



**Regional  
Development**  
*Australia*

**Fitzroy and Central West Inc.**

# Capricornia Business Dashboard

## Summary of Findings 2014



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## Executive summary

The Capricornia Business Dashboard project was initiated in response to questions about the current status of the local economy, trends in local business activity and growth, and how growth in local businesses can be better supported. The Dashboard project is a collaborative initiative between the Capricornia Chamber of Commerce, Regional Development Australia (Fitzroy and Central West), CQUniversity and the Queensland Government. A clear focus for the project was to understand the local business environment, with a focus on the ways that the project partners can support local businesses as they cope with challenging and changing times.

CQUniversity Australia was contracted to undertake the Phase 1 research component of the Capricornia Dashboard project, with Phase 2 involving the identification and prioritisation of business support activities to be offered within the region over the coming 12 months.

An online survey was conducted over a three-week period (May-June 2014) in order to collect information directly from local businesses. The key topics explored in the e-survey included items on business structures and locations, age profiling and succession planning, trends in business activity, diversification, exporting, marketing, skills and training, innovation, and business engagement and support. This was later followed up by further data collection, made possible through the use of electronic 'clicker' devices during a business engagement evening held on the 17 June 2014 at CQUniversity.

Two batches of secondary data were also used during the project: these included statistics available from the Australian Taxation Office, regarding the number and nature of different business entities in the study area; and tailored datasets obtained from the Australian Bureau of Statistics relating to Census data and other business collections.

The detailed Capricornia Business Dashboard report can be found on [www.rdafcw.com.au/regional-plans](http://www.rdafcw.com.au/regional-plans)

## Introduction

Across the combination of e-survey and the interactive business engagement event, at least 240 unique businesses provided data for the project, which made the Capricornia Dashboard one of the largest business research activities undertaken in the region in the past decade. The e-survey attracted participation from almost 200 local businesses, representing about 3,500 employees.

Based on a comparison between the e-survey data and the published information available from the ABS, the participants profile was generally representative of the business community overall. There was a strong showing from the construction, retail and services, but less so from other parts of the economy, such as agriculture, manufacturing and transport.

In terms of business profiling, the research data highlighted:

- » A trend for businesses to be involved in more than one economic pillar (including up to four pillars), which suggests a multifaceted and diverse local economy
- » A strong pattern between business size and length of trading, with micro-businesses typically being amongst the youngest in the cohort
- » A reliance on physical 'shop-front' business models, with just 2% of businesses indicating that they operated entirely without premises
- » Variation in the number of home-based business operations by location, with Livingstone having twice as many as Rockhampton (despite being proportionally much smaller).

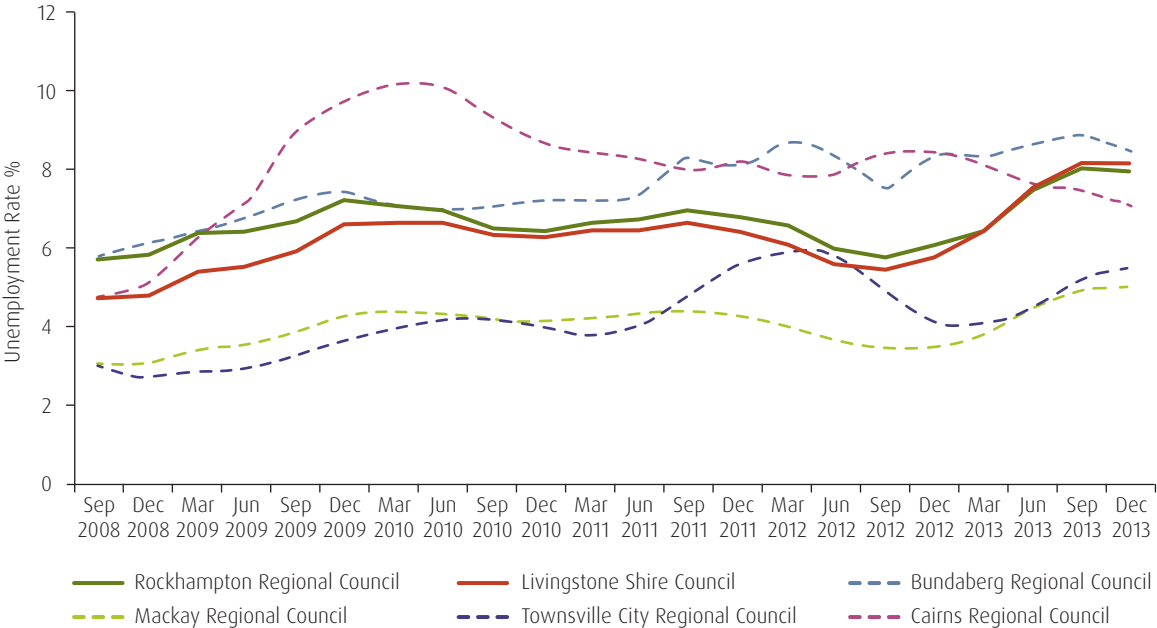
There were surprisingly few examples of businesses that operated premises in both the Rockhampton and Livingstone local government areas, despite the close proximity of these locations and the close connections between their economies.

# Inter-regional comparison

Using available data from 2011-12 and 2012-13, business trends from the Rockhampton and Livingstone local government areas (LGAs) were compared with the LGAs of Cairns, Townsville, Mackay and Bundaberg.

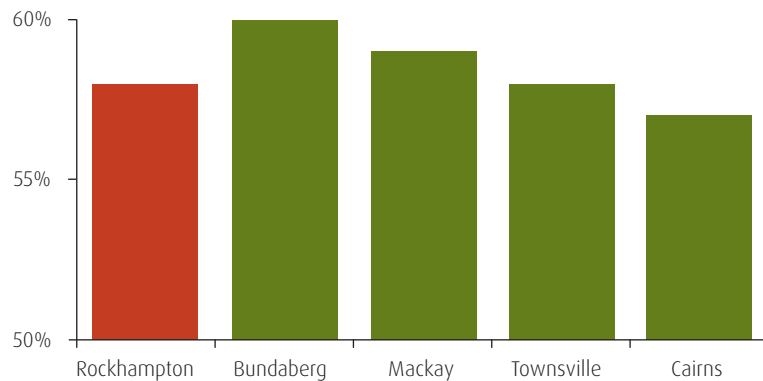
Key results were as follows:

- » Many regional centres have been experiencing a slow creep in unemployment rates in the period 2008-2013
- » The unemployment rate in Rockhampton and Livingstone peaked at around 8% at the end of 2013 – the second highest of the studied regions
- » Rockhampton’s exit rate for businesses exceeded the entry rate in 2012-13 resulting in a decline in business numbers overall; but this trend was also observed in all other regions
- » Rockhampton recorded the second-lowest rate of business survival, behind Cairns
- » Business growth in the Rockhampton area has been driven by large or medium-sized businesses, rather than small or micro-sized firms; which is consistent with what is being experienced elsewhere in regional Queensland
- » Insolvency activity in the Greater Rockhampton region is currently about the third-highest in the state.



Source: Australian Government Department of Employment – Small Area Labour Markets Australia – December 2013

### Survival rate for new business registrations in 2010/11 to June 2013 by local government areas



Note: Data for Rockhampton Regional Council includes the new Livingstone Shire Council

Source: Australian Bureau of Statistics - Counts of Australian Businesses, including Entries and Exits - June 2013

### Total number of businesses by local government areas

	End 2009-10	End 2010-11	End 2011-12	End 2012-13
Rockhampton RC	7,996	7,970	7,976	7,850
Bundaberg RC	7,101	6,968	6,916	6,553
Mackay RC	10,627	10,633	10,724	10,367
Townsville CC	11,551	11,372	11,551	11,291
Cairns RC	15,900	15,740	15,451	14,983

Note: Data for Rockhampton Regional Council includes the new Livingstone Shire Council

Source: Australian Bureau of Statistics - Counts of Australian Businesses, including Entries and Exits - June 2013

### Businesses by industry division - Rockhampton Regional Council

	Operating at start of financial yr no.	Entries no.	Exits no.	Operating at end of financial yr no.	Change no.	Change %	Entry rate %	Exit rate %
<b>2010 - 11</b>								
Agriculture, Forestry and Fishing	1,171	99	106	1,164	-7	-1%	8%	9%
Mining	59	8	7	60	1	2%	14%	12%
Construction	1,605	204	237	1,572	-33	-2%	13%	15%
Accommodation and Food Services	357	49	48	358	1	0%	14%	13%
<b>ALL INDUSTRIES</b>	<b>7,996</b>	<b>1,043</b>	<b>1,069</b>	<b>7,970</b>	<b>-26</b>	<b>0%</b>	<b>13%</b>	<b>13%</b>
<b>2012 - 13</b>								
Agriculture, Forestry and Fishing	1,121	77	103	1,095	-26	-2%	7%	9%
Mining	73	6	7	72	-1	-1%	8%	10%
Construction	1,580	153	235	1,498	-82	-5%	10%	15%
Accommodation and Food Services	363	28	50	341	-22	-6%	8%	14%
<b>ALL INDUSTRIES</b>	<b>7,976</b>	<b>904</b>	<b>1,030</b>	<b>7,850</b>	<b>-126</b>	<b>-2%</b>	<b>11%</b>	<b>13%</b>

Note: Data for Rockhampton Regional Council includes the new Livingstone Shire Council

Source: Australian Bureau of Statistics - Counts of Australian Businesses, including Entries and Exits - June 2013

## Capricornia business profile

Business count data for the Capricornia Region indicate that some 7,299 businesses were trading in the area, as at June 2013.

Based on these business counts, the top three industry sectors within the Capricornia region are construction (20%); agriculture, forestry and fishing (14.1%); and rental, hiring and real estate services (9.1%).

A strong number of businesses are also represented by the retail trade; transport, postal and warehousing; and professional, scientific and technical services sectors (approximately 6-7% each).

However, almost 60% of these business counts are in fact non-employing entities.

Of the employing businesses, over half are small business (1-4 employees), with a further third being medium-sized (5-19 employees).

### Counts of businesses by industry division by employment size ranges – Capricornia^ region - as at June 2013

Industry	Non-employing	1-4 employees	5-19 employees	20-199 employees	200+ employees	Total employees	Total %	Total (%) employers only
A Agriculture, Forestry & Fishing	874	101	42	12	0	1,029	14.1%	5.2%
B Mining	27	17	9	12	0	65	0.9%	1.3%
C Manufacturing	108	62	56	24	0	250	3.4%	4.7%
D Electricity, Gas, Water & Waste Services	9	3	3	3	0	18	0.2%	0.3%
E Construction	786	419	205	48	0	1,458	20.0%	22.4%
F Wholesale Trade	66	34	21	15	3	139	1.9%	2.4%
G Retail Trade	183	115	131	43	0	472	6.5%	9.6%
H Accommodation & Food Services	91	81	94	64	0	330	4.5%	8.0%
I Transport, Postal & Warehousing	333	137	38	21	3	532	7.3%	6.6%
J Information Media & Telecommunications	15	3	3	0	0	21	0.3%	0.2%
K Financial & Insurance Services	295	50	15	6	0	366	5.0%	2.4%
L Rental, Hiring & Real Estate Services	530	60	49	25	0	664	9.1%	4.5%
M Professional, Scientific & Technical Services	265	170	90	13	0	538	7.4%	9.1%
N Administrative & Support Services	114	75	38	12	0	239	3.3%	4.2%
O Public Administration & Safety	12	0	3	3	0	18	0.2%	0.2%
P Education & Training	64	24	6	6	0	100	1.4%	1.2%
Q Health Care & Social Assistance	142	81	39	16	0	278	3.8%	4.5%
R Arts & Recreation Services	60	18	21	6	0	105	1.4%	1.5%
S Other Services	187	182	105	19	0	493	6.8%	10.2%
X Unknown	135	34	12	3	0	184	2.5%	1.6%
<b>Total (All sectors; All sizes)</b>						<b>7,299</b>	<b>100.0%</b>	
<b>Percentage total (all businesses)</b>	<b>58.9%</b>	<b>22.8%</b>	<b>13.4%</b>	<b>4.8%</b>	<b>0.1%</b>	<b>100%</b>		
Total (employers only)						3,003		100.0%
Percentage total (employing businesses)		55.5%	32.6%	11.7%	0.2%	100%		

Capricornia^ region - Includes Statistical Level 2 within the Australian Bureau of Statistics, Australian Statistical Geography Standard. Table shows summed data for 308031216 Rockhampton - West; 308031217 Rockhampton City; 308031218 Rockhampton Region - East; 308031209 Glenlee - Rockyview; 308031211 Lakes Creek; 308031205 Berserker; 308031208 Frenchville - Mount Archer; 308031215; 308031213 Norman Gardens; 308031214 Park Avenue; Parkhurst - Kawana; 308031219 Rockhampton Region - North; 308031220 Rockhampton Region - West; 308031222 - The Range-Allenstown; 308031210 Gracemere; 308031206 Bouldercombe; 308031223 Yeppoon and 308031207 Emu Park.

Source: collated from ABS - Counts of Australian Businesses, including Entries and Exits, June 2009 - June 2013



# Research highlights

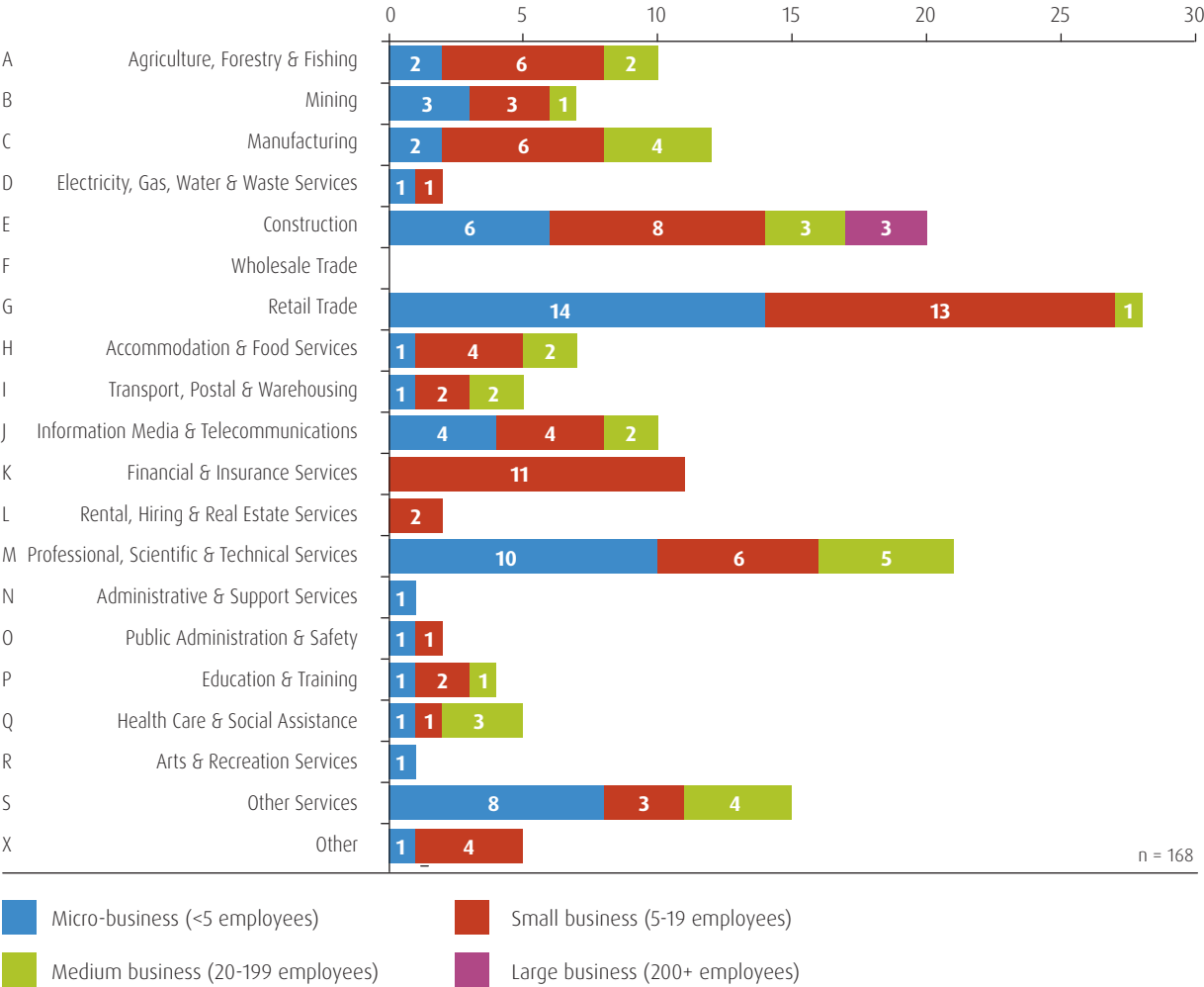
## Industry

The picture that emerged for business activity in the Capricornia region in the past 12 months was one of generally difficult times for local operators.

Almost 200 businesses participated in the e-survey, and most of the respondents provided information about their industry sector. The largest cohorts were those in the retail trade; construction; professional, scientific and technical services, and other services sectors. The only sector without representation in the e-survey was that of wholesale trade.

Over half of the respondents were small businesses, with a further 21% being medium-sized, and only 2% were large businesses based on number of employees. By contrast, on the basis of annual turnover, almost half of participants were medium-sized businesses.

### Breakdown of e-survey participants



Note: Based on Australian Bureau of Statistics industry categories and business size.

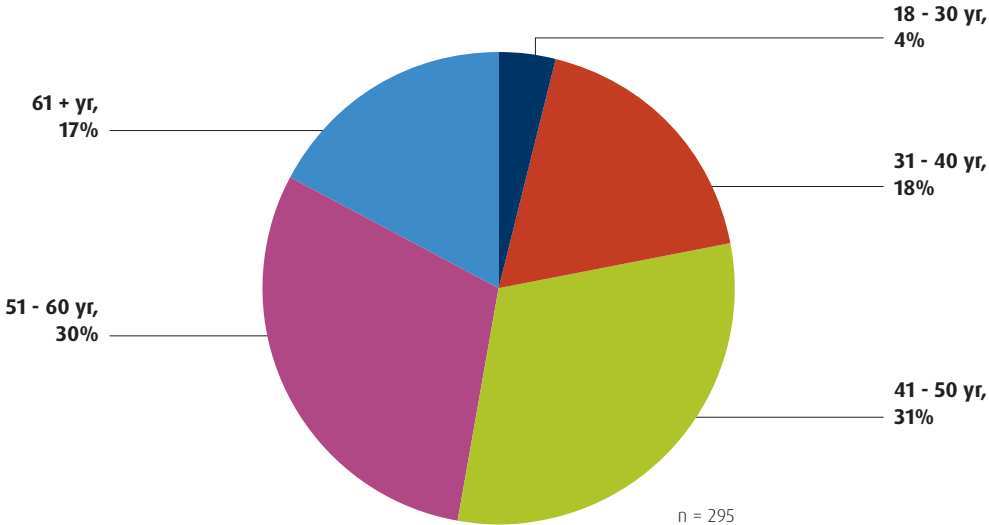
Note: Based on data from e-survey participants.

## Age of business owners

Almost one-third of businesses who participated in the e-survey had been trading for 20 years or longer, whereas just 10% were new businesses that had been 12 months trading or less. There was a strong pattern between business size and length of trading, with micro-businesses typically being amongst the youngest in the cohort.

Almost half of all business owners were aged 51 years or above, with less than 5% being in the 18-30 years age bracket, often referred to as 'generation Y'. Furthermore, around half of businesses were owned by a single individual.

### Age of business owners



Note: Note: Based on data from e-survey participants. Reflects both single and multiple business owners.

## New business registrations

Secondary information sourced from the Australian Taxation Office suggests that there has been a modest slowdown in the growth of new business registrations in the Capricornia region, with 7% decline evident between 2012-13, and around a 14% decline for 2013-14, based on forward projections.

The locations with the strongest growth in new business registrations were the peri-urban 4711 (Glendale/Glenlee) and urban 4701 (North Rockhampton); with the least number of new entities appearing in the northern outlying areas of the region (Yaamba and Ogmore).

### Total number of business entities in the Capricornia region, by postcode

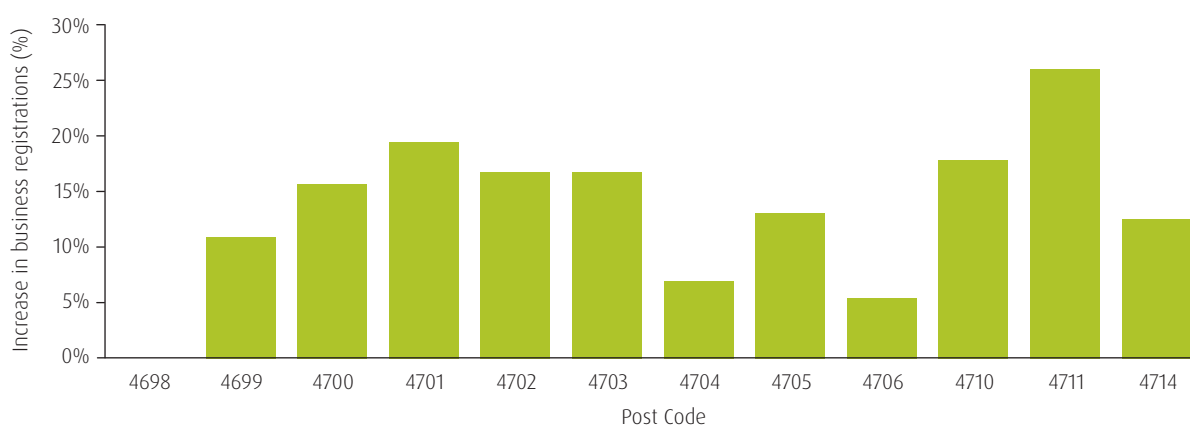
Postcode	Pre 2012	New in 2012	New in 2013	New in 2014*	Forecast 2014**	Total as at June 2014
4698	1	0	0	0	0	1
4699	191	12	8	1	2	212
4700	5,664	390	325	164	328	6,543
4701	7,459	618	589	252	504	8,918
4702	6,895	490	479	186	372	8,050
4703	5,620	410	376	159	318	6,565
4704	85	2	4	0	0	91
4705	254	14	13	6	12	287
4706	19	0	0	1	2	20
4710	926	68	71	28	56	1,093
4711	287	32	30	13	26	362
4714	456	21	23	14	28	514
<b>Totals</b>	<b>27,857</b>	<b>2,057</b>	<b>1,918</b>	<b>824</b>	<b>1,648</b>	<b>32,655</b>
<b>Year on year growth</b>			<b>-7%</b>	<b>--</b>	<b>-14%</b>	

Source: Australian Taxation Office – ABN lookup tool.

\* Up until mid June 2014

\*\* Projected data based on 2014 data up until June 2014

### Capricornia region business registration numbers – 2012 to June 2014



Source: Australian Taxation Office – ABN lookup tool.

## Business confidence

Almost half of participants indicated that business activity in their own firm had declined in the past 12 months, with only 19% of participants indicating that activity had increased. Very similar levels of decline were also perceived in the broader business community, with almost two-thirds of participants noting a decrease in overall business activity in the region.

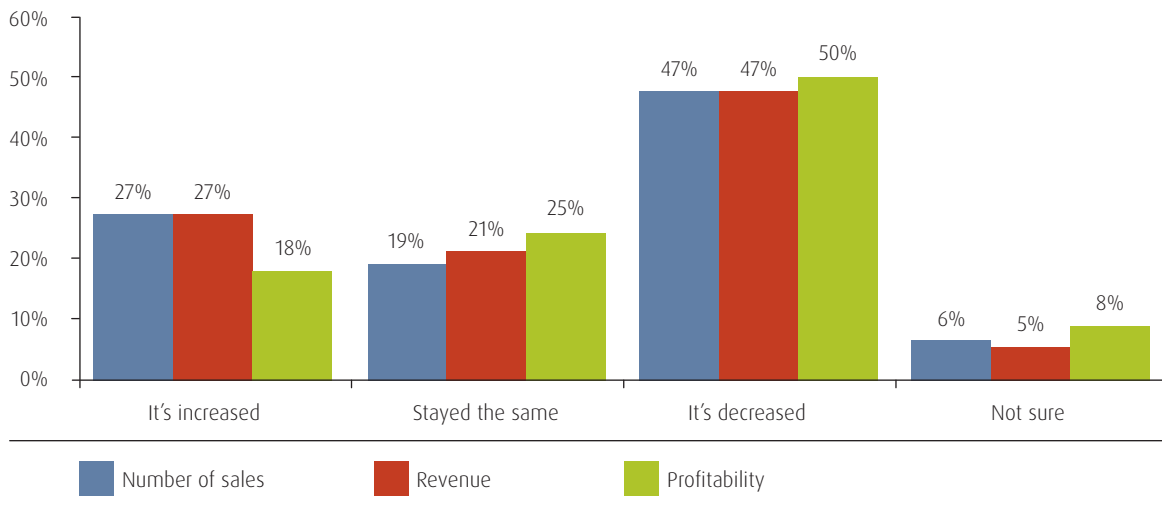
Businesses were also asked to provide information on business activity across the areas of the number of sales, revenue and profitability. Remarkably similar responses were recorded across all three of these measures, with around 50% of businesses stating that activity had decreased.

One third of businesses reported a decline in turnover of 11-50% in the past 12 months.

Despite the apparent slowdown in local business activity, most businesses remained buoyant about their ongoing operations, with over 90% indicating that they expected to continue to trade through to 2015.

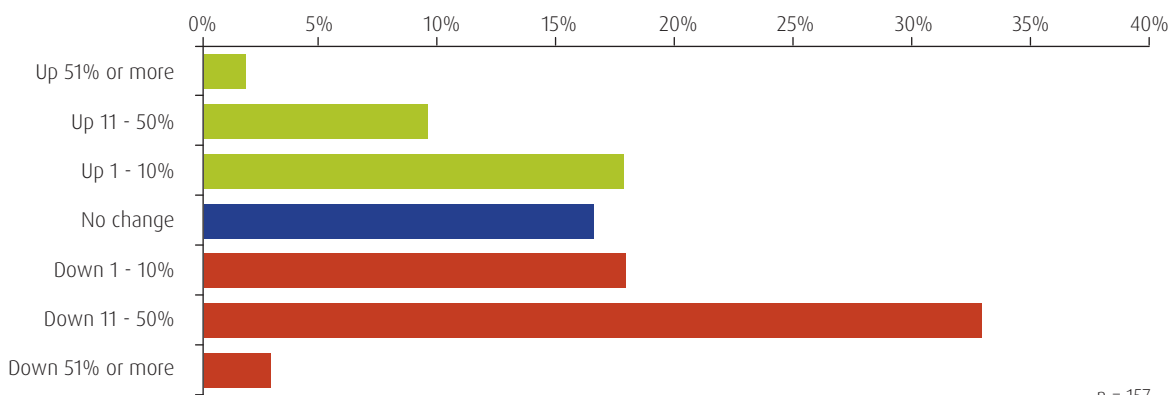
Of those who were unsure of their position, many were from the construction and resources pillars, with only three each from agriculture and tourism.

### Trend in Capricornia business activity - past 12 months



Note: Based on data from e-survey participants.

### Change in Capricornia business turnover - past 12 months



Note: Based on data from e-survey participants.

### Capricornia business intentions to trading in 2015

Industry	Continuing	Not trading	Not sure	Total
A Agriculture, forestry and fishing	9			9
B Mining	4		1	5
C Manufacturing	10		2	12
D Electricity, gas, water and waste services	2			2
E Construction	19	1		20
F Wholesale trade	1			1
G Retail trade	23		3	26
H Accommodation and food services	6			6
I Transport, Postal and warehousing	4			4
J Information Media and telecommunications	7		2	9
K Financial and insurance services	11			11
L Rental, hiring and real estate services	1			1
M Professional, scientific and technical services	18		1	19
N Administrative and support services	1			1
O Public administration and safety	2			2
P Education and training	4			4
Q Health care and social assistance	5		1	6
R Arts and recreation services	1			1
S Other services	14		3	17
X Other	5		1	6
<b>Total</b>	<b>147</b>	<b>1</b>	<b>14</b>	<b>162</b>

Note: Based on data from e-survey participants.

### Capricornia business intentions to trading in 2015, by economic pillars

Pillar	Not continuing into 2015	Unsure of business operations in 2015
Agriculture		3
Construction	1	8
Resources		6
Tourism		3
None of these		4

Note: Based on data from e-survey participants.

Note: Seven businesses indicated that their operations crossed more than one pillar

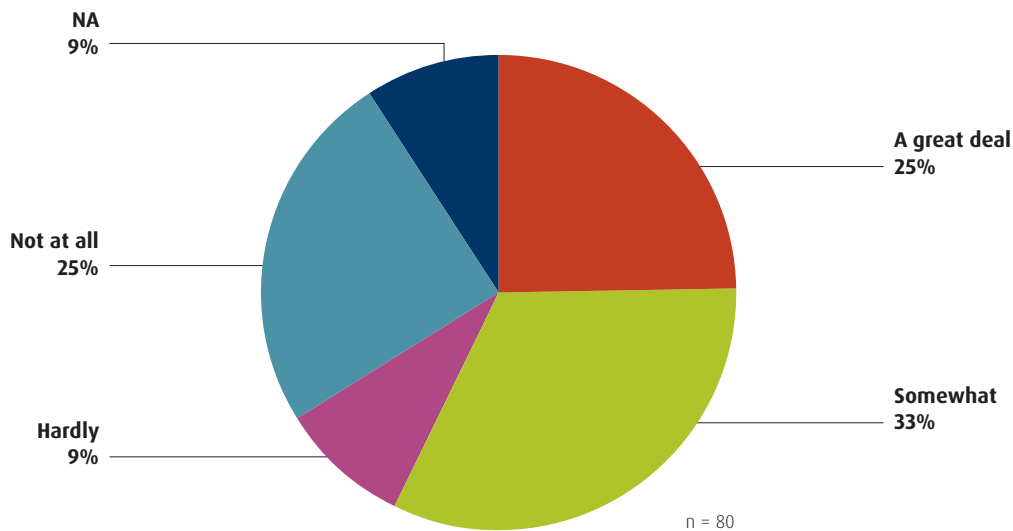
## Business wellbeing

With regard to the ‘wellbeing’ of the local business community, business owners indicated that their key impacts were:

- » Competition from unlicensed or untrained operators (with 60% of businesses affected)
- » Adverse influences on work-life balance (with almost 75% of operators affected)
- » The need to take reduced wages to buffer the rising costs of running the business (with almost 60% of businesses affected)

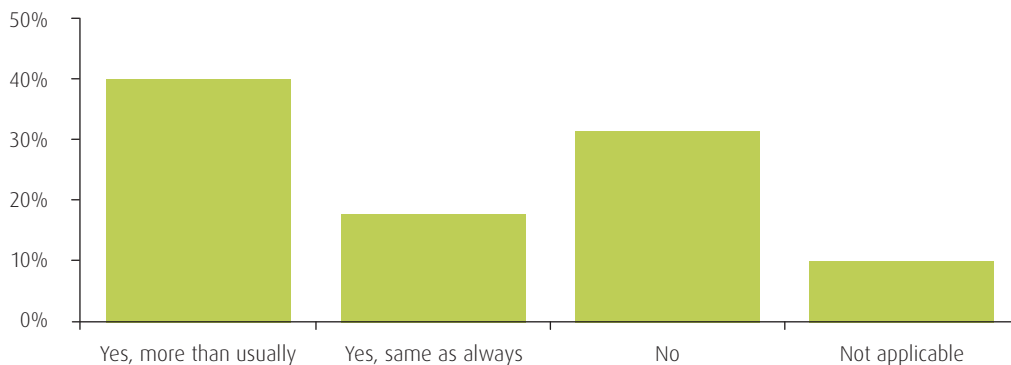
A fourth question asked on the e-survey was used to investigate the impact of debtors on local business, based on suggestions that many local businesses were being asked to reduce their margins, and because several participants indicated that they had concerns about cash flow due to outstanding invoices. Almost 60% of respondents indicated that their businesses were being significantly impacted by unpaid bills, with 40% of these experiencing a greater level of impact than usual.

### Levels of wage reduction experienced due to rising costs – past 12 months



Note: Based on data from e-survey participants.

### Impact of debtors on your business - past 12 months



Note: Based on data from e-survey participants.

n = 79

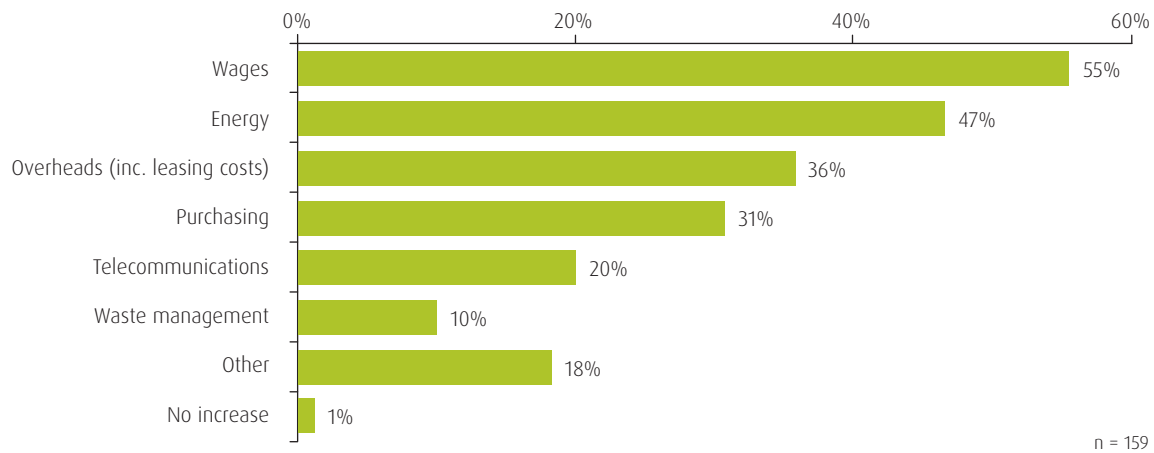
## Business rising costs

Local businesses were asked to nominate which areas of the business had driven the largest cost increases in the past 12 months, across six categories. The most commonly selected options were those of wages, energy and overheads (such as leasing costs). However, around one in five businesses indicated 'other', nominating costs such as government fees; fuel, transport and/or freight charges, insurance premiums and staff training.

The issue of energy costs was chosen for further examination during the business engagement evening. However, despite energy costs having been identified as the second-greatest area for cost increases, over 40% of participants indicated that they did not wish to receive assistance in this area.

The key internal challenges for local businesses were characterised by the 'three c's': these were customers (attraction/retention of a sustainable customer base), costs (responding to rising business costs) and competition. Meanwhile, the key external challenges were the stability of the local economy, followed by the priorities and budget decisions brought forward by the State government.

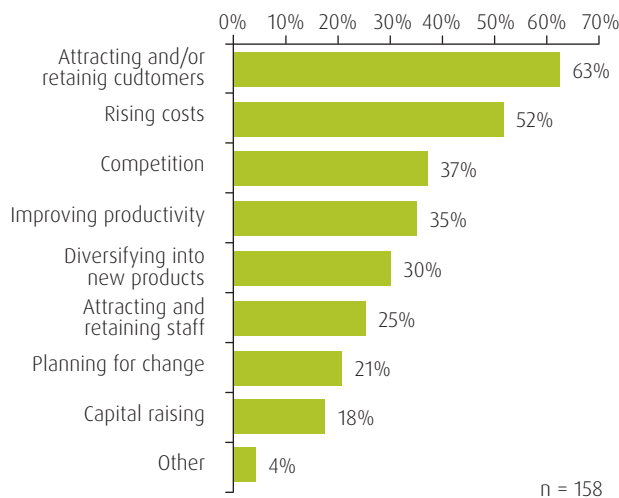
### Business areas that are contributing to rising costs – past 12 months



Note: Based on data from e-survey participants.  
 Note: Participants could select more than one option.

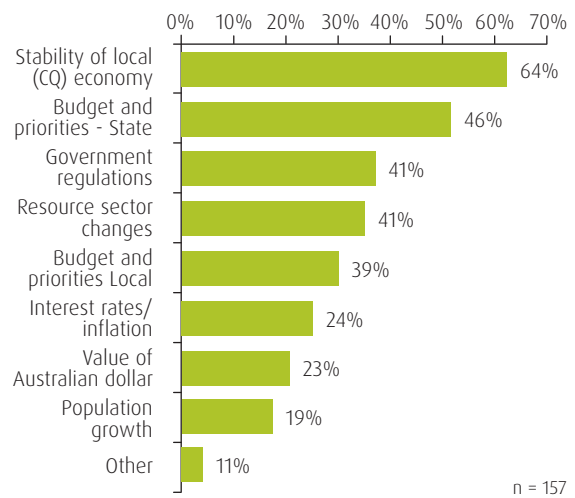
## Key challenges and pressures for Capricornia businesses

### Internal Business Pressures



Note: Based on data from e-survey participants.  
 Note: Participants could select more than one option.

### External Business Pressures



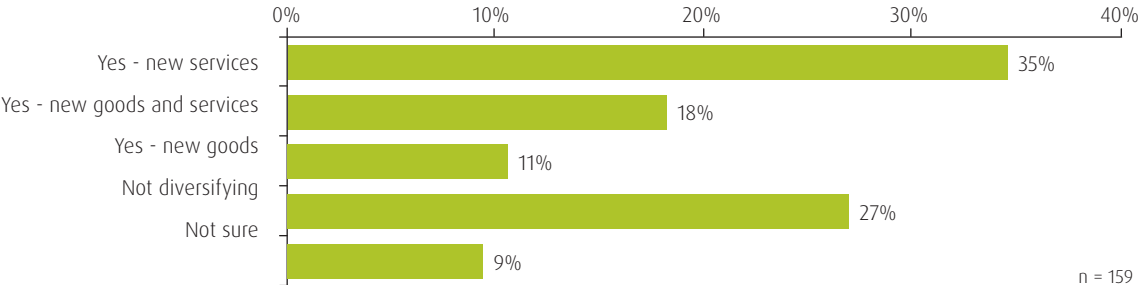
## Future growth and diversification

Despite the recent slowdown in economic activity, local business are focussed on maintain their business sustainability and growth into the future 12 months. An overwhelming majority (some 94%) of businesses had a goal to increase revenue growth, with aspirational targets being in the range of 10-50% growth.

Two-thirds of local businesses indicated that they were planning to diversify their business operations in the coming 12 months, including in the areas of both services and goods. In terms of economic pillars, the trend for diversification was highest in the agricultural sector, where 72% of participants intended to diversify (either goods, services, or both).

Given the high number of businesses expecting to diversify, an item was included at the business engagement evening regarding the best ways in which to support businesses to do so. The response was mixed; with businesses being interested in a range of options included product development, market research and business planning.

### Intentions of Capricornia businesses to diversify in the next 12 months



Note: Based on data from e-survey participants.

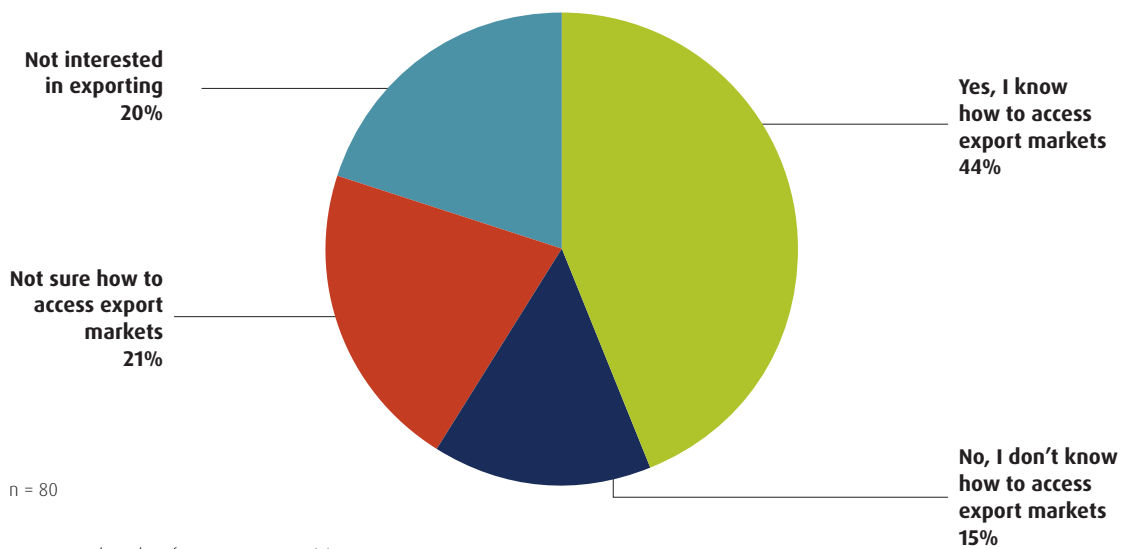


## Exporting

Less than half (47%) of local businesses indicated that they are currently exporting goods and/or services outside of the Rockhampton/Livingstone area. However, slightly higher levels of exporting activity were observed in the agriculture and resources pillars, compared with those in the tourism pillar.

Of the businesses that were already exporting, most hoped to increase their level of exports, or hold them steady, with only limited examples of businesses that were looking to decrease or cease export activity. This contrasted markedly with the non-exporters, where approximately 80% of businesses did not plan to pursue exporting in the coming 12 months.

### Business support to access export markets



# Marketing

Local businesses indicated that they currently use a wide range of marketing techniques, with online and print being the most preferred modes. In terms of online tools, around a third of businesses relied on just one option, but some businesses are operating up to four or five online marketing channels.

Over 80% of businesses are currently using a website, with the next most popular tools being Facebook and LinkedIn.

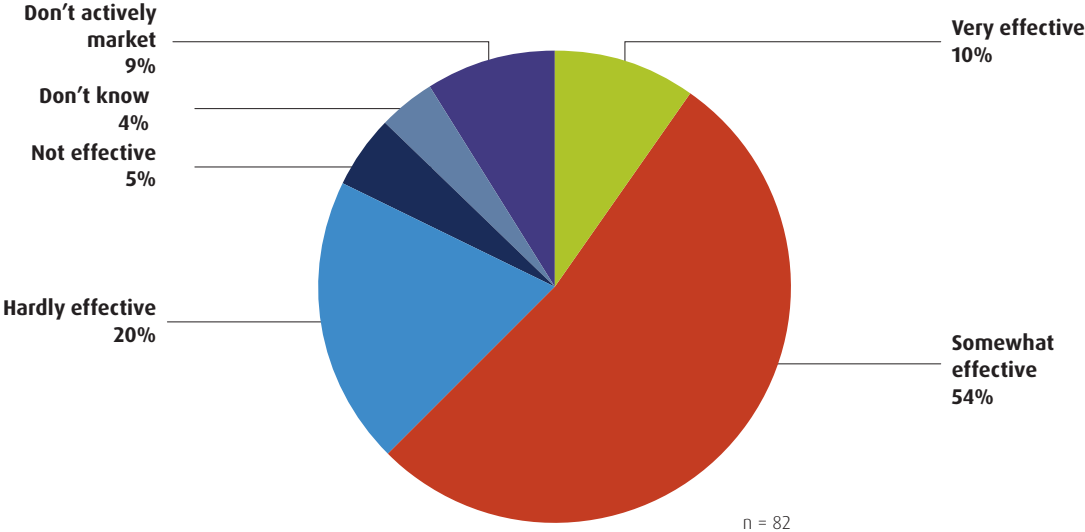
Almost two-thirds of participants indicated that their current marketing strategy was already effective, but nevertheless, there was strong support (84%) for further marketing assistance, including in the areas of marketing options, production of materials, and linkages to marketing expertise.

## Number of on-line marketing tools used

	Proportion of businesses
1 marketing tool	36%
2 marketing tools	33%
3 marketing tools	21%
4 marketing tools	6%
5 marketing tools	4%

Note: Based on data from e-survey participants.

## Effectiveness of marketing strategies used by Capricornia businesses



Note: Based on data from e-survey participants.

## Employment – skills and training

Local businesses appear to be having mixed experiences with respect to the attraction and retention of quality staff.

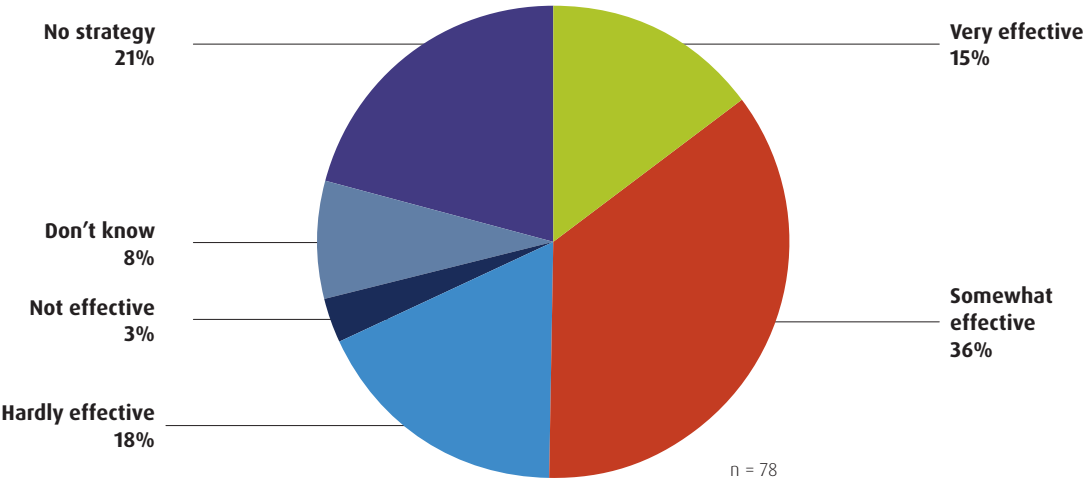
Approximately one-third of businesses reported difficulty in attracting quality staff into their business in the past 12 months. However, this tended to vary with business size, with a much greater proportion of medium and large firms reporting difficulty in this area. A similar trend was also observed for staff retention, although the difficulties appeared less pronounced overall.

With respect to overall staffing levels, local businesses indicated that they expected their numbers to remain steady or grow in the coming 12 months.

Approximately one in five local businesses in Capricornia already engage in regular or ongoing professional development activities; and half of the participants at the business engagement evening indicated that their current strategy for skills and training was effective. However, a further 20% stated that they are not currently undertaking skills or training development.

In terms of business support, participants voted for a diversity of options with a particular preference for locally delivered training and conference events.

### Effectiveness of current skills and training strategies used by Capricornia businesses



Note: Based on data from e-survey participants.

## Innovation

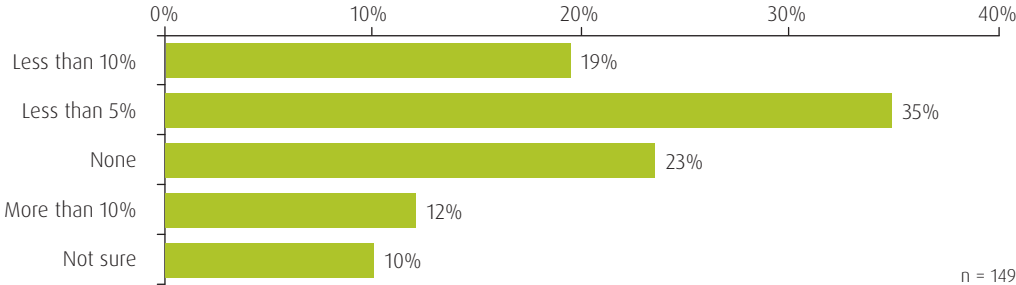
Innovation is clearly acknowledged as a valuable activity for businesses in the Capricornia region. Over 80% of local businesses have undertaken some form of innovation in the past 12 months, with the most common forms of innovation being those in products/services or marketing methods.

Unfortunately, a large proportion of businesses (around 86%) identified that they had one or more barriers to innovation. The most common problem was in access to funds, followed by access to knowledge/technology and issues with red tape.

Around 60% of local businesses spent 5% or less of their overall budget on research and development activities in the past 12 months. Of those that indicated that they spent more than 10% of the budget on R&D, the greatest proportion was in the tourism pillar. Meanwhile, some 29% of businesses in the construction pillar had no budget allocation for R&D activities.

Around one-third of participants indicated that they intended to pursue more R&D activities in the coming 12 months.

**Proportion of Capricornia businesses budget spent on R&D activities – past 12 months**



Note: Based on data from e-survey participants.

## Business support for the future

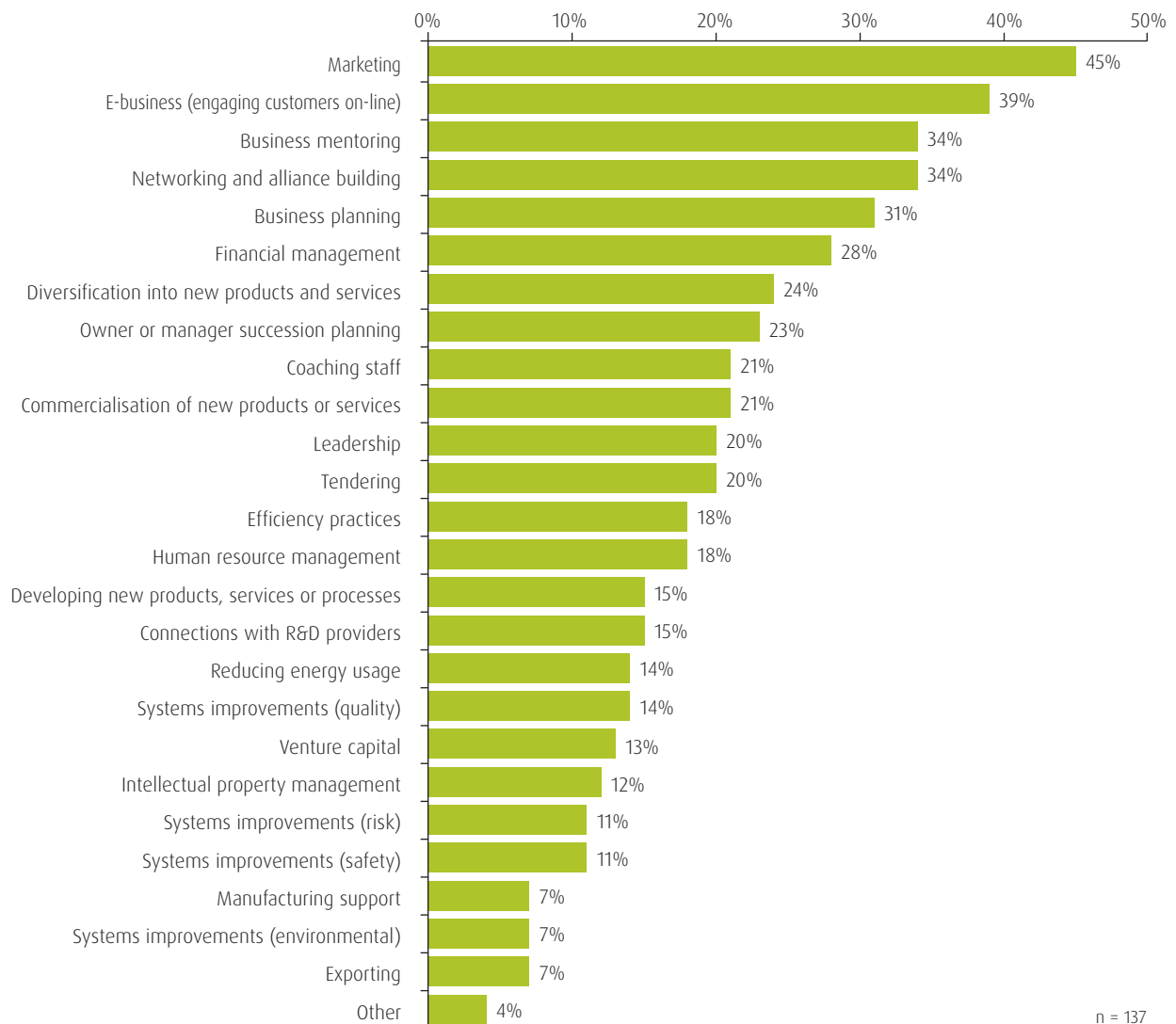
Local businesses were provided with a list of 25 areas in which business assistance could be made available, with the most favoured options being those of marketing, e-business, mentoring, and network and alliance building. Additional information was also collected regarding assistance to access the resource sector: here, businesses preferred a suite of options, including capability building, marketing and networking.

In terms of existing sources of support, local businesses are strongly supportive of accessing local business/industry membership groups or private business coaches, with two-thirds of participants already being members of at least one business organisation.

Overall, the four key messages related to the recommendations are:

1. Priority areas for local business support are - marketing, online technologies, local buy practices, and the ability to engage and network with other local businesses
2. Clear preference for activities that are offered on a local, face to face basis
3. Strong support for the use of existing business memberships /professional associations to progress business
4. Both levels of government to stimulate the local economy by funding major infrastructure projects

### Preferences for business support and assistance in the future



Note: Based on data from e-survey participants.

Note: Participants could select more than one option.







**Regional  
Development**  
*Australia*

**Fitzroy and Central West Inc.**

25 Yeppoon Road  
Parkhurst Q 4701

PO Box 307  
Rockhampton Q 4700

P: 07 4923 6217  
E: [ceo@rdafcw.com.au](mailto:ceo@rdafcw.com.au)

[www.rdafcw.com.au](http://www.rdafcw.com.au)