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FAIR WORK
AUSTRALIA

Annual Wage Review 2010-11

CCIQ Submission in Reply to Fair Work Australia

Annual Wage Review 2010-11

29 April 2011

1.0 INTRODUCTION

- 1.1 As the peak business organisation in Queensland, the Chamber of Commerce and Industry Queensland (CCIQ) welcomes the opportunity to make a submission in reply to Fair Work Australia's 2010-11 Annual Wage Review. This submission should be read in conjunction with CCIQ's primary submission. The purpose of this submission is to provide FWA with the latest CCIQ Pulse Survey results and to address issues raised by other parties.
- 1.2 The 2010-11 Annual Wage Review decision will be of pivotal importance to the Queensland business community following our State's recent natural disasters. Over the coming eighteen months, the most significant contribution Queensland businesses will be able to make to the State's flood and economic recovery will be providing stable and ongoing employment. However to do so, businesses will require a decision by FWA that ensures they can return to normal business operations and start generating income and revenue. CCIQ believes that over the short to medium term significant goodwill should be provided to those businesses directly and indirectly affected by the Queensland floods and Cyclone Yasi.
- 1.3 CCIQ's position has not changed since submitting our primary submission. The position put forward by CCIQ in March after taking into consideration the impact of the State's natural disasters, the Queensland economy and businesses' capacity to absorb an increase at present, was that the application of the 2010-11 Annual Wage Review decision should be deferred in Queensland until 1 July 2012. Such a deferred increase should only be modest in nature and not exceed \$10 per week.
- 1.4 CCIQ is the State's largest business organisation. It has a State-wide membership across all industry sectors and of business sizes. In total the Chamber represents in excess of 25,000 businesses - 3,700 members spread across the State with links to 135 local chambers of commerce and 60 industry associations. A full membership profile is attached in Appendix 2.

2.0 THE QUEENSLAND ECONOMY

- 2.1 CCIQ's first submission to the Annual Wage Review demonstrated that the Queensland economy was facing significant challenges well before the impact of the state's natural disasters. Key economic indicators highlighted included:
 - Across virtually every economic indicator Queensland is underperforming the national experience;
 - The recent State Government's MYFER demonstrated Queensland's forecasted growth rates are below the nation for the period 2008-09 to 2010-11;
 - Queensland has had the lowest growth of all state economies over the past 12 months;
 - Queensland continues to have one of the highest unemployment rates in the country, both in trend and seasonally adjusted terms;
 - Signs continue to point to the fact that Queensland continues to not experience the same level of economic recovery as occurring elsewhere.
- 2.2 The ABS recently released updated statistics on both Queensland and regional unemployment rates. There has been marginal change in Queensland's unemployment rate since February, dropping 0.1% to 5.6% in trend terms and to 5.5% in seasonally adjusted terms in March 2011. The latest regional unemployment data shows that many Queensland regions continue to have unemployment rates significantly higher than the Queensland and national average including:
 - Far North (10.6%);
 - Ipswich City (8.4%);
 - Gold Coast (8.0%), Gold Coast South (8.1%) and Gold Coast North (6.8%);
 - South and East Brisbane (7.2%);
 - Northern-North West (6.7%);
 - Mackay-Fitzroy-Central West (6.5%).

Regional Unemployment Rates			
	January 2011 Unemployment rate	March 2011 Unemployment Rate	% change from Jan 01 to Mar 01
Brisbane	5.3	5.6	0.3
Brisbane City Inner Ring	5.3	3.8	-1.5
Brisbane City Outer Ring	4.3	5.9	1.6
South and East Brisbane	7.1	7.2	0.1
North Brisbane	6.1	4.7	-1.4
Ipswich City	2.2	8.4	6.2
Balance of QLD	7.0	6.7	-0.3
Gold Coast	6.9	8.0	1.1
Gold Coast North	13.2	6.8	-7.0
Gold Coast South	6.1	8.1	2.0
Sunshine Coast	7.9	4.5	-3.4
West Moreton	3.8	2.1	-1.7
Wide Bay-Burnett	6.5	4.7	-1.8
Mackay-Fitzroy-Central West	5.7	6.5	0.8
Darling Downs-South West	9.8	5.3	-4.5
Northern-North West	4.2	6.7	2.5
Far North	9.6	10.6	1.0

Source: ABS Catalogue 6291.0.55.001

2.3 The recently released Commonwealth Bank CCIQ Pulse Survey of Business Conditions for the March Quarter 2011 (Appendix 1) found that there has been a slower start to 2011 following the natural disasters. The survey highlighted the importance of Queensland businesses receiving a reprieve from the increasing number of challenges and rising input costs that keep coming their way, which is even more important during the current recovery period. Other key findings included:

- Businesses are not forecasting any improvements on current depressed conditions over the coming June Quarter;
- The majority of businesses (41%) expect weaker conditions over the coming twelve months;
- Sales and revenue remained weak, with a similar trend expected moving forward;
- Business profitability suffered as a result of depressed sales and natural disasters. 56% of businesses experienced weaker profitability, with similar expectations for the coming quarter;
- There are signs of growing caution over the ability of business owners to retain employees or recruit additional staff;
- Some regions are faring worse than others, particularly Far North Queensland. South East Queensland regions have also experienced one of their worst quarters since the GFC with general business conditions, sales and profitability all down on the previous quarter;
- The level of demand and economic activity continues to be the most significant dampener on business conditions, with increasing business costs also continuing to impact on business growth prospects.

2.4 In light of recent statistics and the latest Pulse Survey results, CCIQ remains overwhelmingly of the view that the Queensland economy is not experiencing the same level of economic recovery that is occurring elsewhere in Australia. Businesses continue to experience difficult trading conditions and need time to rebuild capital and to return to profitability, which is even more paramount in the face of recent natural disasters. A significant wage increase at this point in time would have a devastating impact on the Queensland economy.

3.0 BUSINESS CAPACITY TO ABSORB AN INCREASE

- 3.1 The Queensland Government's submission to the annual wage review indicates that the "*national and Queensland economies, although affected by the recent floods and cyclones, are capable of accommodating a moderate increase to minimum wages*". However, the above economic and other independent analysis provides a compelling case that, at this point in time, the Queensland economy is **NOT** capable of accommodating the "moderate increase" to minimum wages as proposed by the Queensland Government.
- 3.2 The Government's own submission to this review does not highlight a particularly strong performing Queensland economy. The Queensland Government submission highlighted that an increase in real wages might be difficult for many employers who are also suffering from the floods and Cyclones (p.7) The State Government also highlighted that the impact of floods and Cyclone Yasi and the extent of the damage to many facets of the economy are uncertain at this point in time (p.9). There are also concerns around the timing and pace at which damaged properties and infrastructure will be rebuilt and the uncertainty around the current La Nina weather patterns that could result in further disruptions to economic activity and delay in the rebuilding of damaged infrastructure.
- 3.3 Due to all of these factors, in addition to those raised under section 2.0, CCIQ is overwhelmingly of the view that any substantial increase in wages during a time when the economy is performing significantly lower than expected, and at a time when businesses are recovering from the impact of recent natural disasters, will have substantial impacts on the unemployed and those workers who currently receive the minimum wage. A substantial wage increase (more than \$10 per week) in the current economic environment will result in further job losses and less incentive for employers to recruit new employees. This can only lead to further negative impacts on the economy which is an undesirable outcome for all involved, including the Queensland business community.

4.0 ADDITIONAL ISSUES FOR CONSIDERATION

4.1 *Apprentice and trainee wages*

The Queensland Government supports bringing Queensland apprentices, trainees and labour market program participants into line with the national minimum wage order and minimum wages under modern awards. Although CCIQ recognises the benefits of having all employees on an equal footing, CCIQ is not supportive of the State Government's recommendation. Implementing this recommendation would only result in a substantial increase in the wage rates of Queensland apprentices and trainees, resulting in significant job losses and would further act as a disincentive for employers to hire and retain apprentices and trainees over the next 18 months. This year's natural disasters have already resulted in businesses making tough decisions over their capacity to retain apprentices and trainees, and commence needed apprenticeships over the coming year. A significant increase in the wages of these employees at this time would only provide a significant set-back in relation to employers' investment in the skills development of young Australians.

4.2 *Business eligibility for disaster assistance*

A significant number of businesses throughout Queensland felt substantial economic impacts as a result of the natural disasters. However, many of these businesses were not eligible for the assistance provided under the State and Federal Government's disaster relief arrangements but are experiencing significant financial hardship at present. Furthermore, many businesses have had their customer base decimated as a result of the floods, further resulting in financial hardship. CCIQ strongly believes that the vast majority of businesses in Queensland have been significantly impacted by the natural disasters. In CCIQ's view, it would be particularly onerous and lacking in empathy for these businesses to individually apply for an exemption to the FWA decision. As a result, CCIQ is seeking a deferral of the decision for all businesses in Queensland.

5.0 CONCLUSION

- 5.1 CCIQ maintains that the Queensland economy is not experiencing the same level of economic activity that is occurring nationally with the State's labour market in a precarious position. The state's recent natural disasters have only served to further negatively compound what is a very difficult trading environment for Queensland businesses at present.
- 5.2 Queensland businesses are not in a position to absorb any increase in wage levels at present. Accordingly, Queensland businesses require a deferred minimal wage increase in order to recover from the natural disasters and maintain / sure up existing employment levels. Taking into consideration the impact of the State's natural disasters, the Queensland economy and businesses' capacity to absorb an increase at present, CCIQ maintains our support for the deferral of the application of the FWA decision until 1 July 2012. Such a deferred increase should only be modest in nature and not exceed \$10 per week.

Commonwealth Bank CCIQ Pulse Survey of Business Conditions



March Quarter 2011

> Introduction

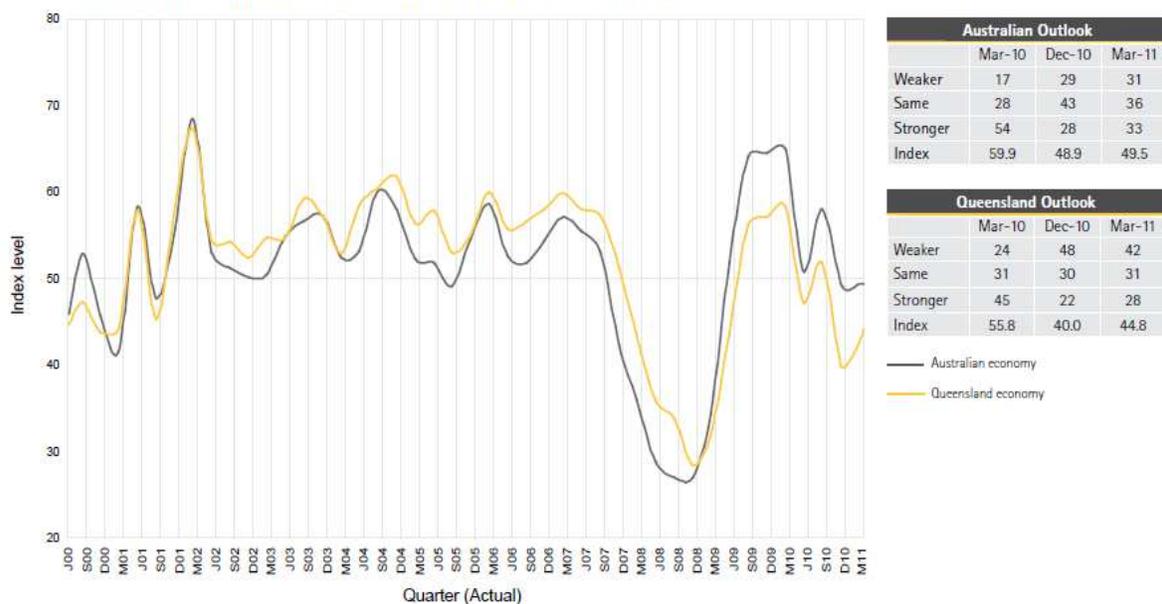
The March Quarter Pulse Survey results show that business owners are sitting on the fence with expectations and reporting little change in business and economic conditions since last measured in the December Quarter 2010. While it is promising that there has been a slight upturn in business confidence, economic conditions still suggest a general weakening of the Queensland economy during this quarter.

Given the significance of the natural disasters which affected most of the state at the start of 2011, it is not surprising that Queensland businesses have reported a slow start to the year. However, what is concerning and of critical importance to our political leaders and decision makers is that businesses are not forecasting any improvement on these depressed conditions over the coming June Quarter.

"We are seeing a huge amount of hurt in our small business clients, like us they have downsized as far as they can go. Most are trapped in loans, they cannot wind the business up, so they are just exhausting credit cards and overdrafts – the cracks are starting to appear". – Survey Respondent

"We are slowly – very slowly – getting business finances back in order. Trading conditions over the past three years have been tough, but there may be a light at the end of the tunnel, provided we are not hit with any new problems". – Survey Respondent

> 12 Month Outlook: Australian & Qld 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.

"The world economy is unlikely to improve greatly over the next 2 months with Japan suffering currently and the USA still likely to be facing another watershed – its surprising how many customers are talking and worried about this and its really slowing down sales". – Survey Respondent

Australian Economy

> Confidence in the Australian economy has remained stable at levels similar to the previous December Quarter with an equal number of businesses expecting conditions to improve or remain the same as those who are expecting the national economy to weaken over the coming twelve months. Accordingly the Pulse Index strengthened slightly to 49.5.

Queensland Economy

> Business expectations for the Queensland economy, while up on the December Quarter, are still in troubling territory with the index sitting at 44.8. The majority of Queensland businesses (41 per cent) expect weaker conditions over the coming twelve months, while 31 per cent and 28 per cent expect conditions to remain the same or strengthen respectively.

> Survey Analysis: Factors Affecting the 12 Month Outlook

Undoubtedly the natural disasters at the start of the year continue to have a significant impact on Queensland businesses and their expectations. With the right conditions, businesses are expecting a gradual recovery over the next twelve months. Business owners are pinning expectations to the roll out of recovery and rebuild programs which they hope will boost what has been an all but stalled economic quarter for business growth. However businesses have also been critical of delays in insurance payouts and government disaster funding payments which they believe has hampered their ability to get back on track sooner.

"Money from the Government is not aiding businesses quick enough to get us back onto jobs and into work – if it does not come soon businesses will close the doors". – Survey Respondent

The stability of our Federal and State Governments is also playing on the minds of businesses and the community. Businesses are concerned that the prospect of a state election may lead the government to politicise the much needed economic recovery programs or may delay the rebuild of much needed infrastructure. Federally, businesses are increasingly concerned at the negative impact of proposed policies (such as the flood levy, carbon tax and the speculation of a tough budget) on an already cautious market.

"Prospect of the carbon tax has our industry slowing down as people are not spending until they know there is or is not a new tax and what its impact on their budgets is going to be. Flood levy also has people worried and are holding off spending until they know how it is going to effect their wages". – Survey Respondent

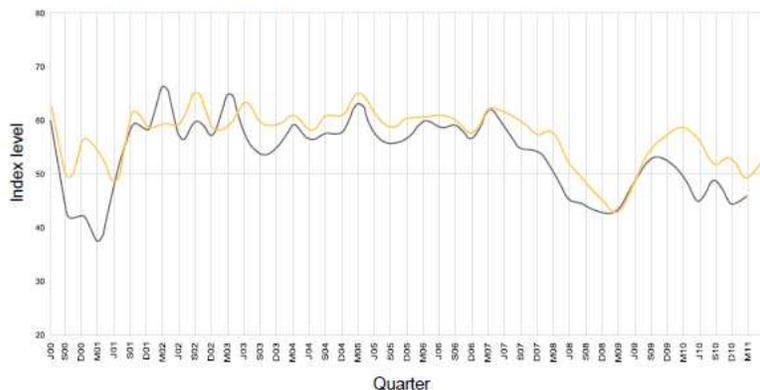
"The federal and state governments seem to currently be chasing popularity with voters over good management practices and smart decisions. I'm worried that now we are facing an election in Queensland that funding and infrastructure repairs will only happen in the areas where the government think they might lose a seat". – Survey Respondent

Broader national and international economic conditions are also testing the confidence of both business and the community. The high value of the Australian Dollar is significantly impacting those industries heavily reliant on export markets such as manufacturing and tourism as well as import competing manufacturing. Equally, businesses are witnessing tightened consumer spending across all sectors as households become increasingly cautious in light of troubled international economies and natural disasters overseas.

These results emphasise the need for targeted business assistance and careful thinking over key policy decisions during the coming financial year. Queensland businesses recognise the budgetary pressures faced by the Federal and State Governments and accordingly expect a disciplined approach to government spending and reduced government wastage, especially when businesses are not in any position to absorb additional costs or new business taxes.

"International disasters have added to the state of worry following our own floods etc. National debate on increased taxation has added to worry about the future. Overall, there are many reasons for people to delay purchases". – Survey Respondent

> Sales & Revenue



Sales & Revenue				
	Mar-10	Dec-10	Mar-11	Jun-11
Weaker	40	37	47	23
Same	29	35	25	42
Stronger	31	29	28	35
Index	50.7	44.5	45.7	52.8

— Current — Expected

"In normal times export accounts for 50% of our sales, due to the exchange rates at the moment we are only expecting 10%".

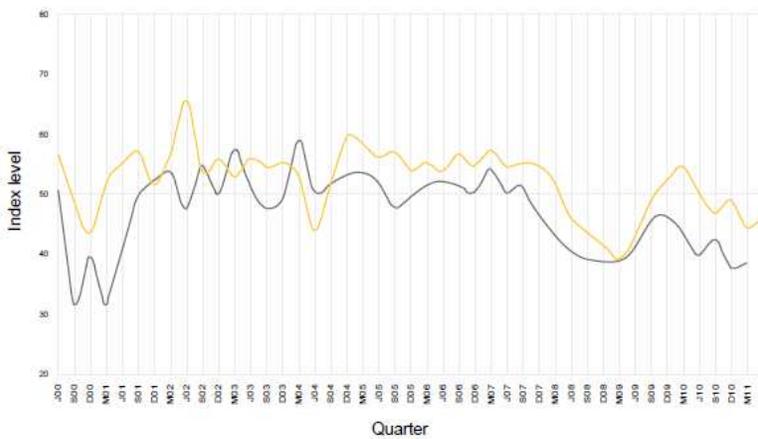
– Survey Respondent

> Sales and revenue remained weak over the three months to March 2011 with the Pulse Sales and Revenue Index increasing marginally in seasonally adjusted terms to 45.7. As anticipated the natural disasters have left the majority of businesses (47 per cent) with weaker sales while only 28 per cent of respondents enjoyed improved sales and revenue over the period.

> A similar trend is expected for the coming three month period with the majority of businesses (42 per cent) again expecting sales and revenue to remain at similar levels.

"The fact that banks are still not supporting small business and most small businesses have no access to equity to carry their short-term losses of income". – Survey Respondent

> Profitability



Profitability				
	Mar-10	Dec-10	Mar-11	Jun-11
Weaker	46	49	56	33
Same	34	34	28	41
Stronger	20	17	16	26
Index	44.0	37.5	38.5	46.0

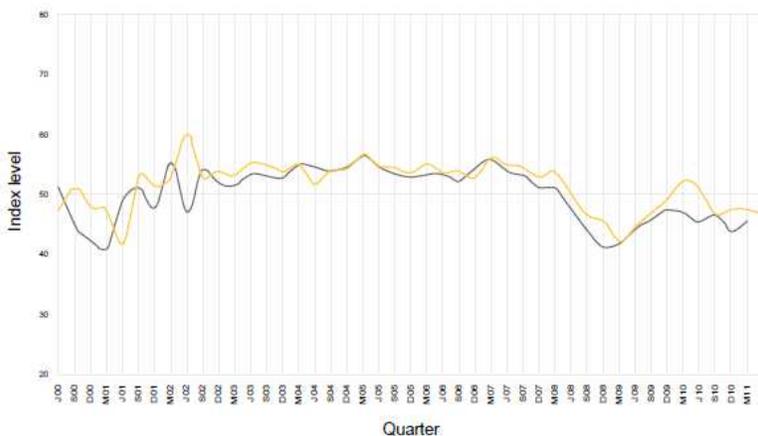
— Current — Expected

"Inflexible employment conditions and constant cost of living pressures are the biggest negative factors for my business at the moment". – Survey Respondent

"There has been a huge loss of business confidence. This is not helped by the announcement of a severe budget by the Prime Minister, it has businesses sitting on the fence until they know what implications are in it for them". – Survey Respondent

- > Business profitability also suffered as a result of depressed sales and the natural disasters during the quarter. The Pulse Profitability Index remained low at 38.5 in seasonally adjusted terms. More than half (56 per cent) of businesses experienced weaker profitability over the last three months.
- > The three month outlook for the June Quarter 2011 does not indicate any significant improvement, with the majority of businesses (41 per cent) expecting similar profitability to the last quarter.

> Employment Levels



Employment Levels				
	Mar-10	Dec-10	Mar-11	Jun-11
Weaker	26	29	30	24
Same	59	58	56	62
Stronger	15	14	14	13
Index	47.6	43.8	45.6	46.9

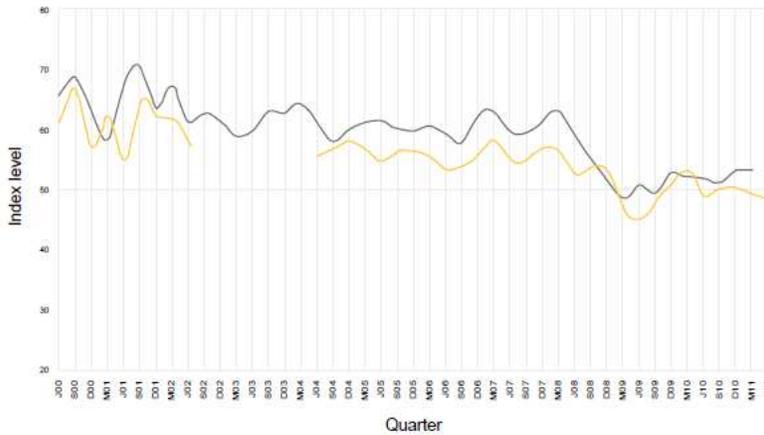
— Current — Expected

"General economic activity at present seems to be worse than the GFC period. Demand on our distributors is very low – the high AUD is forcing us to drop prices to compete with imports which means we are barely covering costs". – Survey Respondent

"The lack of competitiveness with wage increases and many employment laws being forced on us with absolutely no productivity increases – so it costs us more money without growing our business output?" – Survey Respondent

- > Employment levels have not moved significantly in any direction over the March Quarter, which is positive considering the dip in sales and profitability experienced by Queensland businesses. The Pulse Index remained relatively stable at 45.6 in seasonally adjusted terms with the majority of respondents (56 per cent) reporting employment to have remained the same.
- > However, emerging from the results is the fact that expectations for employment levels have now been trending downwards since the September Quarter 2010 possibly indicating growing caution over the ability of business owners to retain employees or recruit additional staff.

> Average Wages



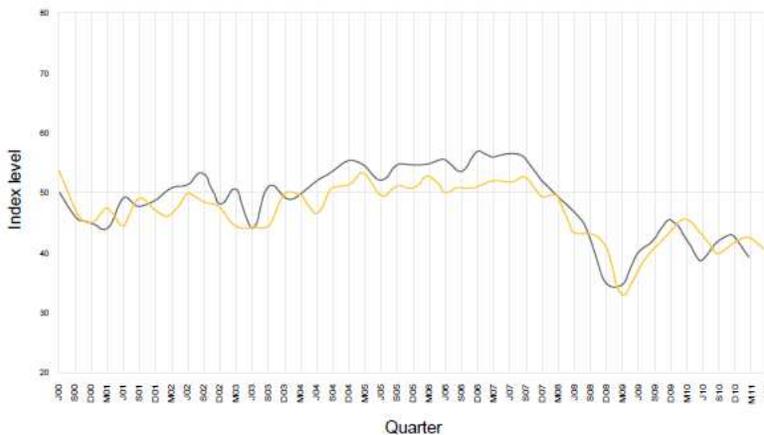
Average Wages				
	Mar-10	Dec-10	Mar-11	Jun-11
Weaker	11	10	10	10
Same	72	68	72	72
Stronger	16	22	19	18
Index	52.7	53.5	53.6	48.6

— Current — Expected

"There will be many more businesses closing or downsizing dramatically just to stay afloat. Since the beginning of the year I would have spoken to hundreds of business owners in most industries, and all are saying the same thing, that it is tough and cash flow is very tight." – Survey Respondent

- > Wage pressures have remained high over the past three months with the Pulse Average Wage Index sitting at 53.6 for the March Quarter 2011.
- > While the Average Wage Expectations Index for the June Quarter continues to trend downwards in seasonally adjusted terms, the majority of business owners anticipate wage pressures to remain the same over the coming three months reflecting the pressure that cost of living increases and the industrial relations system continues to place on employers.

> Capital Expenditure



Capital Expenditure				
	Mar-10	Dec-10	Mar-11	Jun-11
Weaker	35	33	42	35
Same	47	47	40	50
Stronger	18	21	18	15
Index	42.6	42.9	39.4	40.6

— Current — Expected

"Turnover has been bad since 2010 but we are facing rising costs from every angle - electricity, food, petrol prices - and we are not able to increase our prices to cover these costs." – Survey Respondent

- > Business investment in capital has a direct relationship to business confidence and future business and economic growth. It is concerning that capital expenditure in Queensland has been in decline since early 2008. The Pulse Capital Expenditure Index fell to 39.4 in the March Quarter, with the majority of respondents indicating capital expenditure on buildings, plant and equipment to be weaker (42 per cent) or the same (40 per cent) over the past three months.
- > Little change is expected in this indicator for the June Quarter 2011 with the Pulse Capital Expenditure Index expected to remain steady at 40.6.

> Regional Analysis

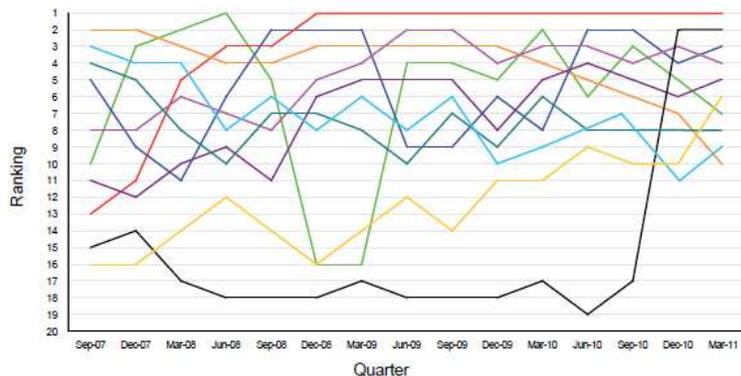
Current	Brisbane	Sunshine Coast	Gold Coast	South West Queensland	Central Queensland	Central Coast	North Queensland	Far North Queensland
12 Month Outlook - Queensland	↑ 44.0	↑ 46.2	↑ 42.4	↑ 48.1	↑ 52.1	↑ 51.1	↑ 43.8	↑ 37.8
General Business Conditions	↓ 44.8	↓ 44.5	↓ 38.0	↑ 51.0	↑ 47.9	↓ 52.4	↓ 39.2	↓ 27.9
Total Sales/Revenue	↓ 44.0	↓ 44.7	↓ 36.4	↑ 52.1	↑ 46.2	↓ 51.1	↓ 41.5	↓ 27.6
Profitability	↓ 35.3	↑ 41.4	↓ 33.5	↑ 42.6	↑ 40.8	↓ 42.0	↓ 32.1	↓ 26.0
Average Wages	↓ 51.5	↓ 49.4	↓ 33.5	↑ 54.6	↑ 56.5	↑ 57.6	↑ 55.2	= 48.5
Employment Levels	↓ 44.7	↑ 46.9	↓ 47.0	↑ 46.4	↑ 46.0	↓ 43.2	↓ 48.3	↑ 39.8
Capital Expenditure	↓ 36.5	↓ 38.6	↓ 35.7	↓ 41.6	↓ 42.7	↓ 45.1	↑ 38.8	↓ 33.2

↑ index increased from previous Qtr; – index unchanged from previous Qtr; ↓ index decreased from previous Qtr.

- > Some regions have fared worse than others over the March Quarter. Far North Queensland in particular continues to be a region of significant concern where the Pulse Indexes for General Business Conditions (27.9), Sales/Revenue (27.6) and Profitability (26.0) are on average 15 to 20 basis points below other regions and are at their lowest levels in the history of the CCIQ Pulse Survey.
- > Notably regions in the southeast corner of the State (Brisbane and the Gold and Sunshine Coasts) also experienced one of their worst quarters since the Global Financial Crisis in 2008 with general business conditions, sales and profitability all down on the previous quarter.
- > South West and Central Queensland were the strongest performing regions, both showing a dramatic improvement in general business conditions, sales, profitability and employment.
- > Businesses in all regions however remain optimistic that business conditions will improve over the coming 12 month period on the back of a strong recovery following the summer's natural disasters.

"Poor state of the Gold Coast economy has many business operators treading water; tourism is struggling; building is at an all time low; property values have fallen sufficiently to mean many business owners have zero equity; cost of living is increasing; professional fees are dropping; all this means profits are squeezed". – Survey Respondent

> Major Constraints on Business Growth



"The major challenge for government is while the mining sector generates a lot of wealth it is not a mass employer like tourism and retail. So while I expect ongoing wealth from the mining sector, high unemployment is on the horizon, particularly in regional economies which rely on these other industries". – Survey Respondent

- > Level of demand and economic activity and climatic conditions continued to be the most significant dampeners on business conditions during the March Quarter. Combined, these factors have driven a downturn in business activity, consumer confidence and spending resulting in reduced sales and profitability for business.
- > Political and economic stability has also been a major factor impacting business growth during the March Quarter. Businesses have attributed uncertainty over major policy proposals such as the flood levy, carbon tax, upcoming state and federal budgets and a potential state government election to the downturn in consumer confidence and spending.
- > Increasing business costs also continue to impact on business growth prospects. With reduced sales/revenue and profitability, the Queensland business community are struggling to meet increased business costs associated with local, state and federal government policy decisions.
- > Aside from the direct argument regarding the merits and costs of the policy, the current debate over the Carbon Tax appears to be driving an increased consciousness and concern for escalating energy costs. As noted in last quarter's Pulse Report, since December 2008 energy costs have been slowly moving higher up the list as a major constraint on business growth and has again moved higher in prevalence to now be in the top ten major constraints on business growth.

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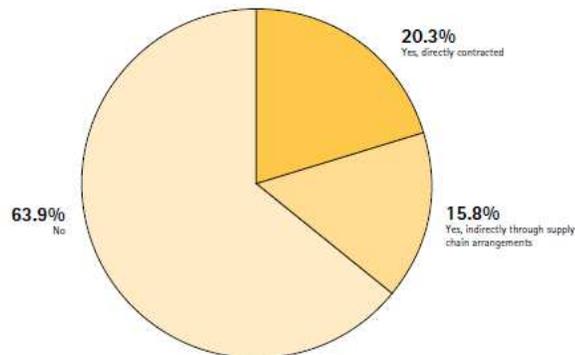
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> Hot Topic – Industry Participation in Government Procurement and Major Projects

Government has an obligation to ensure that local industry is given full, fair and reasonable opportunity to be considered for major projects and the provision of goods and services in Queensland. This has never been more important in Queensland than it is now following the recent floods and natural disasters. Queensland's economic recovery will depend on how readily local businesses can be engaged in the rebuild program and major infrastructure projects.

While all levels of government have local industry and procurement policies in place, respondents indicated that the current level of involvement by local businesses in major government projects and other procurement opportunities is low. Only 36 per cent of Queensland businesses are accessing procurement opportunities while a greater majority (63.9 per cent) are not.

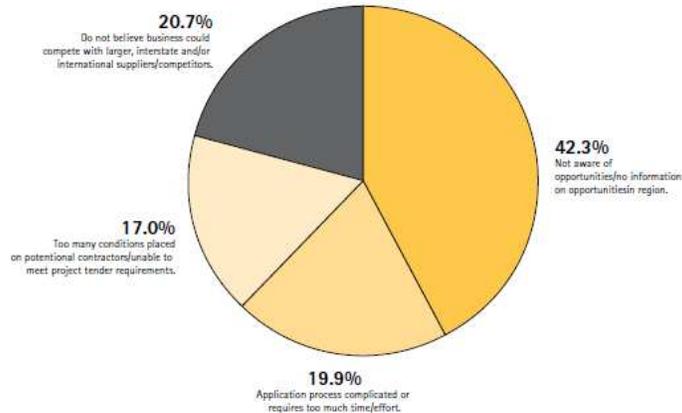
Business participation (current and/or past) in government procurement opportunities



"Tender qualification process is unnecessarily complicated and exclusive. Project management is subsequently convoluted with often 3 levels of contractors before anyone sticks a shovel in the ground and the guy with the shovel has to wait for payments while project managers and government departments go through the payment process. I've done it once before, but will never bother again, it nearly sent me broke". – Survey Respondent

"Complexity is too much for small business – makes such projects not cost effective". – Survey Respondent

Main reasons for not accessing government procurement opportunities



The main reason for the low industry participation in government procurement opportunities is that Queensland businesses simply are not made aware of the possible opportunities in their regions. Businesses commented that they do not know where or how to find information on upcoming project or supply opportunities and that they most frequently become aware of major projects only when the media reports on the successful tenders or commencement of projects. There is also a growing perception that local small businesses can not compete against the larger national and international companies, especially when the application and contract requirements are so complex.

"BIG companies like trading with the BIG companies – they just don't understand how small business works but are not interested in taking the time to learn, even though we can often meet their needs better". – Survey Respondent

"I believe in Queensland there has at times not been a level playing field for smaller private providers in which to compete". – Survey Respondent

Overall the majority (43.7 per cent) of Queensland businesses rated the existing industry procurement policies and processes as average. Only 29 per cent of businesses rated their past experience participating in procurement as good, while 27 per cent of businesses rated this experience as poor.

Businesses unanimously agreed that more could be done to improve the existing procurement framework to ensure more local small and medium businesses can benefit from major projects and government purchasing in their region.

"Size and reputation of the company dictates who wins. Procurement evaluators are not willing to put their own reputations on the line to test new or smaller providers". – Survey Respondent

"I know that after the Brisbane floods all waterfront rectification works were given to an interstate company – I don't even believe it was put to tender, Qld companies were not advised". – Survey Respondent

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. It is published in cooperation with the Commonwealth Bank.

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 with over 750 Queensland businesses interviewed as part of each survey.

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

> 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 statewide 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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invigorating business

Chamber of Commerce & Industry Queensland Profile



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Chamber of Commerce & Industry Queensland is the state's peak industry body, representing the interests of 25,000 businesses, across all industry sectors and in all regions. We champion business to gear up for the future today with the right set of solutions for success in tomorrow's world.

Chamber of Commerce & Industry Queensland is a non-government organisation that seeks to work with Government and other groups to shape Queensland's economic and social environments in a way that promotes business growth and community prosperity.

Chamber of Commerce & Industry Queensland is called upon by thousands of enterprises to deliver a broad range of business services including business representation, business compliance, business skills, business safety, business sustainability, business connections and business globally. We are commercially-minded and expertly-qualified.

Chamber of Commerce & Industry Queensland is a founding member and influential partner of the Australian Chamber of Commerce and Industry (ACCI) and part of the worldwide network of Chambers of Commerce and affiliated business service organisations.

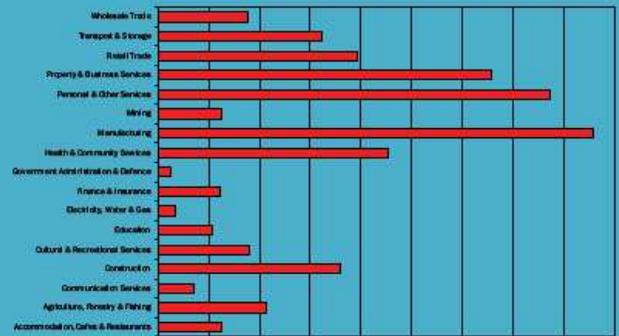
Chamber of Commerce & Industry Queensland has in excess of 3,700 members across 8 regional offices and represents over 135 local chambers of commerce and 60 trade and professional associations.

Our vision is to invigorate business success in Queensland.

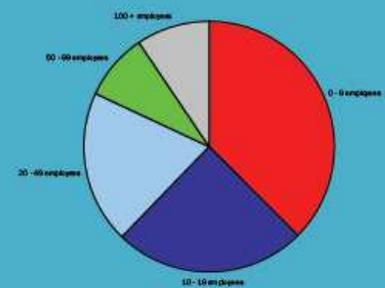


The diversification of Chamber of Commerce & Industry Queensland's membership is illustrated in the following charts:

Commerce Queensland members by Industry



Commerce Queensland members by Employment Size



Commerce Queensland members by Region

