

The third Port Macquarie-Hastings biannual survey has revealed further improvement in business conditions for the region with future expectations remaining strong:

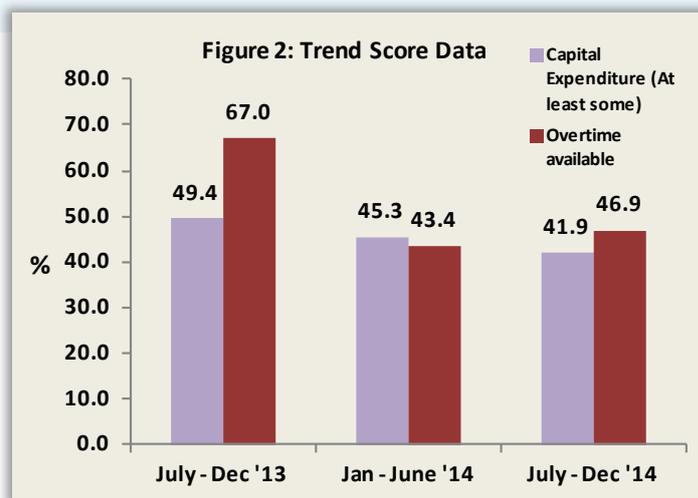
- > Trading, profitability, staffing and overtime available for employees all recorded improved conditions for the July to December 2014 period.
- > Overall, there is expected to be an improvement in trading conditions, profitability, overtime and staffing levels for the January - June 2015 period while capital expenditure is likely to remain flat.

STRONGER ECONOMIC CONDITIONS

Port Macquarie-Hastings net trading conditions and profitability have recorded consistent improvements over the last 18 months.

As shown in figure 1, compared to the National Australia Bank's (NAB) National Business Survey net trading conditions are very strong. Overall net scores show steady growth in trading conditions and profitability for the July – December period from 2013 to 2014. Further **trading conditions** are expected to improve over the next six months to June 2015 with 57.3% of businesses expecting either 'good' or 'very good' trading conditions. Similarly, businesses reported their **profitability** was positive and expect further marginal improvement in the January to June 2015 period.

Staffing levels have also improved in the last six months and businesses surveyed expected that these will increase in the coming months to June

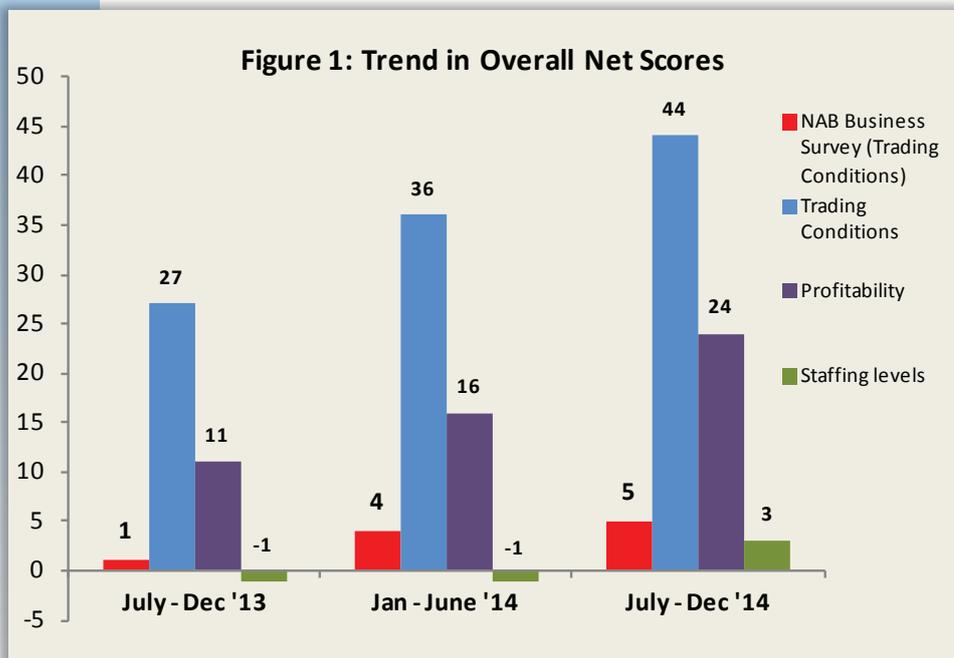


2015. As indicated in figure 1, staffing levels are growing at a slower rate than trading conditions and profitability.

Almost half of businesses surveyed indicated 'at least some' **overtime** work was available from July to December 2014 – up slightly on the last survey but down from 67% in the same period in 2013. As illustrated in figure 2, fluctuations in overtime available have not necessarily been reflected in staffing level changes shown in figure 2.

Sectors with the most overtime available were 'Manufacturing/ Mining' and 'Construction/ Transport, Postal and Warehousing/Electricity, Gas or Water'.

Capital expenditure levels have declined slightly with just under 42% of businesses reporting they made 'at least some' capital expenditure in the July – December 2014 period. Survey respondents expected that capital expenditure will continue to shrink slightly in the coming six months.





CURRENT LEVEL OF BUSINESS CONFIDENCE

Businesses overall continued to report positive levels of confidence though they were marginally less confident than the previous survey. The most confident sectors were 'Construction/Transport, Postal and Warehousing/Electricity, Gas or Water', as well as the 'Accommodation, Cafés and Restaurants/Arts and Recreation' sector.

DIGITAL TECHNOLOGY USE

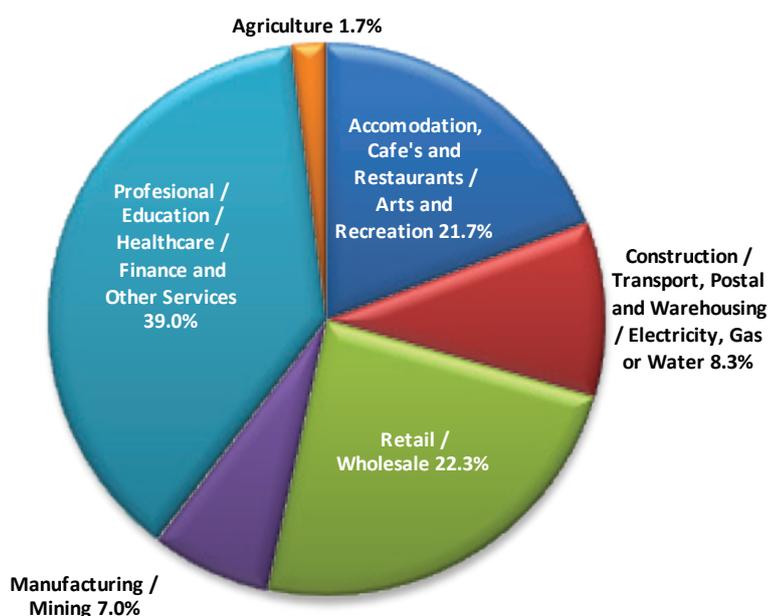
Each survey includes a targeted line of questioning. For this one it was business' use of digital technology. The survey revealed that one in two businesses felt that they didn't use digital technology to its full potential. Major uses of digital technology by businesses surveyed were 'Website' (87.1%), 'Social media' (70.4%) and 'Online research' (64.8%).

When asked to identify key barriers to the use of digital technology, 55.5% of businesses identified 'Knowledge/understanding', 55.1% identified 'Internet speed/data capacity' and 36.9% felt 'Broadband Access' was a key barrier as shown in figure 3 below.

SURVEY DEMOGRAPHICS

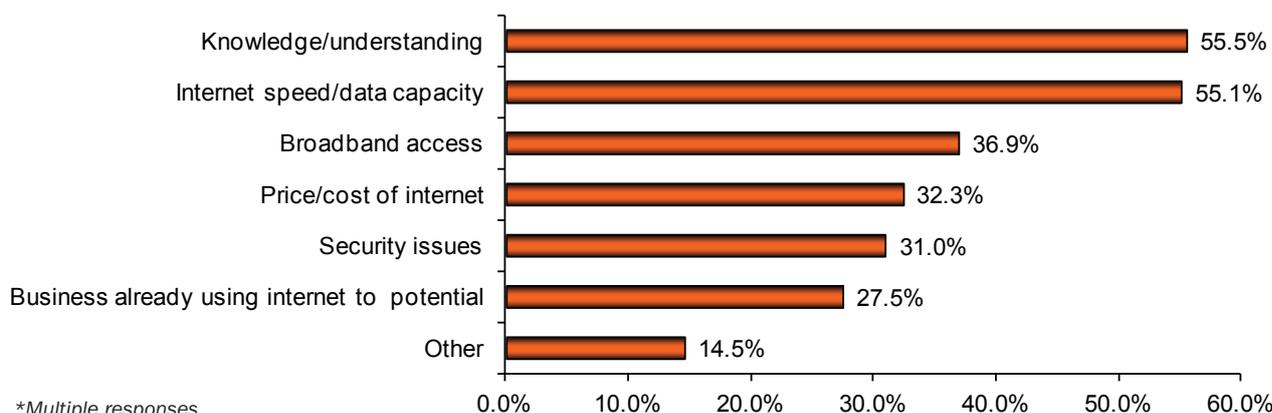
A sample of 300 businesses were surveyed from a good cross section of industries (refer figure 4). Surveys were conducted both online and via telephone.

Figure 4: Survey Demographics



| Business Breakdown | |
|--------------------|-------|
| Small (1-20) | 88.3% |
| Medium (21-99) | 10.3% |
| Large (100+) | 1.3% |

Figure 3: Key Barriers to Use of Digital Technology*



*Multiple responses

For more information or the detailed survey results, please call the Economic Development team on (02) 6581 8111 or email economic@pmhc.nsw.gov.au
Next Survey: August, 2015