

Media Release



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Illawarra businesses on the bounce

According to the latest edition of the IRIS Research Illawarra Business Survey, key indicators continued to improve for local businesses over the three months to September with expectations high heading into the December quarter. With trading activity up, borrowing costs down and business costs slowing, Illawarra firms were able to increase their employment levels, offer more overtime and raise capital expenditure. As a result, profitability levels were slightly down compared to this time last year.

The positive results for the Illawarra coincide with improving national conditions concerning business activity. On 5 October 2016, the Australian Bureau of Statistics reported retail turnover for August was up 0.5% in NSW and 0.4% nationally. In his October Monetary Policy statement, Governor of the Reserve Bank of Australia Phillip Lowe stated 'measures of household and business sentiment remain above average'.

A net 17.7% of Illawarra businesses reported stronger trading conditions, up 0.8% pts on last year's September quarter. This result is 11.0% pts above the long-term average for the quarter. Looking ahead, a net 36.2% of firms anticipate trading activity to improve in the three months to December, 14.7% pts above the long-term December expectation level.

The August rate cut reduced borrowing costs for Illawarra businesses. Furthermore, lower than expected inflation has kept growth in labour and production prices below average. This has allowed firms to increase their capital expenditure, with 36.9% of firms making at least some capex over the period, up 3.6% pts on this time last year.

Looking at employment, a net 6.2% reported increased employment levels, a result which sits 8.4% pts above the long-term average for the September quarter. The level of overtime was also above-average with 41.5% of Illawarra businesses recording overtime over the three months to September.

While the net amount of businesses that reported an increase in profitability fell 1.0% pts to 3.9%, this result is still 11.8% pts above average. Local employers anticipate a strong December quarter with a net 23.9% expecting higher levels of profitability.

With the exception of employment levels, business indicators for small businesses improved over the year. In contrast, indicators for medium businesses weakened across the board.

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130 businesses from the Illawarra from a range of sectors completed this survey.

If you are a business owner and would like to be involved in the longest, continuously running business survey in the Illawarra then contact us on 02 4285 4446 to register.

Further media comment:

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