

Port Macquarie-Hastings Annual Business Confidence SURVEY 2019

AUGUST



Council's vision for the future of our high growth and strong economy is that of a *successful place that has a vibrant, diversified and resilient regional economy for people to live, learn, work, play and invest.* **2017-2021 Economic Development Strategy**

Our Region in Growth Period: Innovative Businesses Thrive

Results from this year's Business Confidence Survey have revealed that local businesses remain optimistic about future growth of the local economy.

The survey, which profiled 440 businesses, revealed that local businesses have experienced declining trading conditions in the last year (in line with results from the NAB National Business Conditions Survey) however, businesses remain optimistic that sales and profitability will improve in the next twelve months. This optimism is consistent with a range of economic indicators going forward, with the Mid North Coast remaining one of

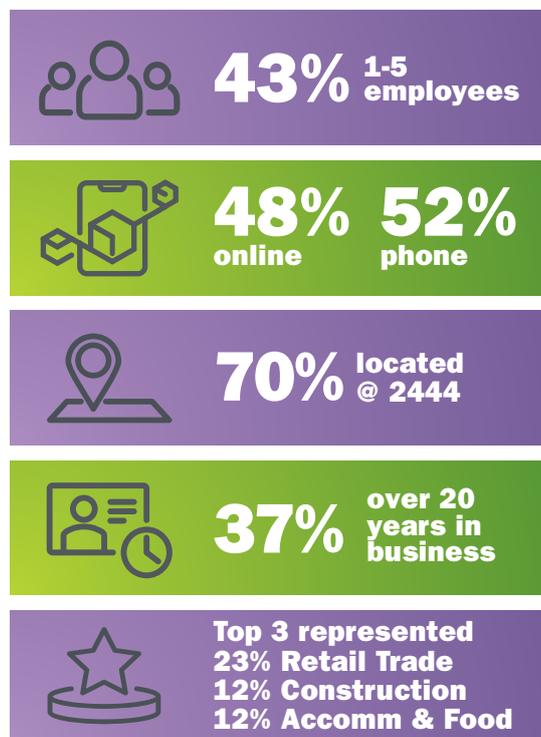
the highest growth areas in NSW across a number of measures including jobs growth, population growth and gross regional exports.

This year the survey also profiled innovation in the region, with results demonstrating that the Port Macquarie-Hastings region has a high rate of business innovation when compared to results from the **2019 Innovation in Hunter Businesses report**. Innovative businesses reported significantly better outcomes across all measures, with higher sales and profitability, and a higher propensity to invest in increased staffing and capital expenditure.

Survey Demographic

INDUSTRY	Responses	% of sample
Retail Trade	99	22.5
Construction	52	11.8
Accommodation & Food Services	52	11.8
OTHER	36	8.2
Professional, Scientific & Technical	29	6.6
Health Care & Social Assistance	29	6.6
Manufacturing	28	6.4
Rental, Hiring & Real Estate Service	24	5.5
Financial & Insurance Services	18	4.1
Education & Training	14	3.2
Agriculture, Forestry & Fishing	11	2.5
Wholesale Trade	11	2.5
Transport, Postal & Warehousing	9	2.0
Arts & Recreation	9	2.0
Information, Media & Telecom	6	1.4
Admin & Support Services	5	1.1
Electricity, Gas & Water Supply	4	0.9
Public Administration & Safety	4	0.9

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



Sample size - Small sample sizes can misrepresent broader sentiment. While all responses have been included in data analyses, 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

An incremental downward shift has resulted in an overall decline in business confidence, despite all other key indicators remaining relatively unchanged from the two previous years. This year, 40% of respondents felt good or very good about business confidence, with 25% at the other end of the scale.

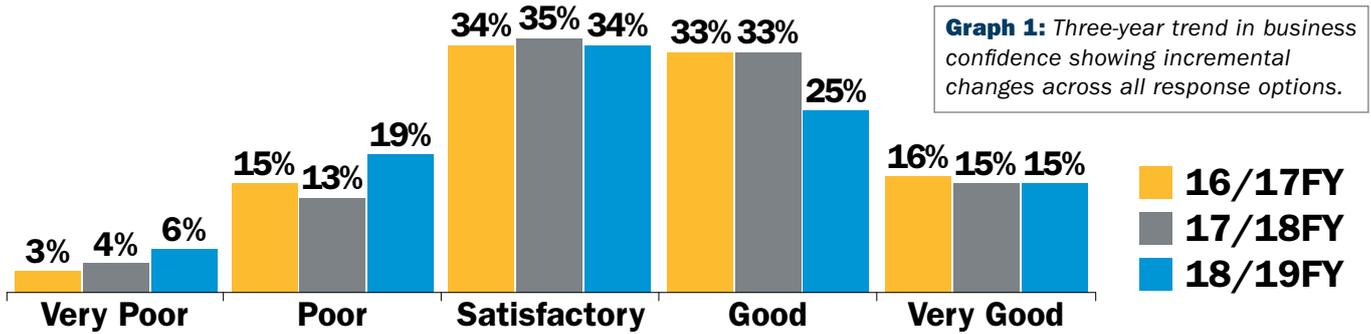
Wholesale Trade, and Financial and Insurance Services experienced the greatest gain in confidence, with Professional, Scientific and Technical Services reporting the greatest downturn.

More Confident

- Wholesale Trade
- Agriculture
- Financial and Insurance Services
- Construction

Less Confident

- Professional, Scientific and Technical
- Health Care
- Education and Training



Key Indicators

When asked to compare performance across four key indicators (sales, profitability, capital expenditure and staffing) against the previous year, businesses reported a downturn in all measures except staffing, which remained stable.

When projecting forward across the same indicators, businesses were confident that the 19/20FY would outperform the previous one in sales and profitability, with staffing and capital expenditure expected to remain relatively unchanged.

Sales and Profitability

Compared with 2018, actual sales and profitability reported in 2019 improved among 38% of businesses. Projections across the two measures saw approximately 40% of businesses expecting improvements, with 20% expecting a decline.

Businesses experiencing better and much better sales:

- Construction
- Education and Training
- Accommodation and Food

Businesses experiencing better and much better profitability:

- Construction
- Manufacturing
- Health Care and Social Assistance

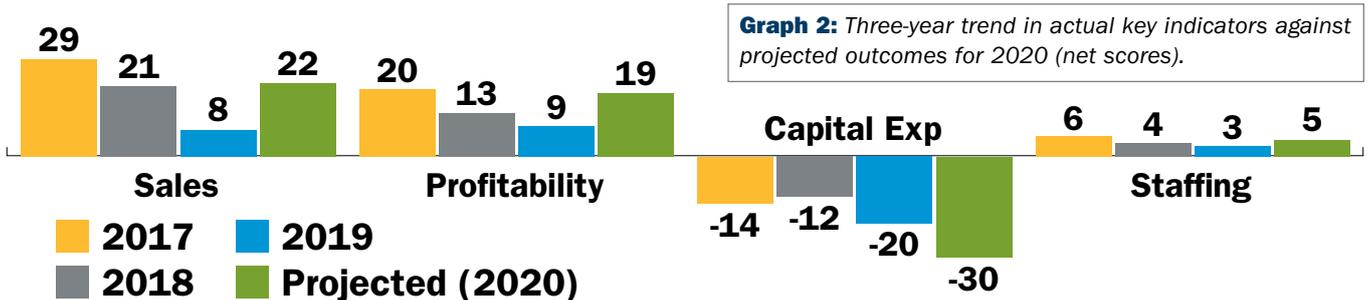
Businesses expecting better and much better sales and profitability:

- Rental, Hiring and Real Estate
- Education and Training
- Manufacturing

Staffing and Capital Expenditure

Results show an increase in part time and casual staff numbers over the last financial year. Education and Training, and Health Care and Social Assistance are anticipating the greatest staffing increases, which aligns with growth projections for our region.

Industries more likely to invest in capital expenditure are Wholesale Trade, Accommodation and Food, and Manufacturing - with larger businesses the forerunners in this measure.



Business and Regional Growth Factors

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

Top factors influencing regional, economic growth:

- Jobs growth
- Investment in community infrastructure

- Sustainable population growth
- Investment in road and transport

Other factors deemed critical for economic growth in the region focused on tourism and destination marketing, Council and Government policy and processes and industry attraction.

Our Local Economy

Jobs Growth Mid North Coast

- 17% employment growth, highest in NSW (2013-2018)
- 7.4% projected jobs growth (2018 - 2023)
[Source: LMIP]

Gross Regional Product

- \$4.928 billion
[source: REMPLAN]

Population

- 83,131 projected to reach 103,993 by 2036
[source: forecast.id]

Tourism

- 1.5 million visitors annually
- \$490 million (5% of GRP) contribution to local economy
- Employs 2,500 people
- View Council's Destination Management Plan [here](#).

Council Investment in Capital Works

- Over \$85 million in capital works projects in 2019-2020 financial year
- Delivering projects for the future growth of our region
- View Operational Plan [here](#).

Innovation in Port Macquarie-Hastings Businesses



49%
of businesses
are innovating

26%
new/improved
product AND
service

23%
new/improved
product OR
service



66%
of innovating
businesses
have 20+
employees



79% Education
64% Agriculture,
Forestry & Fishing
59% Professional,
scientific & technical

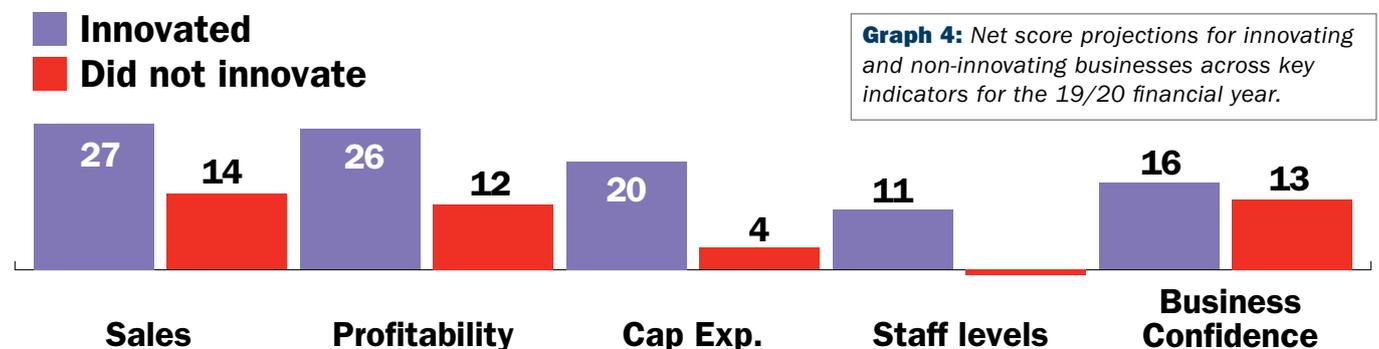
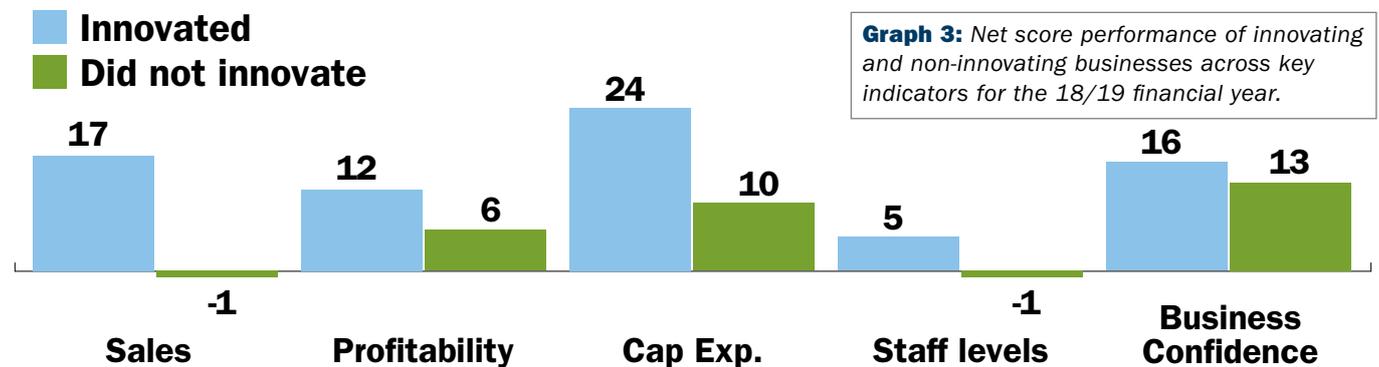
Innovation is the activity of creating or capturing value from something new. In this survey, innovation is defined as the introduction of new or significantly improved products or services, aligning this measure with research from the **Hunter Research Foundation Innovation in Hunter Businesses** survey.

Each year we ask survey respondents a unique series of questions relevant to the local and regional economic environment. This year, we asked businesses about their innovation practices. Results show that 49% of businesses surveyed in our region are innovating, which is higher than the Hunter region and the national average (ABS), that report 45% and 45.5% respectively.

Innovation Outcomes and Key Industries

While larger businesses (20+ staff) were more likely to innovate, results showed that all innovating businesses reported significantly higher results across key indicators in both actual and projected outcomes. Industries at

the forefront of innovation in our region are Education and Training, Agriculture, Forestry and Fishing, and Professional, Scientific and Technical Services.



Contact:

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