

mccrindle

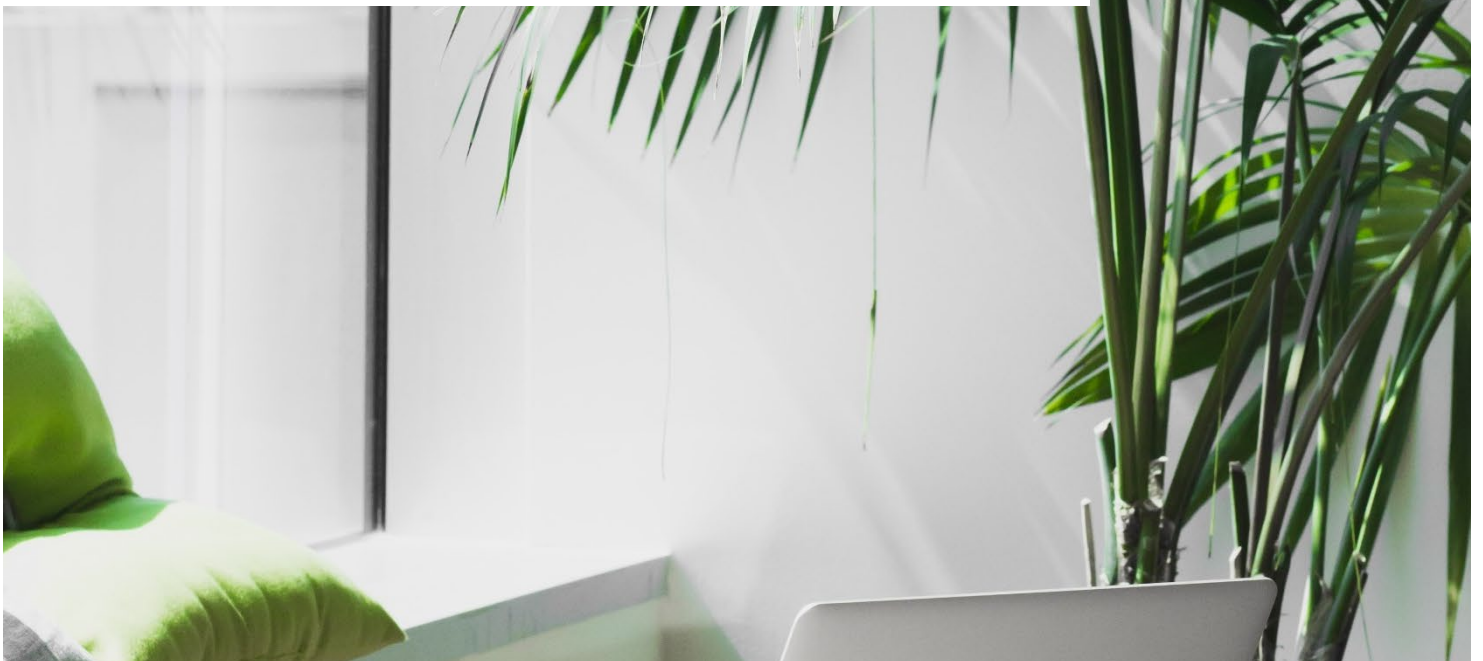


# Toowoomba Business Performance Sentiment Index

Discovering the pulse of local businesses



June 2023





# Contents

Toowoomba Business Performance Sentiment Index	1
Discovering the pulse of local businesses	1
The Business Performance Sentiment Index (PSI)	4
Design	4
Purpose and use	5
Deployment	5
Participants	5
Indicator overview	6
Results	8
Conditions	10
Performance	14
Sentiment	18
Further insights	22
Net Promoter Score	22
Issues on business performance	23
Business priorities	24
Regional attractiveness	24
Current and future strength	25
Impact of COVID-19	27
Local support	28
Respondent characteristics	29
Conducting your own PSI	34
Contact	34
Get in touch.	34

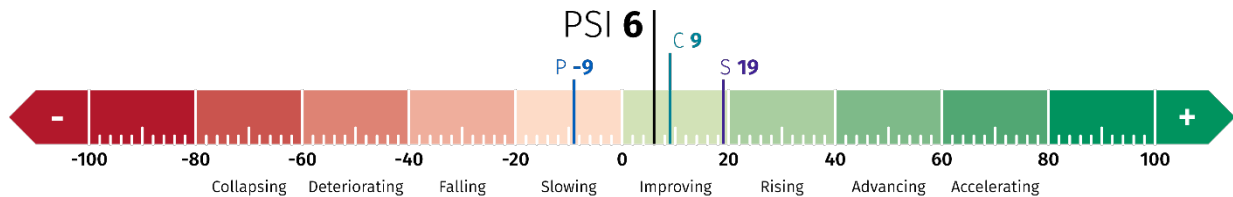
# The Business Performance Sentiment Index (PSI)

## Design

The Business Performance Sentiment Index (Business PSI), developed by McCrindle, is an ongoing measure of business performance, conditions, and sentiment.

The Business PSI provides a snapshot of business health. This latest edition of the Business PSI features the 2023 results for the Toowoomba Regional Council Local Government Area.

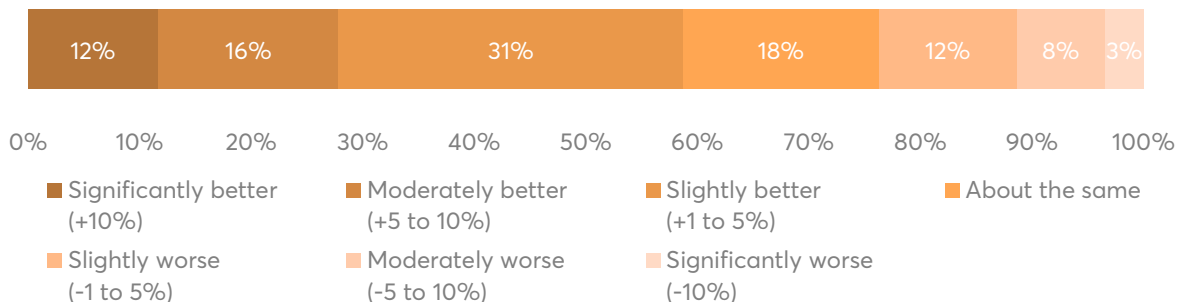
The Business PSI covers three key business measures which are performance, sentiment, and conditions. The PSI uniquely charts these measures on a scale ranging from accelerating on the extreme positive to collapsing on the extreme negative. Each key measure (conditions, performance, and sentiment) is comprised of sub-measures made up of several indicator questions.



The PSI is calculated using 21 targeted questions. Each question involves a 7-point Likert scale. The question results indicate whether business conditions, performance, and sentiment are positive (improving, rising, advancing, accelerating) or negative (slowing, falling, deteriorating, collapsing).

The average of the three key measures (conditions, performance, and sentiment) gives an overall Business PSI score. An example of an indicator question is provided below:

Based on current sales leads, enquiries, and sales activity, how do you think your overall revenue will compare in 12 months' time to today?



## Purpose and use

The Business PSI is a robust measure of current performance, derived from actual earnings, expenses, staffing numbers etc. (performance and direction) as well as expectations of the future (sentiment and outlook).

The Business PSI is designed to be deployed in local and regional geographies. Doing so provides insight into economic conditions, regulatory settings and the impact of infrastructure in a local context. Highly contextual data allows for a nuanced understanding of business performance and conditions. The Business PSI's geographic specificity allows for the comparison of business performance by region, across a city, within a state, and across states.

Importantly, the Business PSI is also a longitudinal instrument allowing the comparison of regional business performance over time. Time specific data allows for analysis of local policies, investments, and infrastructure developments. It also allows for analysis of the way state and national issues, such as economic conditions, might affect local geographies.

## Deployment

The Business PSI is a tested and easy-to-deploy 21 question survey. It allows business chambers and local governments to survey business stakeholders at any point in time and compare the results to other locations or previous deployments.

The Business PSI also allows industry groups and peak bodies to calculate PSI scores for specific industries (e.g. hairdressers, real estate agents) or broader business categories (i.e. retailers, B2B service providers, etc.).

The resulting PSI includes quantitative measures of business performance while incorporating attitudes, sentiment, and forecasts. This unique result delivers a comprehensive measure of actual and attitudinal performance, incorporating recent performance and current forecasts.

## Participants

The 2023 Toowoomba Business PSI is based on the experiences, attitudes and expectations of business owners and managers in the Toowoomba Regional Council. The survey received 329 started responses and 156 completed responses. This report represents completed responses from business owners and managers only. Responses were collected from 12<sup>th</sup> of April to the 31<sup>st</sup> of May 2023 and are representative of various business sizes, locations, and industries.

## Indicator overview

The following tables outline the individual measures that form the conditions, performance, and sentiment components of the Business PSI.

### Conditions

Measures	Indicators	Question example
Economic conditions	Local economic performance	How would you say the local economy is performing now compared to 12 months ago?
	Australia's economic performance	How would you say the Australian economy is performing now compared to 12 months ago?
Regulatory settings	Red tape and regulation requirements	How do the time and cost requirements related to compliance, legislation and regulations in your sector compare to 12 months ago?^
	Supportive government policy settings	How do government policy settings that support small businesses and assist your sector compare to 12 months ago?
Infrastructure and locale	Local infrastructure provision	How does the provision and performance of public transport, traffic and roads, parking availability and telecommunications compare to 12 months ago?
	Business expansion or reduction	Has there been any change (either expansion or reduction) in your office use, fit-out, number of locations, and/or commercial space in the last 12 months?
	Infrastructure and locale outlook	How will the provision and performance of public transport, traffic and roads, parking availability and telecommunications compare in 12 months' time?

### Performance

Measures	Indicators	Question example
Earnings	Sales and revenue	How does your overall sales revenue compare to 12 months ago?
	Pre-tax profit	How does your operating and pre-tax profit compare to 12 months ago?
	Business cash flow	How does your business cash flow compare to 12 months ago?
Expenses	Business costs	How do your business costs compare to 12 months ago?
	Capital investments and expenses	How do your capital investments compare to 12 months ago?
Employment	Staffing levels	How do your staffing levels (both numbers and hours) compare to 12 months ago?
	Staff wages and on-costs	How do your staff wages and on-costs compare to 12 months ago?^

## Sentiment

Measures	Indicators	Question example
Economic outlook	National economic outlook	How do you think the Australian economy will be performing in 12 months' time compared to today?
	Internal revenue outlook	How do you think your overall revenue will compare in 12 months' time to today?
Cost forecast	Expense forecast	How do you think your business expenses (input, staffing, materials, sales) will compare in 12 months' time to today?^
	Staffing level forecast	How do you think your staffing levels (both numbers and hours) will compare in 12 months' time to today?
Growth forecast	Profit forecast	How do you think your operating pre-tax profit will be in 12 months' time compared to today?
	Cash flow forecast	How do you think your business cash flow will be in 12 months' time compared to today?
	Expansion forecast	Do you foresee any change (either expansion or reduction) in your office use, fit-out, number of locations, and/or commercial space in the next 12 months?

*^The results of these questions are inverted within the PSI. For example, an increase in the time and cost requirements related to compliance, legislation and regulations would impede business growth rather than advance performance.*

# Results

The 2023 Toowoomba Business PSI is a score of -27. This indicates falling business conditions, performance, and sentiment across the Toowoomba business community.

The falling economic conditions (-39) and business performance (-26) is driven by rising business costs and the negatively trending national economy.

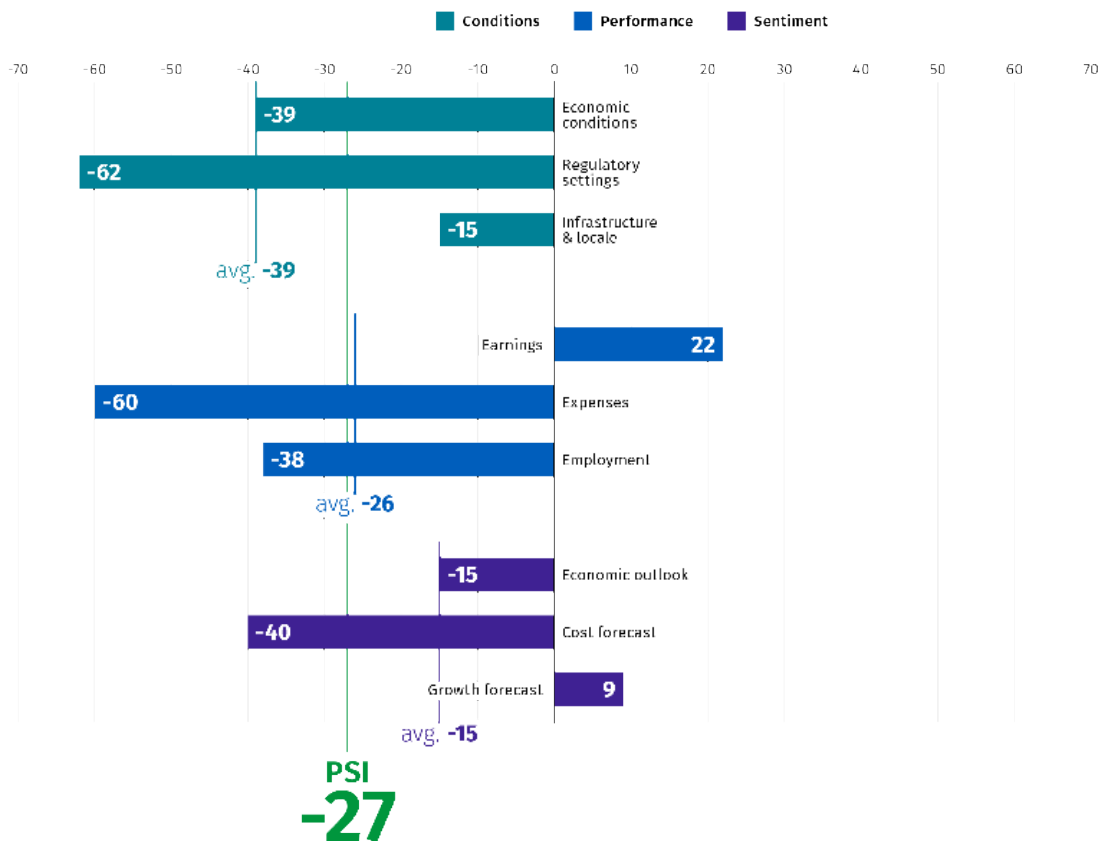
Compared to 2022 which saw the national and local economy perform ahead of expectation during the recovery from the impacts of COVID-19, economic conditions are falling. Regulatory settings remain a challenge. Similar to the results of 2022, infrastructure and locale are perceived to be slowing the conditions of business operation.

Business performance has been mixed over the past year. Earnings are improving but at a slower rate compared to 2022. Higher cost of living and

increasing interest rates are tightening consumer and business spend. Expenses are affecting business performance. Wages and on-costs are rising as a result of the tight labour market, leading to the overall falling performance.

Sentiment of business owners and managers is a slowing score of -15, reversing the 2022 sentiment score of 14. Business expense is expected to worsen over the next 12 months, in line with the expectations of 2022. The 2023 growth forecasts and economic outlook, however, are less optimistic than that of 2022.

Despite the negative results, Toowoomba remains a positive and resilient community, with future sentiment lifting the negatively trending conditions and business performance amidst a global economic slowdown.

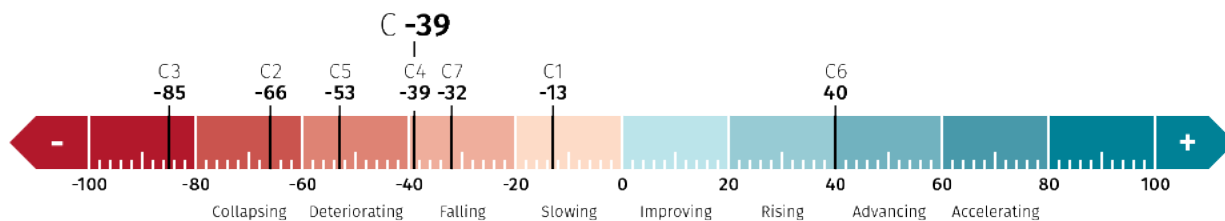




**2022 to 2023**

Measure	2022	2023
Condition	0	-39
Performance	0	-26
Sentiment	14	-15
PSI	5	-27

# Conditions



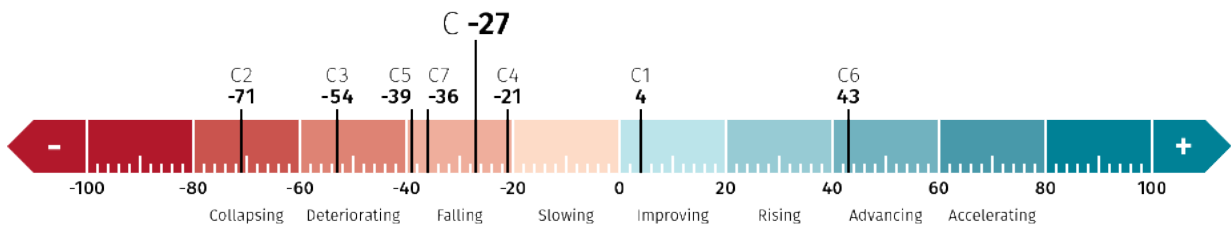
Without the momentum of Australia’s post-COVID recovery and economic performance, the operating conditions of Toowoomba’s business community has fallen from the overall neutral environment to -39.

The global economic slowdown as a result of stress factors in the financial sector with rising interest rates and restrictive lending conditions has understandably impacted the Australian and local Toowoomba economy. Consumer and business spend are down with the rising cost of living and business operation. Outlook of the business community is that the national and local economy is worse now than 12 months ago, reversing the effect of a strong post-pandemic recovery.

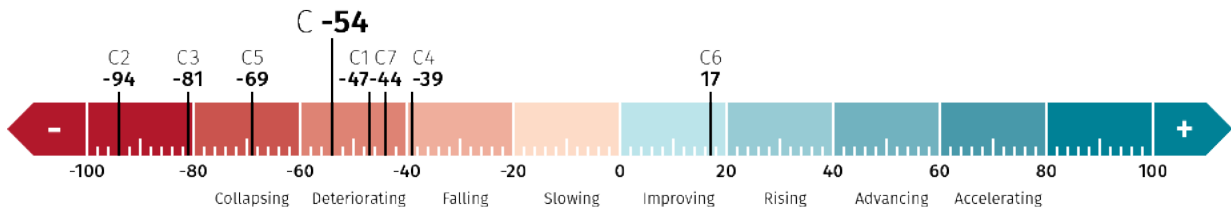
Despite the impact of external economic conditions, the sentiment of the business community in Toowoomba remains clear that red tape and regulations is the biggest factor negatively affecting operating conditions. Time and financial cost to fulfill compliance requirements are continuing to take a toll on the business community, particularly for small and medium enterprises. Current provision of infrastructure also remains an important issue that is seen to be deteriorating, particularly in relation to roads, transport infrastructure, and parking. Future outlook on infrastructure provision, however, trends less negatively than current provision.

Measure	Key	Indicator	2022	2023
Economic conditions	C1	Local economic performance	79	-13
	C2	Australia’s economic performance	67	-66
Regulatory settings	C3	Red tape and regulation requirements	-103	-85
	C4	Supportive government policy settings	-20	-39
Infrastructure and locale	C5	Local infrastructure provision	-50	-53
	C6	Business expansion or reduction	47	40
	C7	Infrastructure and locale outlook	-30	-32
Total score			0	-39

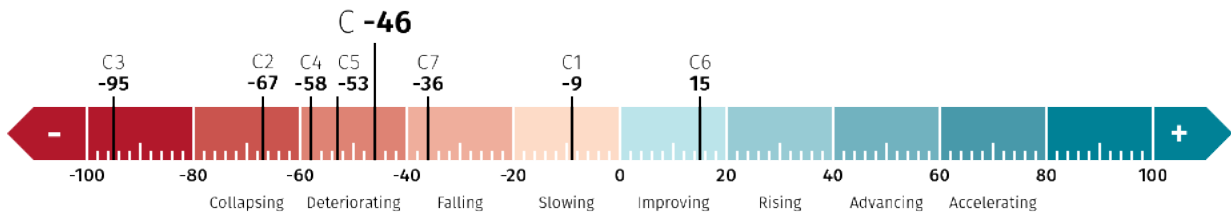
**Sole traders (no employees) (n=28)**



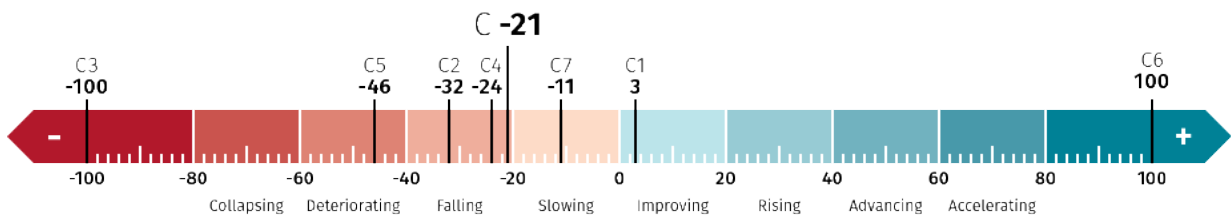
**Micro (one to four employees) (n=36)**



**Small (five to 19 employees) (n=55)**

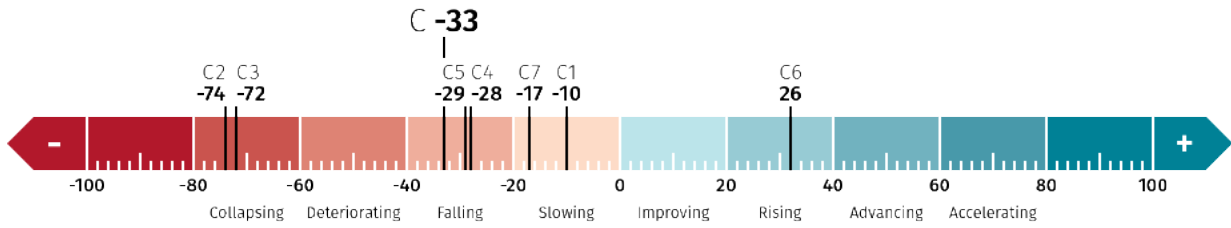


**Medium+ (20+ employees) (n=37)**

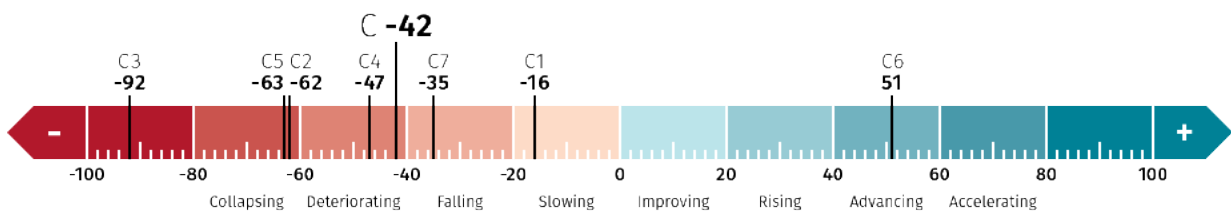


Measure	Key	Indicator	Sole trader	Micro	Small	Medium+
Economic conditions	C1	Local economic performance	4	-47	-9	3
	C2	Australia's economic performance	-71	-94	-67	-32
Regulatory settings	C3	Red tape and regulation requirements	-54	-81	-95	-100
	C4	Supportive government policy settings	-21	-39	-58	-24
Infrastructure and locale	C5	Local infrastructure provision	-39	-69	-53	-46
	C6	Business expansion or reduction	43	17	15	100
	C7	Infrastructure and locale outlook	-36	-44	-36	-11
<b>Total score</b>			<b>-27</b>	<b>-54</b>	<b>-46</b>	<b>-21</b>

**B2B (n=58)**

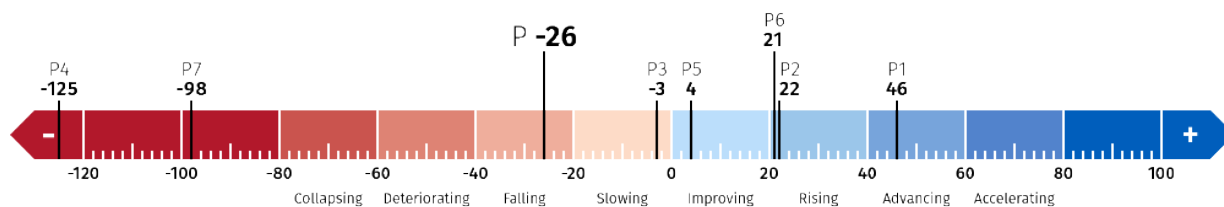


**B2C (n=91)**



Measure	Key	Indicator	B2B	B2C
Economic conditions	C1	Local economic performance	-10	-16
	C2	Australia's economic performance	-74	-62
Regulatory settings	C3	Red tape and regulation requirements	-72	-92
	C4	Supportive government policy settings	-28	-47
Infrastructure and locale	C5	Local infrastructure provision	-29	-63
	C6	Business expansion or reduction	26	51
	C7	Infrastructure and locale outlook	-17	-35
<b>Total score</b>			<b>-18</b>	<b>-42</b>

# Performance



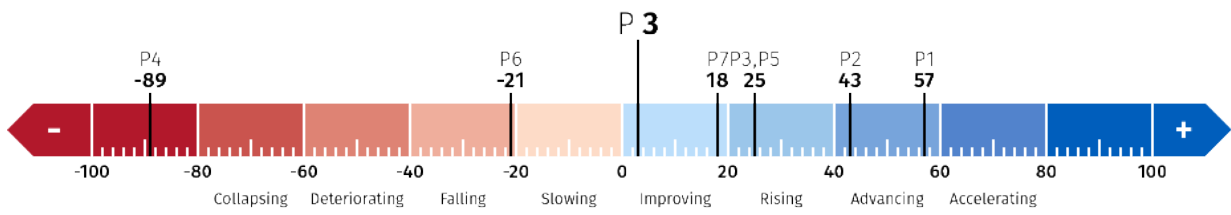
Tight labour market in Toowoomba and beyond is driving up staff costs. Business expenses are also rising with the rising cost of utilities and infrastructure. Revenue and profit, however, has improved only moderately with consumers and businesses actively conserving capital, leading to the business cash flow indicator dipping into the negative in 2023.

The combination of the above and the easing of staffing level and capital investment commitments by businesses in Toowoomba, which is intrinsically linked, summate to a falling business performance score of -26.

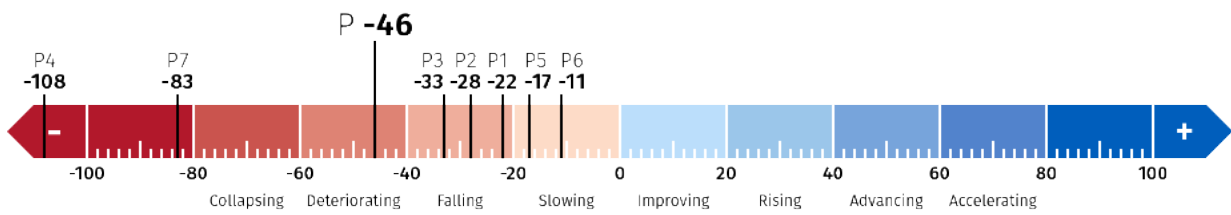
Under difficult-to-tame inflationary conditions and tightened consumer spending, lift in business revenue and the controlled deceleration of business and staff costs will bring business performance back to a trend of sustainable long-term growth in Toowoomba. The growing population should also provide optimism for Toowoomba's future economic growth.

Measure	Key	Indicator	2022	2023
Earnings	P1	Sales and revenue	99	46
	P2	Pre-tax profit	69	22
	P3	Business cash flow	52	-3
Expenses	P4	Business costs	-119	-125
	P5	Capital investments and expenses	17	4
Employment	P6	Staffing levels	47	21
	P7	Staff wages and on-costs	-90	-98
<b>Total score</b>			<b>0</b>	<b>-26</b>

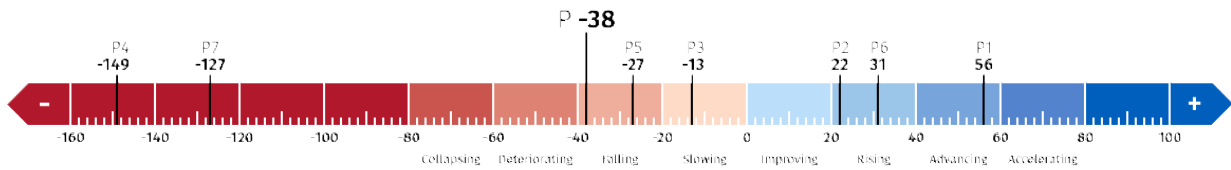
### Sole traders (no employees)



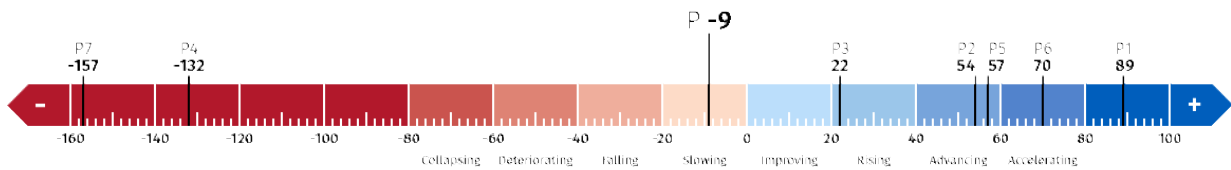
### Micro (one to four employees)



### Small (five to 19 employees)



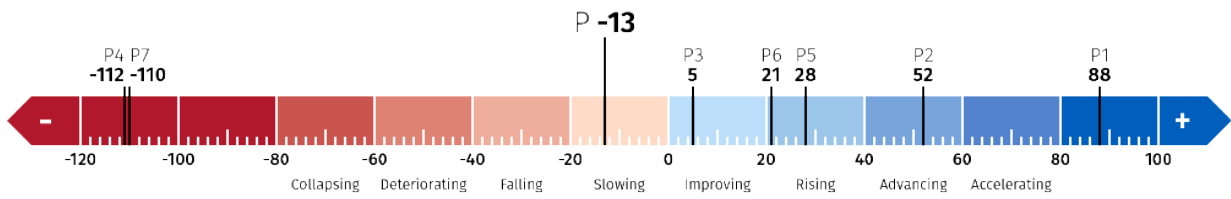
### Medium+ (20+ employees)



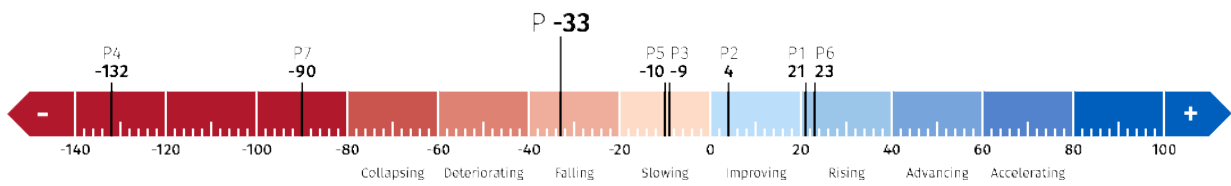
Measure	Key	Indicator	Sole trader	Micro	Small	Medium+
Earnings	P1	Sales and revenue	57	-22	56	89
	P2	Pre-tax profit	43	-28	22	54
	P3	Business cash flow	25	-33	-13	22
Expenses	P4	Business costs	-89	-108	-149	-132
	P5	Capital investments and expenses	25	-17	-27	57
Employment	P6	Staffing levels	-21	-11	31	70
	P7	Staff wages and on-costs	18	-83	-127	-157
<b>Total score</b>			<b>3</b>	<b>-46</b>	<b>-38</b>	<b>-9</b>



**B2B**

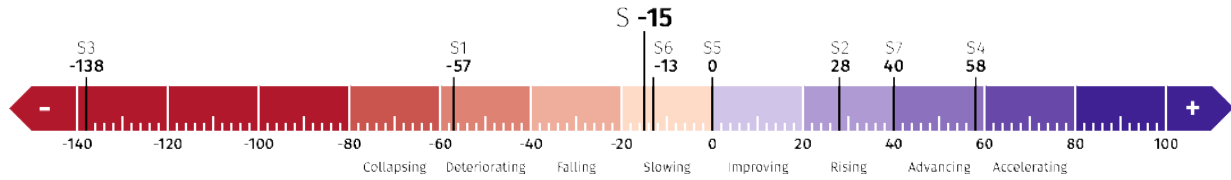


**B2C**



Measure	Key	Indicator	B2B	B2C
Earnings	P1	Sales and revenue	88	21
	P2	Pre-tax profit	52	4
	P3	Business cash flow	5	-9
Expenses	P4	Business costs	-112	-132
	P5	Capital investments and expenses	28	-10
Employment	P6	Staffing levels	21	23
	P7	Staff wages and on-costs	-110	-90
<b>Total score</b>			<b>-13</b>	<b>-33</b>

# Sentiment



Despite the restrictive monetary policy and lending conditions, inflation pressures remain high, which is widely anticipated by the business community. Toowoomba's business owners and managers expect business expenses will increase in the next 12 months. The community also expects business operation will be constrained by a deteriorating national economy.

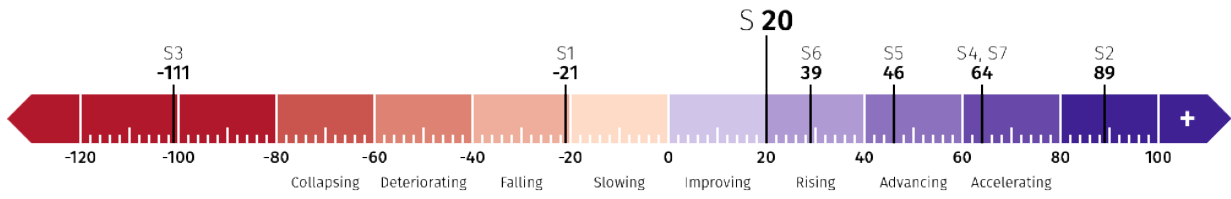
With these two sentiment indicators strongly affecting the overall outlook of business owners and managers, the sentiment score of the

Toowoomba business community is -15. This walks back the 2022 sentiment of the community which was an improving forecast, when business leaders were expecting profit and revenue would be rising, building on the momentum of post-COVID economic recovery.

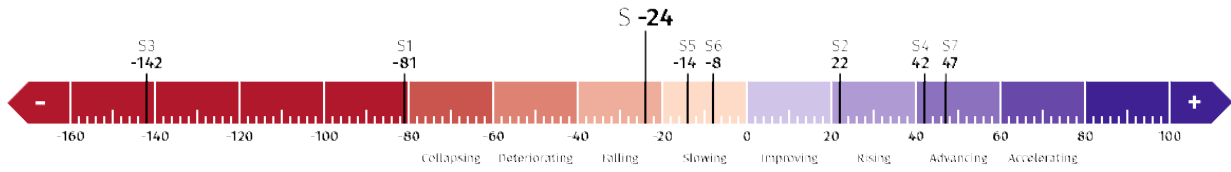
In 2023, future increases in internal revenue, staffing level, profit, and expansion are all expected to be more moderate than in 2022, limiting business growth to protect against the likelihood of economic downturn.

Measure	Key	Indicator	2022	2023
Economic outlook	S1	National economic outlook	-5	-57
	S2	Internal revenue outlook	75	28
Cost forecast	S3	Expense forecast	-147	-138
	S4	Staffing level forecast	73	58
Growth forecast	S5	Profit forecast	42	0
	S6	Cash flow forecast	36	-13
	S7	Expansion forecast	53	40
Total score			14	-15

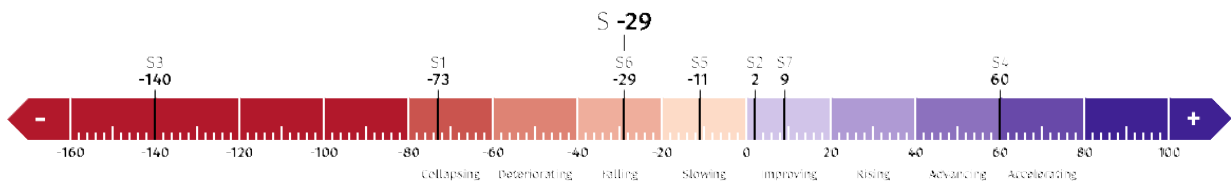
### Sole trader (no employees)



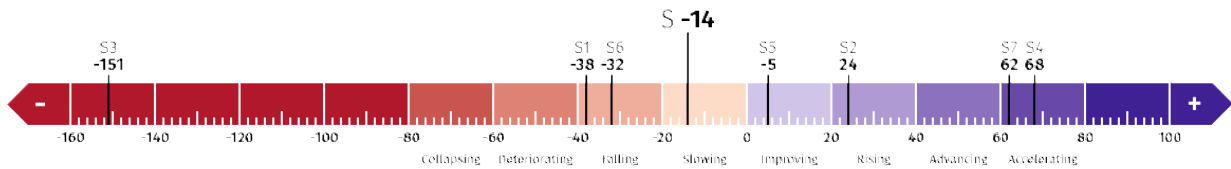
### Micro (one to four employees)



### Small (five to 19 employees)

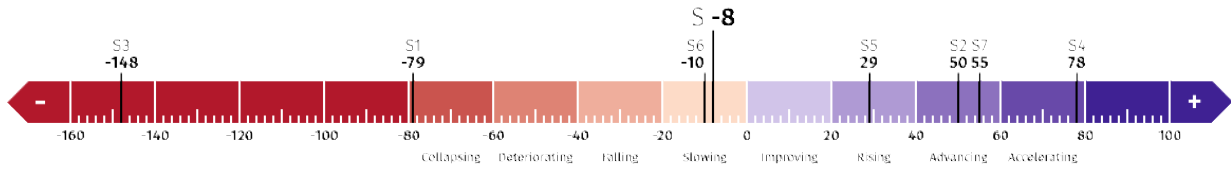


### Medium+ (20+ employees)

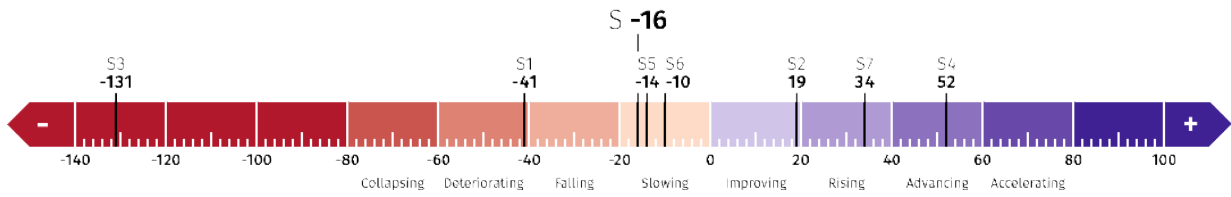


Measure	Key	Indicator	Sole trader	Micro	Small	Medium+
Economic outlook	S1	National economic outlook	-21	-81	-73	-38
	S2	Internal revenue outlook	89	22	2	24
Cost forecast	S3	Expense forecast	-111	-142	-140	-151
	S4	Staffing level forecast	64	42	60	68
Growth forecast	S5	Profit forecast	46	-14	-11	-5
	S6	Cash flow forecast	39	-8	-29	-32
	S7	Expansion forecast	64	47	9	62
<b>Total score</b>			<b>20</b>	<b>-24</b>	<b>-29</b>	<b>-14</b>

**B2B**



**B2C**



Measure	Key	Indicator	B2B	B2C
Economic outlook	S1	National economic outlook	-79	-41
	S2	Internal revenue outlook	50	19
Cost forecast	S3	Expense forecast	-148	-131
	S4	Staffing level forecast	78	52
Growth forecast	S5	Profit forecast	29	-14
	S6	Cash flow forecast	-10	-10
	S7	Expansion forecast	55	34
<b>Total score</b>			<b>-8</b>	<b>-16</b>

# Further insights

## Net Promoter Score

The Net Promoter Score (NPS), developed by Bain & Company, is based on the perspective that every stakeholder can be divided into three categories: Promoters, Passives, and Detractors.

An organisation's NPS score can range anywhere between -100 and 100. A score above 0 is considered a good score, with organisations often receiving a negative result.

Supporters respond on a 0-to-10-point rating scale and are categorised as follows:

- Promoters (score 9-10) are loyal enthusiasts who will keep engaging and will refer others, fuelling growth.
- Passives (score 7-8) are satisfied but unenthusiastic stakeholders who are vulnerable to competitive offerings.
- Detractors (score 0-6) are unhappy stakeholders who can damage your brand and impede growth through negative word-of-mouth.

### NPS score of 18

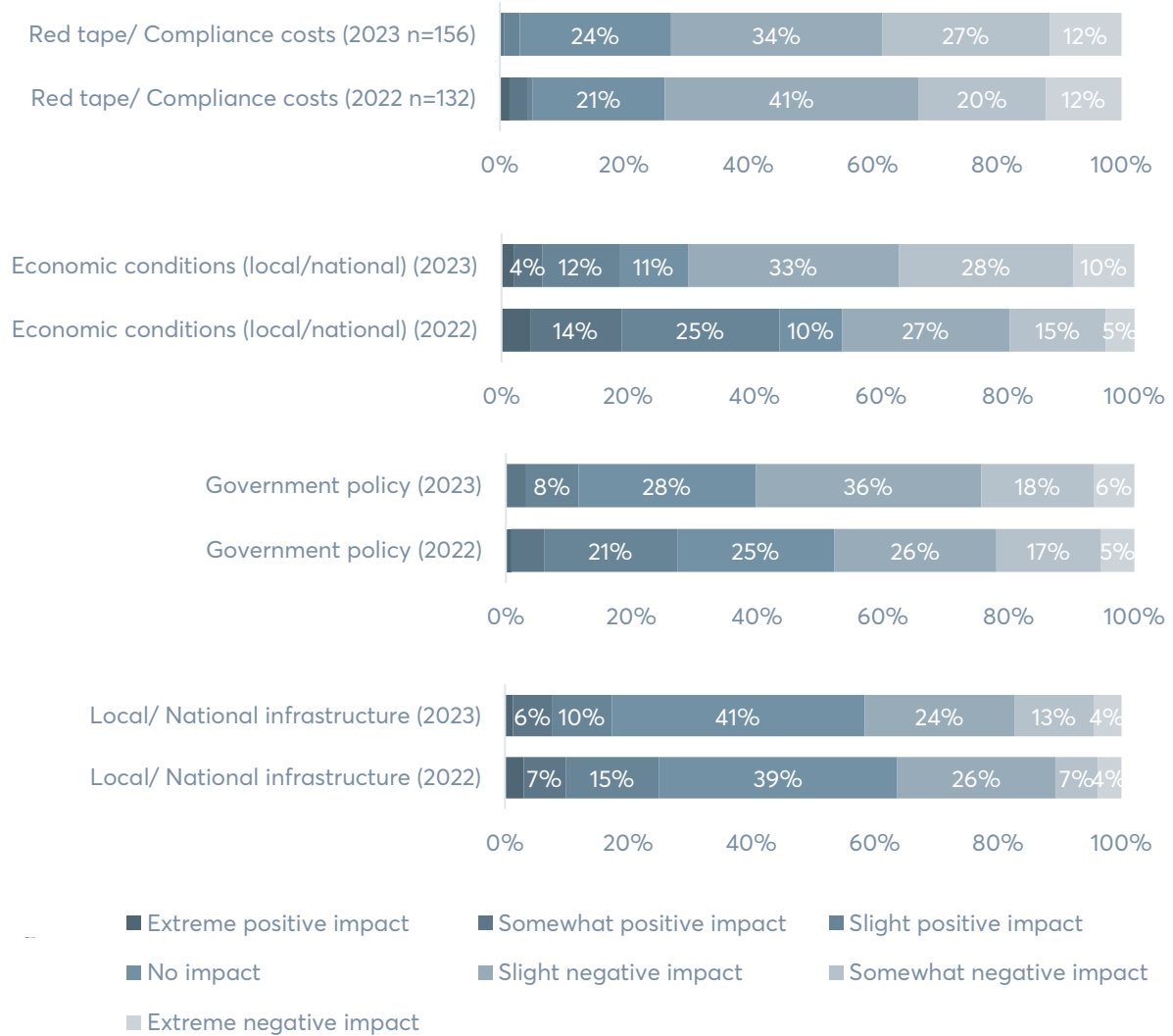
In 2023, Toowoomba Chamber of Commerce has an NPS of 18, indicating that business owners and managers are likely to recommend membership with the Toowoomba Chamber of Commerce. Two in five business owners and managers of the Toowoomba Chamber of Commerce (40%) are promoters of doing business in the Chamber, a very positive assessment.



*n=111 as this question is only applicable to Toowoomba Chamber of Commerce members.*

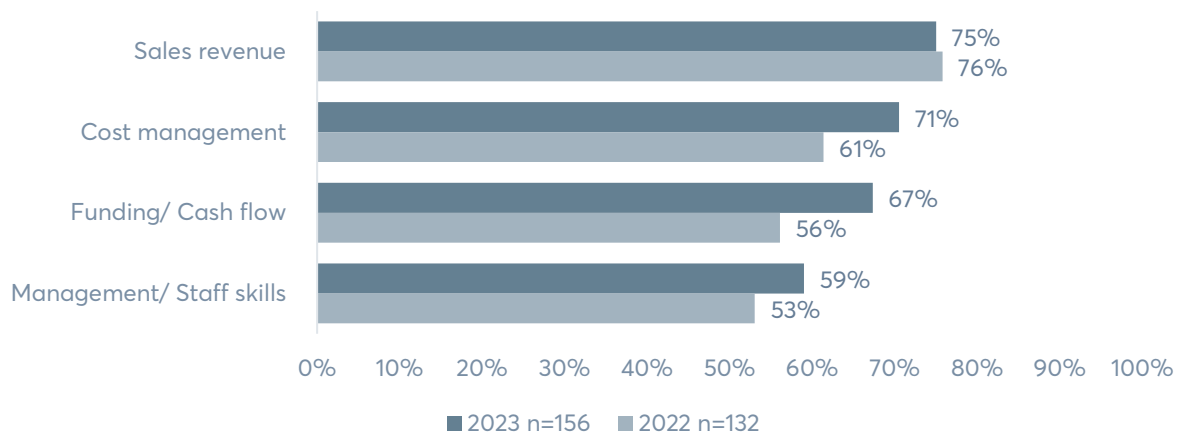
## Issues on business performance

At the moment, do the following issues have a positive or negative impact on your business performance?



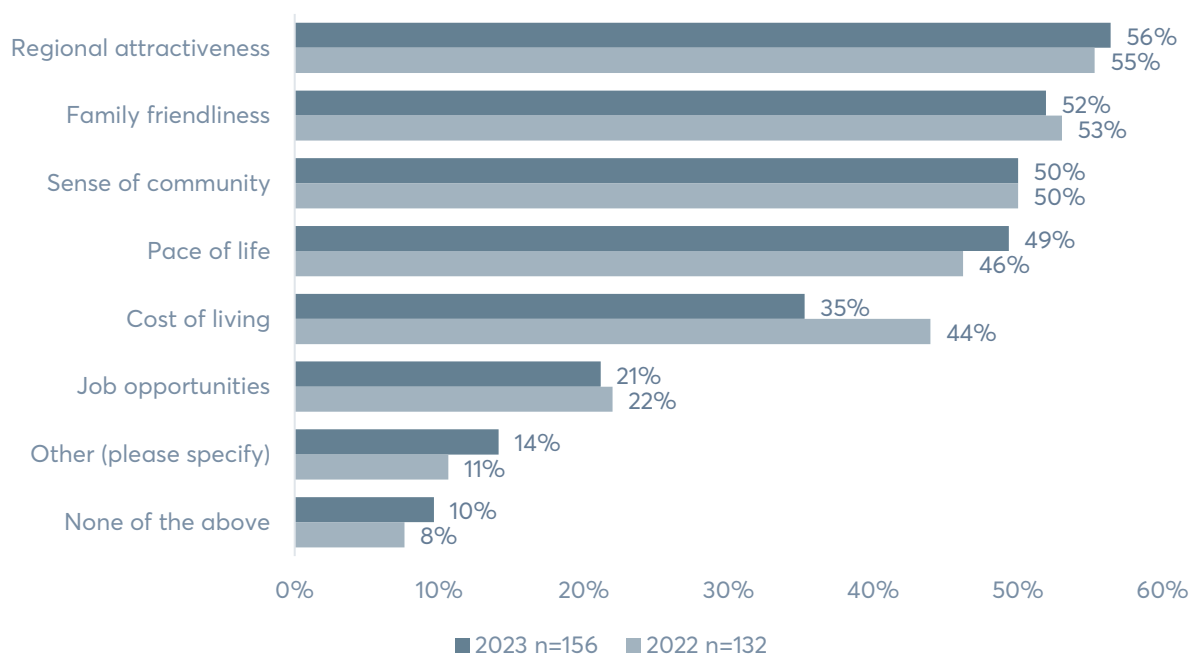
## Business priorities

Thinking ahead to the next 6 months, how much are the following areas a priority for you to address?  
*Extreme/significant priority*



## Regional attractiveness

Which of the following are reasons you call Toowoomba Regional Council Local Government home?  
*Please select all that apply.*

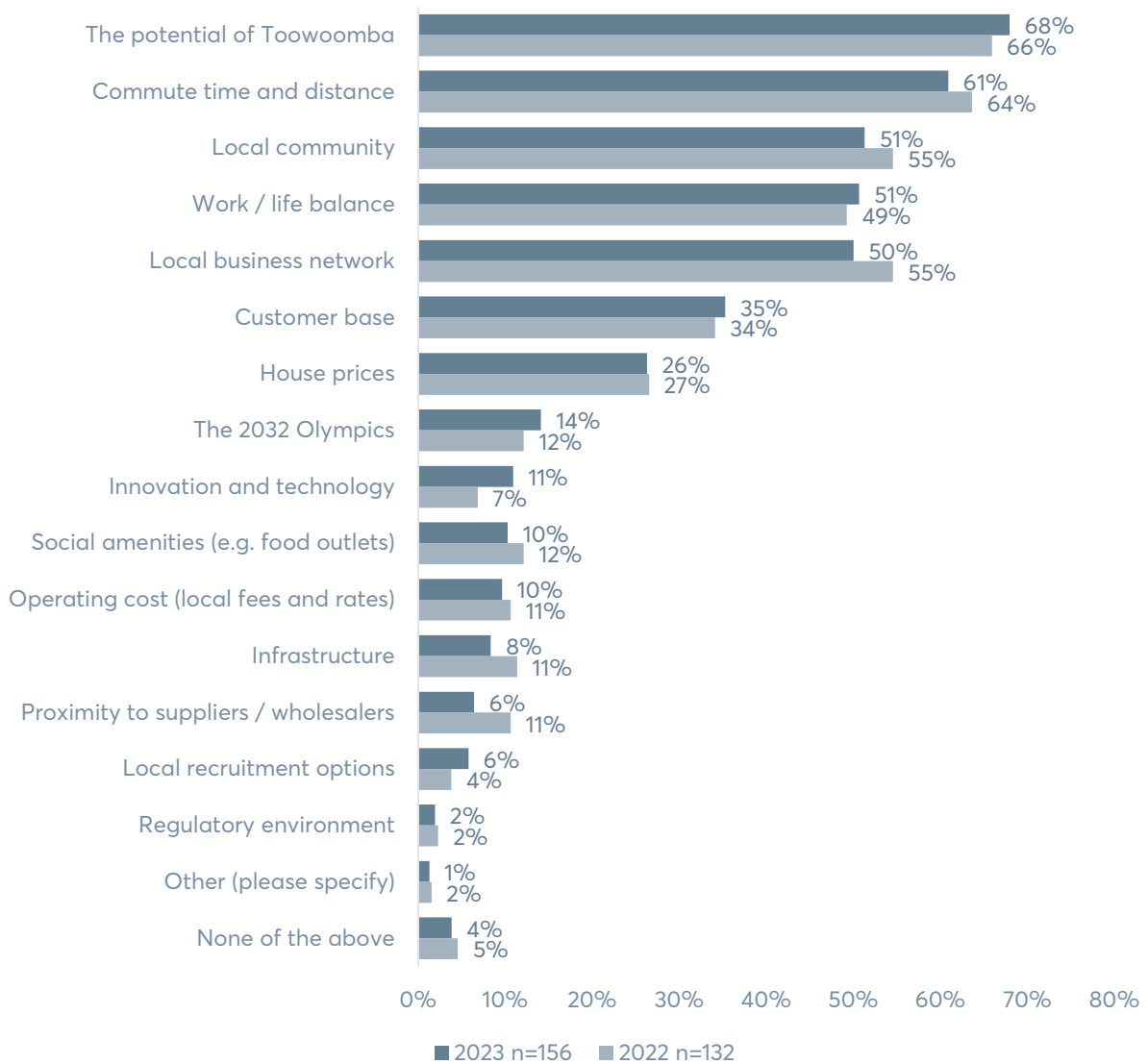




## Current and future strength

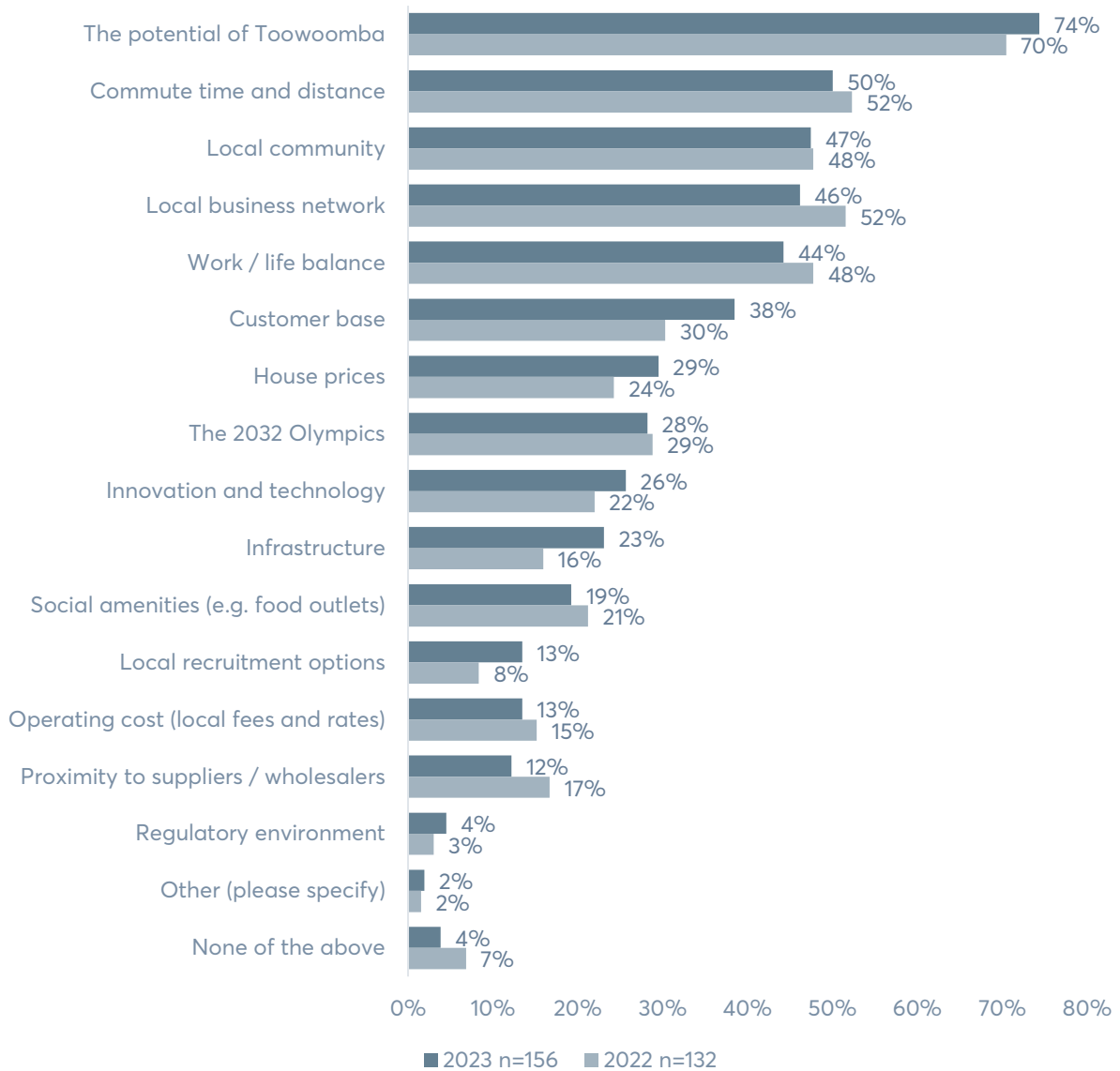
### What are the current strengths of doing business in Toowoomba Regional Council Local Government Boundaries?

Please select all that apply.



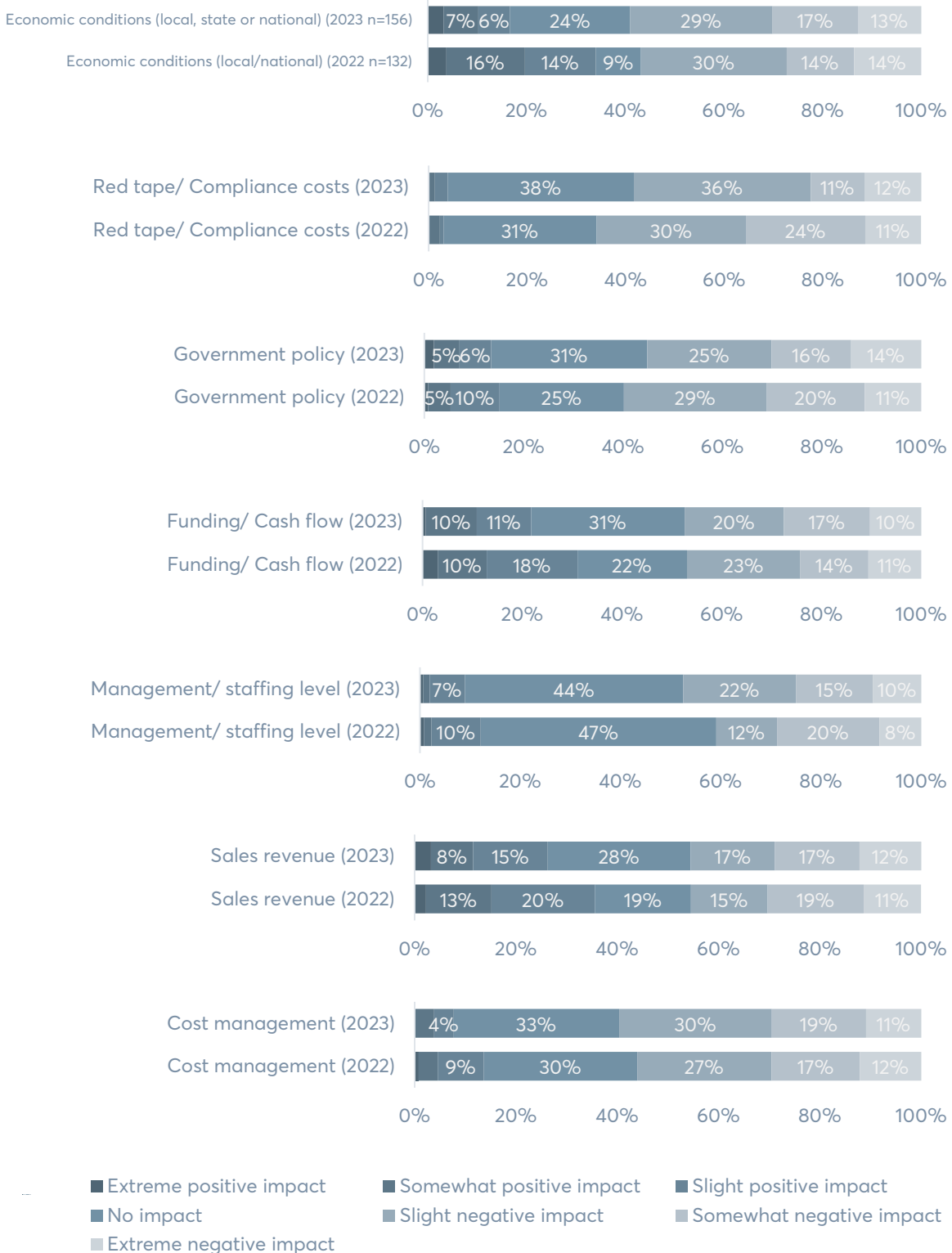
## What do you see as the future strengths of doing business in Toowoomba Regional Council Local Government Boundaries?

Please select all that apply.



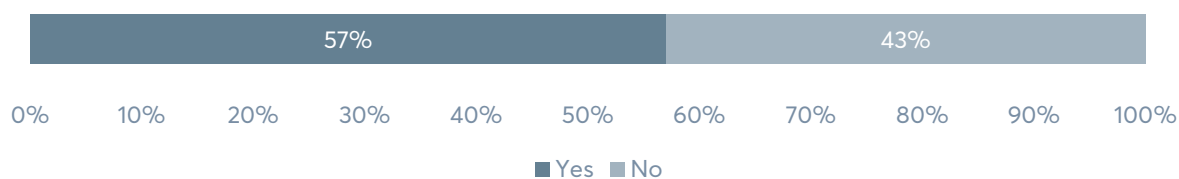
## Impact of COVID-19

When thinking about the impact of COVID-19 and related restrictions, to what extent have the following impacted your business?



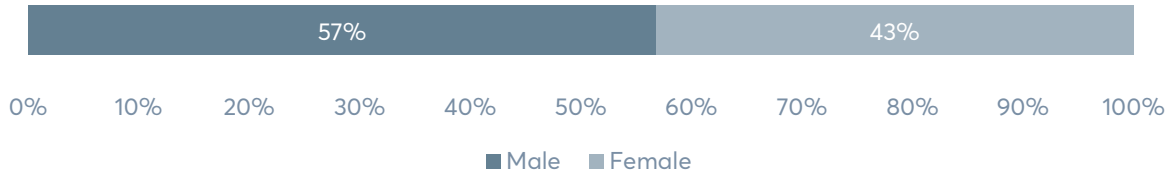
## Local support

In the last twelve months have you (or your business) utilised any resources or received support provided by the Toowoomba Chamber of Commerce, such as online business information, business visit programs, business workshops or events?

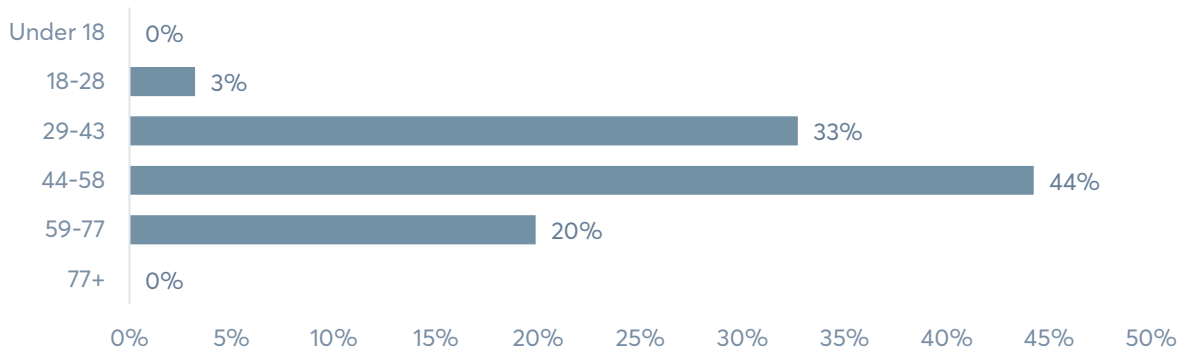


## Respondent characteristics

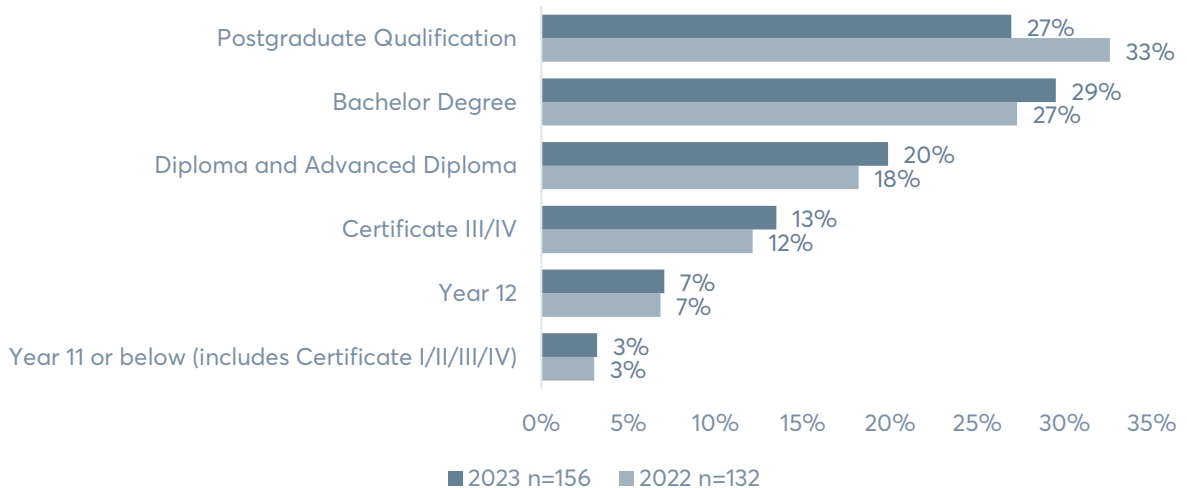
### What is your gender?



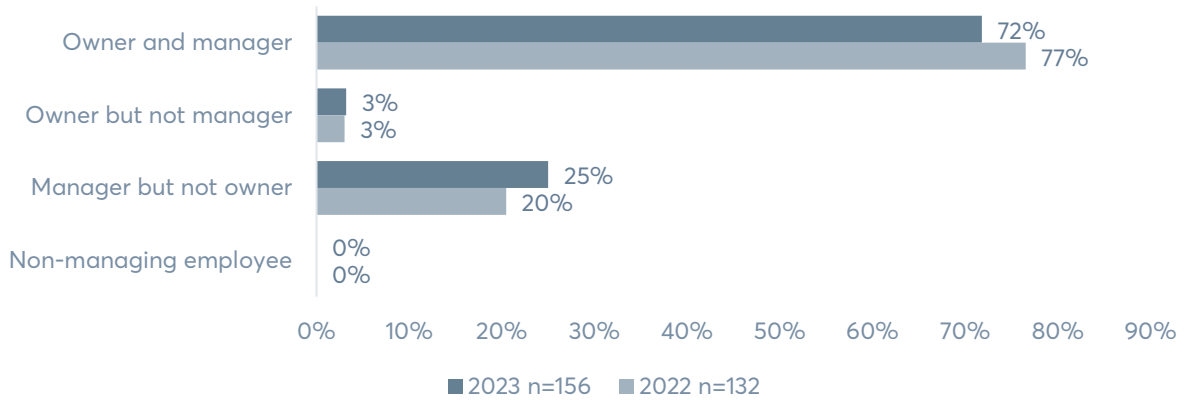
### What age will you turn in 2023?



### What is your highest level of completed education?

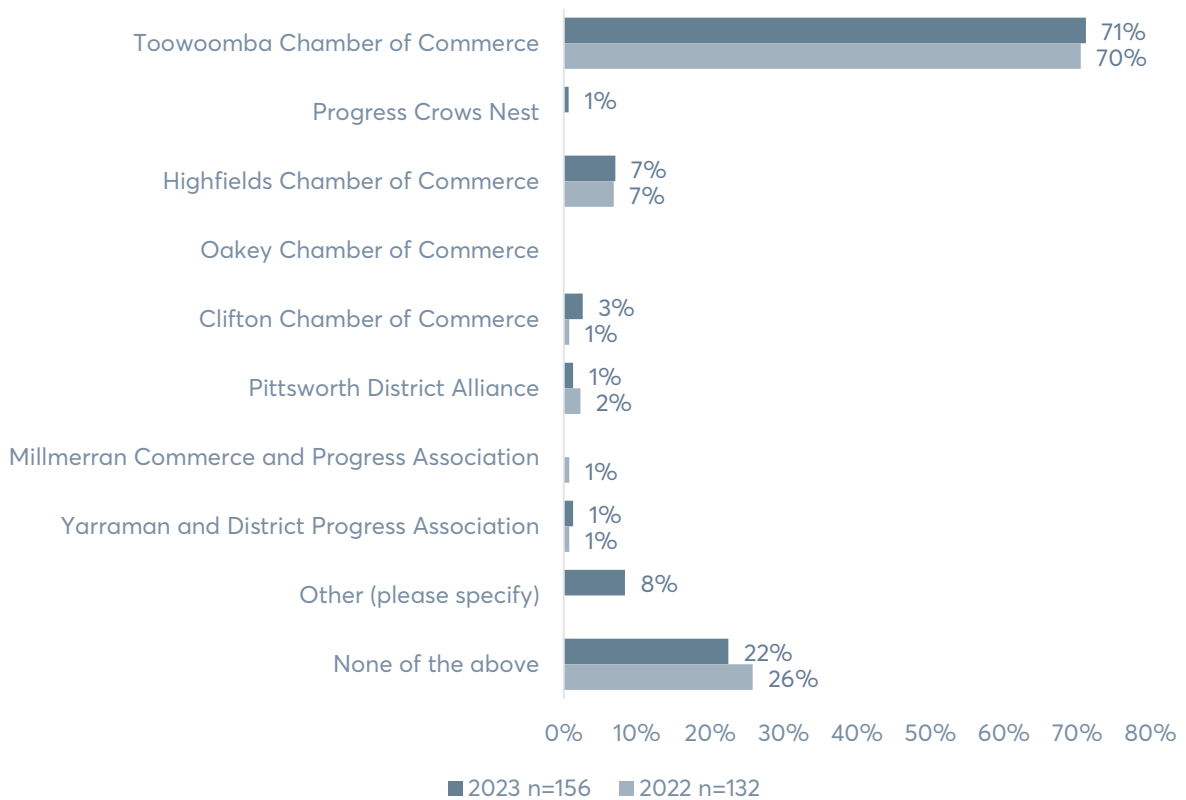


### What is your current role within your business?



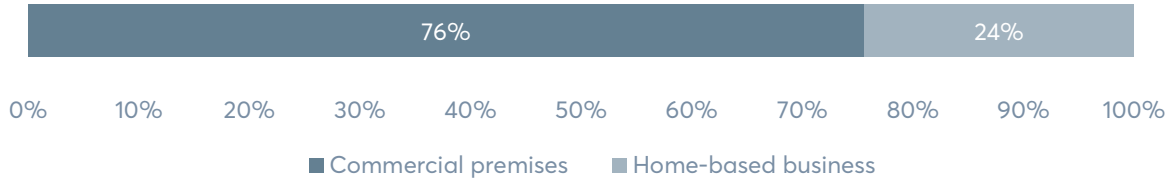
### Are you a member of any of the following chambers/associations?

*Please select all that apply.*

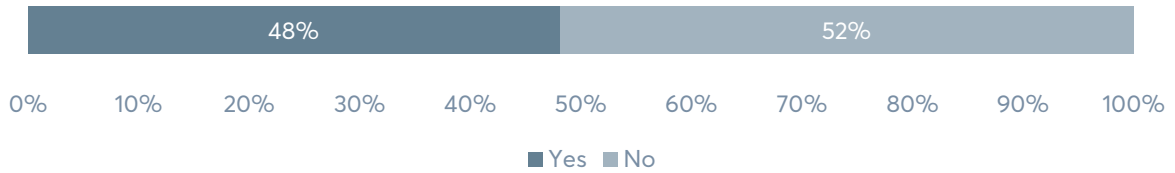


### Are you operating out of commercial premises or a home based business?

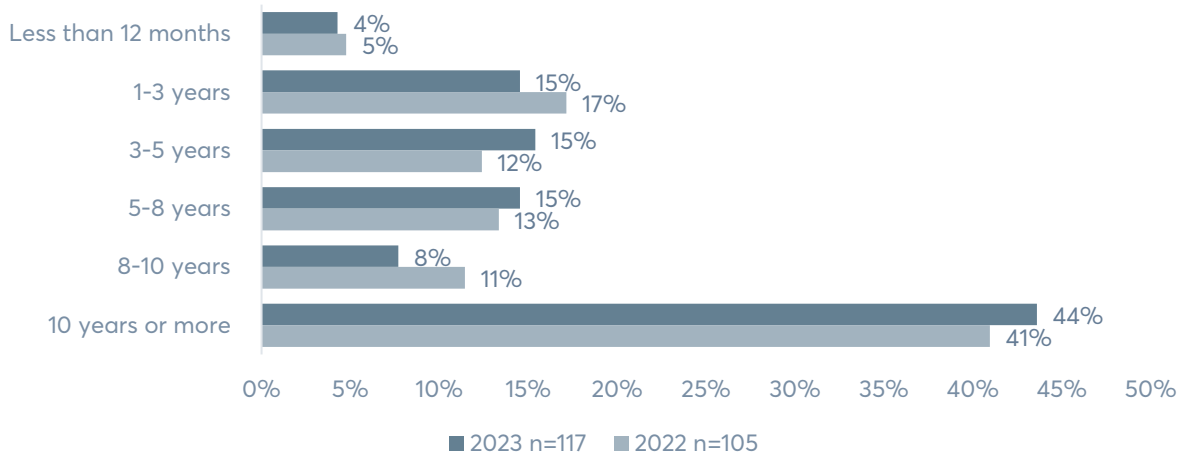
Please select the one that best describes the location of your business.



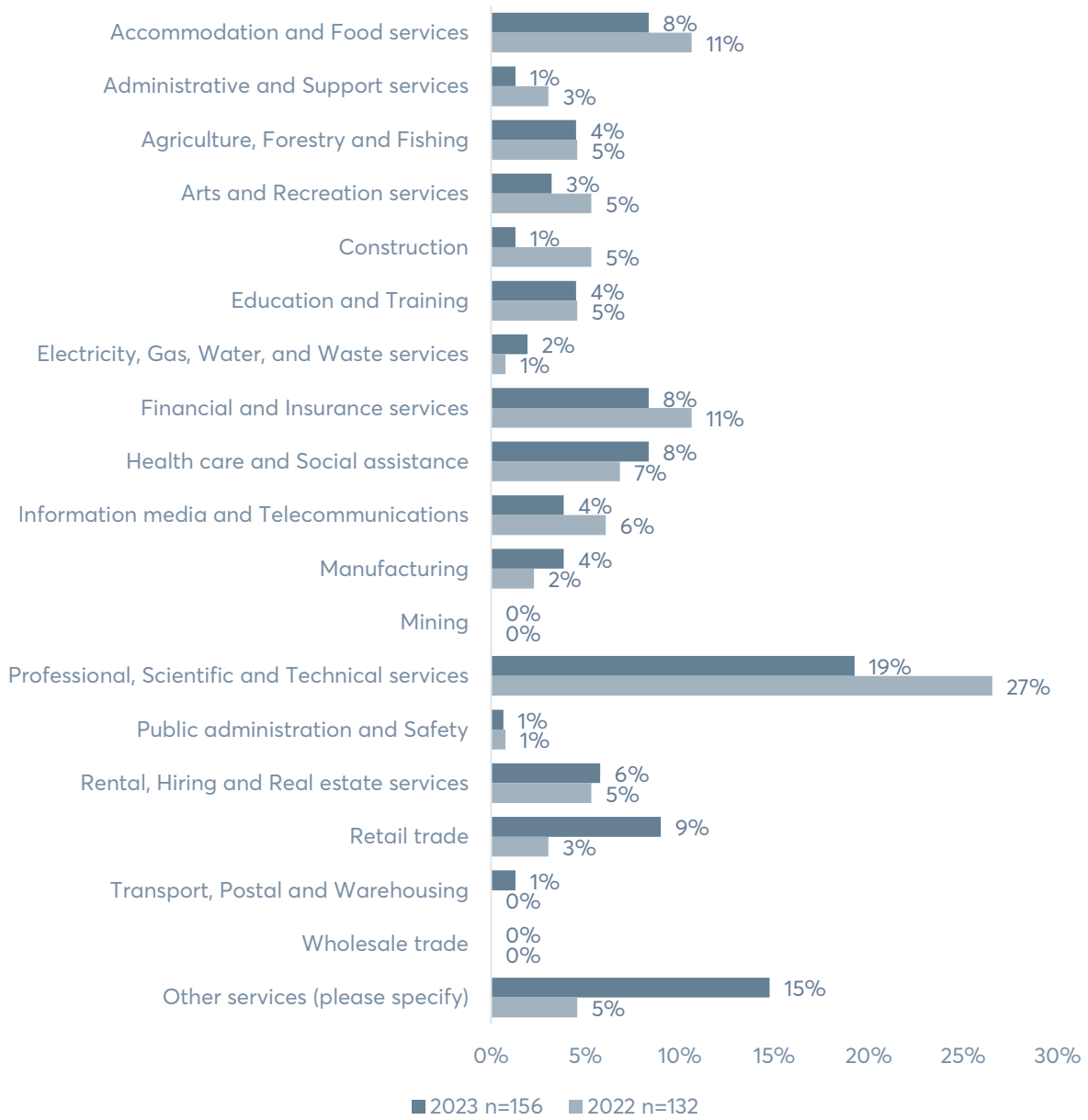
### Have you ever owned a business prior to the business that you now own or manage?



### For how long have you been a business owner?

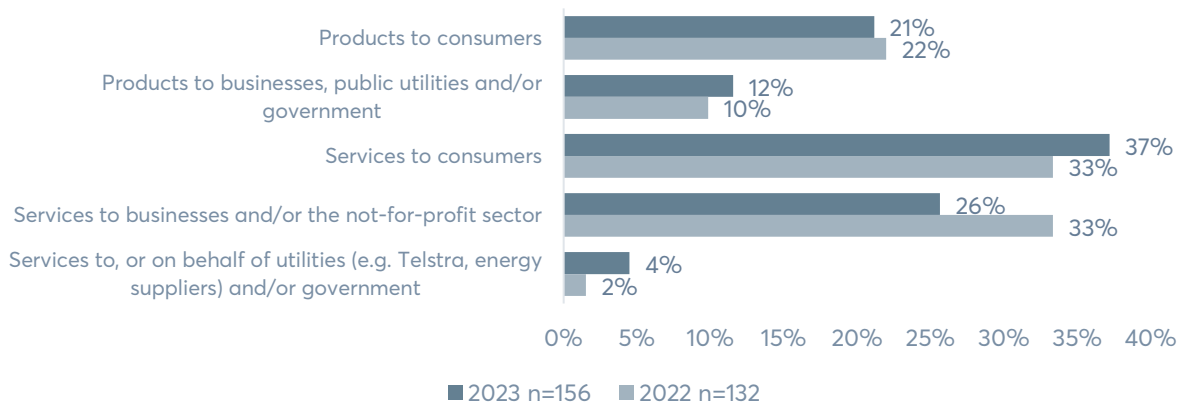


### What industry sector do you operate in?

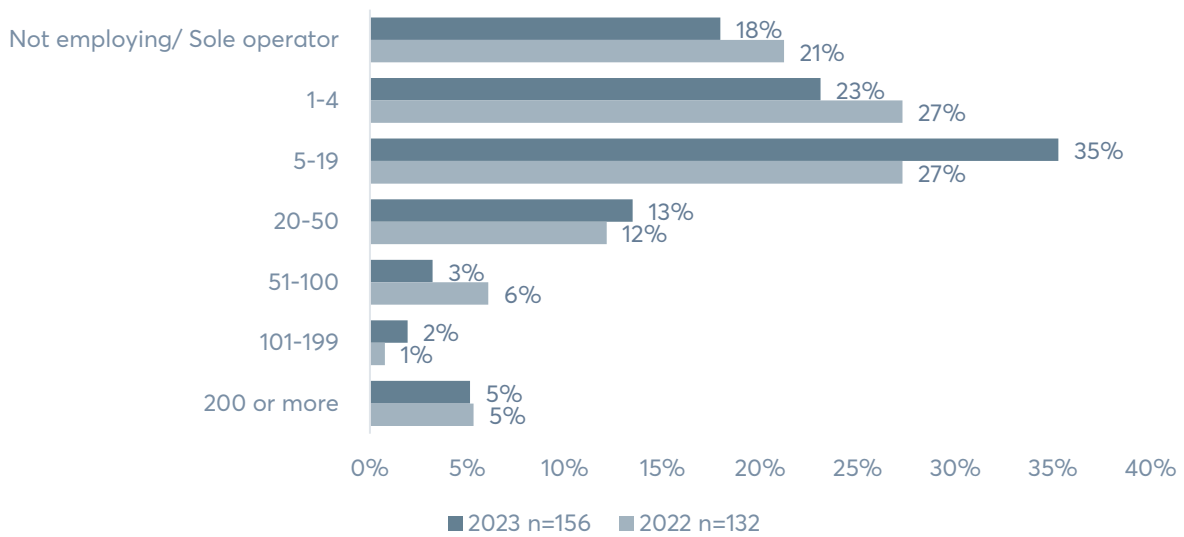




### What does your business supply?



### How many people does your business employ? Please convert the work of any contractors into Full-Time Equivalent employees.



# Conducting your own PSI

The Business PSI can be conducted by any organisation, local government, or business chamber through partnership with McCrindle. The instrument is designed to be deployed every 12 months through a survey to business owners and managers for longitudinal tracking.

As the developers and deployment partners of the Business PSI, McCrindle can not only efficiently deploy, analyse, and visualise this survey for organisations, but act as a clearinghouse of the longitudinal data and so can provide benchmarking of industry or local results against other areas or sectors, as well as provide longitudinal comparison.

Partnership with McCrindle in deploying the Business PSI includes use of the Business PSI instrument, the raw data and output, a report of results, and assistance with commercial insights from the results.

## Contact

For information on conducting your own PSI, contact McCrindle at [info@mccrindle.com](mailto:info@mccrindle.com) or call (02) 8824 3422.

For information and implications specific to the 2023 Toowoomba Business PSI, contact the Toowoomba Chamber of Commerce at [admin@toowoombachamber.com.au](mailto:admin@toowoombachamber.com.au) or call (07) 4638 0400.

## Get in touch.

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