

March 2016

Business Confidence Survey



SUMMARY

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

- > Trading, profitability and staffing all recorded improved conditions for the July to December 2015 period.
- > Overall, businesses expect conditions to remain favourable for the January to June 2016 period.

Economic Conditions Remain Favourable

Port Macquarie-Hastings net trading conditions and profitability have recorded consistent improvements over the last 24 months.

As shown in figure 1 (below), when compared to the National Australia Bank (NAB) National Business Survey, regional trading conditions are very strong. Overall net scores have shown steady growth in trading conditions and profitability since the first measure of the July-December period in 2013. Further, **trading conditions** are expected to remain steady over the next six months to June 2016 with 56.2% of businesses expecting either 'good' or 'very good' trading conditions. Similarly, businesses reported their **profitability** was positive and expect further improvement in the January to June 2016 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 2016. As indicated in figure 1, staffing levels are growing at a slower rate than trading conditions and profitability.

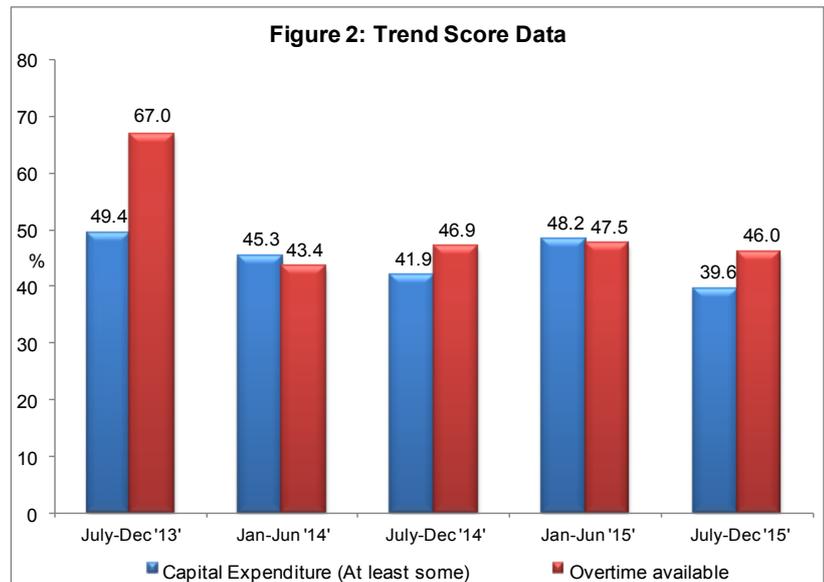
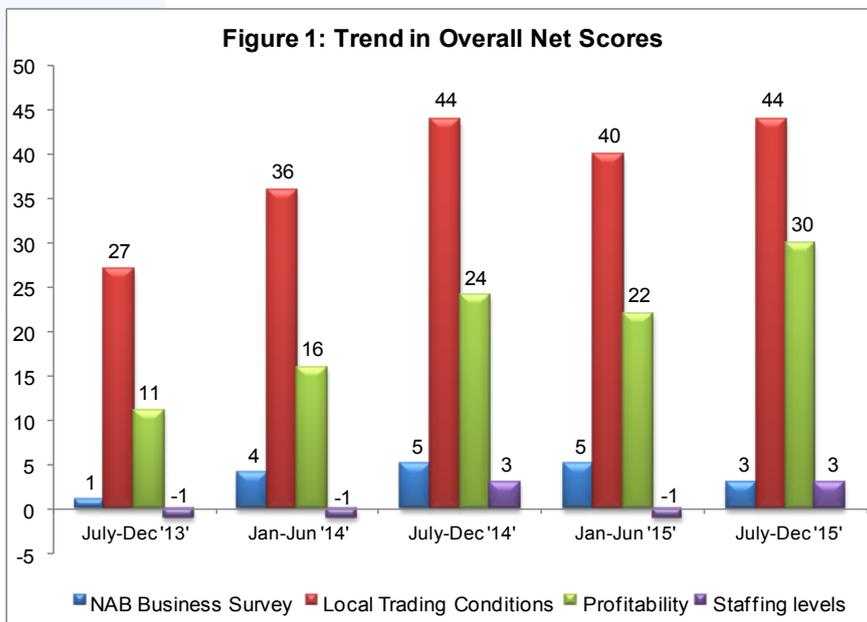


Figure 2 (above) shows that almost half of businesses surveyed indicated at least 'some' overtime work was available from July to December 2015 - on par with the last survey. Taking into account the increase in staffing levels shown in figure 1, this is a good result for the local economy.



The sector with the most overtime available was 'Construction / Transport, Postal and Warehousing / Electricity, Gas or Water', with 24.1% of businesses in the sector reporting having at least 'a fair amount' of overtime available in the July-December 2015 period.

Capital expenditure levels have declined slightly with just under 40% of businesses reporting they made at least 'some' capital expenditure in the July - December 2015 period. Survey respondents expected that capital expenditure will stay at about the same level in the coming six months.



CURRENT LEVEL OF BUSINESS CONFIDENCE

More than three in five businesses (63.3%) reported their level of business confidence as 'good' or 'very good'. The 'Construction / Transport, Postal and Warehousing / Electricity, Gas or Water' sectors were the standouts with 75.9% of businesses in the sector reporting a good level of business confidence.

INNOVATION AND GROWTH

Over half of the local businesses surveyed reported that growth was a priority, with 51.2% indicating that 'growing business revenue / market share' will be their focus for the coming year.

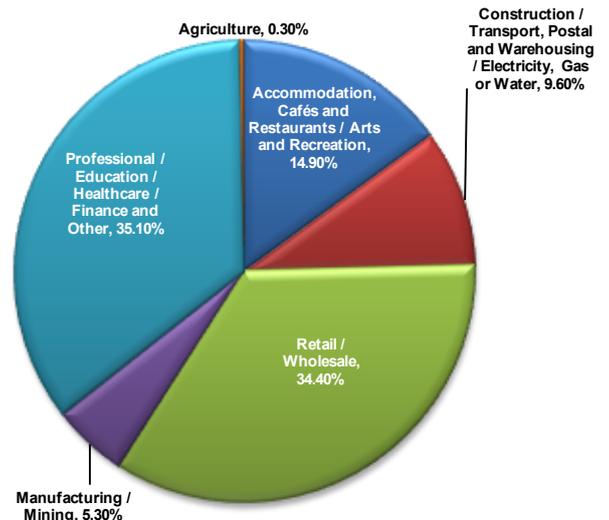
Innovation is also on the agenda in local business, with 66% of businesses engaging in innovative activity, with plans to make 'some change' to Goods or Services, Operational, Organisational or Marketing Methods over the coming year. Only 9.3% of businesses met the ABS definition of innovation, with plans to implement 'new or significant' changes across the categories over the coming year.

Revisiting questions from 2014, businesses were asked to identify both the major constraints on growth, and what would help them build their customer base - results in figure 4 and figure 5 below.

SURVEY DEMOGRAPHICS

A sample of 302 businesses were surveyed from a good cross section of industries. Surveys were conducted both online and via telephone.

Figure 3: Survey Demographics



Business Size (Employees)

Small (1-20)	89.20%
Medium (21-99)	7.40%
Large (100+)	3.50%

Figure 4: Constraints on Growth (Top 5)

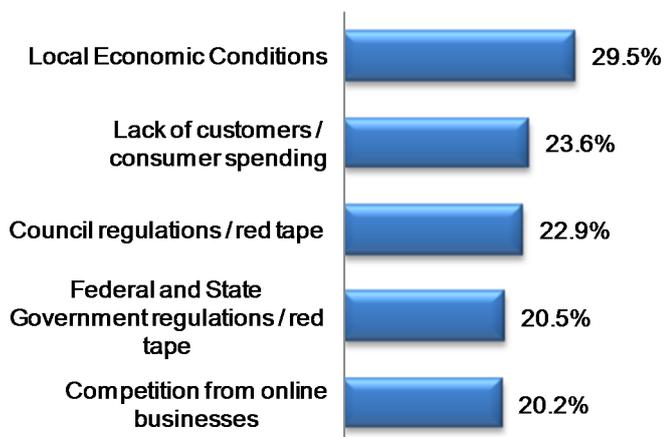


Figure 5: Building Customer Base (Top 5)

