

GOLD COAST PULSE SURVEY REPORT

MARCH QUARTER 2022

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IMPROVED OUTLOOK ON THE HORIZON FOR GOLD COAST BUSINESSES

Latest results from the CCIQ Pulse Survey for the March 2022 quarter indicated that the Gold Coast businesses are confident that the future of the state and national economies will remarkably improve. However, it is important to note that the turnaround is off a low base and actual business performance is reported to remain low.

Confidence improved in the March quarter with Gold Coast businesses anticipating a gradual strengthening in the national and Queensland economies over the next 12 months. Nevertheless, business performance during the March quarter, while improved, is yet to reflect actual growth.

General business conditions and total sales revenue improved during the quarter. At the same time, considerable increases in business operating costs coupled with rising labour costs offset this improvement. As a result, business profitability only marginally improved and is not yet at profitable levels.

Actual growth is anticipated to occur in the June quarter, with expectations for general business conditions, sales and employment all registering strengthening PBIs of above 50 index points. However, conversion of these factors into substantially improved profitability will take longer.

Comparatively, Gold Coast businesses are reporting relatively similar performance and sentiments in the March and June quarters with that of the State-wide average.

In summary, this quarter's results, whilst reflecting volatility, are promising as they signal a consistent pathway towards an improved economic outlook for Queensland. The challenge will be Gold Coast businesses' ability to navigate through a remarkably complex array of issues, including:

- Uncertainty emerging from the upcoming Federal Election;
- Direct and indirect loss of trade, physical damage and disrupted supply chains from the South East Queensland floods;
- The re-emergence of inflation and the expected rising interest rates that may impact consumer confidence and spending, as well as business costs and contracts;
- The labour shortage of skilled and non-skilled employees; exacerbated by ongoing housing and accommodation crisis;
- Continuing supply chain disruptions leading to stock and material shortages, compounded by geopolitical uncertainty especially in Russia and China;
- Rising fuel prices that are increasing business costs and also impacting customer budgets; and
- The lingering effects of COVID-19 on events tourism;

However there are also favourable influences such as:

- The large scale winding back of COVID-19 restrictions;
- The re-opening of interstate and international borders and the impact on tourism but also population growth and skill shortages;
- Favourable commodity prices for Queensland exports; and
- Emerging post COVID-19 positivity across businesses and the community.

A better economic outlook is supported in these results with greater improvement in business confidence of achieving business goals and the easing of many business constraints, particularly around economic demand and activity.



PERFORMANCE RELATIVE TO THE QUEENSLAND STATE AVERAGE

MARCH QUARTER SENTIMENT

Gold Coast

45.9 Queensland
44.9

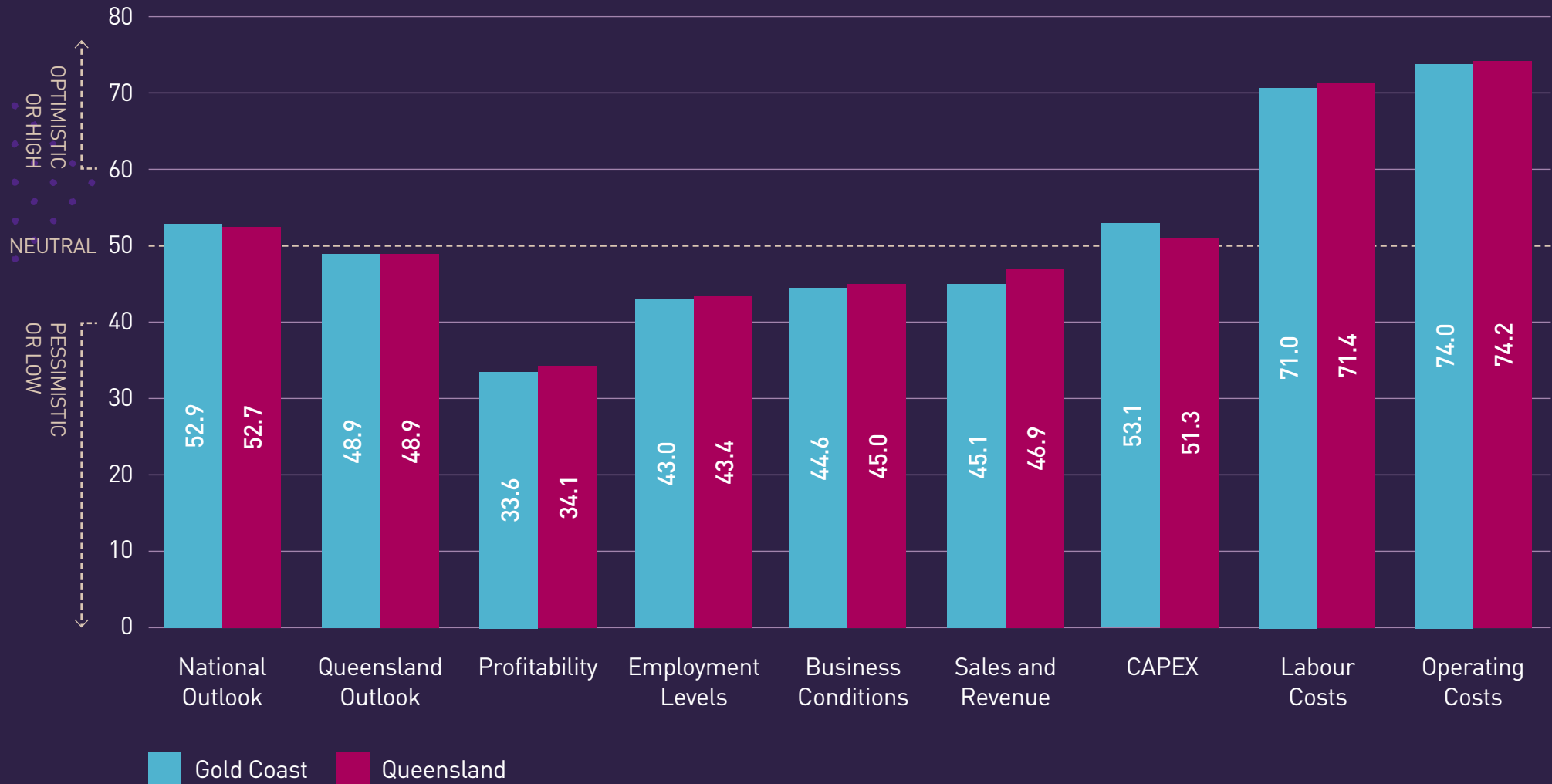
JUNE QUARTER FORECAST

Gold Coast

49.8 Queensland
51.0

SNAPSHOT DATA

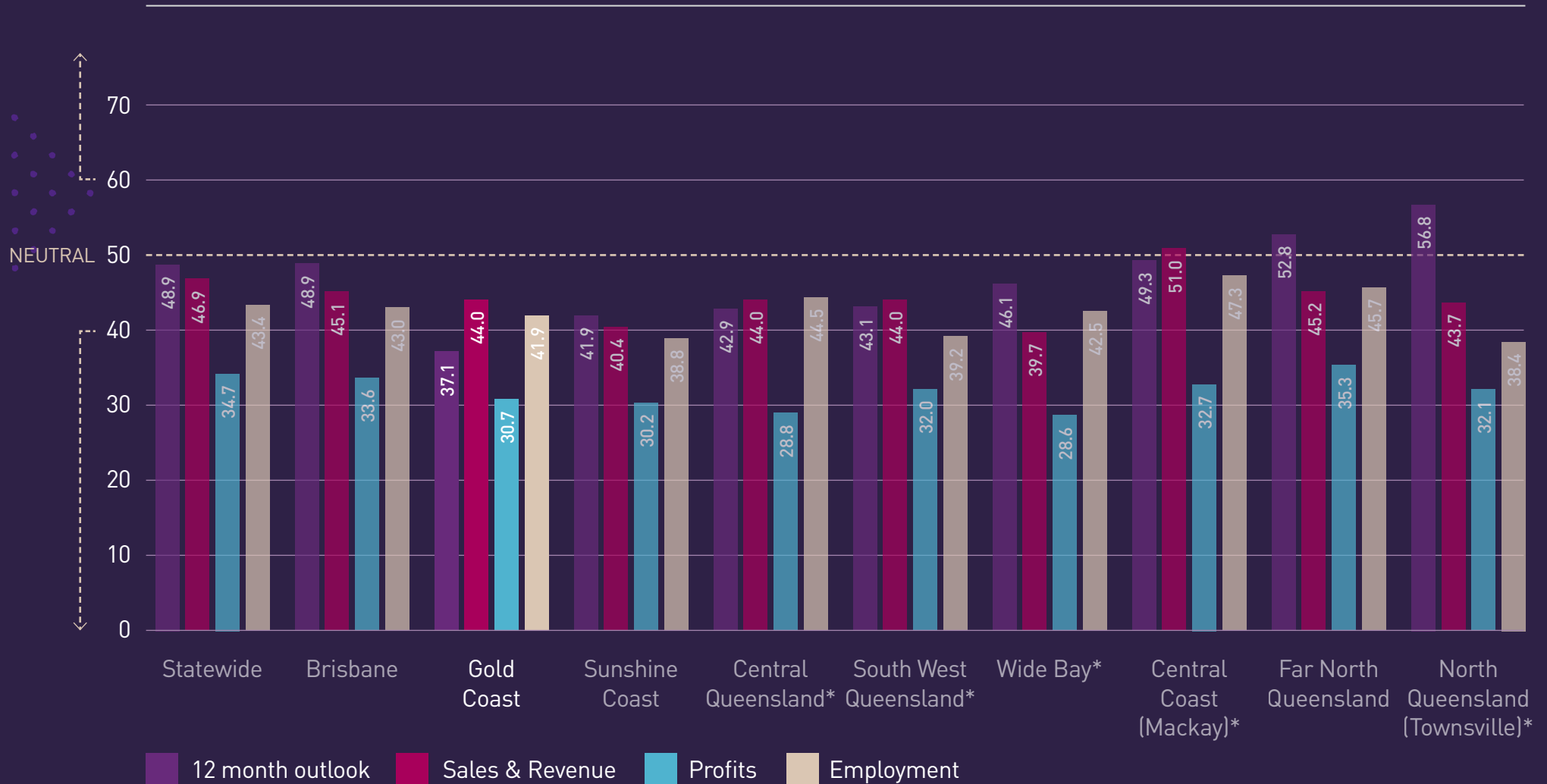
GOLD COAST PULSE SURVEY INDEX* RATINGS MARCH 2022



Survey Index Ratings: Very Poor = 0-19 points / Poor = 20-39 points / Satisfactory = 40-59 points / Good = 60-79 points / Excellent = 80-100 points

SNAPSHOT DATA

PULSE SURVEY INDEX* RATINGS MARCH 2022



*Care should be exercised due to the low sample size for this region

Survey Index Ratings: Very Poor = 0-19 points / Poor = 20-39 points / Satisfactory = 40-59 points / Good = 60-79 points / Excellent = 80-100 points

SNAPSHOT



12-MONTH OUTLOOK

PULSE SURVEY INDEX

Queensland Outlook = **49.9** (+12.8); Satisfactory
National Outlook = **46.6** (+5.9); Satisfactory

Gold Coast business confidence for the performance of the national and Queensland economies over the next twelve months has greatly improved, after a sharp contraction in the December quarter associated with Omicron strain of COVID-19. Confidence in the Australian economy for the next twelve months improved 5.9 points to 46.6. The Queensland index increased significantly by 12.8 points to 49.9. While these results showed 'Satisfactory' sentiment, both indexes are not yet higher than 50, and continue to indicate slightly weakening growth over the forthcoming 12 months.



SALES AND REVENUE

PULSE SURVEY INDEX

March -22 = **50.1** (+6.1); Satisfactory
June -22 = **54.8** (+4.7); Satisfactory

Total sales revenue in the March quarter for Gold Coast businesses greatly improved, reflected strengthening sales. The sales and revenue PBI for the quarter is 50.1, up 6.1 points compared to the previous December quarter index of 44.0. This positive improvement can be attributable to both the progressive relaxation of COVID-19 restrictions and the easing of interstate and international border restrictions. Nevertheless, this result is tempered by negative impacts from staff shortages, floods and continuing supply chain disruption that resulted in lower stock availability. Positively, total sales revenue are expected to strengthen further in the June quarter, with the PBI increasing 4.7 index points to 54.8.



GENERAL BUSINESS CONDITIONS

PULSE SURVEY INDEX

March -22 = **46.7** (+5.0); Satisfactory
June -22 = **50.3** (+3.6); Satisfactory

General business conditions improved in the March quarter as a consequence of better sales leading to partly improved business profitability. However, overall conditions remain subdued, noting the complex array of issues listed earlier. The March quarter index of 46.7 is up 5.0 points from the December quarter PBI of 41.7. Compared to the last quarter, there are fewer businesses in the March quarter expecting weaker business conditions, as more are expecting conditions to either remain unchanged or improve to be stronger. General business conditions in the June quarter are anticipated to improve reaching just above 50 indicating growth with an expected PBI of 50.3.

OPERATING COSTS

PULSE SURVEY INDEX

March -22 = **70.5** (+2.8); High
June -22 = **71.7** (+1.2); High

Operating costs during the March quarter continued to rise with the PBI increasing by 2.8 index points to 70.5, from 67.7 in the December quarter. One in every two Gold Coast businesses indicated an increase in their operating costs during this quarter. Global supply chain disruption combined with rising fuel prices have led to significant price rises for business inputs. These increases are further exacerbated by other increasing business operational costs such as rents and insurance. Importantly, the significant increase in operating costs is expected to continue with the PBI up another 1.2 index points to 71.7.

SNAPSHOT



LABOUR COSTS

PULSE SURVEY INDEX

March -22 = **70.8** (+1.3); High
June -22 = **68.1** (-2.7); High

Labour costs in the March quarter 2022 increased significantly to a PBI of 70.8. The result reflects widespread staff and skill shortages, prompted by the prolonged effects from both international and interstate border closures. Furthermore, greater economic demand created higher pressures for businesses to keep up with higher wages to retain staff and attract new employees. Nearly three in every five businesses in the region reported higher labour costs during the March quarter. While businesses are expecting the labour pressure to soften, the labour costs PBI will remain at elevated levels in the June quarter with a PBI of 68.1.



EMPLOYMENT LEVELS

PULSE SURVEY INDEX

March -22 = **45.3** (+3.4); Satisfactory
June -22 = **48.0** (+2.7); Satisfactory

Employment levels increased in the March quarter with the PBI up 3.4 index points to reach 45.3. This result reflects an overall increase in economic activity, noting a relatively low base of the last quarter. Moreover, skill and labour shortages remain prevalent across many industry sectors in the region. More than half of all businesses indicated their employment levels remained unchanged during the March quarter. A further improvement in this indicator is expected with the employment PBI expected to be up another 2.7 points to reach 48.0 in the June quarter.



PROFITABILITY

PULSE SURVEY INDEX

March -22 = **35.0** (+4.4); Poor
June -22 = **44.3** (+9.2); Satisfactory

Higher sales have caused profitability to partly improve during the March quarter. At the same time, both rising operational and labour costs have softened this improvement. The profitability PBI increased by 4.4 points to 35.0, from a score of 30.6 in the December quarter. However nearly one in every two businesses indicated their profitability fell during the quarter and overall levels are still considered 'poor'. Yet, Gold Coast businesses expect another improvement in their profitability in the June quarter, with the index forecasted to grow by 9.2 points up to 44.3, reaching 'Satisfactory' level. Even then, this indicator will still stay below a score of 50, indicating that both a combined improvement in sales and also a moderation in business costs will need to happen for profitability to greatly improve.



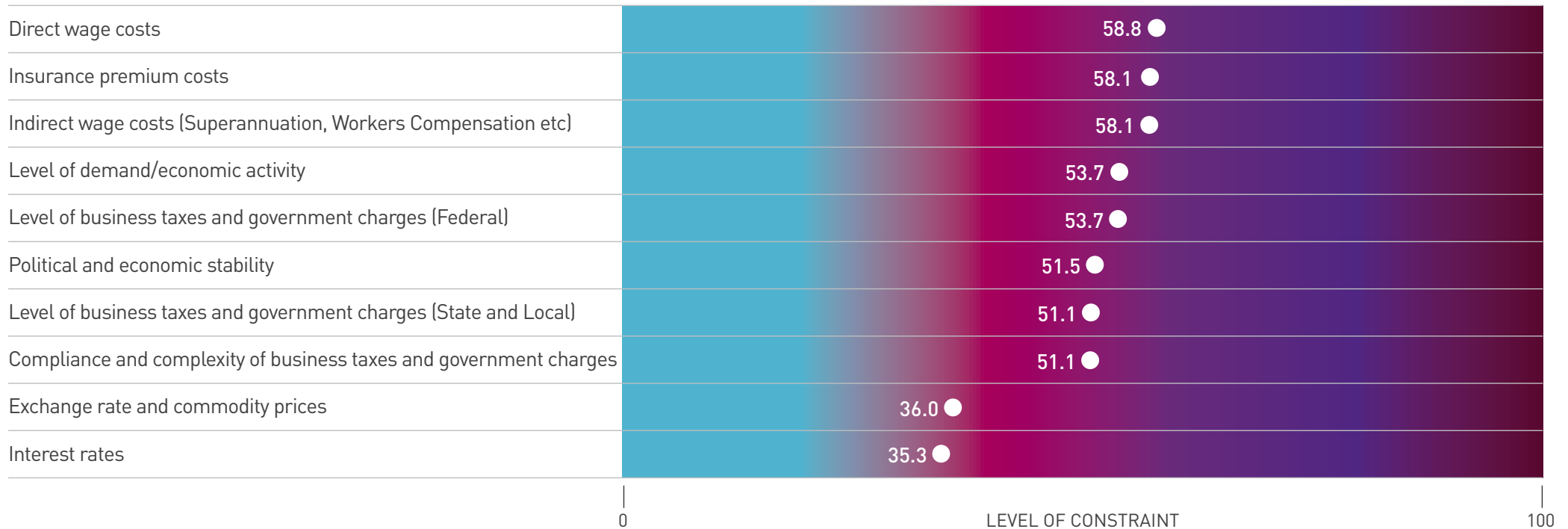
CAPITAL EXPENDITURE

PULSE SURVEY INDEX

March -22 = **48.1** (+3.6); Satisfactory
June -22 = **51.4** (+3.3); Satisfactory

After an extensive period of under-investment among Gold Coast businesses, a positive directional change in outlook is emerging. The capital expenditure PBI in the March quarter reached 48.1, increased by 3.6 index points from 44.5 in the December quarter. Capital expenditure is expected to reach above 50 in the June quarter with the PBI up another 3.3 points to 51.4.

MAJOR CONSTRAINTS ON BUSINESS GROWTH



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**



Higher wage demands will necessitate increased costs in the logistics industry that will have to be passed on to customers. While margins will also be affected as a result of customers looking for the cheapest way to get their products to market. – Gold Coast



Increase in public confidence and reduction of Covid restrictions. We are also now reaping the benefits of efforts we made during lockdown to increase the visibility of Coolangatta and build desire to visit the area. – Gold Coast



Increase in some commodity prices has resulted in a few exploration companies looking to get some work done by us. – Gold Coast



The greatest effect on business will be the ability to recruit staff. Staff shortages and the need for people of close Covid-19 contact to stay away from businesses for 7 days will dramatically affect the performance of businesses. – Gold Coast

ABOUT PULSE

The Pulse Survey has measured Queensland business confidence and expectations for over 25 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 was from the 4th to the 27th of April 2022 and examined business sentiment and activity throughout the March quarter (2022). 41 Gold Coast businesses responded to the survey.

Pulse Business Index

The analysis undertaken by CCIQ in preparing this Pulse Survey Report is based on survey responses from Queensland business. The report uses the PBI as well as (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.

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

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

Pulse Business Index

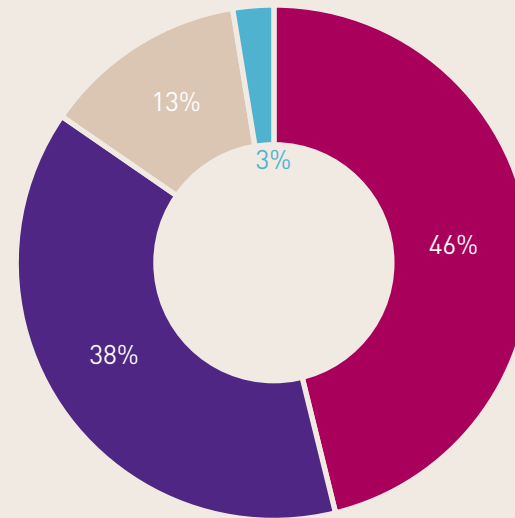
Very Poor:	0-20
Poor:	21-40
Satisfactory:	41-60
Good:	61-80
Excellent:	81-100

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

No Constraint:	0-20
Slight Constraint:	21 – 40
Moderate Constraint:	41 – 60
Large Constraint:	61 – 80
Critical Constraint:	81 - 100

INDUSTRY REPRESENTATION



SIZE OF ORGANISATION



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