

Business Confidence Survey

October 2021

Business Confidence beginning to rebound

Results from the 2021 Business Confidence Survey indicate that businesses are rebounding from the impacts of the region's disasters, including bushfires, COVID-19 and floods.

The survey, which profiled 418 businesses, revealed that businesses have experienced improved trading conditions in the last year. Performance has rebounded across key measures of reported projected sales, profitability, capital expenditure and staff numbers.

This suggests that whilst trading conditions have been challenging from 2019 to 2021, business owners are optimistic about the coming year.

Innovation in the region was also surveyed, with results showing that fewer businesses in the region have introduced new products and services than previous years. The lower level of innovation recorded may be attributed to the business interruptions caused by COVID-19 and the 2021 flood event.

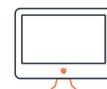
Survey Demographics

INDUSTRY	Responses	% of sample
Construction	62	15
Health Care & Social Assistance	44	11
Retail Trade	42	10
Accommodation & Food Services	31	7
Professional, Scientific, Technical Services	29	7
Arts & Recreation Services	20	5
Agriculture, Forestry & Fishing	18	4
Manufacturing	16	4
Transport, Postal & Warehousing	16	4
Education & Training	14	3
Rental Hiring & Real Estate Services	13	3
Financial & Insurance Services	13	3
Information, Media & Telecommunications	10	2
Electricity, Gas, Water & Waste Services	5	1
Wholesale Trade	5	1
Administrative & Support Services	2	0
Other	74	18

Table 1: Industry representation by response rate and percentage of sample group.



65% 1 - 5 employees



52% online **48%** phone



69% located @ 2444



36% over 20 years in business



Top 3 represented
18% Other
15% Construction
11% Health Care, Social Assistance

Sample size - Small sample sizes can misrepresent broader sentiment. While all responses have been included in data analysis, only industries with a sample size of ten or more have been considered when nominating leading or lagging industries.

Net Score - Results are measured using an industry standard Net Score; calculated by subtracting the two most negative response options from the two most positive.



Business Confidence

Business confidence improved in 2021, with net scores increasing from -3% in 2020 to +10% in 2021. This year 41% of respondents felt good or very good about business confidence (up from 33% in 2020) with 31% at the other end of the scale (down from 36% in 2020).

Business confidence levels were higher in large businesses, particularly in businesses operating in industries with essential workers or had exemptions to operate during government-mandated COVID-19 restrictions. Those industries included healthcare & social assistance, construction and rental, hiring & real estate services. Conversely, those in arts & recreation,

accommodation & food services, and education & training reported poor levels of business confidence in 2021.

More Confident

- Health Care & Social Assistance
- Construction
- Rental, Hiring & Real Estate Services

Less Confident

- Arts & Recreation
- Accommodation & Food Services
- Education & Training

Graph 1: Three-year trend in business confidence.



Key Indicators

When asked to compare performance across four key indicators (sales, profitability, capital expenditure and staffing) businesses reported a significant improvement in all measures against the previous year, with nearly half of all businesses surveyed expecting improved conditions in 2022.

Sales & Profitability

Compared with 2020, actual sales and profitability results showed that 2021 has been a challenging year for local businesses, with only 31% of businesses reporting increased sales, and 28% reporting increased profitability. Projections across these two measures indicated 45% of businesses are expecting sales to improve, and 42% of businesses are expecting profitability to improve in 2022.

Businesses experiencing improved sales:



Businesses experiencing improved profitability:



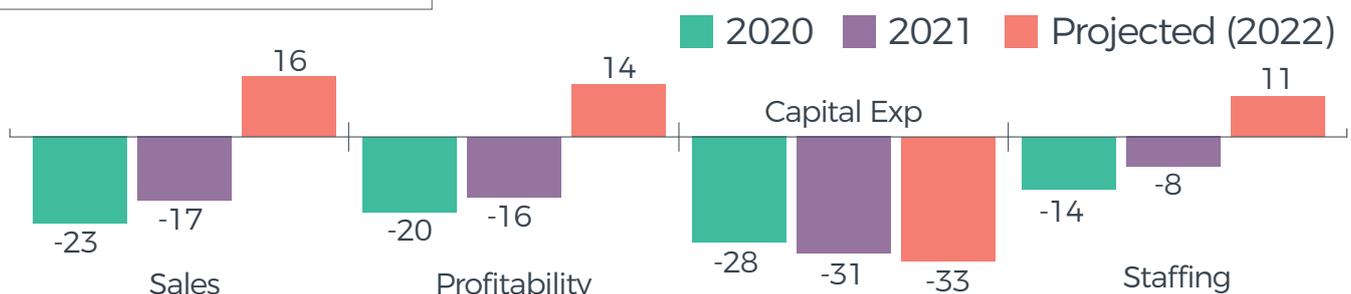
Businesses expecting improved sales & profitability:



Staffing & Capital Expenditure

Survey results showed that 77% of businesses maintained unchanged staffing levels or increased staffing levels during the past year, with 23% reducing staffing levels. Agriculture, forestry & fishing, construction, and professional scientific & technical services are anticipating the greatest staffing increases. Industries more likely to invest in capital expenditure are agriculture, forestry & fishing, construction, & manufacturing.

Graph 2: Net score trends of actual and projected outcomes across key indicators.



Business & Regional Growth Factors

Economic conditions was most frequently mentioned as an important factor to business growth followed by consumer confidence, government policy, business interruptions then operating costs and profitability.

Business interruptions increased by 10% as a growth determinant – almost certainly due to the COVID-19 restrictions enforced by government with significant impact

on the economy and business operating environment.

Results showed that there has been significant impacts to businesses due to the natural disasters in the last two years. With 76% of businesses directly impacted by COVID-19, 49% directly impacted by flooding, and 43% directly impacted by bushfires.

Our Local Economy

Jobs Growth Mid North Coast

- 5.9% projected employment growth (2020-2025) [source: [LMIP](#)]
- 5.3% unemployment rate for June 2021 [source: [economy.id](#)]

Gross Regional Product

- \$5.098 billion [source: [REMPAN](#)]

Population

- 85,952 in 2020 [source: [profile.id](#)]
- projected to reach 112,484 by 2041 [source: [forecast.id](#)]

Tourism

- 1.5 million visitors annually (5 year average)
- \$476.2 million output [source: [REMPAN](#)]
- Employs 2,464 people [source: [REMPAN](#)]
- View Council's Destination Management Plan [here](#).

Industry

- 673 new residential dwelling building approvals for 2020-2021 [source: [ABS](#)]
- 2.4 % net business entry rate for 2019 [source: [Australian Government NCPF](#)]

Council Investment in Capital Works

- \$67.6 million invested in capital works projects for 2021-2022 financial year
- Delivering projects for the future growth of our region
- View Operational Plan [here](#).

Innovation in Port Macquarie Hastings Businesses



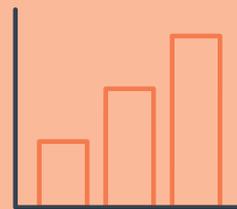
33%
of businesses
are innovating

22%
new/improved
product

26%
new/improved
service



16%
of businesses
operating for 20
years or more
innovated



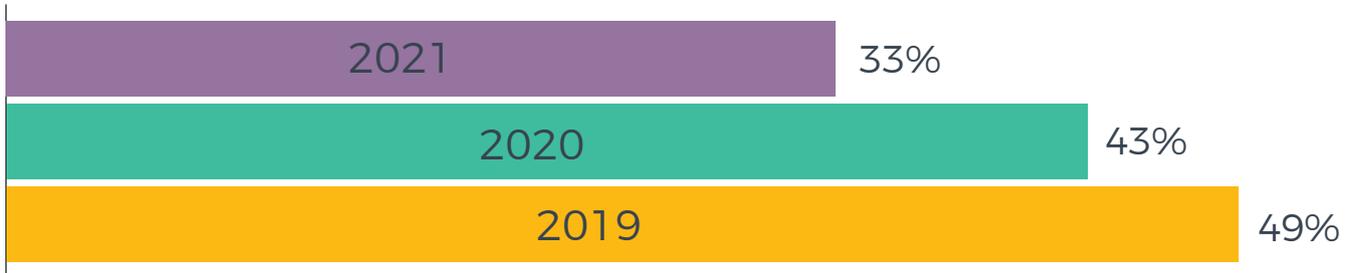
32%
of businesses
operating for
three years or
less innovated

Innovation Outcomes & Key Industries

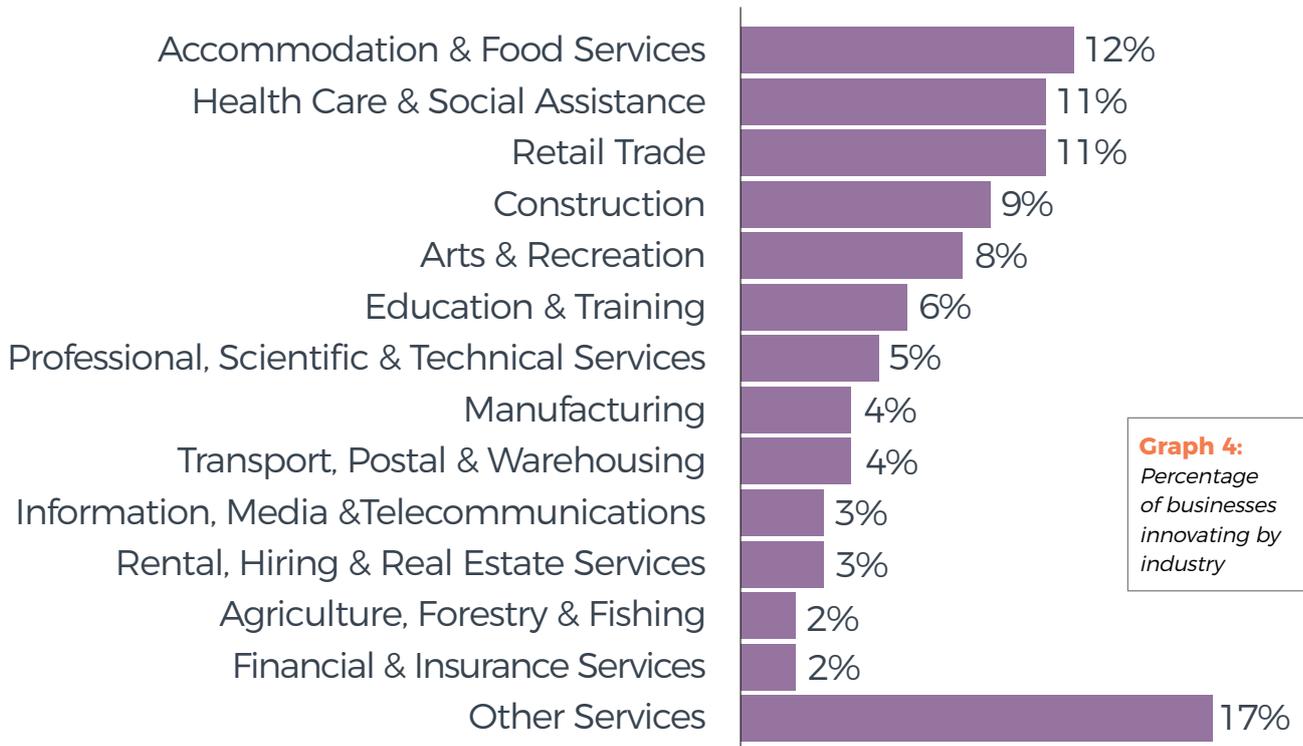
In this survey, innovation is defined as the introduction of new or significantly improved products or services.

Results from the survey showed that the proportion of businesses introducing new products or services has decreased (from 43% in 2020 to 33% in 2021). This may be due to some companies moving into "survival" mode during the COVID-19 pandemic.

This perspective is supported by results showing that the industries that innovated most included accommodation & food services, healthcare & social assistance, and retail trade. These industries were all heavily impacted by business interruptions caused by COVID-19 and the 2021 flood event, indicating much of the innovation for 2021 likely occurred in businesses that needed to innovate to survive.



Graph 3: Percentage of businesses that innovated by year



Graph 4: Percentage of businesses innovating by industry

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