

NOOSA BOARDROOM BUSINESS INSIGHT SURVEY SUMMARY REPORT

Survey One: conducted in Dec 2008, being reported upon Jan 2009

Background and Overview

- The objective of the newly established Noosa Boardroom Business Insight Survey is to provide an indicator of short-term business conditions for local business owners and managers by surveying their collective views on current business conditions, and their future anticipations.
- The first survey was launched on 27th November 2008 and conducted in partnership between Noosa Boardroom, Sunshine Coast Regional Council, Noosa Journal and AEC Group Ltd. With assistance from Commerce Queensland, Noosa Chamber of Commerce, Cooroy Chamber of Commerce and Tourism Noosa, particularly in the distribution of the survey.
- The survey method was via an online, simple to use, anonymous poll of 4 multiple-choice questions targeted towards local business owners and managers. The survey ran for 3 weeks and closed on the 18th December 2008.
- The survey will be conducted on an ongoing (quarterly) basis and if businesses wish to receive notification of when each survey is opened they can sign up on the Noosa Boardroom website www.noosaboardroom.com.au
- The first survey was targeted towards general business confidence in the region, in the face of the current economic crisis. Survey questions were devised in collaboration with the major partners (as listed above). Two of the survey questions used will continue to be kept the same, and mirrored on the Commerce Queensland quarterly general business confidence questions. This is so that we can compare Noosa confidence with other regions, and keep track of our regional confidence each quarter to see if it is improving or not.
- Noosa Boardroom conceived of the survey idea and is the primary sponsor of the activity. Noosa Boardroom's motivation for doing this project is purely as an active and passionate member of the business community.
- The participation rate for the first survey was high with over 200 business respondents coming from a broad cross-section of the Noosa economy.
- The results from the survey questions were cautiously realistic (not overly pessimistic) regarding business conditions in the region despite the doom and gloom headlines in our national papers.
- The results of the survey have been analysed by economic commentator Michael Campbell from AEC Group Ltd. See appendix A for his article.

Further information is available from:

Anne Lawrence
Noosa Boardroom
E: anne@noosaboardroom.com.au
Ph: 07 5430 6666
www.noosaboardroom.com.au

Questions used in Survey one

Question 1 Which industry do you belong to? *(then using drop down menu with industry categories matching the ANZIC codes)*

Question 2. What are you doing to protect your business against the current economic downturn?

- a) I'm not worrying about it, it will be fine
- b) I'm delaying expansion plans until the market becomes more stable
- c) I have done a risk analysis and am implementing select strategies to minimise any impacts
- d) I am actively downsizing my business
- e) What economic downturn?

Question 3. Is the Noosa region recession proof?

- a) Yes, because we have a strong tourism industry
- b) Yes, to a certain degree because we have a diversified economy
- c) No, we are just as vulnerable as other regions
- d) No, we are more vulnerable than other regions
- e) Unsure

Question 4 General business confidence.

Part A How has your business performed over the LAST 3 months relative to the previous 3 months?

- a) Much weaker
- b) Somewhat weaker
- c) About the same
- d) Somewhat stronger
- e) Much stronger

Part B How do you believe your business will perform in the NEXT 3 months compared with the last 3 months?

- a) Much weaker
- b) Somewhat weaker
- c) About the same
- d) Somewhat stronger
- e) Much stronger

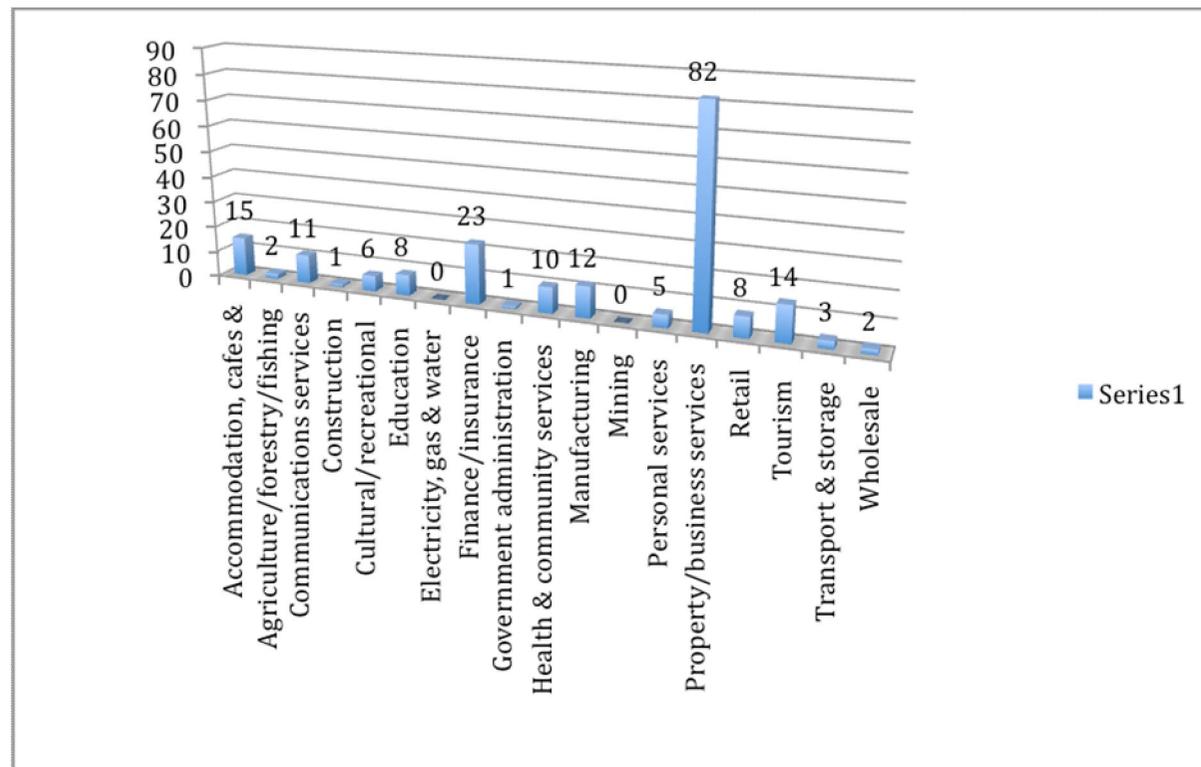
Results:

See attached (and below) for results from 203 participants

The results show a relatively positive outlook in comparison to other regions. Michael Campbell's report on the results and comparison with other regions is included at the end as appendix A.

Question 1: Which industry do you belong to? (then using drop down menu with industry categories matching the ANZIC codes)

Anzsic code category	# Responses	% Response
Accommodation, cafes & restaurants	15	7.4%
Agriculture/forestry/fishing	2	1.0%
Communications services	11	5.4%
Construction	1	0.5%
Cultural/recreational	6	3.0%
Education	8	3.9%
Electricity, gas & water supply	0	0.0%
Finance/insurance	23	11.3%
Government administration and defence	1	0.5%
Health & community services	10	4.9%
Manufacturing	12	5.9%
Mining	0	0.0%
Personal services	5	2.5%
Property/business services (includes ICT)	82	40.4%
Retail	8	3.9%
Tourism	14	6.9%
Transport & storage	3	1.5%
Wholesale	2	1.0%



Question 2. What are you doing to protect your business against the current economic downturn?

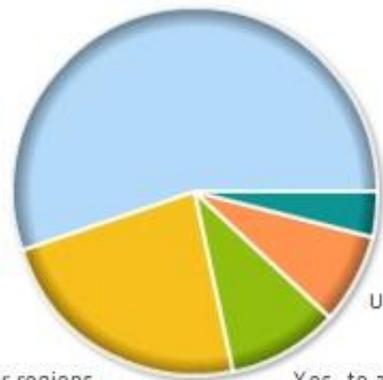
Option	Total	Percent
 I have done a risk analysis and am implementing select strategies to minimise any impacts	100	49.26%
 I'm not worrying about it, it will be fine	44	21.67%
 I'm delaying expansion plans until the market becomes more stable	31	15.27%
 What economic downturn?	16	7.88%
 I am actively downsizing my business	12	5.91%
203		



Question 3. Is the Noosa region recession proof?

Option	Total	Percent
<input type="checkbox"/> No, we are just as vulnerable as other regions	112	55.17%
<input type="checkbox"/> No, we are more vulnerable than other regions	47	23.15%
<input type="checkbox"/> Yes, to a certain degree because we have a diversified economy	20	9.85%
<input type="checkbox"/> Unsure	16	7.88%
<input type="checkbox"/> Yes, because we have a strong tourism industry	8	3.94%
203		

No, we are just as vulnerable as other regions



Yes, because we have a strong t

Unsure

ve are more vulnerable than other regions

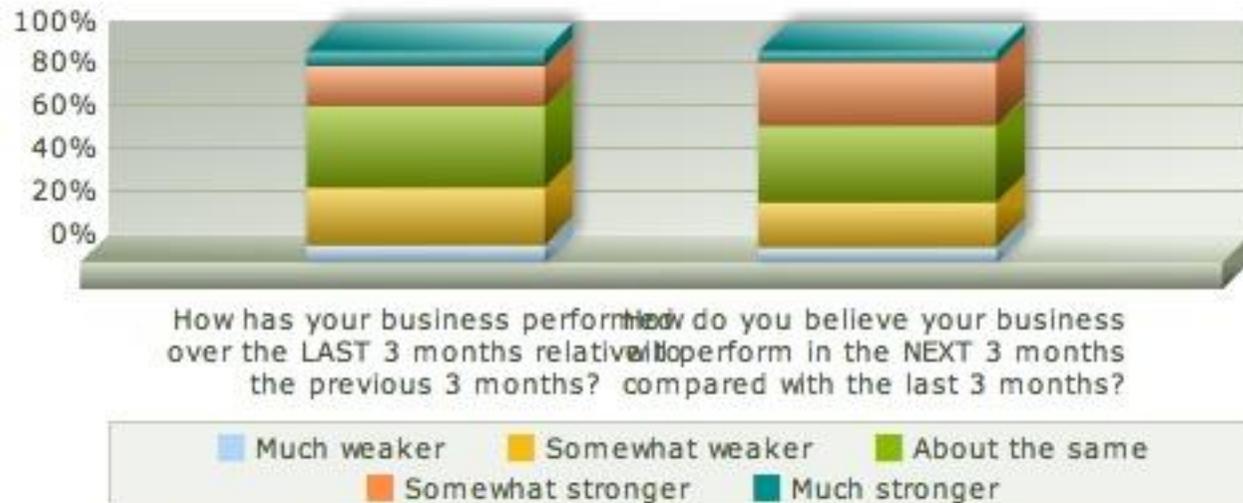
Yes, to a certain degree because we have

Question 4 General business confidence.

Part A How has your business performed over the LAST 3 months relative to the previous 3 months?

Part B How do you believe your business will perform in the NEXT 3 months compared with the last 3 months?

	Much weaker	Somewhat weaker	About the same	Somewhat stronger	Much stronger
How has your business performed over the LAST 3 months relative to the previous 3 months?	17 (8.4%)	55 (27.1%)	78 (38.4%)	38 (18.7%)	15 (7.4%)
How do you believe your business will perform in the NEXT 3 months compared with the last 3 months?	15 (7.4%)	43 (21.2%)	74 (36.5%)	61 (30%)	10 (4.9%)



Appendix A

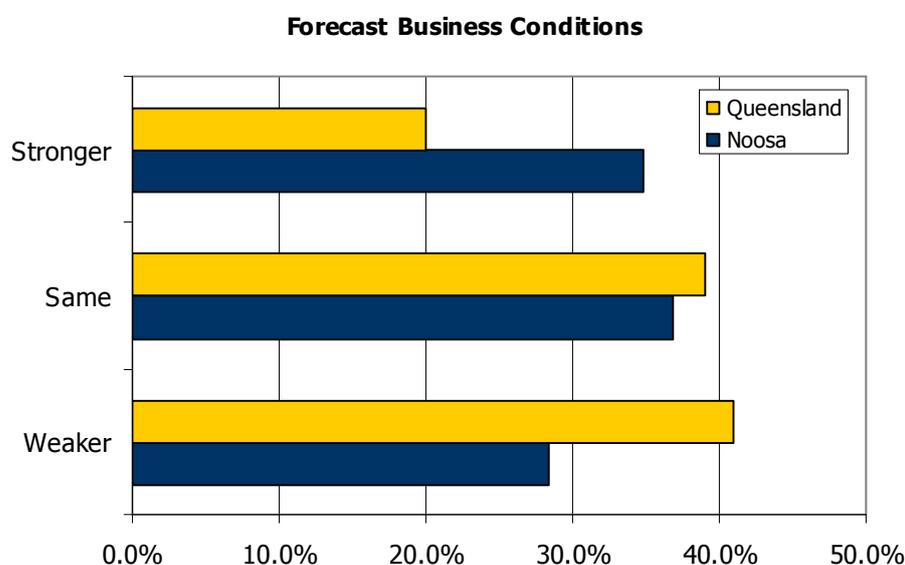
Noosa is not scared!

Business Insight Survey - Economic Commentary

By Michael Campbell

With the world consumed by bad news stories and ominous signs of a global economic slowdown, the businesses in Noosa seem relatively upbeat about future business activity. The results of the recent Business Insight Survey show that 72% of the businesses expect the next three months to be the same or stronger than the past three, compared to 28% of businesses that expect weaker results in the near future.

These results are in contrast to sentiment across the state, which shows greater concern about business in the near future. According to the most recent St. George / Commerce Queensland Pulse Survey of Business Conditions, 59% of businesses expect the same or stronger results over the next three months and 41% of businesses anticipate weaker outcomes.



Source: AECgroup (2008); Noosa Business Insight Survey (2008); Commerce Queensland (2008)

Looking at the past three months, the results of the survey more closely resemble the opinion across the state, as the table below shows.

Current	Noosa	Queensland
Weaker	35.3%	40%
Same	38.3%	39%
Stronger	26.4%	21%

While businesses in Noosa remain upbeat about the near future, they do not ignore the potential dangers of an economic slowdown. 50% of businesses report that they recognize the risk and have prepared for it, while 20% report either delaying an expansion or actively downsizing the business. Almost a third of the survey respondents are not worrying about it, and given the beautiful weather over the Christmas break, they are most likely hanging out at the beach.

Since the survey has closed, there have been many significant events in response to the global financial crisis, including historically low interest rates in the US and UK, as well as unprecedented Government stimulus packages in the US, Europe and China. When will the serious financial waves of the crisis reach the shores in Noosa? Hopefully they won't, but the recent signs are not good.

Beyond the headlines about interest rates, stimulus packages, consumer confidence, etc., real results of the global economic downturn are starting to appear. Major, global companies from a wide range of different industries have begun reducing their workforce in response to the global environment. Rio Tinto, Boeing, Lenovo, Alcoa, Sony, Bristol Myers Squibb, Honda and many more have all announced huge layoffs.

Indeed, in Australia, there was a 9.7% drop in job advertisements in December 2008 that followed an 8.6% reduction in November 2008, according to the ANZ job advertisement series. New jobs advertised in December 2008 were 30% less than the previous year. Closer to home, Rio Tinto, Xstrata, Macarthur Coal and Peabody Energy have all announced cut backs in output and/or reduction of workforce at coal mines in Queensland. Xstrata has also canceled plans for a zinc and lead processing plant in Mt. Isa.

With the Noosa economy strongly dependent on tourism, slow downs in the mining and processing sectors mean very little to Noosa directly. However, there will be repercussions as the global slow down impacts on consumer confidence and a discretionary expenditure in Australia. The critical factor for Noosa will be how individual tourists respond to broader economic conditions. Domestic holidays may become more attractive than overseas jaunts for the higher end of the market or the overall number of visitors may decrease as people begin to save more (spending less on discretionary items, like holidays).

The survey seems to support this concern, with 80% of survey respondents agreeing that Noosa is not recession proof. In fact, almost a quarter of the respondents believe that the region is more vulnerable than other regions (probably because of the reliance on the tourism sector). However, with the strong short to medium expectations, it is fair to say that many businesses obviously see a ray of sunlight on an otherwise cloudy global forecast.

With the summer holiday upon us, much of the current business optimism may be due to the anticipated influx of visitors, which would mean an increase in tourism related businesses. We will have to wait for the next survey to find out if the visitors showed up.

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