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### **Avegna Business Solutions December 2008 Gold Coast Business Confidence Survey**

Avegna recently carried out a survey of Gold Coast businesses in response to client comments in the national and international media regarding the impacts of the global financial crisis (GFC). This is a commentary on the findings of that survey.

The brief survey was intended to primarily gauge three things:

1. The perceived impact of the GFC on the Australian economy
2. The impact of the GFC on the surveyed Gold Coast businesses
3. Gold Coast business financial management habits in the light of the GFC

#### **The perceived impact of the GFC on the Australian economy**

One of the most interesting findings of the survey was 47% of respondents believed the GFC had been of medium impact on the Australian national economy. Of the 50 respondents approx 27% felt that the GFC had already had a high impact on the economy in Australia.

On the question of the perceived impact in the first six months of next year, approx 47% of those surveyed expected a further high impact as the situation deteriorates in the Australian economy.

A significant number of respondents commented that they believed the reason for their expectation of further GFC impact in the new year will be due to lack of spending by most businesses and the public at large due to fear, uncertainty or a “wait and see” attitude.

Approx 65% of participants believed the government should increase infrastructure spending to improve the economy, with approx 18% saying lower taxes, approx 6% asking for more social spending from the government and the remaining approx 12% believing the government should not intervene any further.

The average interest rate expected at 30 June 2009 by respondents was approx 3.10% with approx 29% saying they expect interest rates below 3%, approx 47% think it will be between 3 and 4 percent and the remaining approx 23% expecting the RBA to stay 4% or above.

#### **The impact of the GFC on the surveyed Gold Coast businesses**

Not surprisingly a number of the businesses surveyed also believed the effects of the GFC on their business were similar to that of the economy as a whole. Approx 47% of those participating believed that their business had been seen a medium financial impact on their business to date.

As to expectations about the remainder of the financial year to June 2009, approx 24% of businesses surveyed believed their businesses will be highly financially impacted further as a result of the GFC in the remainder of the financial year to 30 June 2009.



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Perhaps a little surprising was the result showing 76% of businesses had reviewed their spending in the light of the GFC with several making staff redundant, closing branches and cutting costs in areas such as advertising. A further 11% of participants had not taken any major action or business change as a result of the GFC. Approx 6% of those surveyed had increased their own prices in a measure to combat the GFC impacts.

### **Gold Coast business financial management habits in the light of the GFC**

Approx 54% of businesses surveyed by Aveгна had a qualified accountant working in their business at least part time on a regular basis. Of those that did not have an accountant in their business approx 57% also did not see their accountant on a regular basis outside of BAS or tax time.

Overall, the one clear message that came across from almost all respondents is there will be a very slow start to the next calendar year especially in the first quarter to the end of March 2009. On a positive note the Federal Government, in the last few days, has announced some tax relief to small businesses in an effort to assist with this expected slowdown in the new year. For further information you should contact your accountant.

Thank you to all who participated in the survey. As promised all information and data will be kept confidential and will not be released to any third parties.

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