Sunshine Coast

April 2009

Business Confidence Survey

Conducted by

Noosa Boardroom | Queensland, Australia

"We are all afraid for our confidence, for the future, for the world. That is the nature of the human imagination.

Yet every man, every civilization, has gone forward because of its engagement with what it has set itself to do."

Jacob Bronowski
Mathematician, Biologist and Philosopher

Business Confidence is a unique barometer of economic activity. It is the measurement of what businesses THINK is going to happen in the future. Therefore business confidence reports are one of the few forward projecting data sets available to the business community.

Business confidence reports are just one of the many sources of information available to businesses. It is highly recommended that a variety of information sources be utilised by both the business community and policy makers for decision-making.

Noosa Boardroom, in partnership with the many business and Government organisations on the Sunshine Coast, set about to understand confidence levels over time and created this Coast-wide survey.

The objective is to assist local businesses in their decision-making by understanding LOCAL data and information. Businesses therefore do not have to solely rely on national data, or the media, for information on business confidence levels.

This is the first in a series of quarterly surveys for the Sunshine Coast Region and we wish to sincerely thank all the businesses and various organisations that have made this survey possible.

We wish to especially thank the many businesses that spent the time participating in the survey and answering questions.

Survey Methodology

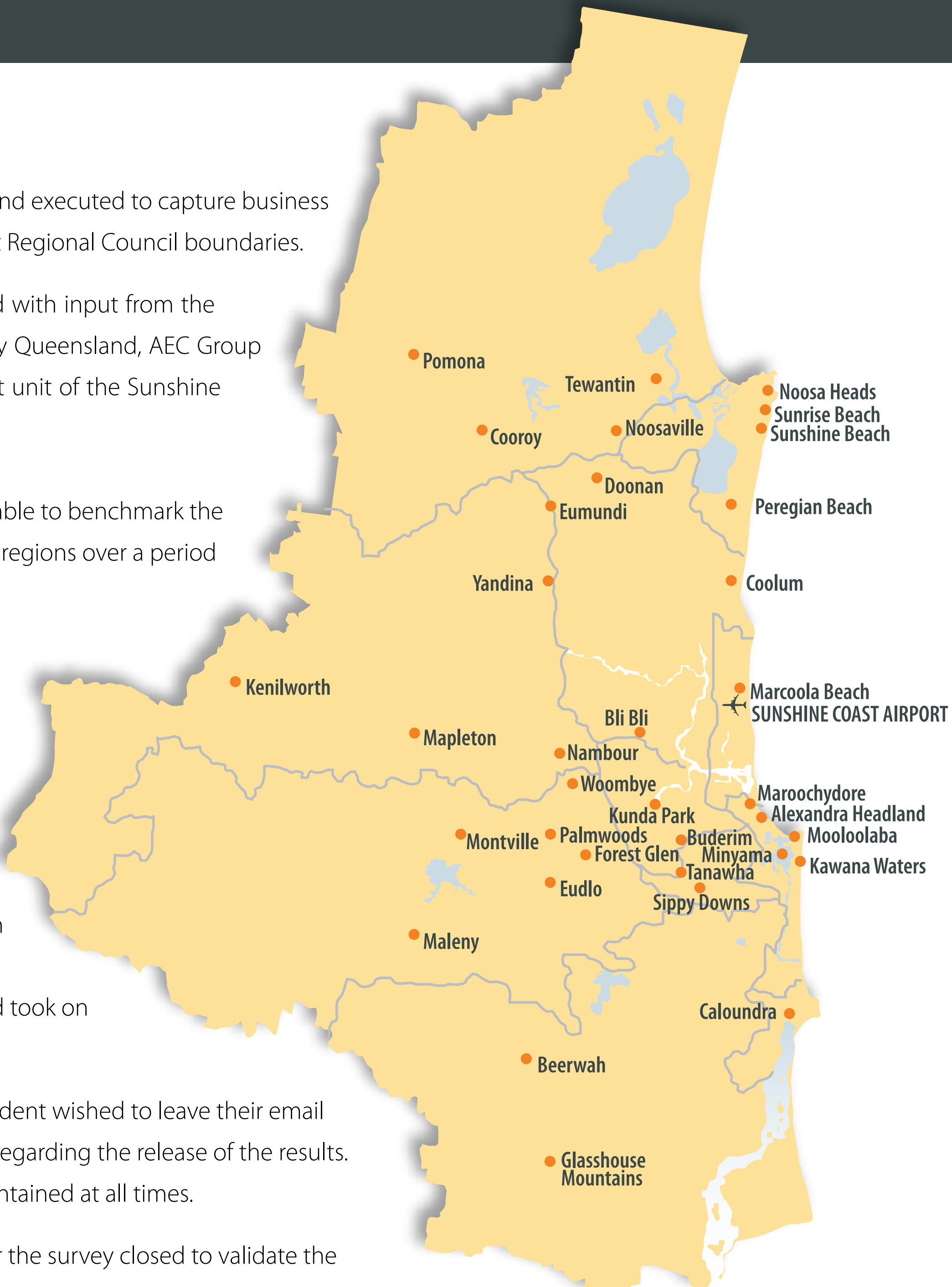
The quarterly survey was designed and executed to capture business responses within the Sunshine Coast Regional Council boundaries.

The survey questions were designed with input from the Chamber of Commerce and Industry Queensland, AEC Group Ltd and the Economic Development unit of the Sunshine Coast Regional Council.

The questions were designed to be able to benchmark the Sunshine Coast region against other regions over a period time.

Opening Thursday April 9 and closing Tuesday April 28 the survey was distributed to over 2000 email addresses and via established business networks.

Conducted online, the survey allowed for anonymous participation and consisted of 5 questions. The questions were short and simple and took on average 3 minutes to complete.



The last question asked if the respondent wished to leave their email address for purposes of email alerts regarding the release of the results. The privacy of all respondents is maintained at all times.

A phone survey was conducted after the survey closed to validate the online data. In addition, the software used prohibited the same computer completing the survey twice, providing further confidence in the veracity of the data collected.

There were 502 responses to the April 2009 Sunshine Coast Business Confidence Survey

Number of respondents

There were 502 responses to the April 2009 survey. The majority of these responses came from both the 'Northern' and 'Central' regions of the Shire.

This report was made public May 14 2009.

QUESTION 1 INDUSTRY SECTORS

Which industry do you belong to?

Using the standard Australian and New Zealand Industry codes (ANZIC) for purposes of national comparisons

Response	Number of responses	%
Accommodation, cafes & restaurants	98	19.5%
Agriculture/forestry/fishing	4	0.8%
Communications services	17	3.4%
Construction	26	5.2%
Cultural/recreational	27	5.4%
Education	15	3.0%
Electricity, gas & water supply	2	0.4%
Finance/insurance	36	7.2%
Government administration and defence	1	0.2%
Health & community services	23	4.6%
Manufacturing	33	6.6%
Mining	1	0.2%
Personal services	25	5.0%
Property/business services (includes ICT)	124	24.7%
Retail trade	46	9.2%
Transport & storage	11	2.2%
Wholesale trade	11	2.2%
Q left blank	2	0.4%
TOTAL	**502**	**100.0%**

Source: Noosa Boardroom (2009) Sunshine Coast Business Confidence Survey (April 2009)

The majority of respondents came from the property and business services sector, followed closely by businesses operating in the accommodation, cafes and restaurant sector.

QUESTION 2 REGIONAL RESPONSES ACROSS THE COAST

In which region do you primarily operate your business from?

Region	Number of responses	%
Alexandra Headland	8	1.6
Beerwah	4	0.8
Bli Bli	2	0.4
Buderim	16	3.2
Caloundra	25	5.0
Coolum	18	3.6
Cooroy	24	4.8
Doonan	3	0.6
Eudlo	1	0.2
Eumundi	5	1.0
Forest Glen	3	0.6
Glasshouse Mountains	1	0.2
Gympie	3	0.6
Kawana Waters	29	5.8
Kenilworth	1	0.2
Kunda Park	6	1.2
Maleny	6	1.2
Mapleton	1	0.2
Marcoola Beach	6	1.2
Maroochydore	84	16.7

Region	Number of responses	%
Minyama	1	0.2
Montville	5	1.0
Mooloolaba	28	5.6
Nambour	11	2.2
Noosa Heads	63	12.5
Noosaville	74	14.7
Palmwoods	4	0.8
Peregian Beach	9	1.8
Pomona	1	0.2
Qld/National/International	7	1.4
Sippy Downs	4	0.8
Sunrise Beach	1	0.2
Sunshine Beach	3	0.6
Sunshine Coast (all areas)	13	2.6
Tanawha	1	0.2
Tewantin	11	2.2
Woombye	1	0.2
Yandina	13	2.6
Question Left Blank	6	1.2
TOTAL	**502**	**100%**

Regional Respondents	Number of responses	%
Northern Region	213	42.4
Central Region	230	45.8
Southern Region	30	6
Other	29	5.8
TOTAL	**502**	**100%**

Source: Noosa Boardroom (2009) Sunshine Coast Business Confidence Survey (April 2009)

The majority of respondents came from the Maroochydore, Mooloolaba and Kawana Waters areas, as well as the Noosa Heads and Noosaville areas.

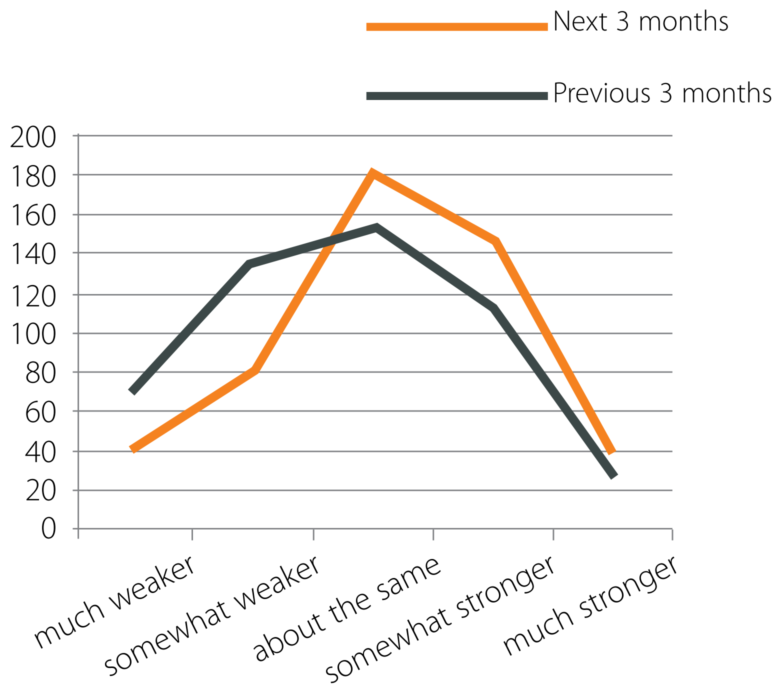
QUESTION 3 GENERAL BUSINESS CONFIDENCE

How has your business / organisation performed?

"With the current financial crisis, there is a huge amount of uncertainty for all businesses. Being as well informed as possible is your best strategy for success."

Gerard O'Brien
Managing Director/Chief Executive
Buderim Ginger Limited

The graph below compares the two questions and highlights the greater confidence for the next three months (orange line) relative to the previous 3 months.



Source: Noosa Boardroom (2009) Sunshine Coast Business Confidence Survey (April 2009)

Of the 502 respondents a total of 73% of businesses felt their business would either be stronger or about the same for the next quarter.

General Business Confidence	Much Weaker	Somewhat Weaker	About the Same	Somewhat Stronger	Much stronger
A) How has your business performed over the LAST 3 months relative to the previous 3 months?	14%	27%	30.7%	22.3%	5.5%
B) How do you believe your business will perform in the NEXT 3 months compared with the last 3 months?	8%	16%	36%	29.3%	7.7%

Source: Noosa Boardroom (2009) Sunshine Coast Business Confidence Survey (April 2009)

NOTE: A small proportion of respondents left one or both of these questions blank, therefore the remaining percentages (0.5% for question A and 3% for question B) are due to that factor.

QUESTION 4

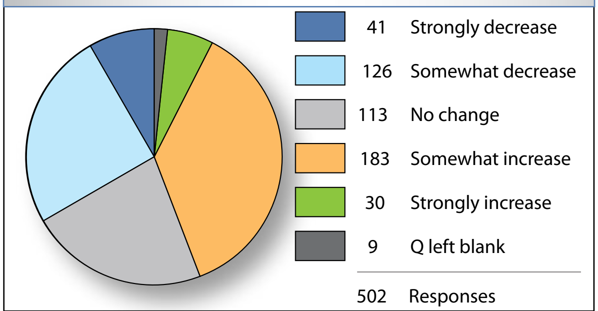
In your business / organisation do you expect an increase, decrease or no change over the next 3 months in the following areas?

Note: A small percentage of answers from each section were left blank.

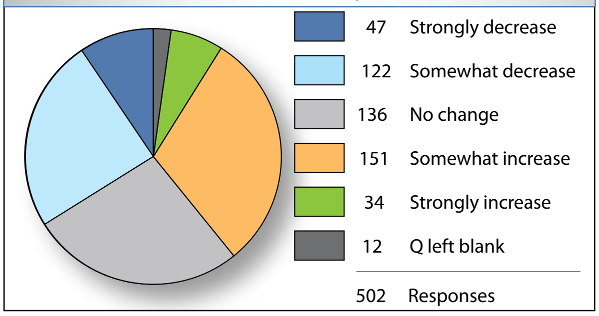
Area	Strongly decrease	Somewhat decrease	No change	Somewhat increase	Strongly increase
Gross Sales Revenue	8.2%	25.1%	22.5%	36.5%	6.0%
Profitability	9.4%	24.3%	27.1%	30.1%	6.8%
Staffing Levels	4.4%	13.9%	62.7%	13.9%	1.2%
Average Wages	4.2%	11.6%	70.1%	9.8%	0.8%
Capital Investment	9.4%	12.0%	55.0%	16.9%	2.8%

Source: Noosa Boardroom (2009) Sunshine Coast Business Confidence Survey (April 2009)

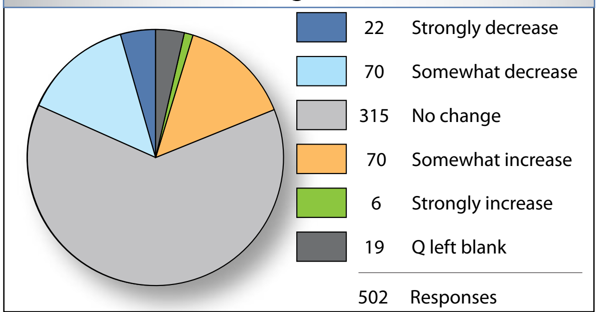
Gross Sales Revenue



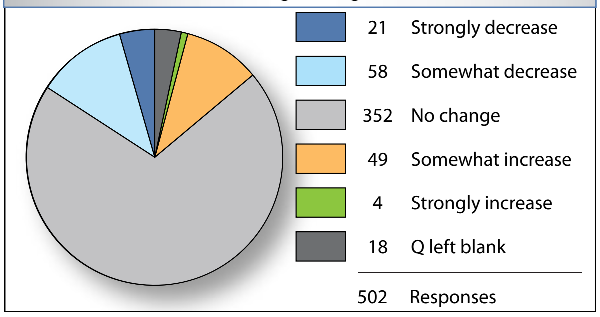
Profitability



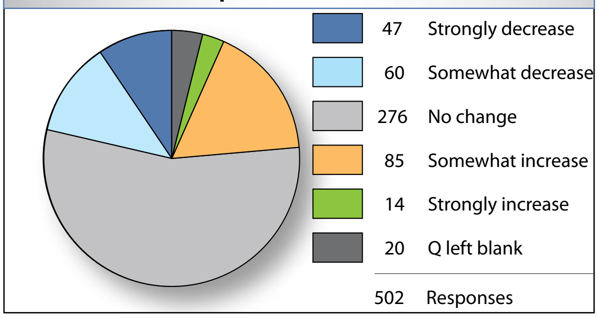
Staffing Levels



Average Wages



Capital Investment



Source: Noosa Boardroom (2009) Sunshine Coast Business Confidence Survey (April 2009)

QUESTION 5

In your opinion, what are the major constraints on the growth of your business?

Participants could select more than one answer to this question

"This kind of information will inform businesses as they undertake and review strategies for growth. It is a great initiative by the Noosa Boardroom to better inform both the local business community and Council to assist them to respond to the current economic climate"

Cr Lew Brennan
Economic Development Portfolio Leader
Sunshine Coast Regional Council

Major Constraints	Number of responses
Global / National economic performance	184
Declining demand from customers	182
Price pressure from competitors	157
Price pressure from customers	156
Declining customer base	136
Rising overheads and utility costs	128
Declining visitor numbers	111
Difficulties in obtaining Finance / extending credit facilities	81
Price pressure from suppliers	63
Other	62
Problems with Local or State Government planning regulations	60
Availability of skilled workers	54
Licensing and regulations	53
Rising transport costs	45
Personal and/or home pressures	45
Increasing competition from low-cost imports	44
Environmental catastrophes (oil slicks, hurricanes, flooding etc)	36
Rising production costs	34
Broadband and information technology access	31
Limited supply of production materials and / or product	23
Transport infrastructure	17
Access to training	16
Shortage of industrial / commercial land	7
Reduced demand for exports	2
TOTAL	**1727**

Source: Noosa Boardroom (2009) Sunshine Coast Business Confidence Survey (April 2009)

The responses to the "other" field were many and varied. They included comments about the negative media coverage affecting business, tax arrangements for small businesses, availability of affordable business accommodation, decline in spend in luxury items and lack of confidence generally to name a few.

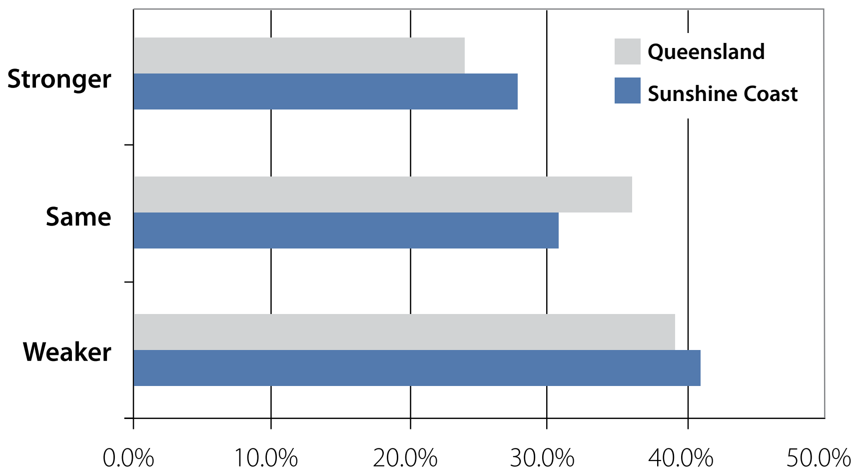
SILVER LINING?

Sunshine Coast Business Confidence Survey - Economic Commentary

By Michael Campbell

The results of the first Sunshine Coast Business Confidence Survey indicate that businesses on the Sunshine Coast remain incredibly upbeat despite some signs of weakening performance.

Current Business Conditions



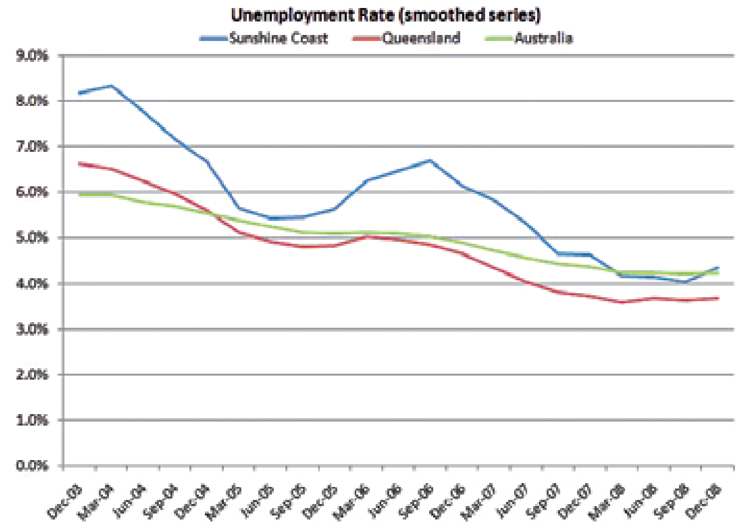
Source: AECgroup (2009); Sunshine Coast Business Confidence Survey (2009); Commerce Queensland (2009)

Compared to the December Noosa Business Insight Survey[1], there was a 3.4 percent increase in businesses reporting "somewhat stronger" results over the last three months. However the biggest change in the results was a 6 percent increase in businesses reporting "much weaker" performance. The overall performance of businesses on the Sunshine Coast over the last three months was largely in line with the experience of businesses across the State, using the most recent St. George / Commerce Queensland Pulse Survey of Business Conditions.

However, in stark contrast to businesses across Queensland, firms on the Sunshine Coast remain boldly optimistic. The clear majority of Sunshine Coast businesses (73 percent) expect business to stay the same or improve over the next three months, compared with 53 percent of businesses across the State. At the same time, only 24 percent of businesses on the Sunshine Coast expect weaker performance over this time period, while roughly 48 percent of businesses in Queensland expect a decline.

The optimism of Sunshine Coast businesses is also demonstrated in their sales and profit expectations. Roughly 40 percent of the businesses said they expect increases in revenue and profit in the future. At the same time, 15 percent expect to hire more staff and 20 percent are planning to invest additional capital, which demonstrates by and large that firms expect to fill existing capacity in the short term. The optimism

1 The December Noosa Business Insight Survey only involved businesses from the Noosa region. The April survey involved businesses from the entire Sunshine Coast (including the former Council areas of Caloundra City, Maroochy and Noosa).



Source: AECgroup (2009); DEEWR (2009)

is tempered by the fact that almost 20 percent of businesses indicated that they expect to let people go in the future, meaning that the Sunshine Coast could be in for an increase in unemployment. The most recent official data for December 2008 points to a rising unemployment rate on the Sunshine Coast.

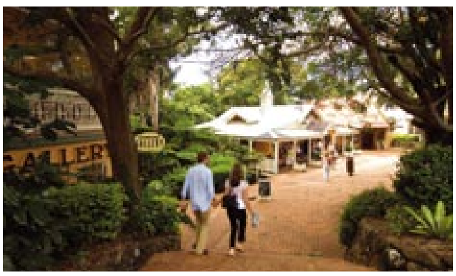
When asked about current constraints on growth, there was a wide variety of answers, ranging from the very practical to the almost whimsical. Most of the top ten major constraints could be either directly or indirectly attributable to a wider economic slowdown, which is a signal that the dark clouds of global recession may still be looming over the Sunshine Coast.

Across Australia, there have been recent signs of economic trouble. According to the Australian Bureau of Statistics, Gross Domestic Product (GDP) decreased by 0.5 percent from the September 2008 to December 2008 quarter (seasonally adjusted). The ANZ Jobs Advertisement Series has fallen to its lowest level on record in March 2009, with an annual 45 percent decline in job advertisements.

So as doom and gloom persists in Australia based on recent economic information, it is encouraging to see that the Sunshine Coast Business Confidence Survey indicates optimism about the future.

We will have to wait and see if the optimism on the Sunshine Coast really delivers the silver lining to the dark financial clouds.

Michael Campbell is a Senior Consultant with the AECgroup, an Australian economics and property consulting company based in Brisbane.



ACKNOWLEDGEMENTS

Without the support of the following organisations this survey would not have been possible. We would like to sincerely thank the following:

- Sunshine Coast Regional Council
- Maroochydore Chamber of Commerce
- Noosa Chamber of Commerce
- Cooroy Chamber of Commerce
- Coolum Business and Tourism
- Caloundra Chamber of Commerce
- Kawana Waters Chamber of Commerce
- Yandina Chamber of Commerce
- The Noosa Journal
- Sunshine Coast Daily
- Sunshine Coast Innovation Centre
- Tourism Noosa
- Tourism Sunshine Coast
- Sunshine Coast Business Women's Network
- Sunshine Coast Enterprises
- AEC Group Ltd
- PunkLogic
- Callister Lawrence Media and Communications
- Queensland Department of Employment, Economic Development and Innovation
- Sunshine Coast Area Consultative Committee

If you are involved in a business organisation on the Sunshine Coast, and interested in supporting the survey, we would like to hear from you.

Contact us

Anne Lawrence, Noosa Boardroom Phone (07) 5430 6666 PO Box 1613 Noosaville DC 4566 Qld

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Want to find out more?

If you would like to get involved in our quarterly survey you can subscribe online to receive the quarterly alerts.

You may also like to contribute your comments on our Boardroom Blog and tell us what you think about the survey and/or general business confidence in our region.
Go to www.noosaboardroom.com.au

SUNSHINE COAST BUSINESS CONFIDENCE SURVEY

This report has been produced by Noosa Boardroom in partnership with the Sunshine Coast Business Community.

Yandina Chamber of Commerce

Cooroy Chamber of Commerce

Sunshine Coast Enterprises

Kawana Chamber of Commerce