

# Pulse Survey of Business Conditions

June Quarter 2024



**Business  
Chamber**  
QUEENSLAND

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business  
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# Overview

# June quarter 2024

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June quarter Pulse data shows the longest sustained period of weak business confidence in the survey's 30 year history continued. A mild improvement across indicators does not lift business conditions from weak levels and represents sustained compounding pressures on Queensland businesses.

Business reported confidence in the future of the state and national economies, general business conditions, sales and profitability improved marginally, but from already weak levels. While economic confidence was weaker only during the Global Financial Crisis and the depths of the COVID economic crisis, both periods recovered quicker than the ongoing weak confidence trend. Business indicators have not recovered from close to two years of weak conditions, and have not met the 10 year average.

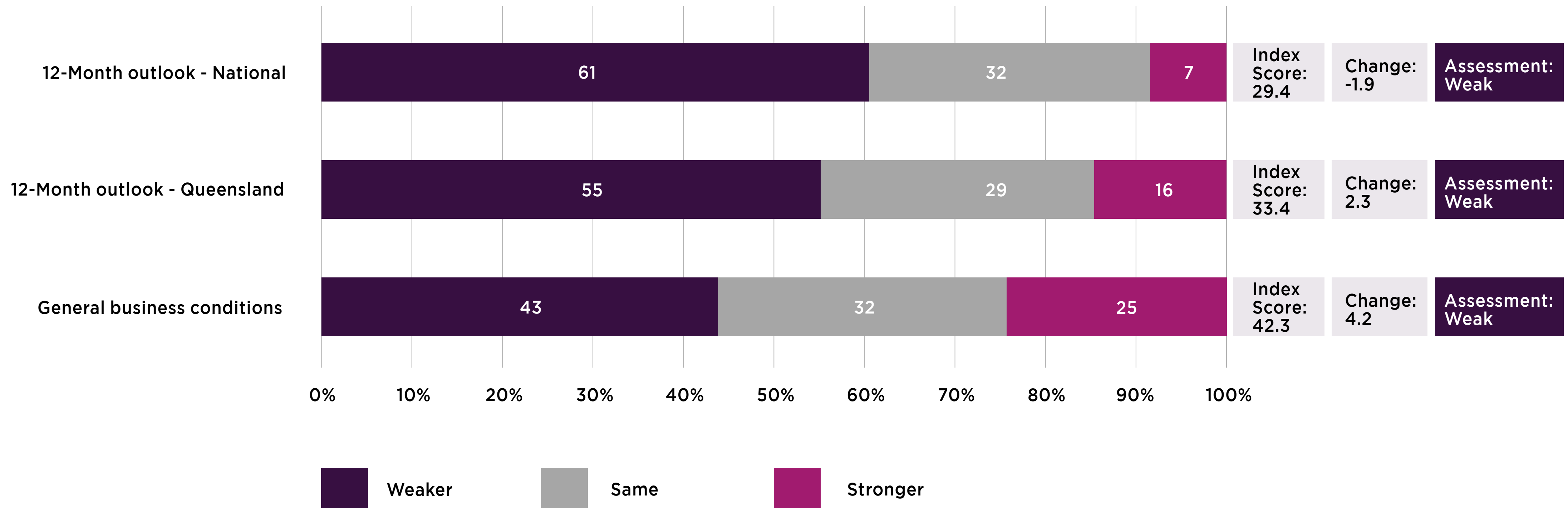
Despite a challenging June quarter, businesses reported they expected tight monetary policy, specifically interest rate impacts, to soften. Similarly, businesses reported the recent Olympics renewed their confidence they could benefit from the 2032 Brisbane Olympic and Paralympic Games.

Businesses also reported they expected the 2024 State Election represented an opportunity for them, but there was also uncertainty regarding program infrastructure plans and policy stability. Business said they expected an alternative vision from the next Queensland Government.

## June quarter themes

- **Inflation and costs:** Reduced consumer spending is impacting businesses' bottom line.
- **Interest rates:** High interest rates have increased residential and business lending costs, and lower consumer and business-to-business spend.
- **Global instability:** Geopolitical tensions are impacting Queensland's linkages with the global economy and our dependency on trade.
- **Cost of doing business:** Reduced revenue means property, energy, fuel, insurance and labour costs are increasingly difficult for businesses to absorb.
- **Weak consumer and business confidence:** Confidence promotes confidence and in the June 2024 case, poor confidence weighed down appetite to spend and invest.
- **Poor government support:** Business felt they have had to do more and contribute more with little to no understanding or help from government.
- **Market instability:** Volatile markets are causing businesses to put spending and investment decisions on hold.
- **Skills shortages:** The extent of historic skill and labour shortages is evident given it continues to be a key constraint even in a softening labour market and economy.

# Business conditions



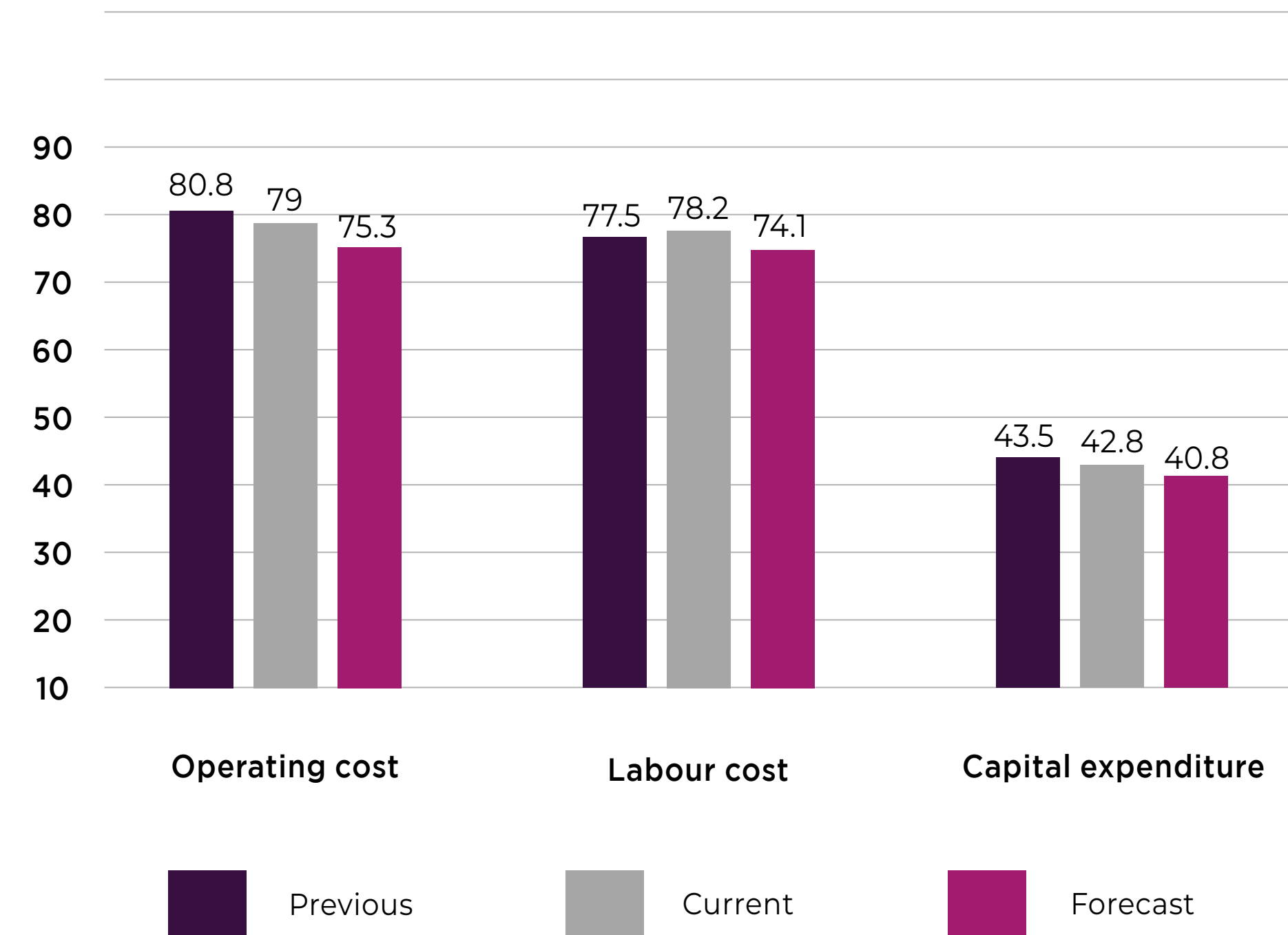
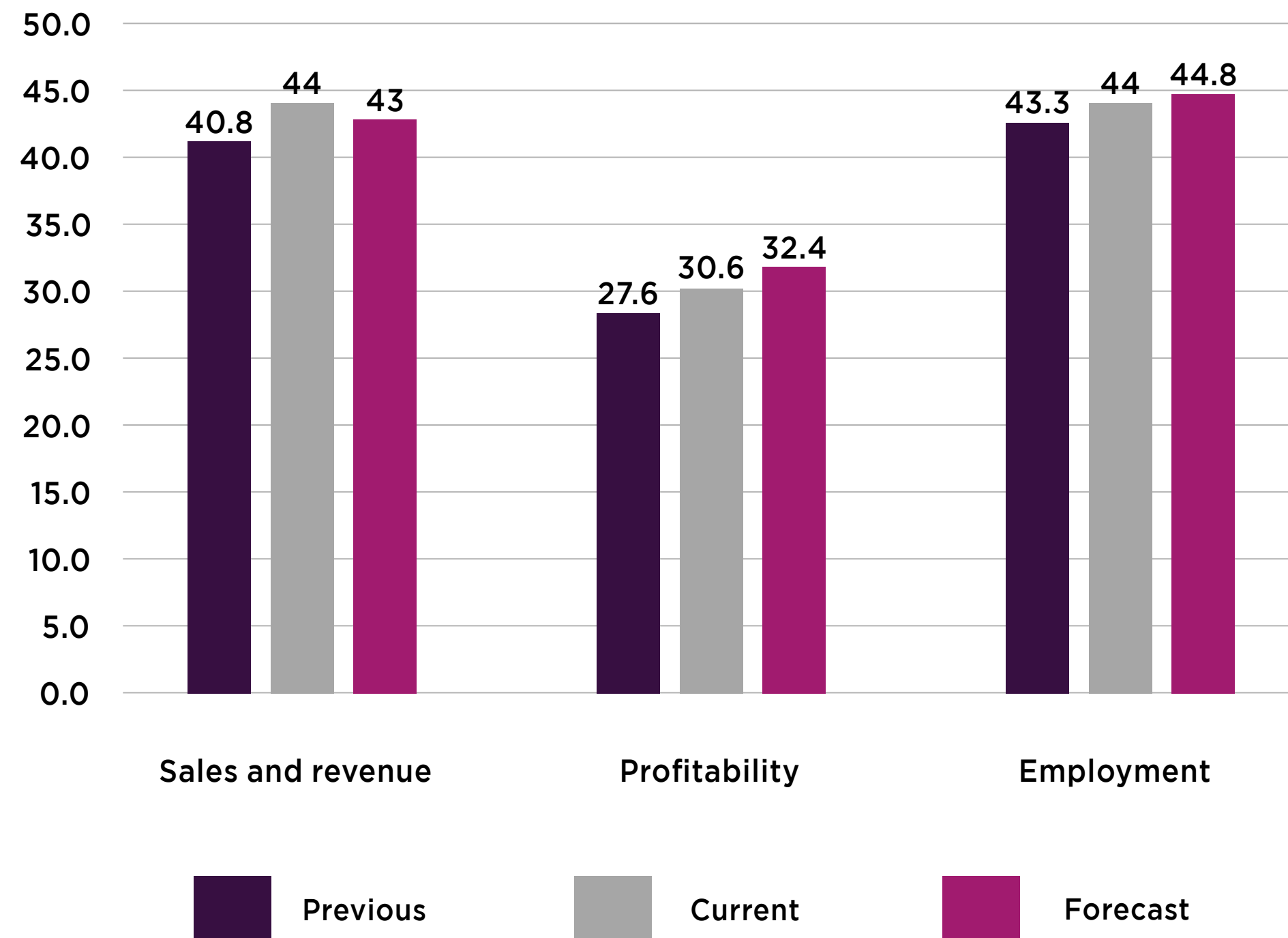
"Any further interest rate rises will curtail any non-essential household spending, which will be reflected in activity in the wider economy, reducing business activity and confidence. Should no further rate increase materialise the economy will remain stagnant for at least a further 12 months."  
**Small Business, South East**

"In Australia persistent inflation is keeping interest rates high and softening commodity prices. In Queensland, internal migration is keeping economic activity stable despite national headwinds."  
**Small Agriculture, Forestry and Fishing Business, Central Queensland**

# Key indicators

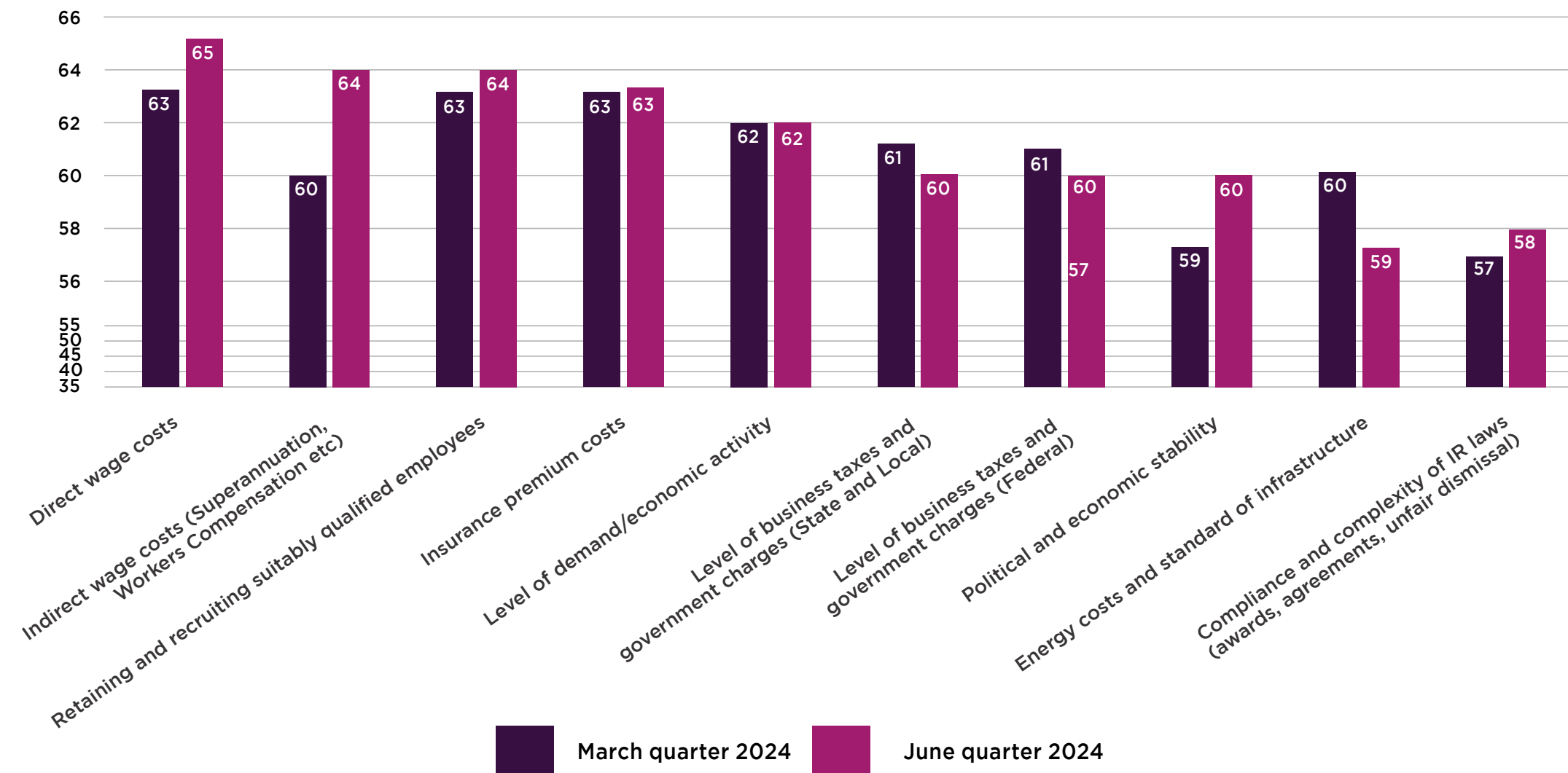
Business performance measures including sales and revenue, employment and profitability improved and are satisfactory.

Operating and labour costs are moderating but historically are high.



# Constraints

Direct and indirect wage costs and retaining suitably qualified employees are key constraints on business growth.



"World wide economic headwinds will impact Australia and Queensland. Stubbornly high inflation and interest rates, difficult economic conditions in China, geopolitical instability and conflicts, disrupted supply chains and uncertainty globally will impact the local economy."  
**Small Health and Community Services Business, South East**

"The infrastructure build for the Olympic games coupled with the renewable energy network expansion are important in Queensland. Federally the renewable energy network growth and the proposed national housing build initiatives are important."  
**Small Professional, Scientific and Technical Services Business, South West**

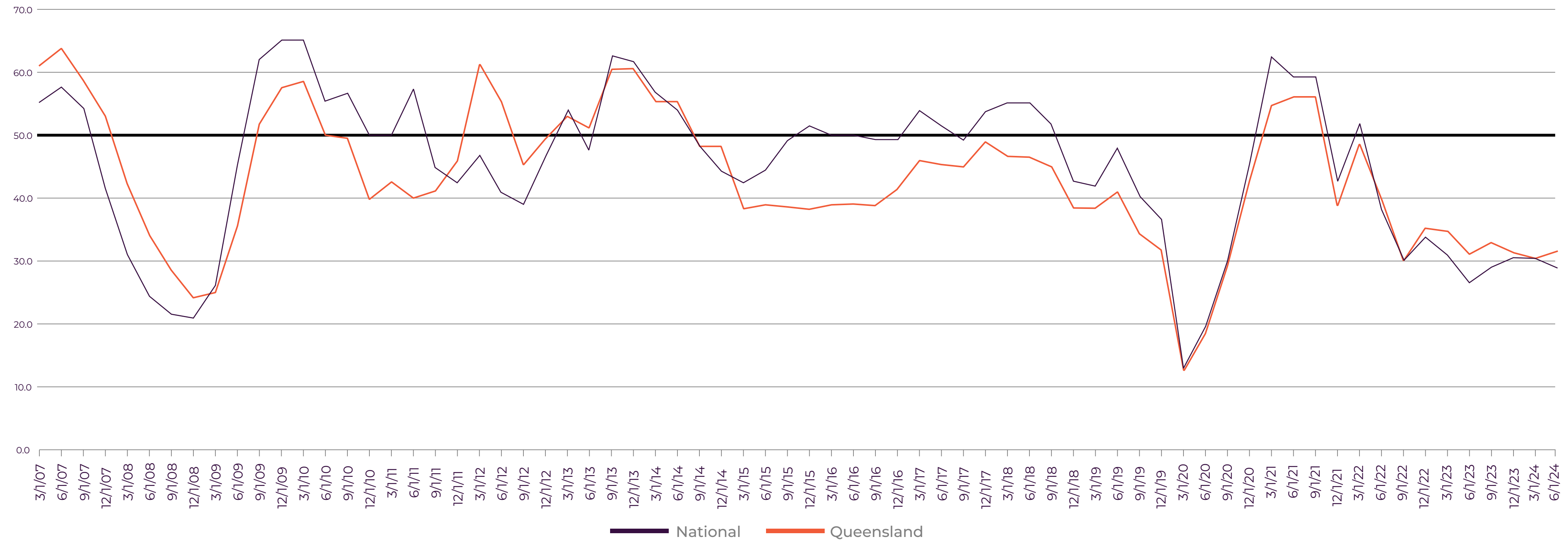
# Economic confidence

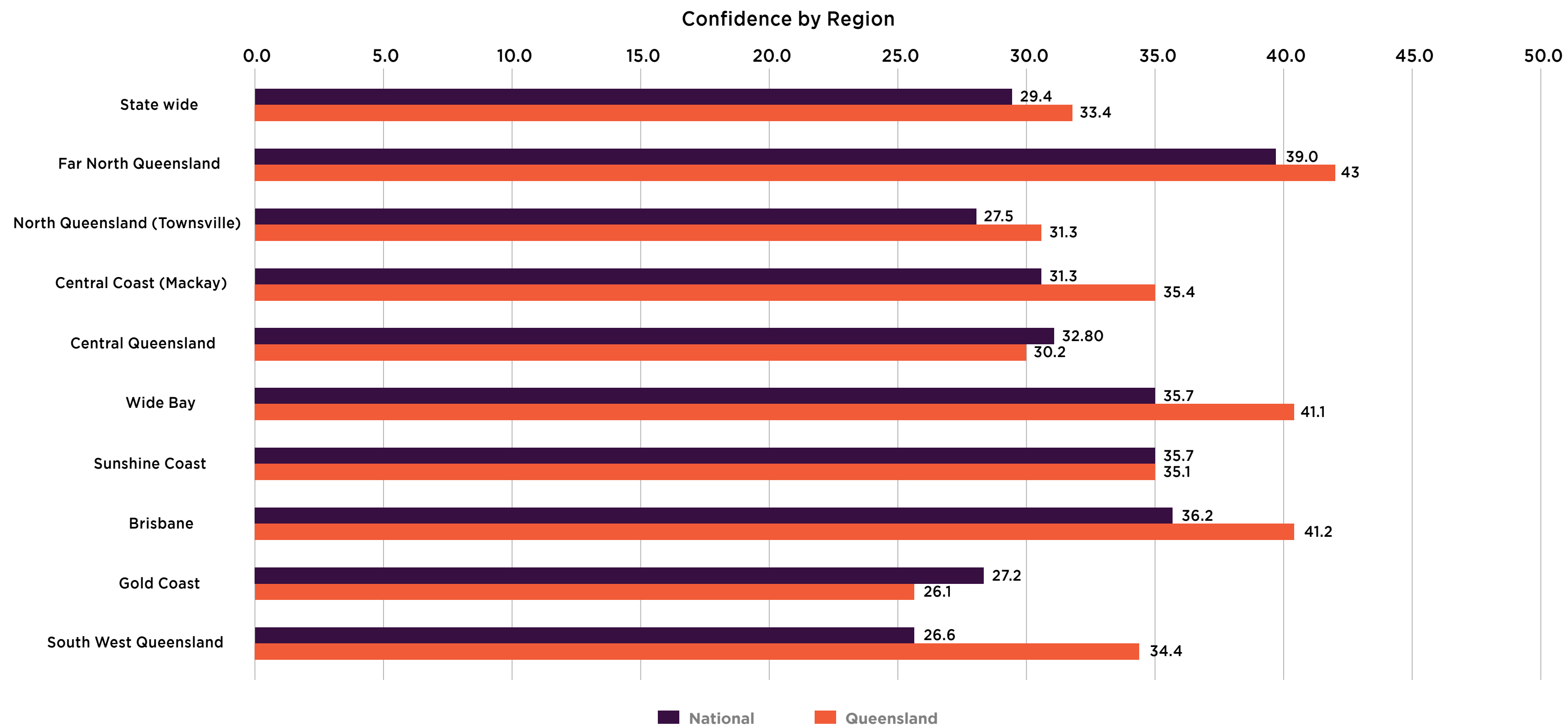
Business confidence in the future of the Queensland economy improved in the June quarter, but remained at weak levels.

Business confidence continues to reflect the compounding impact of high operational and labour costs and a soft economy with low sales. Expectations for softening interest rates weigh positively on confidence.

Despite a mild uplift in confidence in the Queensland economy, it's the longest sustained period of poor economic confidence. Queensland economic confidence outpaced national economic confidence, representing the impact of the upcoming State Election as an opportunity for better business conditions in Queensland

12 Month Outlook





Business confidence in the Queensland economy persisted at weak levels across the majority of Queensland regions, but for Far North Queensland, Wide Bay and Brisbane, where confidence was satisfactory. Confidence in the national economy was weak across all regions.



## 12 month outlook - Queensland

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Business confidence in the Queensland economy for the next twelve months increased by 2.3 points to 33.4.

The Queensland index is also up by 1.7 points on this time last year (31.7) but remains well below the 10 year average of 39.3. Substantial and continuing improvement is needed.

*"Elections - both State and Federal, impact confidence. Both are absolutely necessary to change the directions of both economies, yet both will cause a downturn as people draw back even more on their spending during election cycles. Interest rate decisions based on information that doesn't reflect what is happening in the regions will cause further slowdown in the regions."*

**Small Administrative and Support Services Business, Wide Bay**

*"Interest rates impact physically and mentally. In truth I believe Australians have lost an edge of optimism in both the government(s) and we need to engage more with the spirit of pursuit than the self pity constantly portrayed."*

**Small Wholesale Business, South East**

*"Interest rates and uncertainty mean people are unlikely to invest in things like marketing. Although we are technically not in a recession the signs one is close are there, the limited growth the nation has seen has been mainly with financial institutions benefitting from interest rate rises.*

*Small businesses are going to find it hard in 2025."* **Small Business, South East**

*Promotion of our country, stay and play and buy our own industries will assist small business to keep going - keep employing and ensuring we have long term success.*

**Small Art and Recreational Services (Tourism) business in Central Queensland.**

## 12 month outlook - National

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Business confidence in the Australian economy for the next twelve months decreased but only marginally down 0.1 points to 31.3.

The national index is slightly down on this time last year (31.5) but significantly below the 10 year average of 43.9. Business confidence for the national economy is also weak and has been so for a sustained period of time.

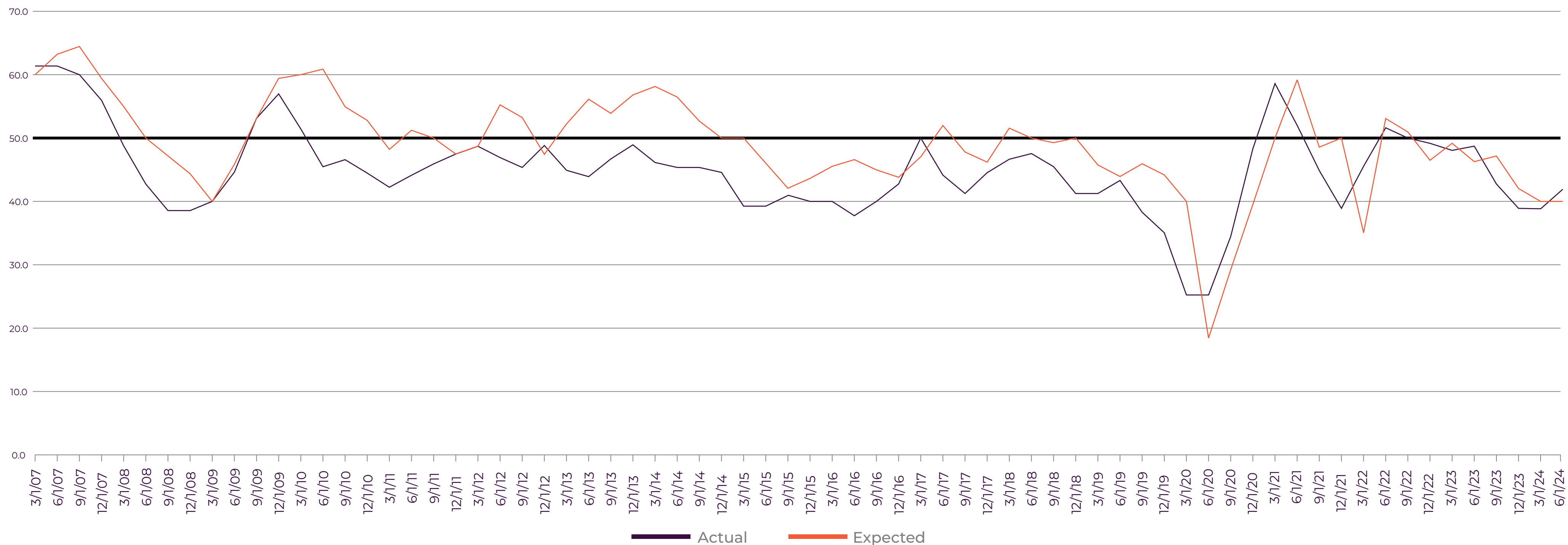
The difference between the indexes has converged and is only separated by 0.2 points. Queensland businesses are now less optimistic about the national economy over the next twelve months than the Queensland economy.

# General business conditions

General business conditions improved during the June quarter reflecting both a lift in sales and profitability albeit by modest levels. Labour and operational costs continue to weigh down overall business conditions. General business conditions are now satisfactory after previously registering at weak levels over the previous year. The June quarter index of 42.3 represents a 4.0 points improvement from the March Quarter PBI of 38.1.

However, the June Quarter PBI remains significantly below this time last year (48.8) and also the 10 year average (43.2). At the same time, general business conditions in the September Quarter are expected to fall slightly by 1.5 points to a PBI of 40.8.

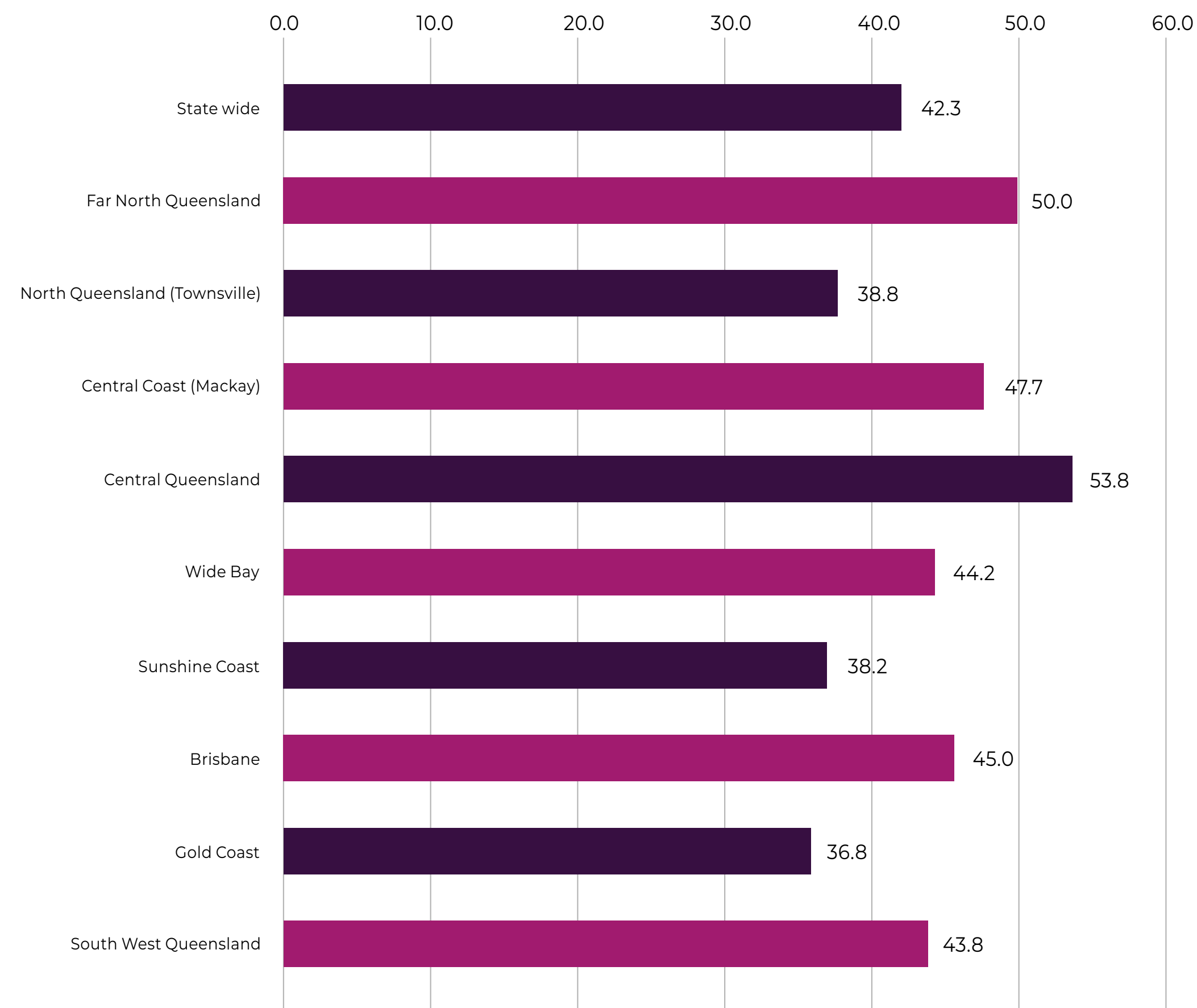
General Business Conditions



"I believe the economy is under significant pressure therefore the RBA will not increase interest rates and there is still some flow on effect to further slow growth."  
 Small Agriculture, Forestry and Fishing Business, Gold Coast

"I expect a change of government at both State and Federal levels and externally in the US and that those changes will stimulate both the markets and the economy."  
 Small Professional, Scientific and Technical Services Business, South West

Most regions across Queensland continue to have an index score below 50 indicating weakening business conditions during the June Quarter reflecting soft sales revenue coupled with high operating and labour costs leading to poor profitability. However Far North Queensland and Central Queensland are indicating either unchanged or increasing sales.



# Sales revenue

Total sales revenue in the June Quarter improved but remains below 50 indicating weakening sales.

The sales and revenue PBI of 44.0 is up 3.2 points on the previous March Quarter index of 40.8 but is well below this time last year (50.8) and the 10 year average (48.3).

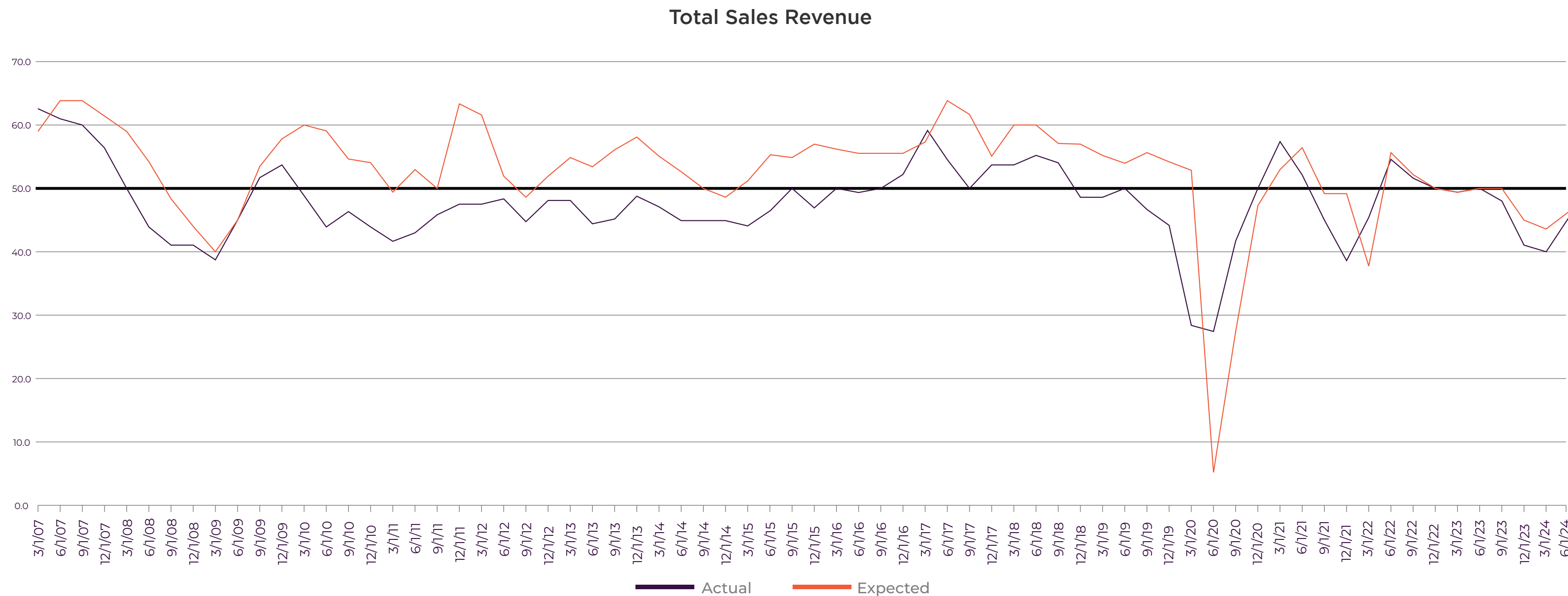
High cost of living including mortgage repayments and higher borrowing costs for business projects and investment have continued to reduce business-to-consumer and business-to-business sales revenue.

However expectations for softening of tight monetary policy and high interest rates has partially buoyed consumer confidence and spend.

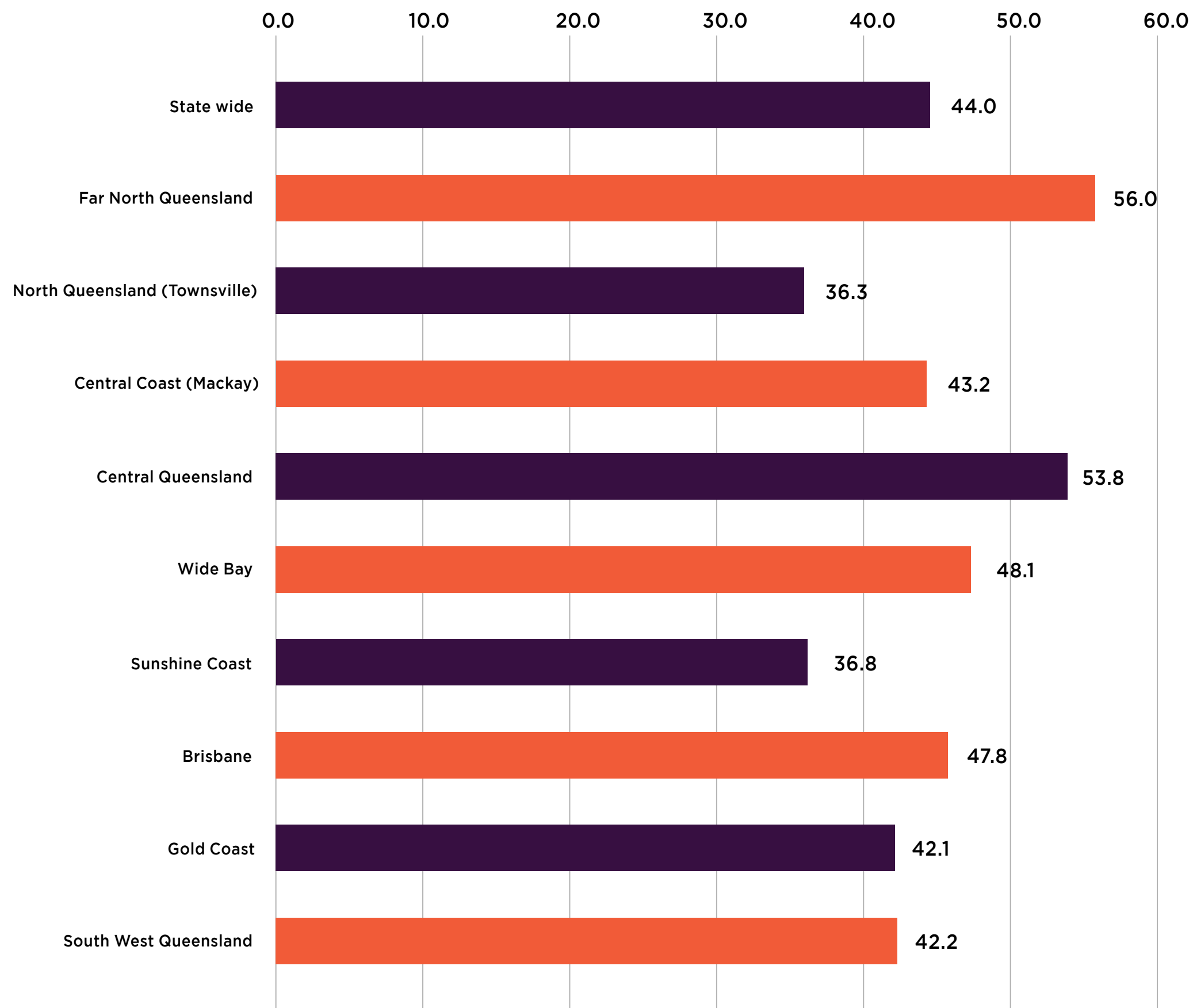
"Continued pressure on consumers re: cost of living means there is less discretionary spend available."  
**Small Retail Business, Sunshine Coast**

"Impacts of global events on supply chains, global inflation, flow on interest rates and numerous mortgages moving from fixed to variable rates have major impacts on SMEs - rising costs, labour costs."  
**Medium Construction Business, Brisbane**

One in four businesses anticipate an increase in their sales in the September Quarter with a PBI of 43.0.



Most regions across Queensland experienced an improvement in their sales revenue in the June Quarter. Far North Queensland and Central Queensland are indicating increasing sales.



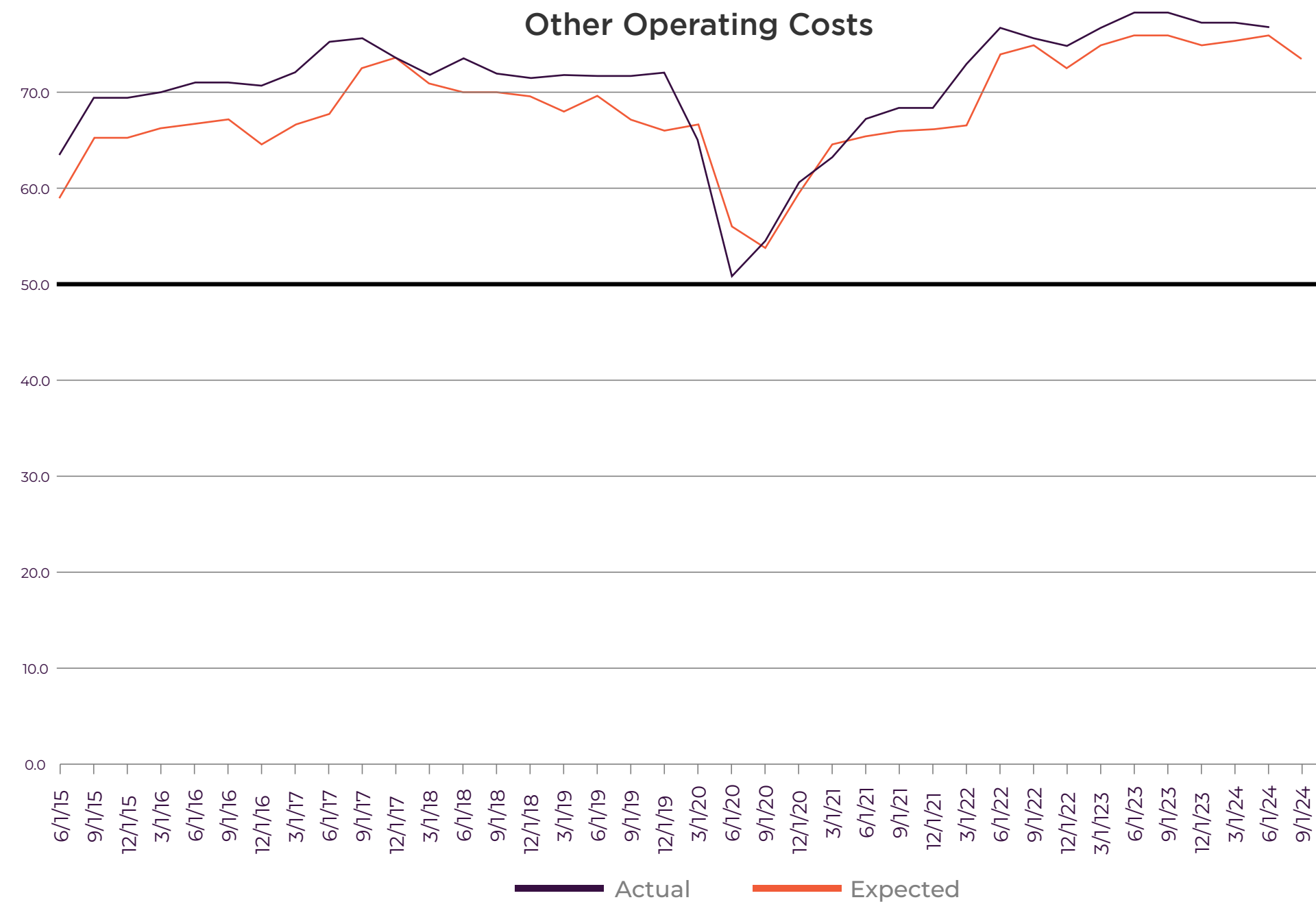
"Several factors have negatively affected the performance of my business over the last three months. Market volatility. Fluctuations in the proper market have created uncertainty, affecting client confidence and investment decisions. Rising interest rates: Higher interest rates have dampened property investment enthusiasm, leading to reduced client activity. Economic uncertainty: Broader economic instability has impacted consumer spending and investment behaviour. Supply Chain issues: Delays in construction and maintenance services have slowed property management activities. Regulatory changes: Recent changes in property regulations have required adjustments in our operations, causing temporary disruptions."

Small Rental Hiring and Real Estate Business, South East

# Operating costs

Queensland businesses continue to note high leasing, insurance, electricity and fuel prices as being key cost pressures.

Operating costs during the June quarter were elevated with a PBI of 79.0. Four in five businesses recorded an increase in their operating costs. The June Quarter PBI is down 1.8 points on the previous quarter and is also below this time last year (81.7) but remains above the 10 year average (72.2). High operating costs are expected to again temper in the September quarter with the operating cost PBI falling to 75.3.



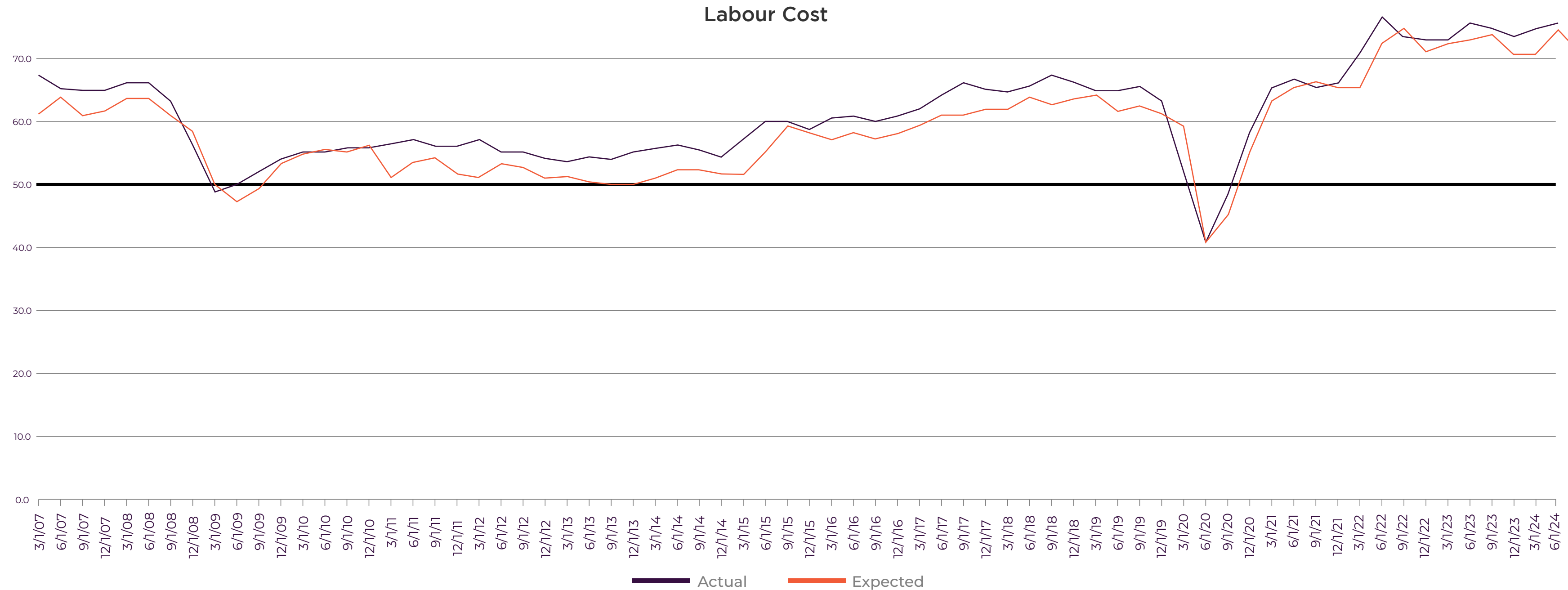
"Higher costs related to interest rate rises, wages increase and super increase, result in tighter budgets for businesses and wholesale clients."  
**Small Retail Business, South East**

"Inflation is much higher for us than CPI indicates. Raw ingredients, building materials and labour cost demands are sky rocketing. The property and rental market prices are getting to stupid levels and Australia is becoming increasingly uncompetitive."  
**Small Business, Gold Coast**

# Labour costs

Labour costs in the June quarter were high with a PBI of 78.2. 69% of businesses indicated their labour costs increased. The labour cost PBI is up 0.7 points on the March quarter and is broadly in line with this time last year (78.6). It is well above the 10 year average (65.1).

As a constraint on business it is now the largest challenge with indirect wage costs the second largest constraint. This result reflects skill and labour shortages across a number of industry sectors and geographical areas of Queensland as businesses attempt to offset shortages through attracting and retaining employees with higher earnings. Accordingly employee availability is ranked as the third largest constraint behind direct and indirect wage costs. The labour cost PBI is expected to moderate in the September quarter with the PBI down 4.1 points to 74.1.



“Employee costs and compliance are driving productivity down. There are so many things we have to do that add zero value and just increase costs.”  
**Medium Wholesale Business, South East**

# Profitability

Profitability improved in the June quarter reflecting slightly better sales and revenue but continues to be weighed down with high operational and labour costs.

The profitability PBI increased 3.0 index points to 30.6 but continues to be assessed at a weak level. The profitability PBI continues to be both 5.1 points lower than this time last year and below the 10 year average of 36.7. The improvement is partly a rebound from one of its poorest results in the March quarter.

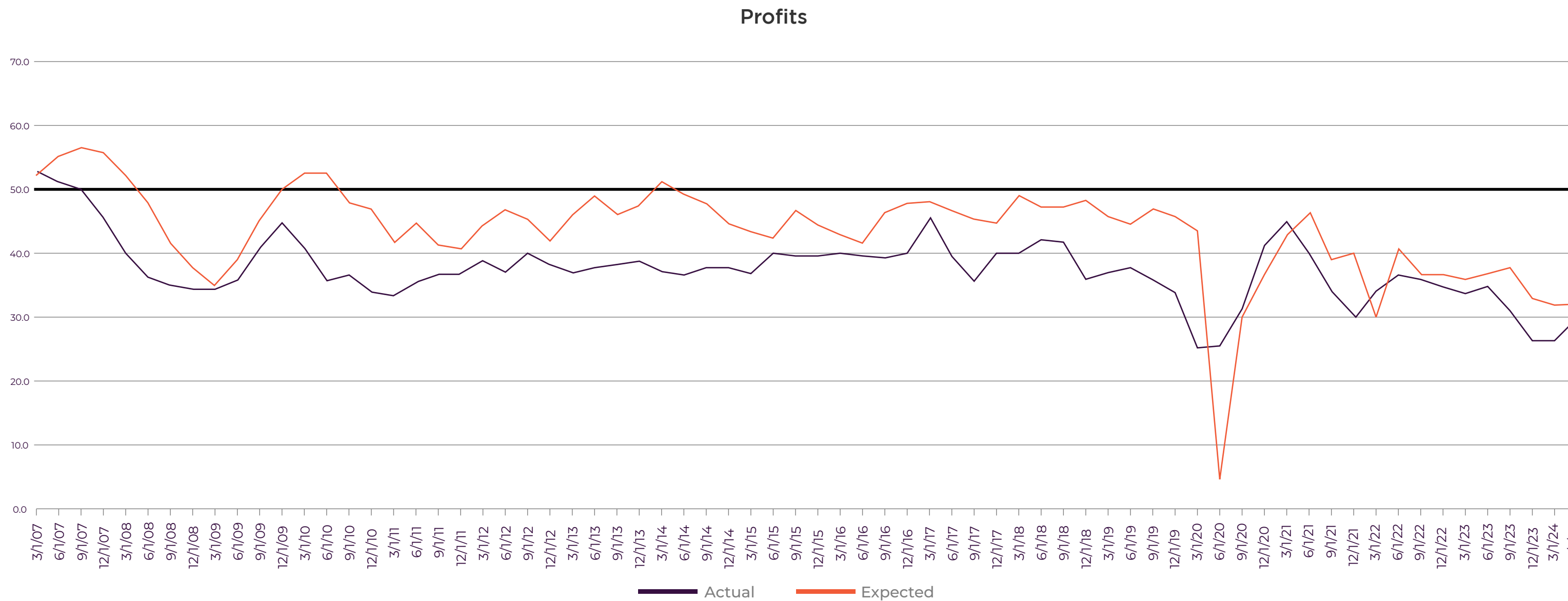
Profitability is expected to continue to improve in the September quarter with the index up another 1.8 points to 32.4. It will need sustained improvement to move to being satisfactory.

"More and more businesses in our area are closing their doors. I think a lot of that comes down to online shopping as well, no one is keeping the local economy in the area. This makes things tighten their belts and that's never positive for trades. Still of course the cost of living, rent and mortgage prices, insurance for businesses and homes, fuel and registration, running costs, the list goes on..."

**Small Construction Business, Central Queensland**

"On the national scale, it is very obvious that many businesses are struggling or at best feeling some pain, and residential spending is reducing. There is no immediate election known and therefore no uplift should there be a government change, so nothing points to the economy strengthening. On the state level, a change of government is expected, but will take a full 12 months of new thoughts and approaches to feed through any improvement, although expected this action will prevent sliding backwards, and keep the results about the same."

**Small Electricity, Gas and Water Supply Business, South East**





# Average selling prices

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Average selling prices remain slightly over 50 index points with the PBI up 0.9 points to 53.4 and is consistent with the general trend of sticky but moderate inflation. The index remains at a moderate level but is well down on this time last year (58.7) and below the longer term trend of (58.0). One in two businesses indicated their prices were unchanged during the quarter.

The September quarter PBI is expected to continue its moderating trend with the PBI falling 0.8 points to 52.6.

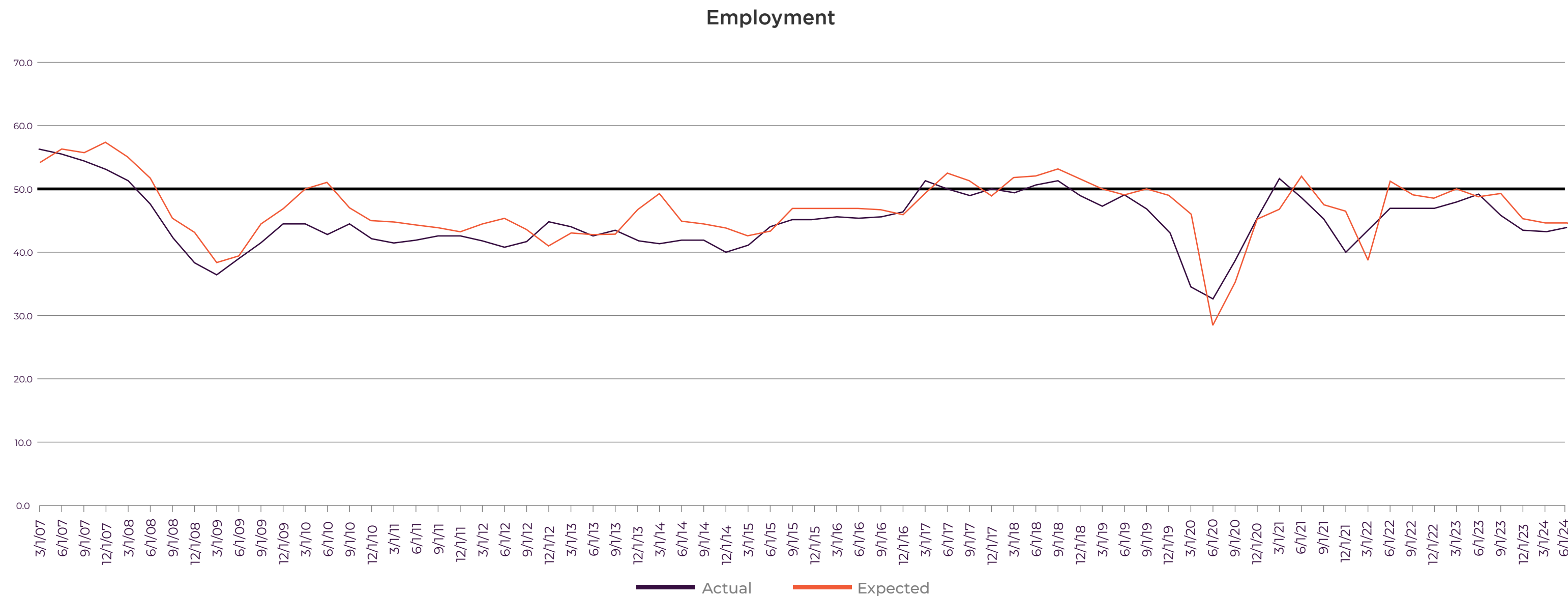
"Services inflation, interest rates, wage to productivity growth therefore less disposable income."  
Medium Retail business, Sunshine Coast

Wages and superannuation are increasing, alongside other rising costs, which puts additional pressure on us. To remain viable, we must pass these cost increases onto our customers, who are already feeling the financial strain, leading to reduced demand. Consequently, we are witnessing more business closures and redundancies than ever before. Small businesses are feeling scared and very unsupported.  
Small Personal and Other Services business, South East

# Employment levels

Employment levels were virtually unchanged in the June quarter, with the PBI increasing slightly by 0.7 index points from 43.3 in the March quarter to 44.0. However the PBI remains 5.7 points lower than at this time last year (49.7) despite it moving closer to the 10 year average of 45.9.

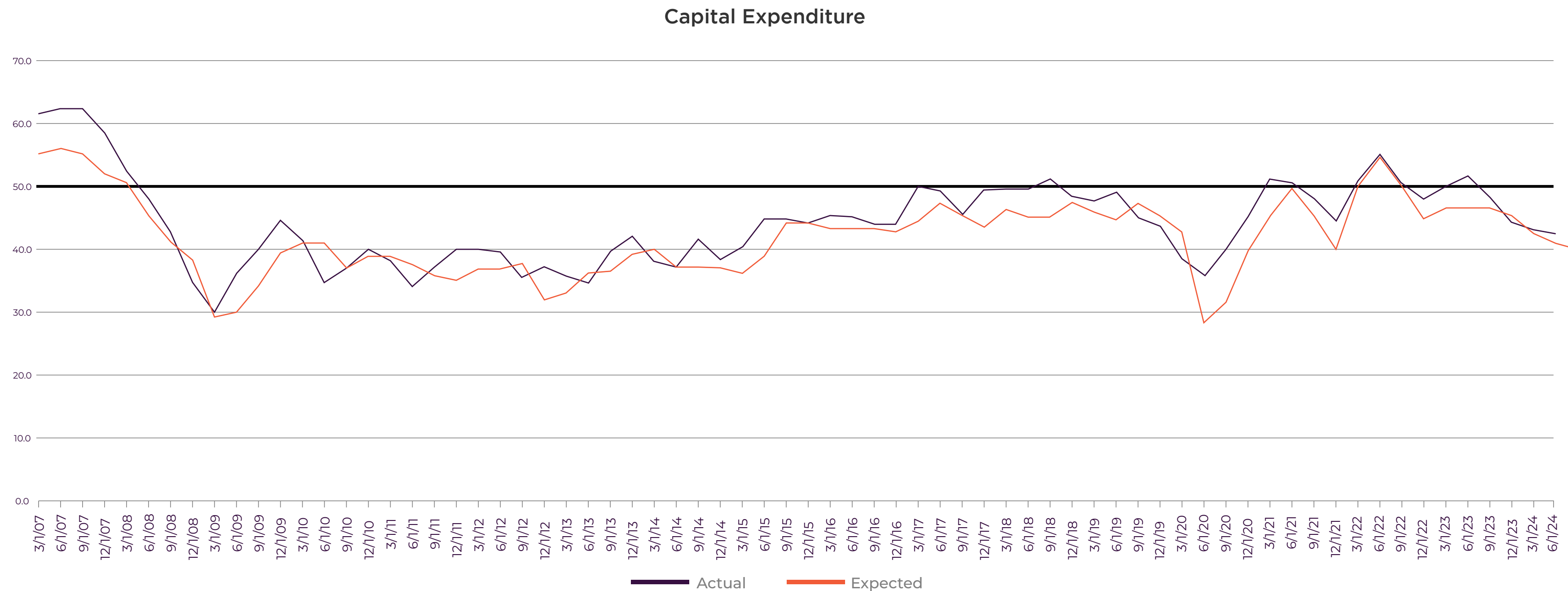
Employment levels will improve slightly in the September quarter with the PBI lifting 0.8 points to 44.8. The majority of businesses anticipate leaving their employment levels unchanged.



"Increased costs of employment (eg: wage increases, lack of quality staffing, increase in Superannuation costs), increase in rent costs; our suppliers have begun to pass on increasing cost; businesses are no longer able to absorb the increases."  
**Small Health and Community Services business, South East**

# Capital expenditure

Prevailing weak profit levels, lower sales revenue, higher borrowing costs and uncertainty continue to impact negatively on business capital expenditure. The capital expenditure PBI in the June quarter fell by another 0.7 index points from 43.5 to 42.8. The capital expenditure PBI is down 9.5 points from this time last year and is below the long term 10 year average PBI of 46.5.



# Business constraints

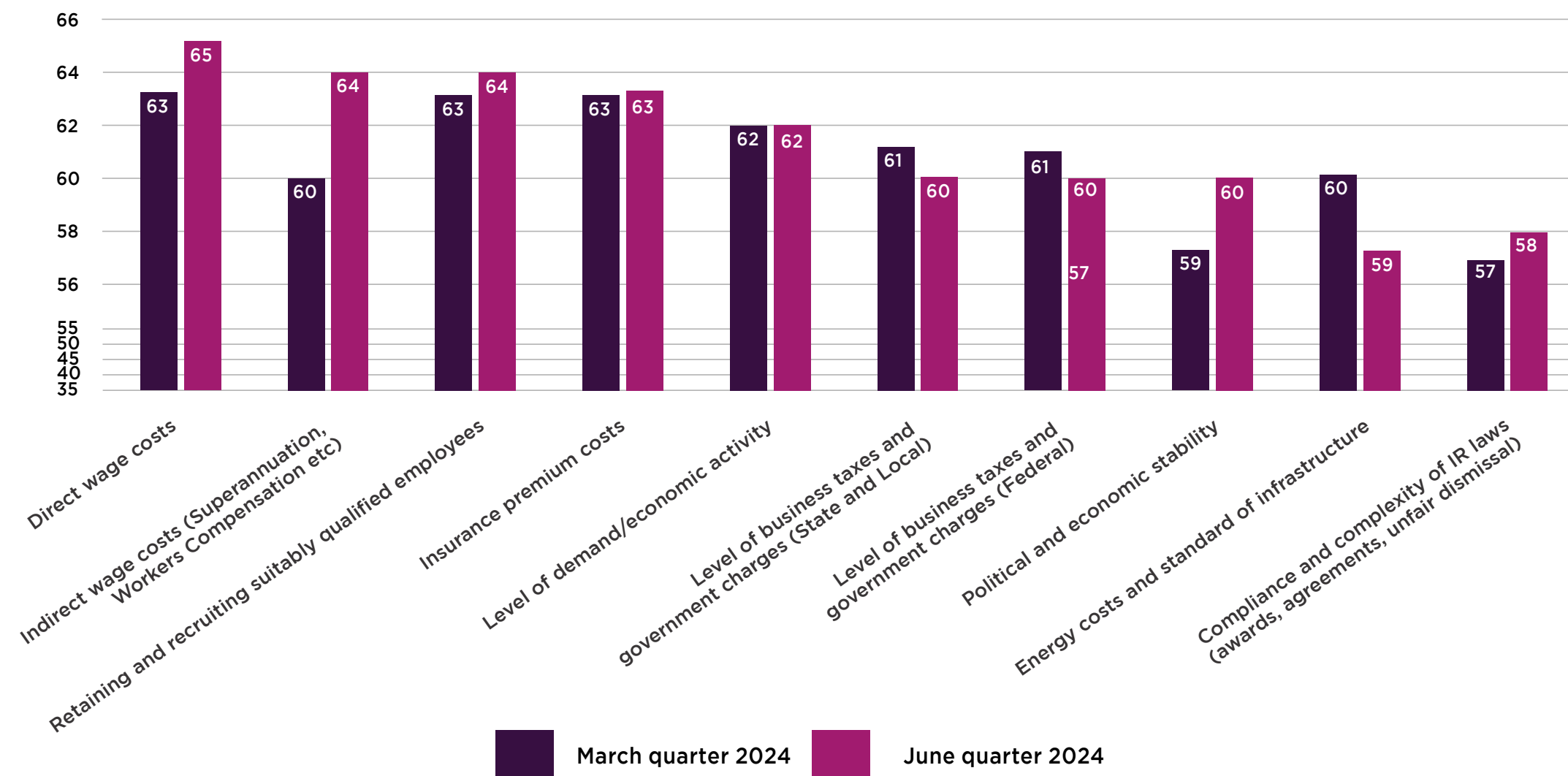
Direct wage costs, indirect labour costs and retaining and recruiting suitably qualified employees are key constraints on business growth. It's consistent with the two-year trend of workforce constraints.

With indirect wage costs such as superannuation, workers compensation and payroll tax which are all applied as a percentage of wages have also lifted and are up a noticeable five places and 4.0 index points in severity.

Retaining and recruiting suitably qualified employees is the third largest constraint on business growth and has consistently been in the top three constraints. The constraint severity increased slightly by 0.5 points to 64.3.

In fourth place is insurance premiums which continue to feature in the top five with an index score of 63.2.

Rounding out the top five is the level of demand and economic (62.5) down 0.3 points to 62.2 which is consistent to earlier survey results representing an improvement.



# Biggest rise

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Indirect wage costs including superannuation, workers compensation and payroll tax which are all leveraged as a percentage of wages rose noticeably in both ranking (up from 7th to 2nd) and severity (up 4.0 index points).

# Biggest fall

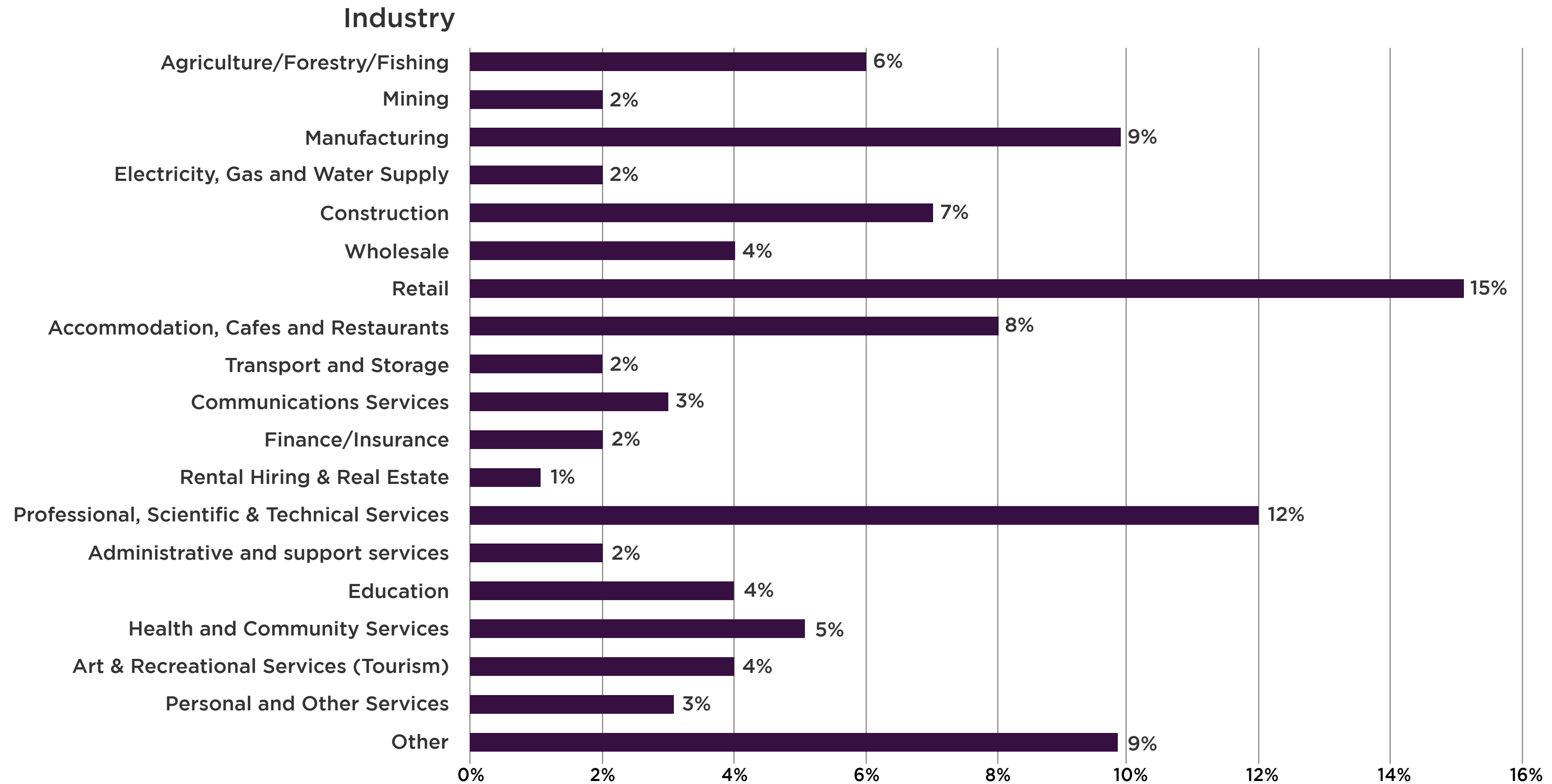
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Climatic conditions continued to drop in severity down two places and falling back to 18th position with an index of 39.5.

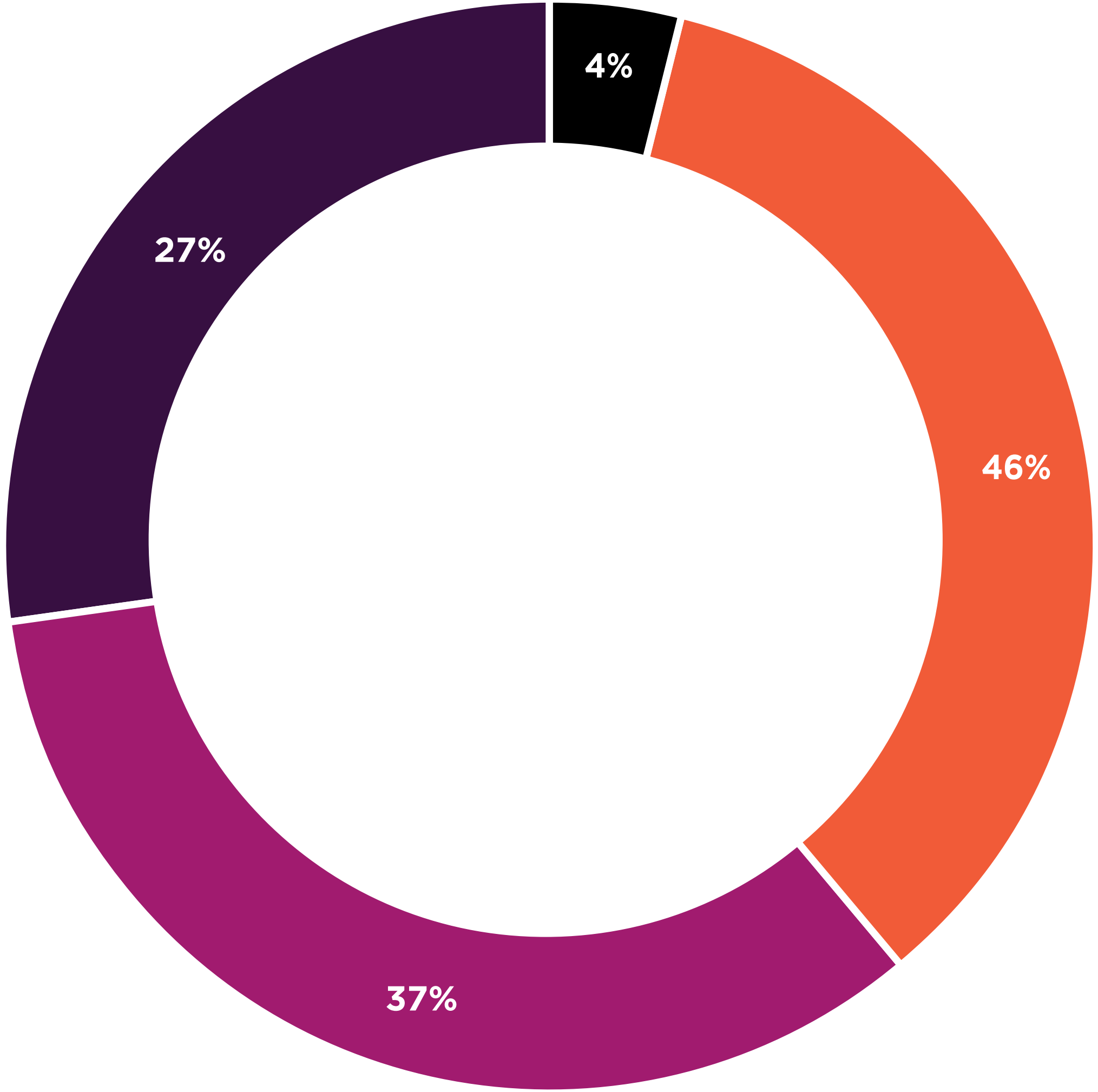
# Profile of Responses

# Profile of responses



# Business size

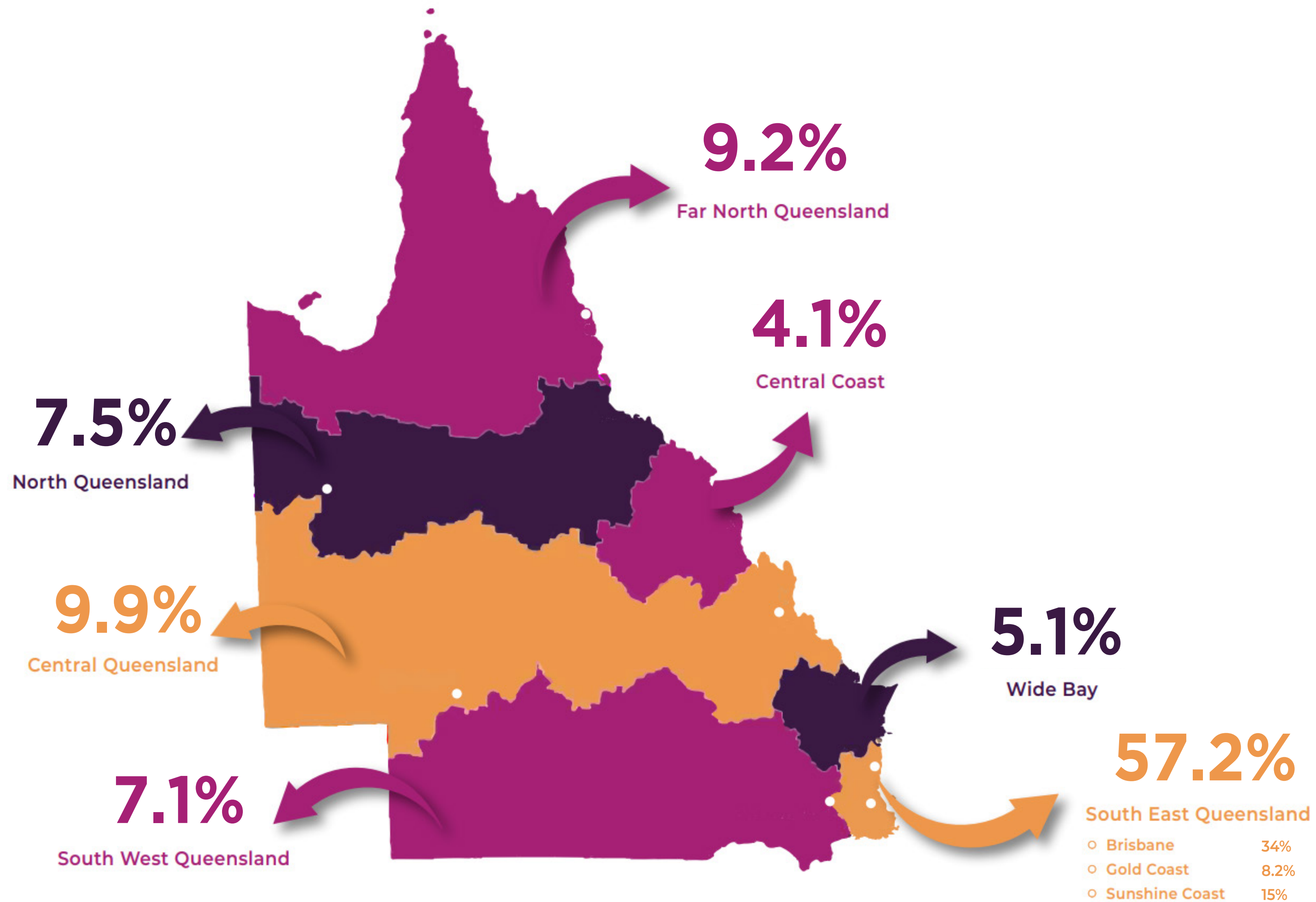
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0-5 employees    6-20 employees    21-200 employees    200+ employees



# Region



# Profile of Responses

## Survey period and sample

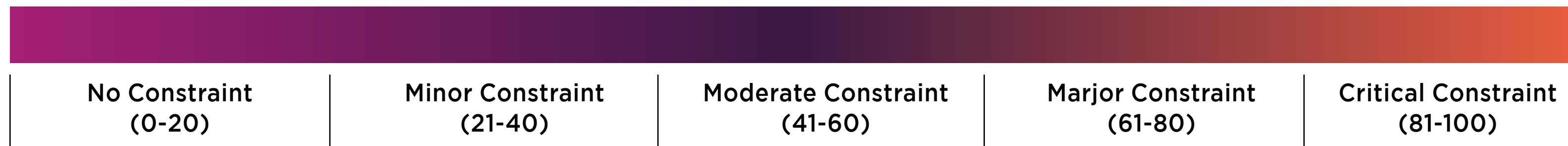


The Pulse Survey of Business Conditions collected responses from Queensland businesses from 8 July 2024 to 12 August 2024, on business sentiment and activity for the June quarter 2024. 300 businesses responded to the survey.

To find out more about the Pulse Survey, visit [www.businesschamberqld.com.au](http://www.businesschamberqld.com.au), or contact Business Chamber Queensland on 1300 731 988.

Business Chamber Queensland is committed to advancing sustainability in Queensland.  
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## How to interpret the index



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