterly survey, as banks have recently moved unilaterally in departure from official RBA rate movements to pass on increasing international wholesale financing rates to borrowers. At the same time, higher global oil prices and a depreciation in the Australian Dollar has put upward pressure on domestic petrol prices.



We must have the price of electricity and energy drop significantly so that ALL Australians and Australian business can afford it. Honestly, Australia should have the cheapest energy in the world. This is our competitive advantage over the rest of the world, yet they shackle us all and burden us beyond belief.

Survey Respondent, Rockhampton

ECONOMIC ISSUES

Global economic conditions, the Australian exchange rate and issues around trade dominated respondent's views of macro-economic factors likely to affect economic performance. Common themes on the domestic front included the interest rate environment, rising business costs and tax policy, as well as skills shortages. Nevertheless, some respondents are looking forward to an improvement in sales and a more competitive Australian Dollar, especially as momentum grows in a resurgent resources sector in Central Queensland.



Clearly federal and state elections that are due ... [will likely affect economic performance over the next year]. The trade war between China and USA will affect demand for our resources. The drought in QLD NSW and Vic are also a massive drain on the economy. We need an extended period of political stability to reset our place in the world economy and reinstate trust in the national policies.

Survey Respondent, Brisbane

INFLUENCES ON BUSINESS CONFIDENCE

POLITICS

Many respondents expressed concern about the uncertainty of elections and the prospect of a change in government at the next federal election. Some respondents were clearly disappointed about the recent vicissitudes in Canberra, where parliament swore in Australia's fourth new Prime Minister in just five years. Indeed, state and federal politicians continue to attract the ire of the business community due to a perceived lack of coherent policy development and delivery and lack-lustre performance.



The Federal government, particularly if the Labor Party are successful in the next election, will once again stuff up the economy as they did in the last Labor Party reign. Their current tax policy is not conducive to small to medium enterprises and the potential growth that such businesses can facilitate. Australia needs tax cuts for business so that the businesses can invest in growth initiatives which includes new jobs.

Survey Respondent, Brisbane

OTHER

Respondents commented on a wide range of issues. Nevertheless, a key theme was the issue of skills shortages and retaining staff. Respondents were concerned about increasing costs associated with attracting and retaining staff as competition for skilled workers gains momentum within the resources sector.



Wages costs have skyrocketed due to skills shortage and competition for staff between competitors.

Survey Respondent, Brisbane



[There has been] ... some staff turnover as people head for bigger dollars with mining warming up.

Survey Respondent, Brisbane

MARKET SECTORS

Responses this month tended to indicate that Queensland is experiencing a two-speed economy associated with a resurgence of the resources sector benefiting some market sectors more than others. Some regional areas are benefiting greatly from the upturn in mining activity, while others are frustrated about environmental concerns and government inertia holding up development. There were also concerns raised about cost of living pressures and the potential impact on consumer spending.



Environmental concerns holding back major mining and power production projects.

Survey Respondent, Brisbane



Because Regional Queensland has struggled for the last three years, the resources and the lack of work has hampered businesses. Businesses have not been in a position to offer apprenticeships or traineeships, so the lack of skilled workers is going to be a huge problem.

Survey Respondent, Townsville

CLIMATE

Implications for the ongoing drought was raised by several respondents as a going concern for businesses, especially given that agriculture remains the backbone of many regional communities. Of concern was the issue of secondary impacts affecting those businesses with indirect exposure further down the supply chain. A few also raised issues regarding a lack of clarity in policy direction on climate and energy.



The drought is having a major impact on small communities.

Survey Respondent, South West Queensland



Continued failure to formulate policy on major areas like climate, education and infrastructure.

Survey Respondent, Brisbane

INFRASTRUCTURE

Several respondents thought there was insufficient planned investment in infrastructure by various levels of government to grow the economy, while others were concerned about whether current infrastructure is adequate to accommodate and support a resurgence of activity within the resources sector. A few respondents further suggested that there was an apparent inequity with respect to the allocation of government spending on infrastructure, which prioritised some areas and regions at the expense of others.



Lack of confidence in government, both state and federal, and the failure by government to scrap green energy subsidies, stabilise base-load generation and authorise new investment in coal-powered electricity generation. Erratic policy making and constant focus on peripheral issues of little or no consequence to the majority of Australian business and consumers.

Survey Respondent, Brisbane

PROPERTY

Businesses continue to express concern about housing prices and the impact of prospective tighter credit standards affecting new lending. There were also concerns raised about cost of living pressures and the potential impact on consumer spending.



The royal commission into the banking sector has made it increasingly difficult to deal with banks, especially with them changing their lending policies and procedures.

Survey Respondent, Mackay

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 18th September to 15th October 2018 and covers business sentiment through the September Quarter 2018. 300 businesses provided responses to the survey.

**To find out more about Pulse, please contact
Dr Marcus Smith, Chief 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

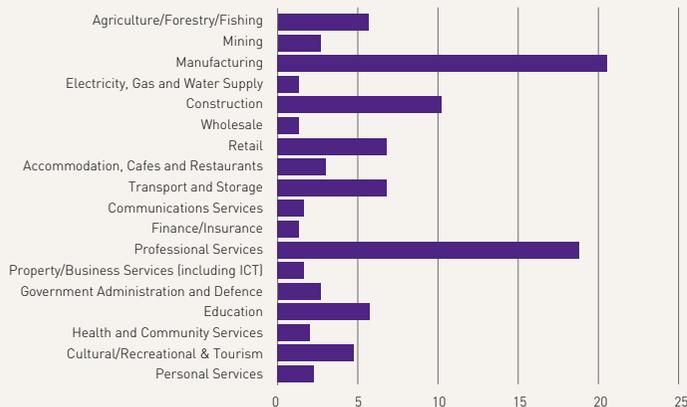
The state-wide PBI results have been seasonally adjusted.

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.

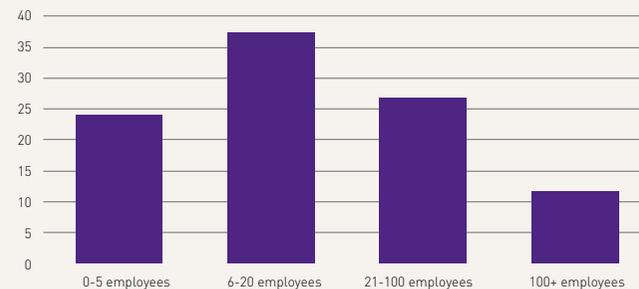
DEGREE OF CONSTRAINT INDEX

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

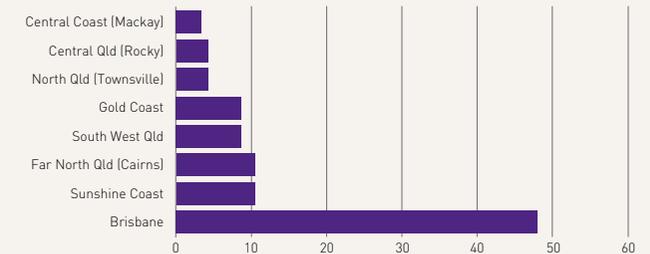
Industry Representation (%)



Size of Organisation (%)



Regional Representation (%)



Chamber of Commerce & Industry Queensland

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

www.cciq.com.au

