

Sunshine Coast

September 2009

Business Confidence Survey



Conducted by

Boardroom Business | Queensland, Australia

www.boardroombusiness.com.au

“This kind of information will inform businesses as they undertake and review strategies for growth.

It is a great initiative by the Boardroom team to better inform the local business community and Council, to assist everyone in responding to economic conditions”

Cr Lew Brennan

Economic Development Portfolio Leader



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.



Photo ©Sunshine Coast Regional Council

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

Boardroom Business, in partnership with the many business and government organisations on the Sunshine Coast, set about to understand confidence levels over time and created this series of Coast-wide surveys.

The objective was 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 third quarter of 2009 installment of the survey for the Sunshine Coast and we wish to sincerely thank all the businesses and various organisations that 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.

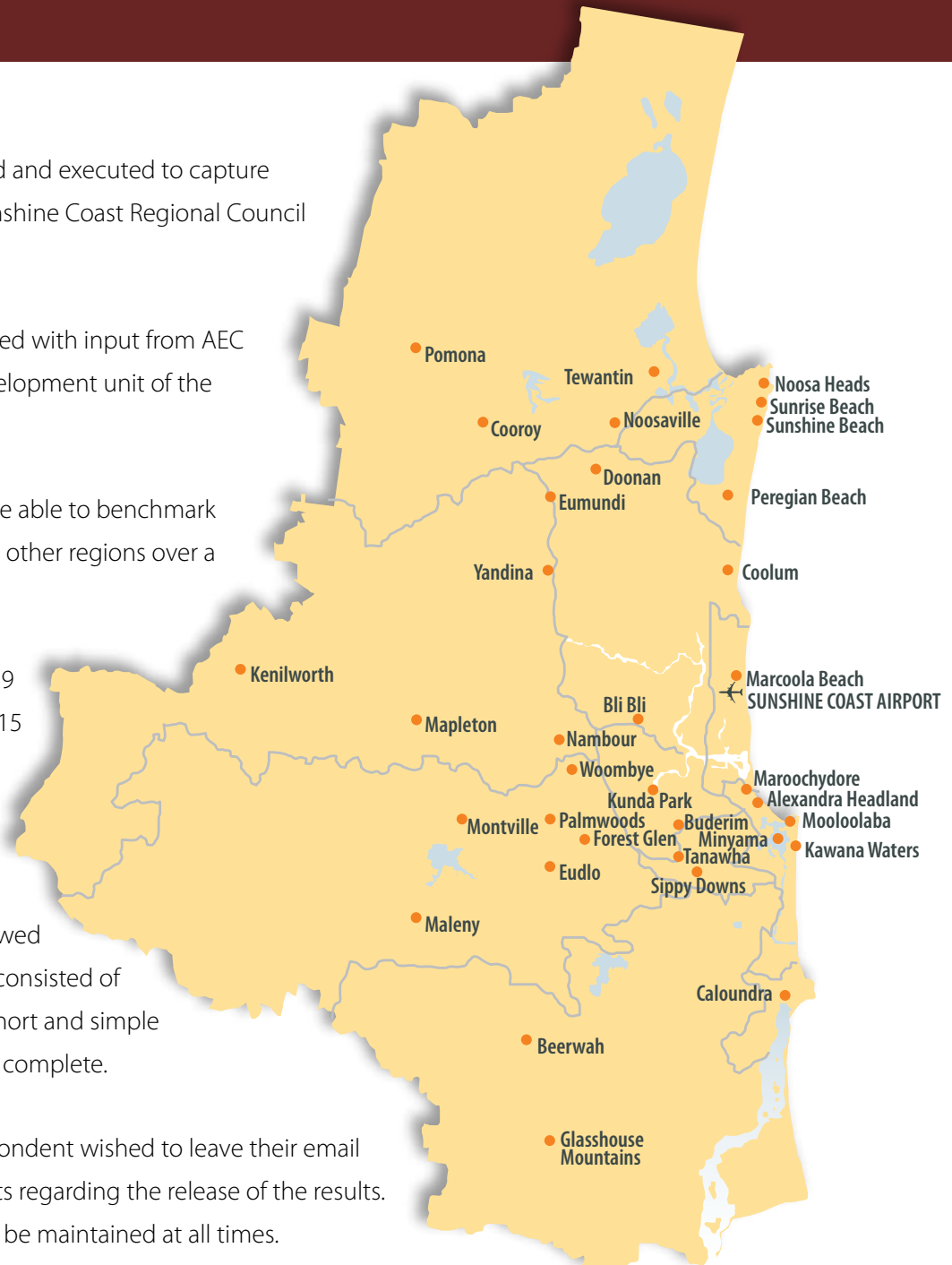
The survey questions were designed with input from AEC Group Ltd and the Economic Development unit of the Sunshine Coast Regional Council.

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

Opening on Tuesday September 29 and closing on Thursday October 15 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 8 questions. The questions were short and simple and took on average 4 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 will be maintained at all times.



Map illustration ©Boardroom Business

An additional question was added to the survey series to focus on important industry sectors or regions across the Coast. This question will change focus each quarter and for the September quarter we chose to focus on the food and beverage sector.

**There were
347 responses to
the September
2009 survey**

Number of respondents

There were 347 responses to the September 2009 survey. This report was made public on 3 November 2009.

QUESTION 1 INDUSTRY SECTORS

Which industry do you belong to?

Using the Australian and New Zealand Standard Industry Classification codes (ANZSIC) for purposes of national comparisons

Response	Number of responses	%
Accommodation, cafes & restaurants	69	19.9%
Agriculture/forestry/fishing	17	4.9%
Communications services	11	3.2%
Construction	31	8.9%
Cultural/recreational	8	2.3%
Education	8	2.3%
"Electricity, gas & water supply"	1	0.3%
Finance/insurance	23	6.6%
Government administration and defence	3	0.9%
Health & community services	11	3.2%
Manufacturing	31	8.9%
Personal services	12	3.5%
Property/business services (includes ICT)	73	21.0%
Retail trade	33	9.5%
Transport & storage	13	3.7%
Wholesale trade	0	0.0%
Left blank	3	0.9%
Total	347	100.0%

Source: Boardroom Business (2009) Sunshine Coast Business Confidence Survey (September 2009)

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

QUESTION 2 REGIONAL RESPONSES ACROSS THE COAST

In which region do you primarily operate your business from?

Region	Number of responses	%
Alexandra Headland	1	0.3%
Amamoor	0	0.0%
Beerburrum	1	0.3%
Beerwah	0	0.0%
Bli Bli	3	0.9%
Buderim	15	4.3%
Caloundra	16	4.6%
Coolum	9	2.6%
Cooroy	13	3.7%
Cotton Tree	4	1.2%
Doonan	3	0.9%
Eumundi	5	1.4%
Forest Glen	3	0.9%
Glasshouse Mountains	0	0.0%
Gympie / Hervey Bay	0	0.0%
Kawana Waters	20	5.8%
Kenilworth	2	0.6%
Kunda Park	7	2.0%
Landsborough	0	0.0%
Maleny	2	0.6%
Mapleton	3	0.9%
Marcoola Beach	9	2.6%

Region	Number of responses	%
Maroochydore	42	12.1%
Minyama	6	1.7%
Montville	5	1.4%
Mooloolaba	20	5.8%
Nambour	12	3.5%
Noosa Heads	35	10.1%
Noosaville	39	11.2%
Palmwoods	6	1.7%
Peregian Beach	6	1.7%
Pomona	3	0.9%
Qld/National/ International	2	0.6%
Sippy Downs	2	0.6%
Sunrise Beach	0	0.0%
Sunshine Beach	5	1.4%
Sunshine Coast (all areas)	9	2.6%
Tewantin	4	1.2%
Tinbeerwah	0	0.0%
Woombye	1	0.3%
Yandina	11	3.2%
Left blank	23	6.6%
Total	347	100 %

Source: Boardroom Business (2009) Sunshine Coast Business Confidence Survey (September 2009)

Regional Respondents	Number of responses	%
Northern Region	124	35.7%
Central Region	144	49.6%
Southern Region	45	13%
Other	34	9.8%
Total	347	100%

Source: Boardroom Business (2009) Sunshine Coast Business Confidence Survey (September 2009)

The majority of responses for this quarter came from the Northern and Central regions of the Sunshine Coast.

QUESTION 3 GENERAL BUSINESS CONFIDENCE

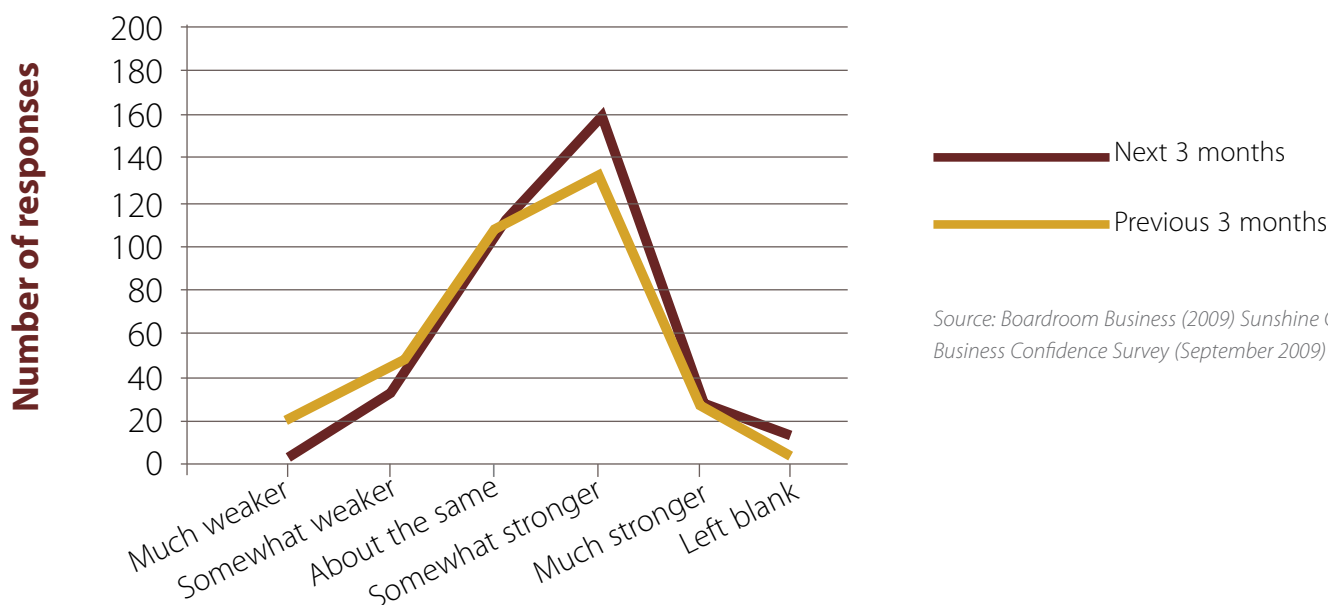
How has your business / organisation performed?

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?	6.6%	14.1%	31.4%	38.6%	8.4%
B) How do you believe your business will perform in the NEXT 3 months compared with the last 3 months?	2.3%	9.2%	30.3%	46.1%	8.1%

Source: Boardroom Business (2009) Sunshine Coast Business Confidence Survey (September 2009)

A small proportion of respondents left one or both of these questions blank, therefore the remaining percentages (0.9% for question A and 4.0% for question B) are due to that factor.

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



Source: Boardroom Business (2009) Sunshine Coast Business Confidence Survey (September 2009)

“Of the 347 respondents, a total of 84.5% felt that their business would either be stronger or about the same for the next quarter. The comparable figure for the last survey in June 2009 was 79.7%”

Michael Campbell, AEC Group Ltd

For further economic commentary from Michael Campbell, please turn to page thirteen.

QUESTION 4 CONFIDENCE INDICATORS

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

Area	Strongly decrease	Somewhat decrease	No change	Somewhat increase	Strongly increase
Gross Sales Revenue	4.3%	13.8%	22.2%	53.0%	6.6%
Profitability	4.9%	16.7%	27.4%	45.2%	5.8%
Staffing Levels	1.7%	2.3%	71.2%	13.8%	0.9%
Average Wages	1.4%	6.3%	73.8%	15.6%	1.7%
Capital Investment	4.9%	10.4%	58.2%	21.9%	3.7%

Source: Boardroom Business (2009) Sunshine Coast Business Confidence Survey (September 2009)

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

See page twelve of this report for confidence indicator trends over time.

“The Sunshine Coast Business Confidence Quarterly Survey will assist to give Sunshine Coast businesses a benchmark on performance - injecting some reality into some of the statistics we are seeing.”

Peter Homan
General Manager
Eumundi Markets



Photo ©Tourism Sunshine Coast



Photo ©Sunshine Coast Daily



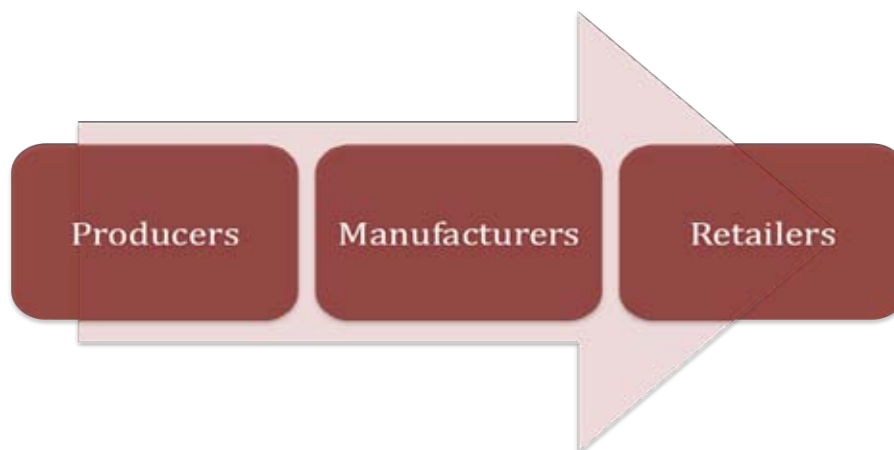
Photo ©Sunshine Coast Daily

Sunshine Coast Food and Beverage Industry

89% of the Sunshine Coast is classified as rural. Therefore the local food and beverage sector is a critical component of our local economy, as the majority of the raw products need to be sourced from rural areas.

Farming and food production helps to maintain the aesthetics of the region and protects the landscape from over-development. This is important for both a 'sense of place' for residents and other industry sectors, such as tourism, that rely on the physical landscape to help promote the region.

Food and Beverage Industry Value Change



The local food and beverage industry is a diverse and inter-connected industry. Not only does it comprise of producers and farmers, but it also includes the manufacturing sector. In addition, our local restaurant, catering and food outlets also play a significant role in the local economy

Supporting your local supplier is an important activity all businesses can participate in, not just the food and beverage sector that we are focusing on at the moment.

Quality products are of course paramount, as the following survey question demonstrates. So when locals support each other through the production and procurement of quality products, the Sunshine Coast will become an even stronger region where businesses will prosper and grow together, benefiting all.



If your business operates within the food and/or beverage sector:

Q5 How important is it to you to buy locally made or grown produce?		
Very important	41	11.8%
Somewhat unimportant	5	1.4%
Somewhat important	13	3.7%
Not important at all	5	1.4%
Not applicable to me as I am not in that sector	140	40.3%
Left blank	143	41.2%

Q6 When purchasing locally made or grown produce, which of the following factors most influence your purchasing decisions?	
Consistency of supply	55
Ease of purchasing	46
Price	69
Quality	125
Range available	38
"Other (labelling, local trades, seasonal)"	8

Source: Boardroom Business (2009) Sunshine Coast Business Confidence Survey (September 2009)

Note: Participants could select more than one answer to Question 6, therefore the number of responses looks relatively high.

As we can see, purchasing locally produced food and beverages is important to those businesses in the food and beverage sector, with QUALITY being the most important factor.



QUESTION 7

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

Participants could select more than one answer to this question

Major Constraints	Number	%
Price pressure from competitors	116	6.7%
Rising overheads and utility costs	112	6.5%
Price pressure from customers	110	6.4%
Global / national economic performance	100	5.8%
Declining demand from customers	82	4.7%
Declining visitor numbers	69	4.0%
Problems with local or state Government planning regulations	60	3.5%
Declining customer base	59	3.4%
Rising transport costs	57	3.3%
Difficulties in obtaining finance / extending credit facilities	53	3.1%
Price pressure from suppliers	53	3.1%
Increasing competition from low-cost imports	37	2.1%
Personal and/or home pressures	36	2.1%
Rising production costs	34	2.0%
Limited supply of production materials and/or product	16	0.9%
Reduced demand for exports	4	0.2%
Licensing and regulations	0	0.0%
Availability of skilled workers	0	0.0%
"Environmental catastrophes (oil slicks, hurricanes, flooding etc)"	0	0.0%
Transport infrastructure	0	0.0%
Broadband and information technology access	0	0.0%
Shortage of industrial / commercial land	0	0.0%
Access to training	0	0.0%
Total	998	

Source: Boardroom Business (2009) Sunshine Coast Business Confidence Survey (September 2009)

Other Comments

- Increased competition.
- The council are anti business what have they approved, every thing gets delayed, in business time is of the essence.
- Fed Gov uncertainty over ETS etc.
- Changes in funding.
- Government regulations to recruit overseas trained doctors.
- Lack of overall development.
- Less people buying locally - more internet purchasing.
- Unrealistic new industry work laws regarding employing new sales people.
- Our own mental challenges!
- Availability of freehold land for residential.
- Motivated applicants.
- Getting more advisors with client bases.
- Rising cost of materials.
- Government regulates our earning power and then loads us with a heap of new regulations all of which are labour intensive.
- Incorrect weather forecasting.
- Managing rapid growth of 400% this financial year.
- Increased time taken to be paid by debtors.
- Seasonal fluctuations.
- Banks non-lending.
- Complexity of Government Regulation.
- Failure of greedy Banks to release project development funds reasonably.
- Rise in interest rates.
- Tsunami warning systems need to be installed.
- Red dust.
- People tend not to spend money like 2 years ago.

The responses to the "other" field were many and varied from staff issues to incorrect weather forecasting. Some comments mentioned government regulations (all three levels of government) being an impediment to growth.

QUESTION 8

Improvements to your business?

Instead of dwelling on the negatives, this quarter we thought we would create a flipside to the previous question – and ask an additional question but focusing on the positives. Question eight was: **What would make a difference to the profitability or viability of your business?**

With over 200 respondents to this question we received a wide variety of responses ranging from anti government red tape (all levels of government) through to increase in number of tourists initiatives.

Naturally we can't list all of your responses in this one report, as many responses were quite detailed. However what we can do is share your responses with the various Chambers of Commerce, Local and state government branches, and industry groups so that they can work with you on your ideas and initiatives.

As you know, your responses are anonymous, therefore we appreciate your frank and forthright comments. This question we believe is an important one to continue in future surveys and if you have any comments on how best to improve this survey – please don't hesitate in contacting us.

Below are a selection of comments and feedback left regarding what would make a difference to the profitability or viability of your business?

- Less red tape in business and easier solutions to finding new staff.
- More customers supporting Australian/locally made arts and crafts.
- Faster and cheaper internet access.
- Having your competitors work with you and not against you.
- Fair laws for Workers' Compensation. Fair laws applying to the employment of employees.
- More tourists staying longer.
- Training - more emphasis on Customer Service and building relationships.
- Daylight saving. It DOES save us real dollars.
- Government meddling and procrastination in renewable energy sector.
- Lower rents in the industrial areas for small business.
- Adoption of sustainable farming practices on a national level.
- No owner occupiers allowed in holiday complexes.
- Increased focus on/better promotion of locally grown and processed Australian products.
- Local businesses supporting local businesses instead of Brisbane based ones.
- More positive Media. Stopping the Media from always over stating the negatives.
- A larger choice of wholesale suppliers on the Sunshine Coast to create competitive pricing.
- Government recognition of importance of small-scale local food production.
- Lower advertising costs.



TIME SERIES ANALYSIS

This is the third in the series of quarterly surveys covering the entire Sunshine Coast. Therefore, over time we can track business confidence levels.

General business confidence trending over time						
	Sept 09		June 09		April 09	
	Same or Stronger	Weaker	Same or Stronger	Weaker	Same or Stronger	Weaker
Business performance over LAST 3 months	78.4%	20.7%	56.2%	42.2%	58.5%	41.0%
Business performance over NEXT 3 months	84.5%	11.5%	79.7%	15.8%	73.0%	24.0%

Source: Boardroom Business (2009) Sunshine Coast Business Confidence Survey (September 2009)

Confidence indicators trending over time						
	Sept 09		June 09		April 09	
	Same or Stronger	Weaker	Same or Stronger	Weaker	Same or Stronger	Weaker
Gross Sales Revenue	81.8%	18.2%	71.2%	26.7%	65.0%	33.3%
Profitability	78.4%	21.6%	67.8%	29.6%	64.0%	33.7%
Staffing Levels	85.9%	4.0%	81.1%	15.5%	77.8%	18.3%
Average Wages	91.1%	7.8%	80.6%	15.5%	80.7%	15.8%
Investment	83.8%	15.3%	77.6%	19.6%	74.7%	21.4%

Source: Boardroom Business (2009) Sunshine Coast Business Confidence Survey (September 2009)

Top 5 Major Business Constraints trending over time		
Sept 09	June 09	April 09
Price pressure from competitors	Global / national economic performance	Global / national economic performance
Rising overheads and utility costs	Rising overheads and utility costs	Declining demand from customers
Price pressure from customers	Price pressure from customers	Price pressure from competitors
Global / national economic performance	Price pressure from competitors	Price pressure from customers
Declining demand from customers	Declining visitor numbers	Declining customer base

Source: Boardroom Business (2009) Sunshine Coast Business Confidence Survey (September 2009)

I TOLD YOU SO!

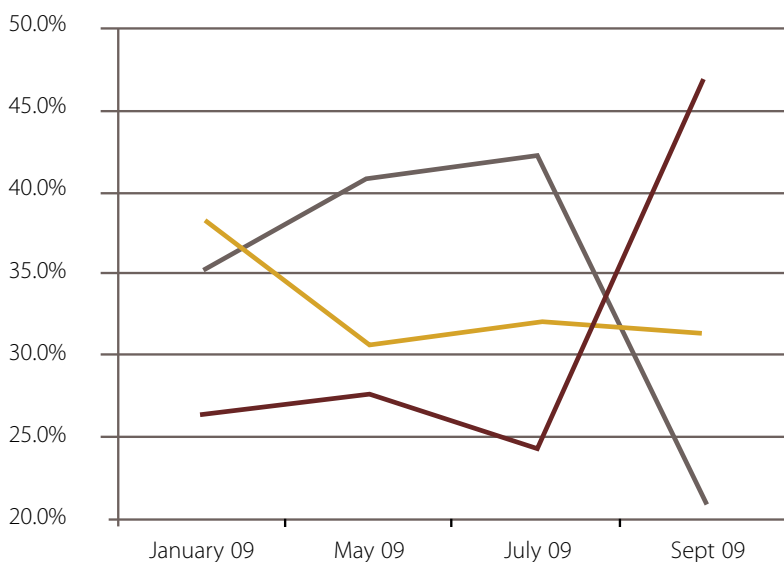
Sunshine Coast Business Confidence Survey - Economic Commentary

By Michael Campbell

My, how times change. Over the last few months, there has been a resurgence of good economic news and positive signs indicating that not only did Australia avoid a recession, but it has outperformed every other western economy in the world. Recently, we have seen Australia's GDP continue to rise (0.6% growth between March 2009 – June 2009), new job creation (40,600 new jobs between August 2009-September 2009), job advertisements are increasing, commodity prices are rising and many corporate earnings reports have been higher than expected. While under normal circumstances, these numbers would be lackluster at best, in the current global economy, they are downright impressive. Past results of the Sunshine Coast Business Confidence Survey have consistently been more optimistic than state and national surveys and have often bucked the doom and gloom trend. Many local businesses may now be inclined to say, "I told you so!".

The most recent results of the Sunshine Coast Business Confidence Survey indicate that the past three months were much stronger than previous surveys, mirroring the good signals from the Australian economy. There was a huge jump in firms reporting stronger results over the last three months, increasing 22% to just under half of all businesses surveyed. At the same time, businesses reporting weaker results decreased by virtually the same amount, leaving those businesses that saw the same conditions over the past three months relatively constant at 31%.

Current Business Conditions



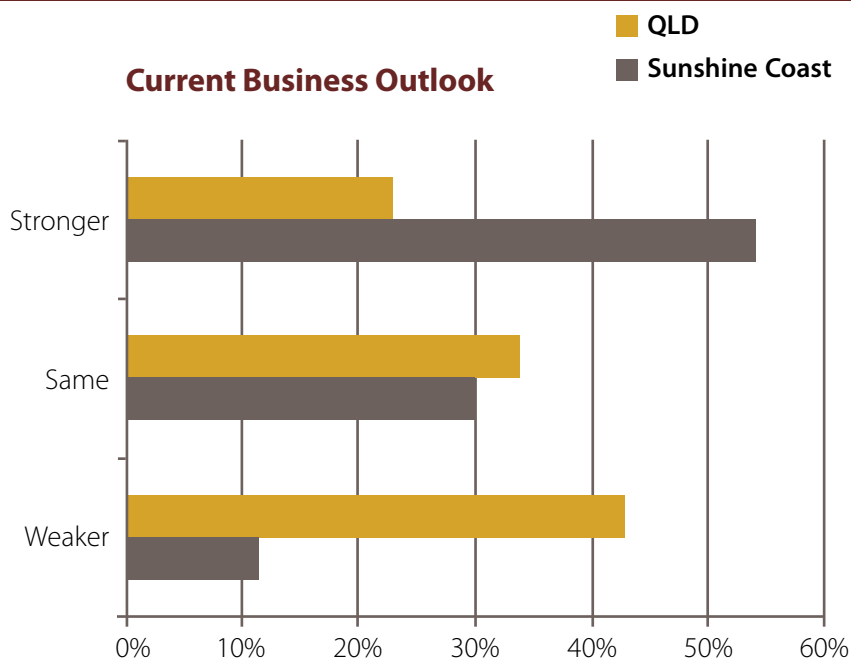
Source: AECgroup (2009), Sunshine Coast Business Confidence Survey (2009)

- Weaker
- Same
- Stronger



Photo ©Sunshine Coast Council

Accordingly, the businesses on the Sunshine Coast remain very positive about the future, indicating that the good times may continue to roll. Over half (54%) of businesses indicate that the next three months will be stronger than the last three. A relatively small minority (12%) of companies expect business to be weaker, while roughly a third expect conditions to remain the same. Naturally, with tourism as a key sector and the holiday season looming ahead, this optimism may be expected. However, as we have almost come to expect, the rest of Queensland does not share the Sunshine Coast's optimism.



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

The most recent Commonwealth Bank / Commerce Queensland Pulse Survey indicates that 43% of businesses expect weaker results in the future, with only 23% expecting stronger returns. Roughly 34% expect conditions to stay the same. Business sentiment across Queensland is beginning to rise, as these most recent results show more optimism about the future than previous surveys. However, the level of optimism is still well below what is demonstrated on the Sunshine Coast.

When considering the individual business confidence indicators, it is interesting that the clear majority (71%) of businesses intend to keep their staffing levels the same, even in light of the strong results and optimism about the future. While optimism is strong amongst businesses on the Sunshine Coast, it is not strong enough to want to bring on more staff. Indeed, across the country the overall hiring appears to be increasing. Beyond the monthly employment increase reported by the ABS, the ANZ Jobs Advertisement Series, which tracks advertised positions in print and on-line media, increased 4.4% in September after a 4.1% increase in August. These increases demonstrate that the employment outlook for the future appears better, but these most recent results are still 45% below the same level a year ago.

Naturally, given the current global environment, this employment situation is much preferred over the stagnant employment outlooks in the United States, United Kingdom and most of Europe. Asian economies, led by China and South Korea, are faring a bit better and the whole world together seems to be a bit more optimistic about the future. According to these most recent results, the immediate future looks very bright for the Sunshine Coast. Be sure to put on sunscreen.

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
- Boardroom Business
- AEC Group Ltd
- Callister & Lawrence Media and Communications
- PunkLogic
- Tourism Sunshine Coast
- Tourism Noosa
- Discover Maroochy
- Caloundra Tourism
- Maroochydore Chamber of Commerce
- Noosa Chamber of Commerce
- Cooroy Chamber of Commerce
- Coolum Business and Tourism
- Caloundra Chamber of Commerce
- Eumundi Chamber of Commerce
- Kawana Waters Chamber of Commerce
- Mooloolaba Business & Tourism
- Nambour District Chamber of Commerce
- Peregian Beach Business Association
- Yandina Chamber of Commerce
- Sunshine Coast Daily
- The Noosa Journal
- Noosa News
- Sunshine Coast Enterprises
- Queensland Department of Employment, Economic Development and Innovation
- Sunshine Coast Area Consultative Committee
- Sunshine Coast Innovation Centre
- Sunshine Coast Business Women's Network
- Urban Development Institute of Australia
- Eumundi Markets
- Noosa Farmers Markets
- Local Harvest
- Restaurant and Catering Queensland
- Food and Beverage Industry Queensland

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

info@boardroombusiness.com.au

www.boardroombusiness.com.au

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If you would like to get involved in our quarterly survey you can subscribe online to receive the quarterly alerts and be amongst the first to download the results.

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.boardroombusiness.com.au

SUNSHINE COAST BUSINESS CONFIDENCE SURVEY

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

