Ballarat Business Confidence Survey 2022-2023

Commercial-in-Confidence

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Executive Summary

The third business confidence survey for Ballarat was conducted in 2022-2023. For this survey, data were collected through online questionnaires and in-depth interviews from business owners and managers. In total, 231 respondents attempted the survey. Of these, 151 responses are used for analysis purpose; the rest were either out of Ballarat region or not completed fully. Fifteen in-depth interviews were conducted with the business representatives from Ballarat. Online survey respondents and interview participants represented various industries such as hospitality, health, tourism, and manufacturing. The size of their organisations included small to medium and large organisations.

The findings show that business confidence in the Ballarat region in 2022-23 is higher when compared to 2020-21 (the last business confidence survey was conducted in this time period). To inform on trends, a new business confidence index has been developed based on the business confidence indicators. These indicators comprise expectations about the overall business performance, business profitability, sales performance, return on investment, investment in the business, recruitment, cost of running the business and economy of the region. Based on these indicators, the business confidence level for businesses in the Ballarat region was 0.33 in 2020-2021 and increased to 0.54 for 2022-2023 (an increase of 21 index points, representing overall confidence level increase of businesses in the region). These findings indicate that the businesses in the region are *bouncing back* from impacts of the COVID-19 pandemic. The Table1 presents a comparative analysis of results from 2020-2021 and 2022-2023 surveys.

Table 1. Summary of survey responses on indicators of business confidence in Ballarat

Sr#	Business confidence indicator	% Respondents from Ballarat (2020-21)	% Respondents from Ballarat (2022-23)	Trending direction over time
1	Economy will *improve in the first half of the year*	10%	36%	↑
2	Economy will *improve in the second half of the year*	25%	37%	↑
3	Expected overall business performance will be *somewhat stronger or much stronger*	22%	46%	↑
4	Business profitability will be *somewhat stronger or much stronger*	28%	36%	↑
5	Sales will be *somewhat higher or much higher*	27%	46%	↑
6	Return on investment will be *somewhat higher or much higher*	24%	26%	↑
7	Investment in the business will be *somewhat higher or much higher*	25%	27%	↑
8	Recruitment will be *somewhat higher or much higher*	19%	31%	↑
9	Cost of running the business will be *somewhat higher or much higher*	33%	80%	↑
10	Expected size of the workforce in the first half of the year will *increase*	14%	27%	↑

11	Expected size of the workforce in the second half of the year will *increase*	17%	26%	↑
12	The overall business revenue will *increase*	18%	53%	↑

As can be seen in the Table 1, a higher proportion of businesses responded positively about all the indicators of business confidence for 2022-2023 financial year. This positive finding is further endorsed from interview data; most of the interview participants expressed that they are focussing on their businesses' growth in the post-pandemic environment. However, in terms of the cost of running the business, a significantly higher number of respondents (80%) indicated that the cost of running their business will increase in 2022-2023; this is a primary concern for the businesses currently and presumably contributes to feelings of uncertainty in ongoing business operations.

Regarding the challenges being faced by businesses in the region, the most significant concern is shortage of staff. This challenge is followed by that surrounding uncertain business conditions (due to increase in costs for running the business) and also supply chain related issues. The major opportunities for the businesses in the region comprise population growth (this is also seen as a challenge) and the upcoming Commonwealth Games (2026).

To address the challenges and capitalise on the opportunities, most of the suggestions from the participants surround attracting more people to Ballarat (especially through skilled immigration) and promoting the region more widely. Another theme that emerged concerned cooperation among all the stakeholders in the region. A view was commonly expressed that businesses in the region, the City of Ballarat, and Commerce of Ballarat should work more collaboratively to address extant challenges.

To summarise, the business outlook for the region is positive for 2022-2023. There are challenges being faced by the businesses, but some may likely ease as the time passes;

the overseas migration for Australia, as an example, has already gained traction. By promoting the Ballarat region more widely stakeholders, including businesses, will be able to utilise more newly arrived skilled immigrants by attracting them to Ballarat. Such activities will be enhanced where strategies are developed to support greater cooperation among the stakeholders in the region.

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1. Introduction

The third business confidence survey for Ballarat region was conducted in 2022-2023 to reflect on the economic activity in the region. This survey was undertaken, with the support of Commerce Ballarat and the City of Ballarat to understand the challenges being faced by the businesses in the region, identify future opportunities for the businesses in the region, and to support needs of businesses located in the region. Data were collected through online surveys and in-depth interviews. The online surveys were distributed to the businesses in the region between September to November 2022. In total 231 people attempted the online survey. However, only 151 responses were deemed suitable for the analysis purpose. The rest of the responses were either from regions not part of Ballarat region or were incomplete. In-depth interviews were conducted with 15 business leaders in the Ballarat region representing various industries. On average, each interview lasted for about 25 minutes. The interview questions focused on opportunities and challenges for operating business in the Ballarat region, businesses' focus in the post-pandemic environment, and their overall level of optimism in the post pandemic environment. The respondents were also asked to discuss the support that they may require from the key stakeholders in the region (such as Commerce Ballarat and the City of Ballarat).

This survey was sponsored by Commerce Ballarat and the City of Ballarat and was conducted by researchers from Federation University Australia.

2. Description of the study participants and their organisations

In this section, we discuss the details of the online survey respondents and the interviewees for this survey.

2.1 Participants of the online survey

- **Participants' industries**

Majority of the respondents were from the hospitality industry (22%), followed by manufacturing and retail (13% each), others (12%) and professional services (10%). Figure 1 provides a breakdown of participants by the industry for the business confidence surveys conducted in 2020-2021 and 2022-23. In 2022-23, the respondents from hospitality industry have increased significantly as compared to the number of respondents the last time when the business confidence survey was conducted (2020-2021).

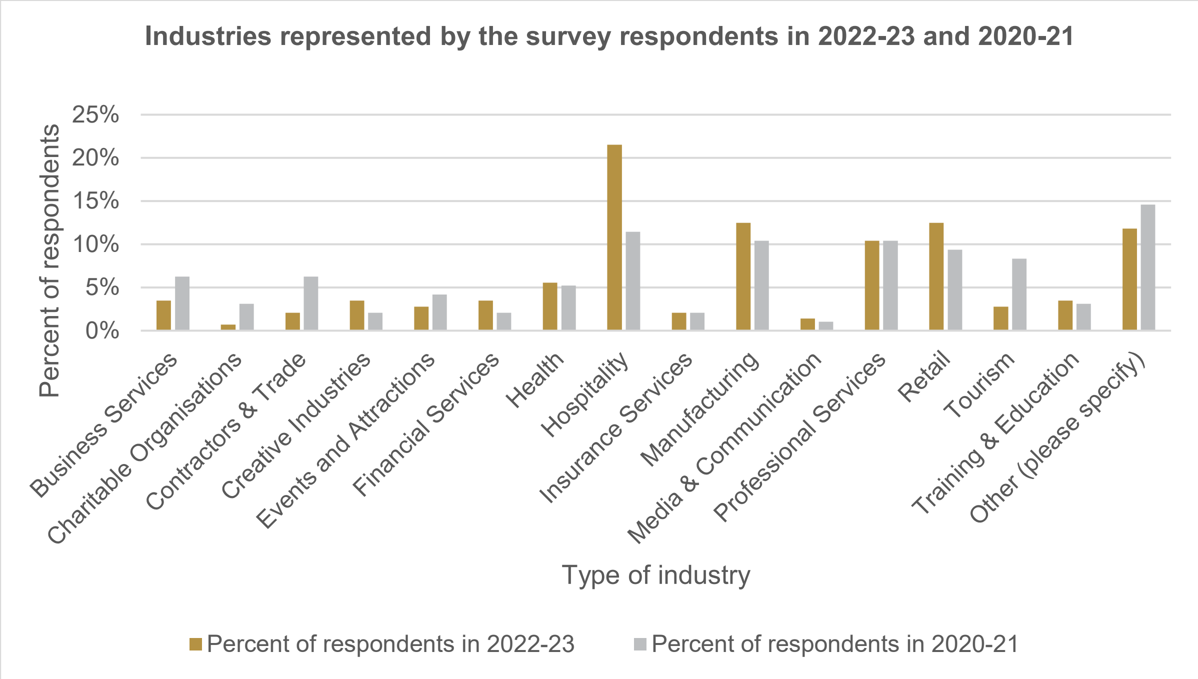

Figure 1. Industries represented by the online survey respondents in 2022-2023 and 2020-2021

- **Types of business ownership**

In terms of types of business ownership, in 2022-2023, majority respondents were from the proprietary limited companies (30%) followed by family-owned businesses (29%), sole proprietorships (12%) and incorporated organisations (9%). Figure 2 includes the details of the type of business ownership for the survey respondents.

- Note: For some graphs, the sum of percentages may not equal 100% due to rounding.

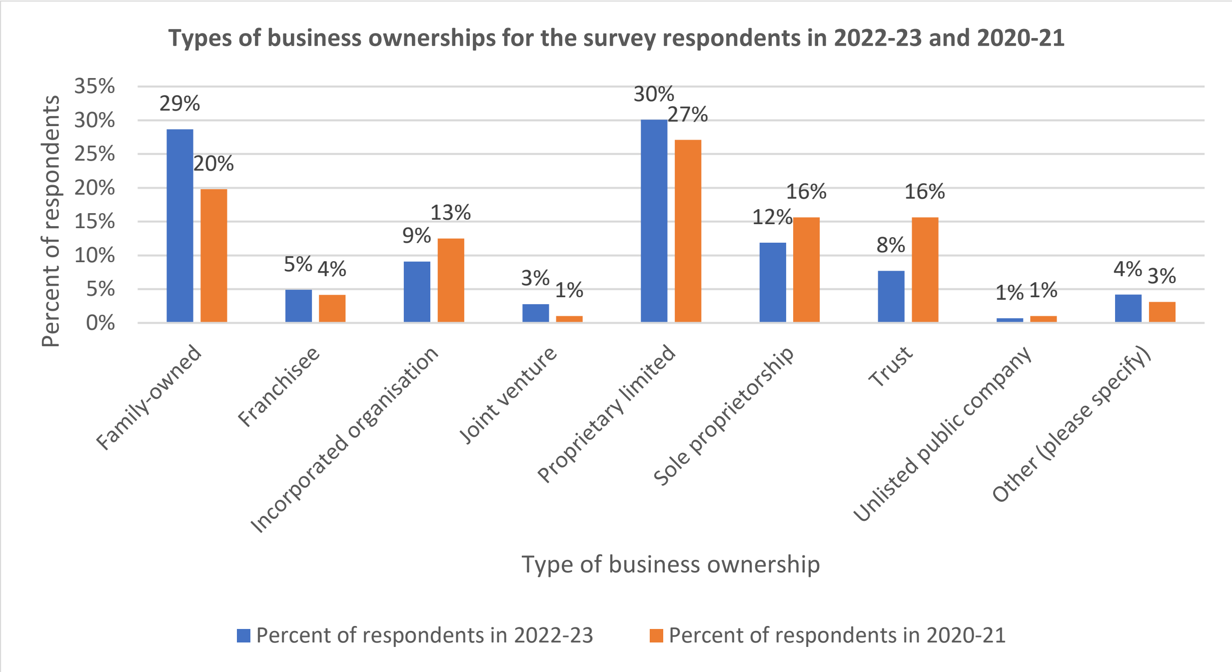

Figure 2. The types of business ownership for the survey respondents in 2022-2023 and 2020-2021

- **Length of the business operations**

Majority of the businesses have been in operations for more than 20 years (44%) indicating a stable business operating environment within the region. This is also complemented by the higher percentages of relatively newer businesses (34% in total) which have been operating in the region within the last 10 years only. Figure 3 shows a comparable data between 2020-2021 and 2022-2023 business confidence surveys for the region, in terms of the duration of business operations.

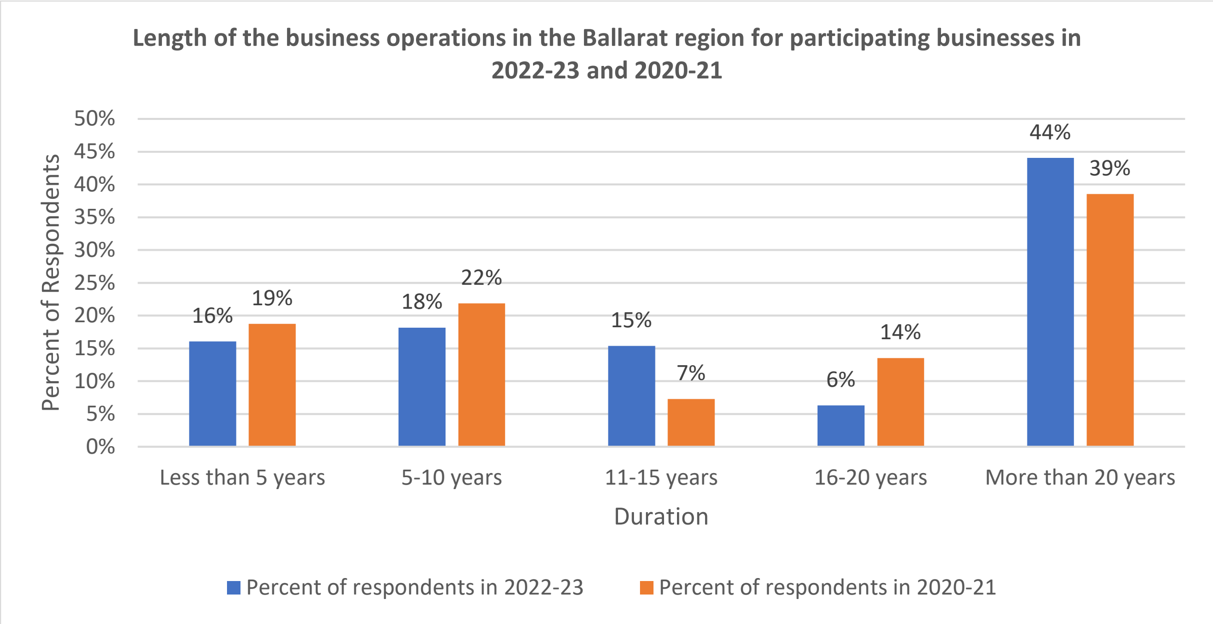

Figure 3. Length of the business operations in the Ballarat region for responding businesses in 2022-2023 and 2020-2021

- **Number of full-time equivalent employees (FTEs)**

Majority of the respondents employ (excluding the owners) between 1 to 5 FTEs (39%) followed by those employing between 6 to 15 employees (18%). In total, 17% of respondents employ more than 25 FTEs. Figure 4 summarises the number of full-time equivalent employees employed by the survey respondents' organisations.

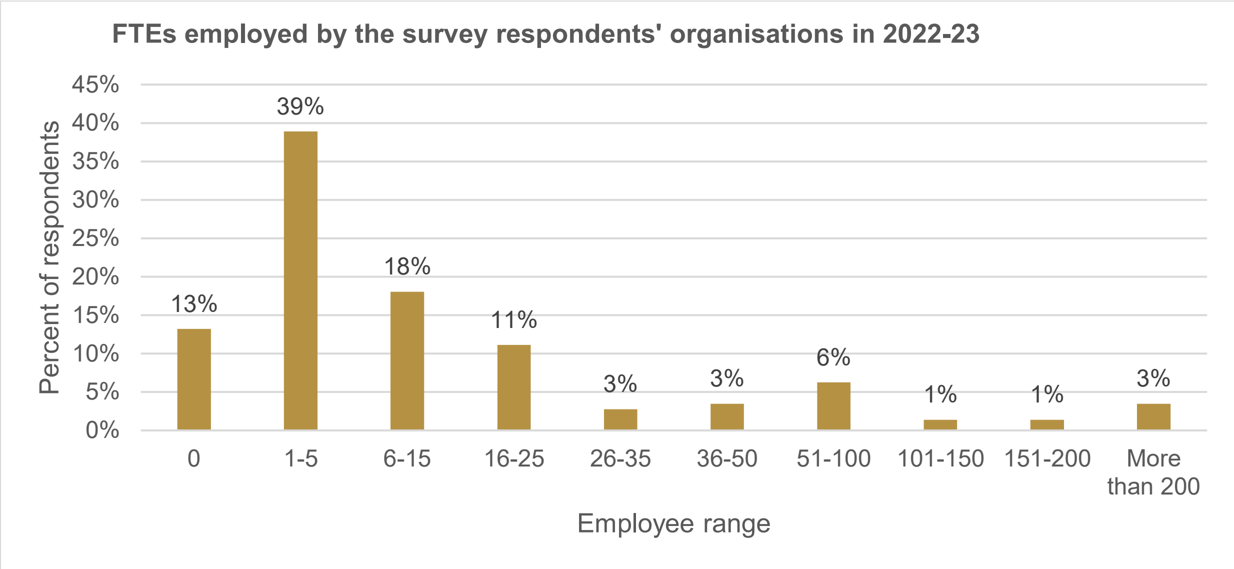

Figure 4. Number of full-time equivalent employees employed by the survey respondents' organisations in 2022-2023

- **The roles of survey respondents in their organisations**

Most of the respondents were owners (48%) followed by directors (23%) and managers (19%). Figure 5 includes the details of the roles of the survey respondents.

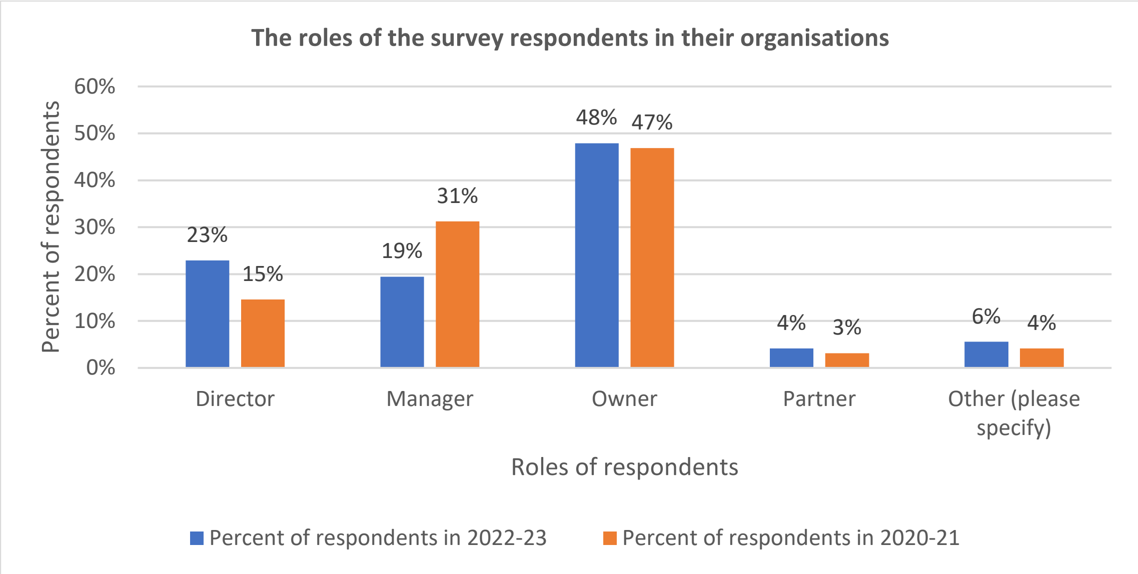

Figure 5. The roles of the survey respondents in their organisations for surveys in 2022-2023 and 2020-2021

- **Gender of the survey respondents**

In terms of gender, most of the respondents were males (67%) as shown in Figure 6. The gender composition of respondents in 2022-2023 is comparable to gender composition for respondents in 2020-2021.

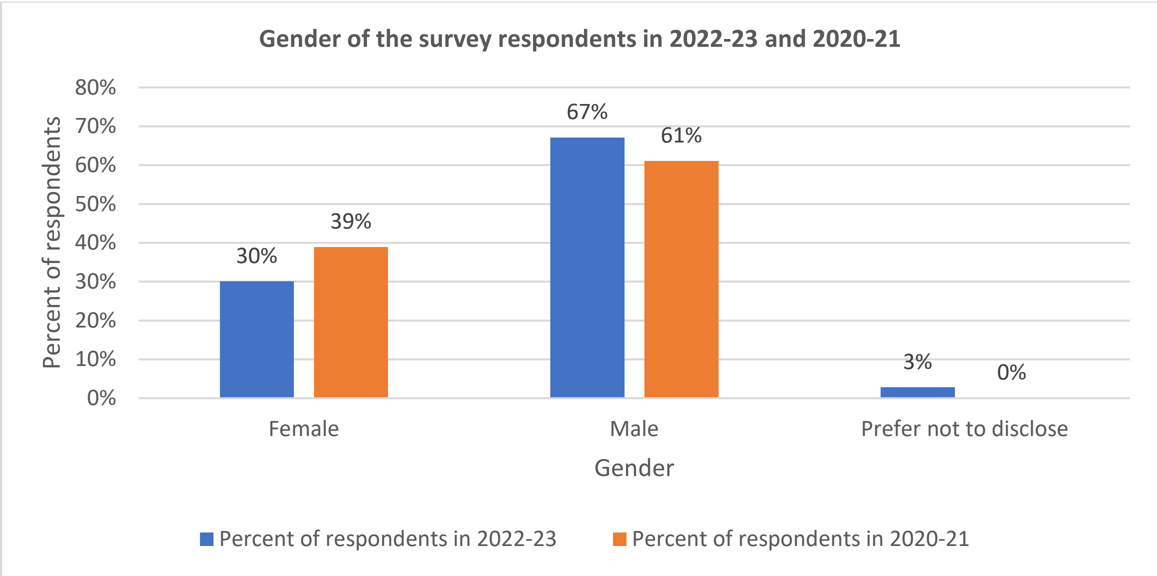

Figure 6. Gender of the survey respondents in 2022-2023 and 2020-2021

➢ Age of the survey respondents

Majority of the respondents were aged between 56 and 65 years (30%) followed by those between 46 and 55 years (29%) and then 36 and 45 years (26%).

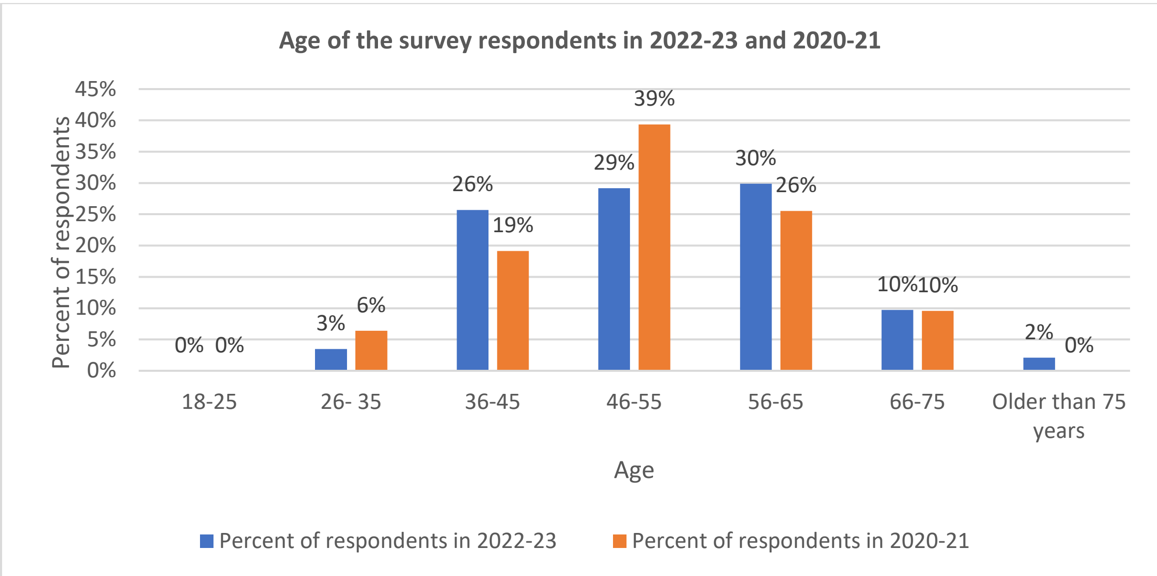

Figure 7. Age range of the survey respondents in 2022-2023 and 2020-2021

2.2 Participants engaged in the interviews

This subsection provides details about the business profile of the respondents who participated in the in-depth interviews. As mentioned previously, 15 business owners or managers from the Ballarat region participated in the interviews. Interviewees represented various industries such as professional services, hospitality, health, and tourism. Figure 8 presents the number of participants from each industry.

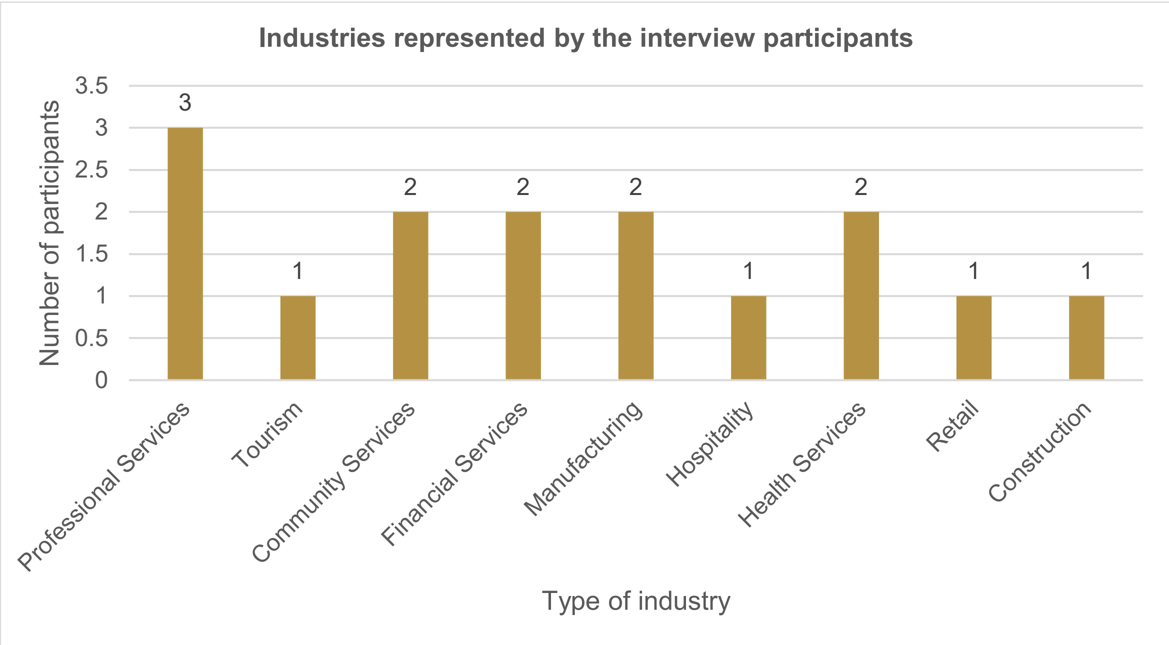

Figure 8. Industries represented by the interview participants

With regards to the number of full-time equivalent employees within their organisations, the majority employed more than 40 employees (7 interviewees) followed by those between 16 to 25 employees (3 interviewees). Figure 9 provides a visual summary.

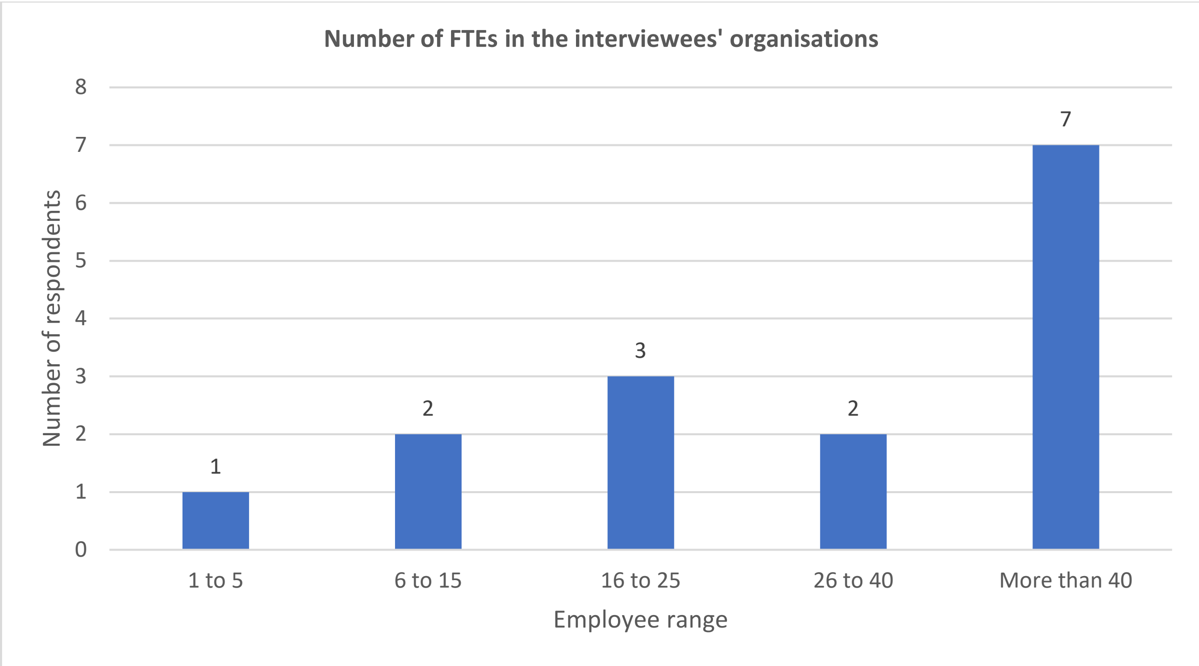

Figure 9. Number of FTEs employed in the interviewees' organisations

On roles in their organisations, the majority (seven interviewees) were Directors of their organisations. The next largest group (five interviewees) was Chief Executive Officers (CEOs), and then Senior/General Managers (three interviewees). Figure 10 illustrates this breakdown.

Figure 10. Roles of interviewees in their organisations

The majority of the businesses (10 in total) have been in operations for more than 20 years. Fewer had 5 to 20 years in operations (four businesses), and one business had been in operations between 1 to 5 years.

3. Analyses of the business confidence in the Ballarat region

In this section, the confidence of the businesses in the Ballarat region is assessed for the financial year 2022-2023. The level of confidence is obtained by analysing data related to various business confidence indicators; these are, expectations about the region's economy, overall business performance, profitability, sales, return on investment, investment, recruitment, cost for running the business, size of the workforce, and revenue. For most of the indicators analysed, data collected were drawn from online surveys. In some instances, where appropriate, the data collected through the interviews are reported. The findings of data analysis from 2022-2023 survey were compared with the 2020-2021 survey's findings where the 2020-2021 survey's findings provide a baseline measure.

➢ Expectations about the Ballarat region's economy in 2022-2023

The data provide insights about the respondents' expectations with regards to the Ballarat region's economy for the first (July-December) and second (January-June) half of the current financial. A minority (37% of respondents) were of the view that Ballarat's economy will *worsen* in the first half of 2022-2023 and 41% of the respondents considered that the economy will *worsen* in the second half of the current financial year. However, when these results are compared with the previous business confidence survey conducted during the peak of COVID-19 pandemic, these current results present relatively a positive outlook. In the previous survey, 73% and 55% of the respondents were of the view that the region's economy will *worsen* in the first and second halves of the year (2020-2021), respectively. Further, in the current survey, 36% and 37% of the respondents considered that the region's economy will *improve* in first and seconds halves of the current financial year respectively whereas these corresponding numbers were only 10% and 25% for 2020-2021 financial year.

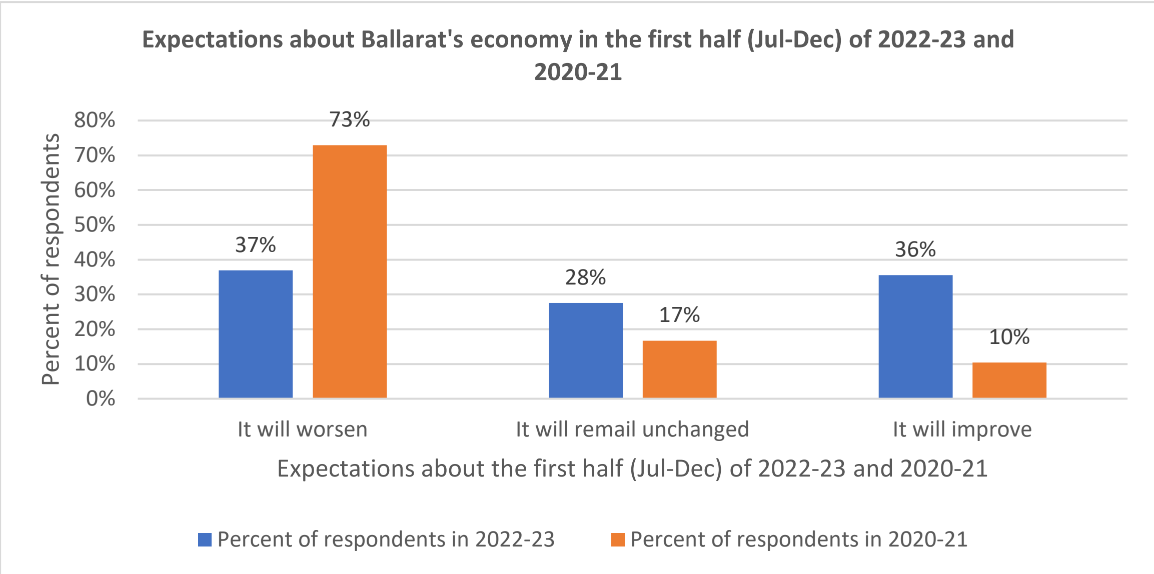

Figure 11. Expectations about Ballarat's economy in the first half of 2022-2023 and 2020-2021

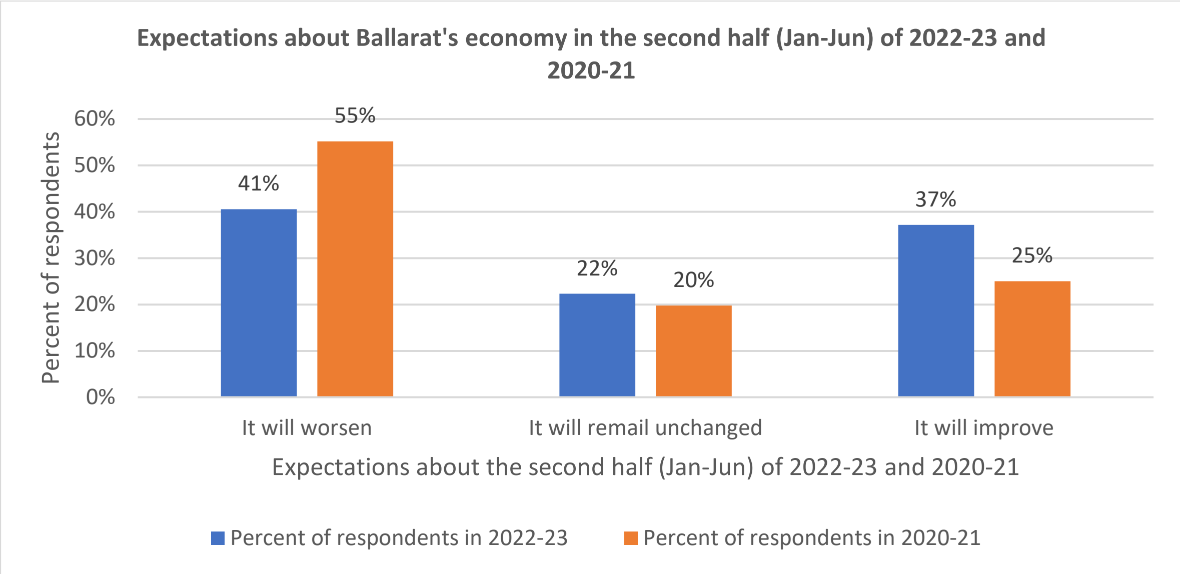

Figure 12. Expectations about Ballarat's economy in the second half of 2022-2023 and 2020-2021

- **Expectations about the overall business performance in 2022-2023**

Figure 13 shows that 46% of the responding businesses expect *somewhat stronger or much stronger* overall business performance in 2022-2023. This percentage was only 22% in 2020-2021. Furthermore, only 34% of businesses in 2022-2023 expect their overall business performance to be *somewhat weaker or much weaker* as compared to 62% of the businesses in 2020-2021.

Overall stronger business performance expectations in the financial year 2022-2023 can be likely attributed to the re-opening of the economy as the COVID-19 pandemic related lockdowns become a past memory.

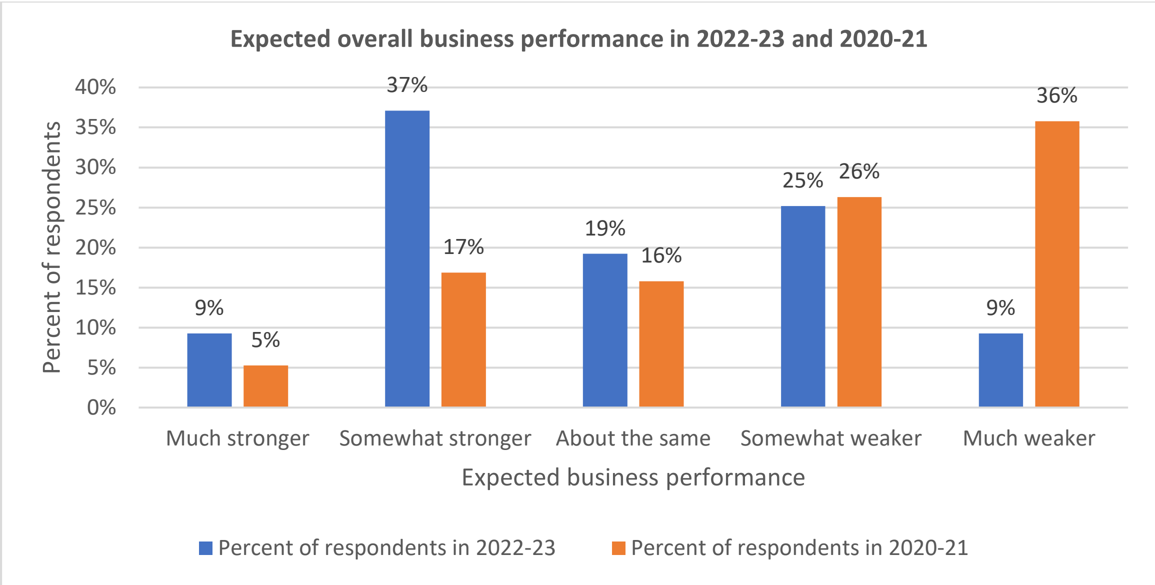

Figure 13. Business performance expectations for 2022-2023 and 2020-2021

- **Expectations about the business profitability in 2022-2023**

Regarding expected business profitability, as shown in Figure 14, 36% of the businesses are expecting their overall business profitability to be *somewhat higher or much higher* in 2022-2023 as compared to the last financial year. This number was only 28% in 2020-2021 business confidence survey. On the other hand, 57% of the businesses expected their business profitability to be *somewhat lower or much lower* in 2020-2021 whereas this number is only 40% for 2022-2023; thus, indicating a relatively positivise business outlook for 2022-2023.

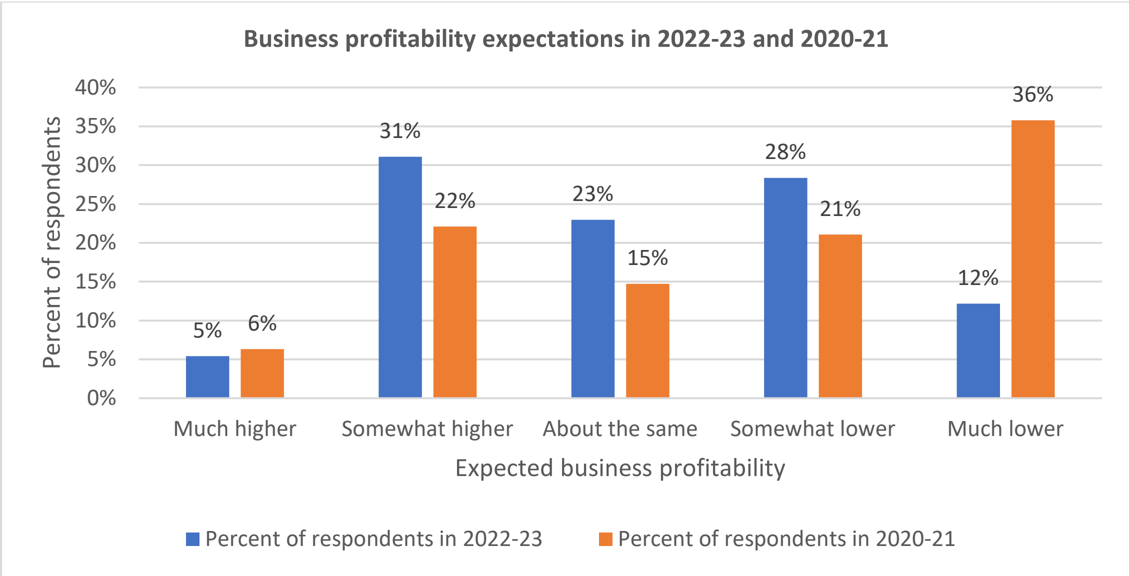

Figure 14. Business profitability expectations for 2022-2023 and 2020-2021

- **Expectations about the business sales in 2022-2023**

As illustrated in Figure 15, in 2022-2023, 46% of the businesses expect their sales to be *somewhat higher or much higher* than the previous year. This number was just 27% in 2020-2021 business confidence survey. Conversely, 62% of the businesses expected their sales performance to be *somewhat lower or much lower* in 2020-2021 whereas in 2022-2023 only 35% of the businesses expect their sales performance to be *somewhat lower or much lower* (as compared to the previous financial year).

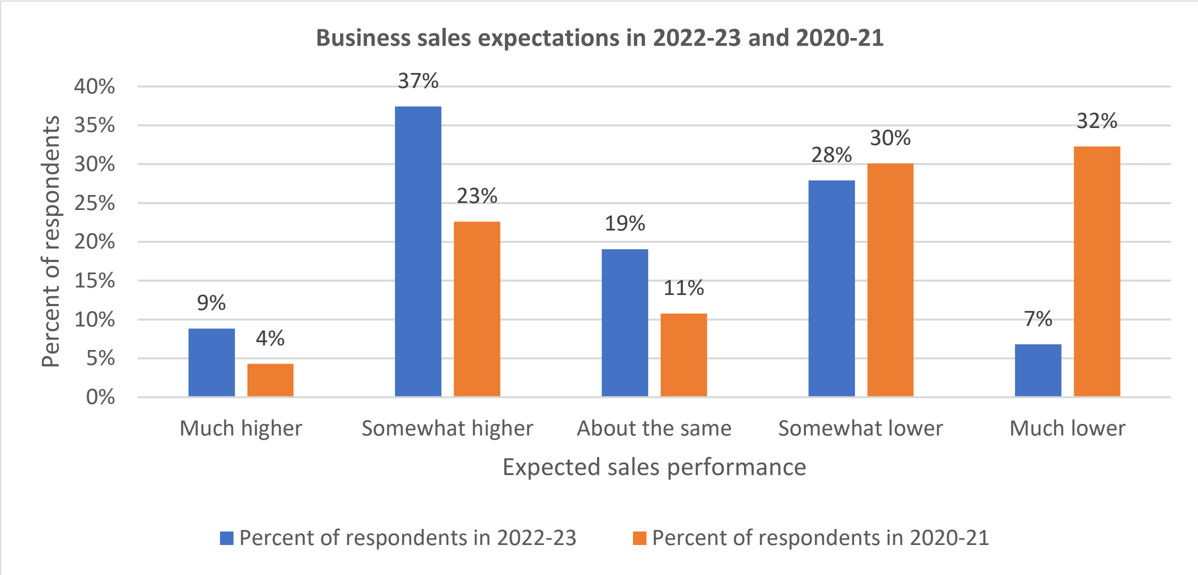

Figure 15. Business sales expectations for 2022-2023 and 2020-2021

➢ **Expectations about the return on investment (ROI) in 2022-2023**

In 2022-2023, 26% of the businesses are of the view that their ROI will be *somewhat higher or much higher*. On the other hand, in 2022-2023, only 37% of the businesses are of the opinion that their ROI will be *somewhat lower or much lower* (as compared to the previous financial year); this number was much higher in 2020-2021, i.e., 59%. Further, a higher number of businesses (37%) are of the view that their ROI will *remain the same* in 2022-2023 as compared to the previous financial year. Overall, the expectations about ROI convey a positive business outlook in 2022-2023 business confidence survey when compared to 2020-2021 business confidence survey.

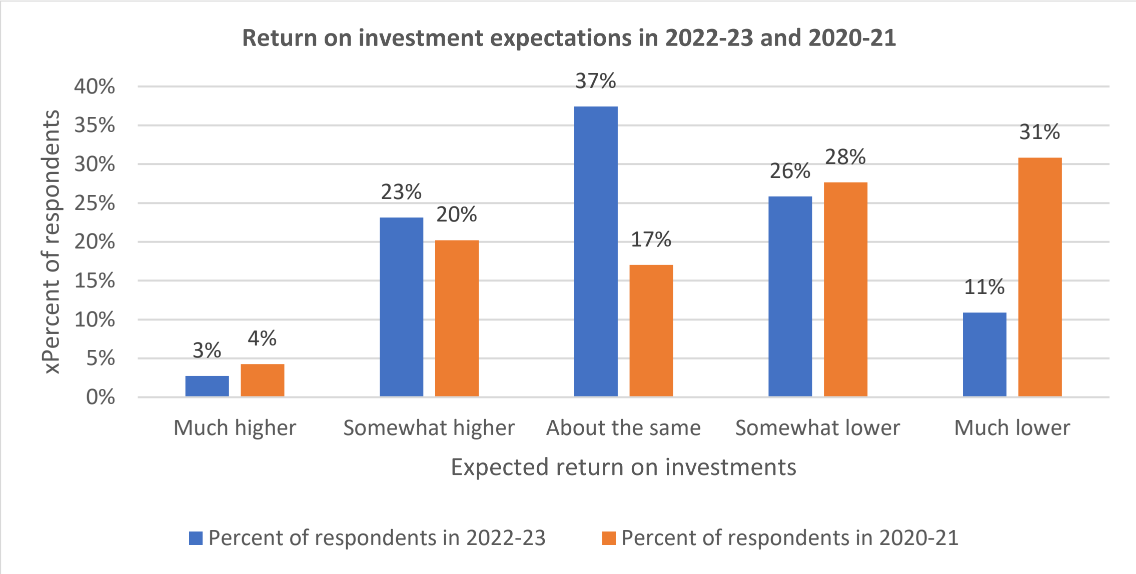

Figure 16. Return on investment expectations in 2022-2023 and 2020-2021

- **Expectations about the business investment in 2022-2023**

In 2022-2023, 34% of the businesses expect their investment to *remain same* in the business as compared to the previous financial year. This finding is not significantly different from the results of 2020-2021 business confidence survey, i.e., 36% of the businesses expecting their investment in the business to *remain the same*. Likewise, in 2022-2023, 27% of the businesses expect their investment in the business to be *somewhat higher or much higher* and yet again, this number is not significantly different than the one from 2020-2021 survey, i.e., 25%. Interestingly, in 2022-2023, 39% of the businesses expect their investment in the business to be *somewhat lower or much lower* as compared to the previous financial year whereas in 2020-2021 survey also 39% of the businesses expected their investment to be *somewhat lower or much lower* as compared to the previous financial year. One explanation for a smaller percent of businesses (similar to 2020-2021 responses) expecting increase in business investment (in 2022-2023) is that no business confidence survey was conducted for the financial year 2021-2022 and perhaps businesses had already increased their investment prior to the current survey (2022-2023).

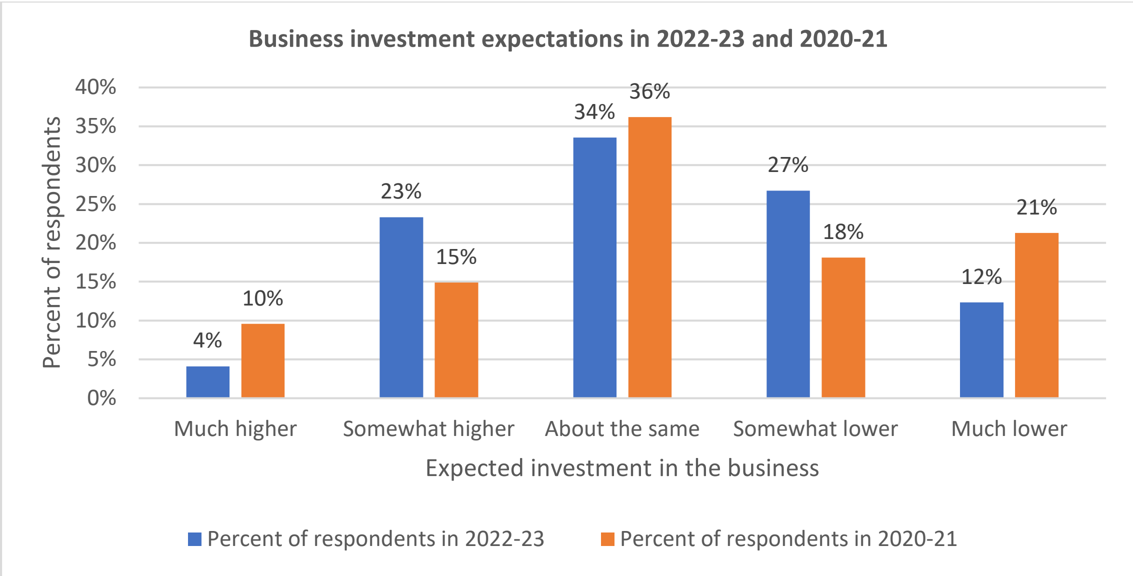

Figure 17. Business investment expectations in 2022-2023 and 2020-2021

- **Expectations about the recruitment in 2022-2023**

With regards to the expectations about the recruitment of new employees, in 2022-2023, 31% of the businesses are expecting to have *somewhat higher or much higher* recruitment compared to the previous year, whereas in 2020-2021 only 19% of the businesses expected *somewhat higher or much higher* recruitment. Furthermore, in 2022-2023, only 36% of the businesses are expecting *somewhat lower or much lower* recruitment (as compared to the previous financial year), whereas this number was 44% in 2020-2021 business confidence survey. For those businesses expecting lower recruitment in 2022-2023, one of the reasons may be an expected shortage of labour. Thus, while businesses may be needing more staff, in actuality they are expecting to experience lower recruitment levels due to the shortage of labour in the region.

Overall, the survey findings indicate that more businesses are looking to recruit higher number of employees in 2022-2023 when compared 2020-2021. But when this is balanced against constraints in recruitment, the majority of the businesses expect their recruitment level to remain the same (i.e., 34% businesses).

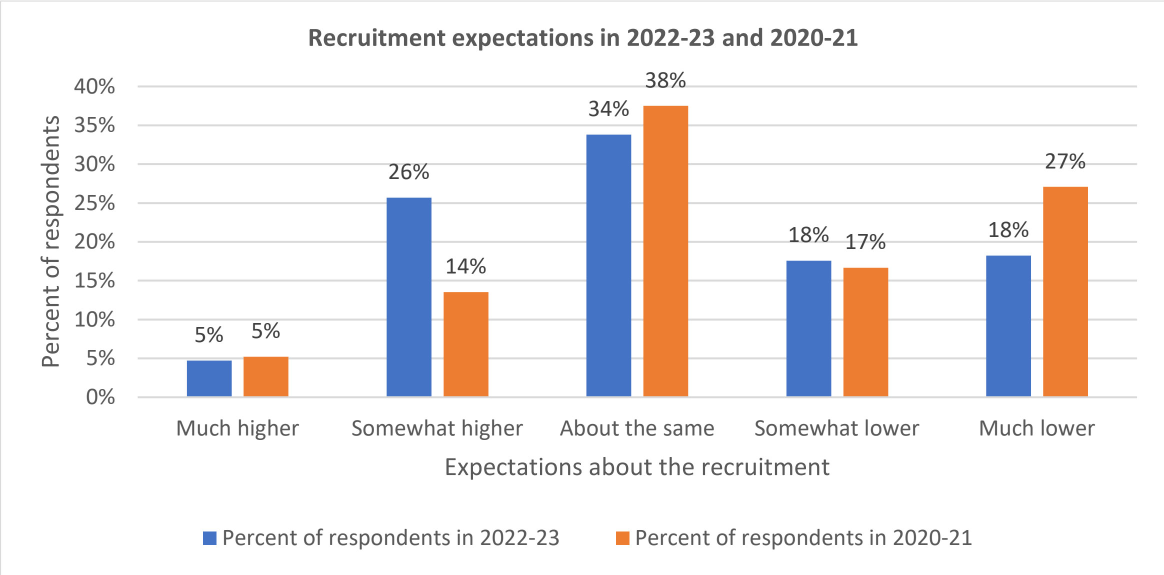

Figure 18. Recruitment expectations in 2022-2023 and 2020-2021

➢ Expectations about the cost of running the business in 2022-2023

For running the business, 80% of the businesses in 2022-2023 are expecting costs *somewhat higher or much higher* when compared to the previous financial year (2021-2022). This number is significantly higher than the one in 2020-2021 where only 33% of the businesses had expected their costs of running the business to be *somewhat higher or much higher* than the previous year. The relatively high proportion of businesses expecting their businesses' running costs to increase in the current financial year may be explained by expectations of high inflation, increasing interest rates, employee demands for higher salaries, and supply chain constraints.

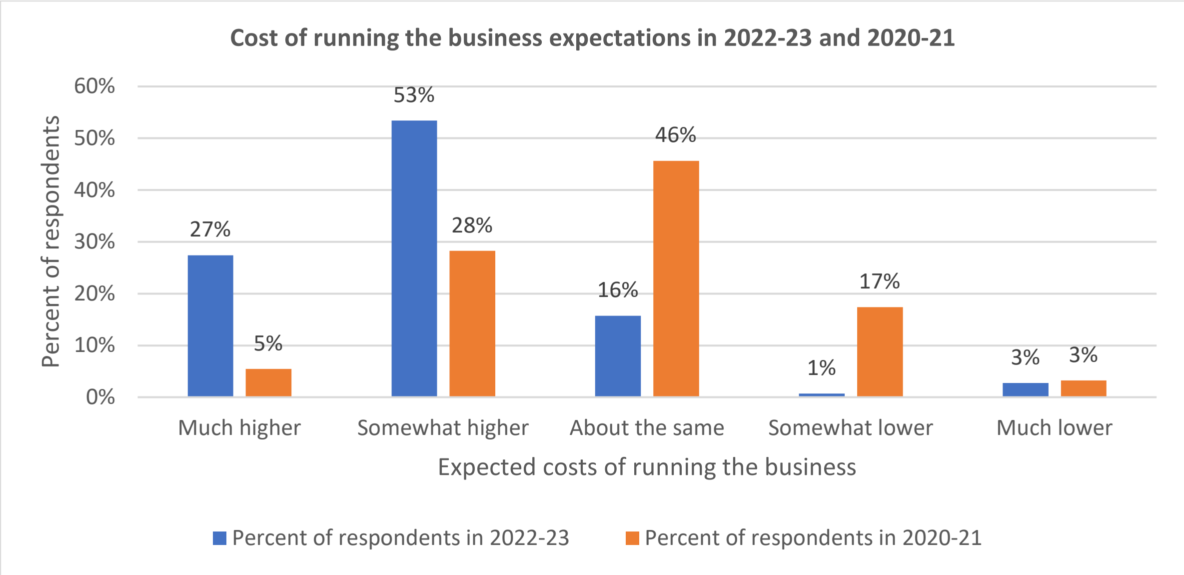

Figure 19. Cost for running the business expectations in 2022-2023 and 2020-2021

- **Expectations about the size of the workforce in 2022-2023**

Respondents of the current survey were asked about the expected size of their workforce in the first and second halves of 2022-2023 compared to the same time in the last year. The answers were similar for the first and second halves of 2022-2023. The majority of the respondents – 60% and 57% respectively – were of the view that the size of their workforce *will remain unchanged* for the first and second half of 2022-2023 when compared to the same time in the previous year. However, when compared with the previous business confidence survey (2020-2021 survey), the current results show a level of optimism prevails among a higher proportion of businesses. In 2022-2023, 27% and 26% of the respondents expect their workforce to *increase* in first half and second half of the year respectively as compared to only 14% and 17% in 2020-2021 (first and second half). These findings resonate with businesses' expectations about the region's economy in 2022-2023 (as shown in Figures 11, 12).

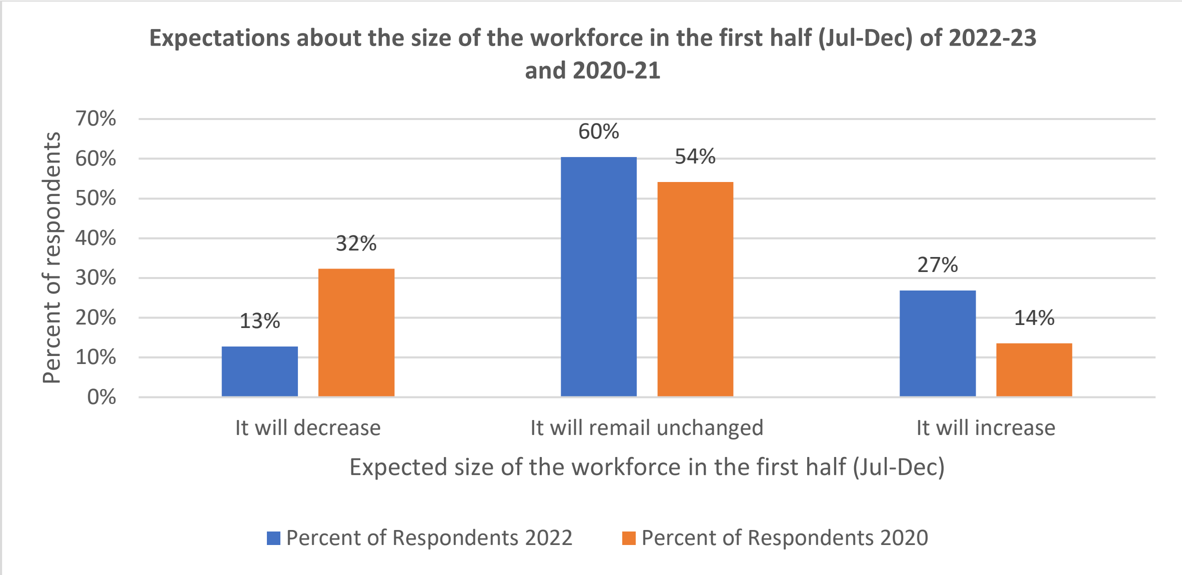

Figure 20. Expectations about the size of the workforce in the first half of 2022-2023 and 2020-2021

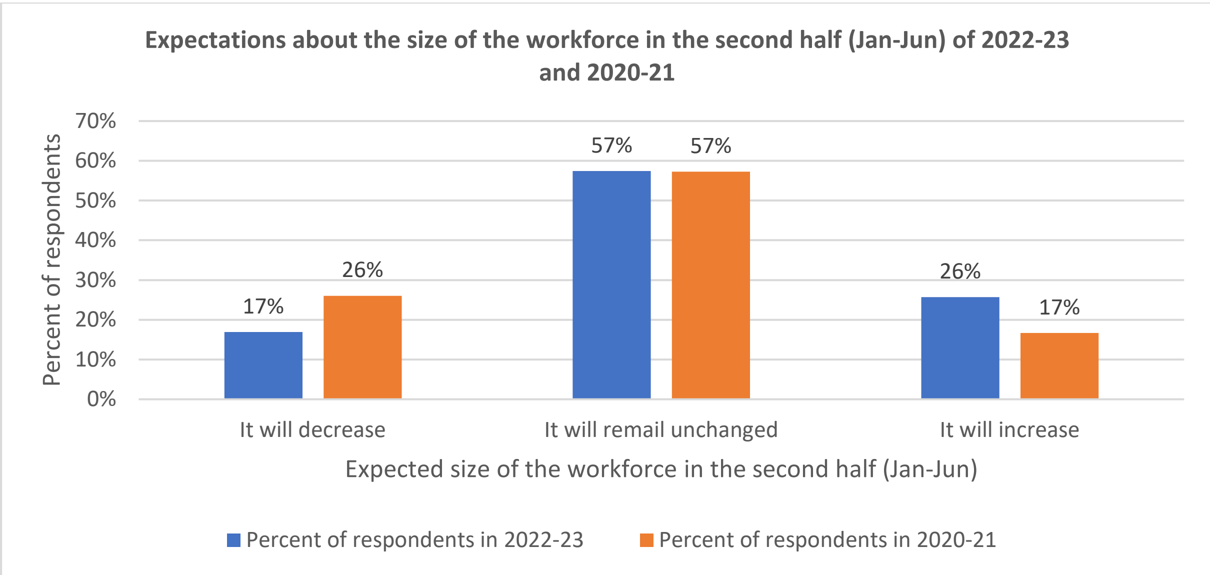

Figure 21. Expectations about the size of workforce in the second half of 2022-2023 and 2020-2021

➢ **Staffing related issues faced by the businesses in 2022-2023**

In the current online survey, the respondents were asked whether they are facing any staffing related issues. Fifty-two percent of the respondents indicated 'Yes'. A follow-up question was asked about the type of staffing issues their businesses are facing. In total, 80 responses were received for this question. The staffing related issues are listed in Table 2 below.

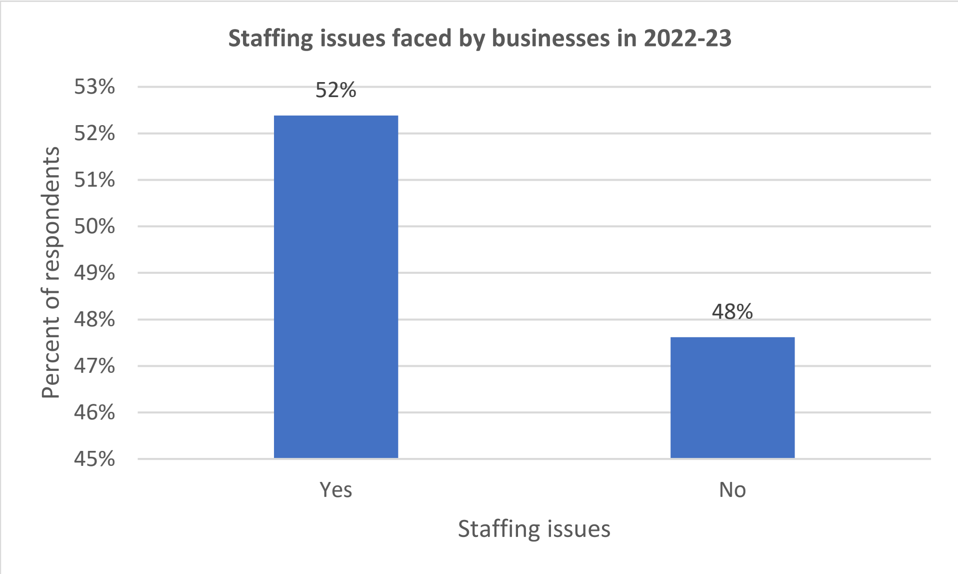

Figure 22. Staffing related issues being faced by the businesses in 2022-2023

As seen in the Table 2, most of the staffing issues relate to the shortage of staff; either there is a shortage of applicants with right skills (41 responses) or there are not enough applicants (26 responses). Due to the shortage of staff, existing employees and new applicants are demanding higher salaries; thus, putting further cost pressure on the businesses. Another theme that emerged from the data concerns staff being cautious about catching the COVID-19; thus, they have less tolerance for a work environment/circumstance where they deem the risk of catching the virus to be relatively higher.

Table 2. Summary of the staffing issues being faced by the businesses in 2022-2023

Type of staffing issue	Number of responses received
Shortage of skilled applicants	41
Overall shortage of applicants	26
Staff demanding higher salaries	5
High turnover	3
Staff being afraid of catching COVID-19	2

Box 1 includes representative comments, from the respondents of online survey, about the staffing related issues being faced by their businesses.

Box 1: Representative verbatim comments on staffing related issues

- *"Can't find skilled or un-skilled workers. Unskilled workers are happy to receive government support rather than work, skilled workers are retiring or not immigrating."*
- *"Lack of qualified professionals necessitating the need for us to recruit and train our own."*
- *"Lack of skilled and unskilled labour. Employees not willing to work full time, shift work and not from home which is what manufacturing requires."*
- *"Lack of skilled staff, no desire for staff to further skills, staff not willing to take on more accountability."*
- *"No one applying for the jobs we advertise. Have used recruiter as well. No better success. No one wants full time; all four days."*
- *"Staff can ask for any amount of money due to the labour shortage and the profits are not there."*

> - *"The brain washing of the covid hoax has created an unreasonable fear and a belief that if somebody catches a cold, they are going to spread it around."*

➢ **Expectations about the business revenue in 2022-2023**

In the current survey, 53% of the respondents were of the view that their businesses' revenue will *increase* in 2022-2023. In 2020-2021, only 18% of the businesses expected their business revenue to *increase*. Likewise, in the current survey, only 32% of the businesses expected their revenue to *decrease* in 2022-2023 whereas in 2020-2021 a whopping 66% of the businesses expected their revenue to *decrease*. This higher percent of businesses expecting their revenue to increase in 2022-2023 clearly indicates that the businesses are bouncing back from the impact of COVID-19 pandemic.

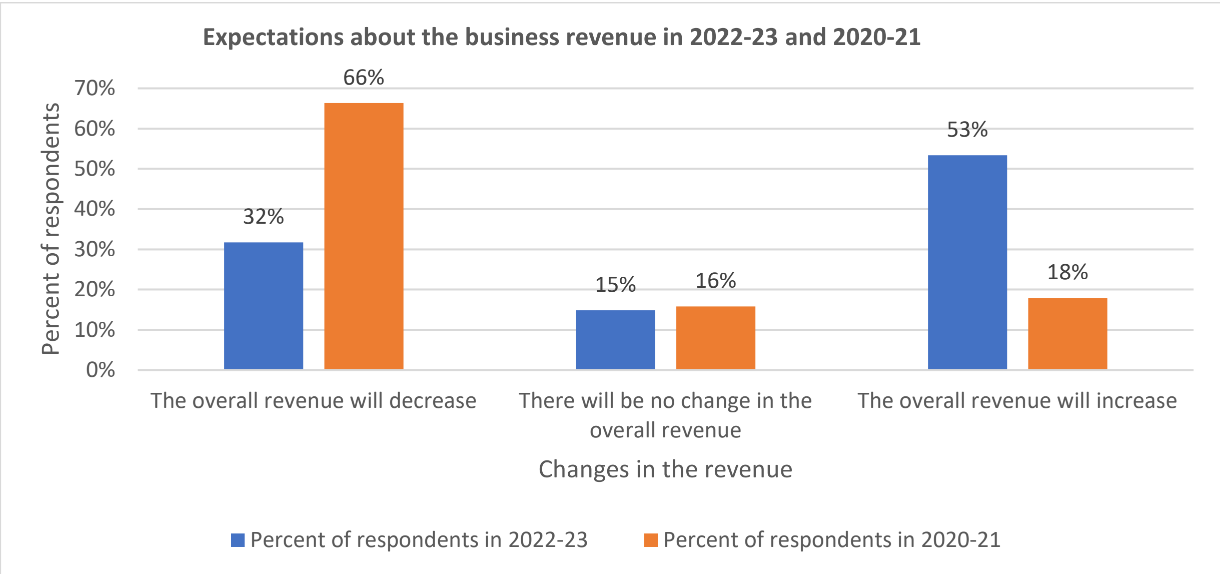

Figure 23. Expectations about the business revenue in 2022-2023 and 2020-2021

Further, the businesses that expected increase or decrease in their revenue in 2022-2023 were asked to select the percentage of increase/decrease in their revenues (on a sliding scale) as compared to their revenues in the last year. Out of those businesses which expected an increase in the revenue, 78% of surveyed businesses expected an *increase* between 1-20% (as compared to the previous financial year) and the remainder expected an *increase* in their revenue more than 20% (as compared to the previous financial year).

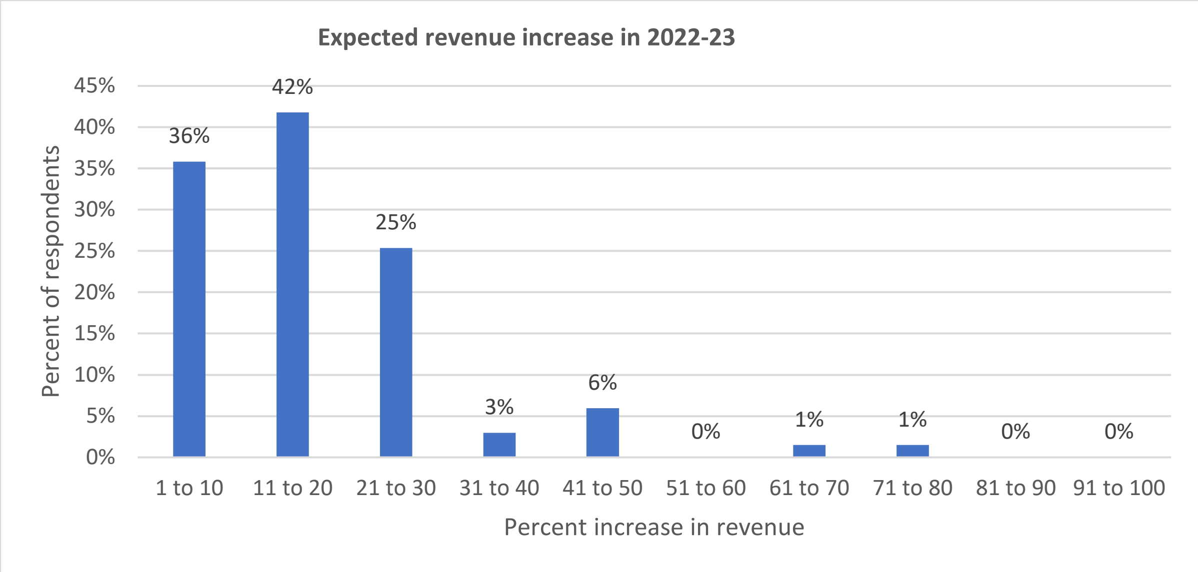

Figure 24. Expected percent increase in the business revenue in 2022-2023

Among those who expected their businesses' revenue to decrease in 2022-2023, most expected their revenue to *decrease* somewhere between 1% and 40% (91% of respondents). Only 9% of businesses expected their revenue to *decrease* between 51% and 80% in 2022-2023 (as compared to the last year). These expectations show a higher level of optimism when compared to the results of 2020-2021 annual businesses confidence survey. In the 2020-2021 survey, 49% of the respondents expected their businesses' revenue to decrease between 41-100%.

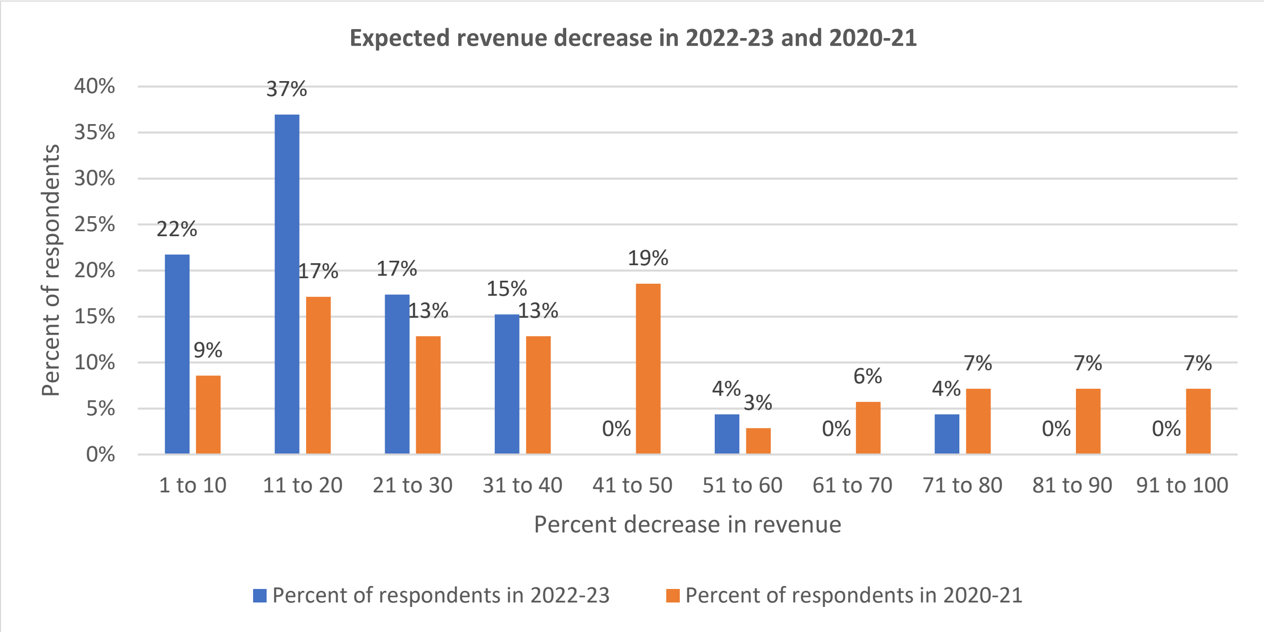

Figure 25. Expected percent decrease in the business revenue in 2022-2023 and 2020-2021

- **Level of optimism among interview respondents**

The interviewees also rated their level of optimism about their businesses in the post-pandemic environment on a scale of 1-10 (where 1 being *not optimistic at all* and 10 being *highly optimistic*); most of the respondents were *highly optimistic* about the future of their businesses. Out of 15 interviewees, 12 rated their level of optimism between 8-10 on the scale, two ranked it 7 with one respondent ranking their level of optimism as a 5. The average (mean) level of optimism is 7.8 for the ten-point scale.

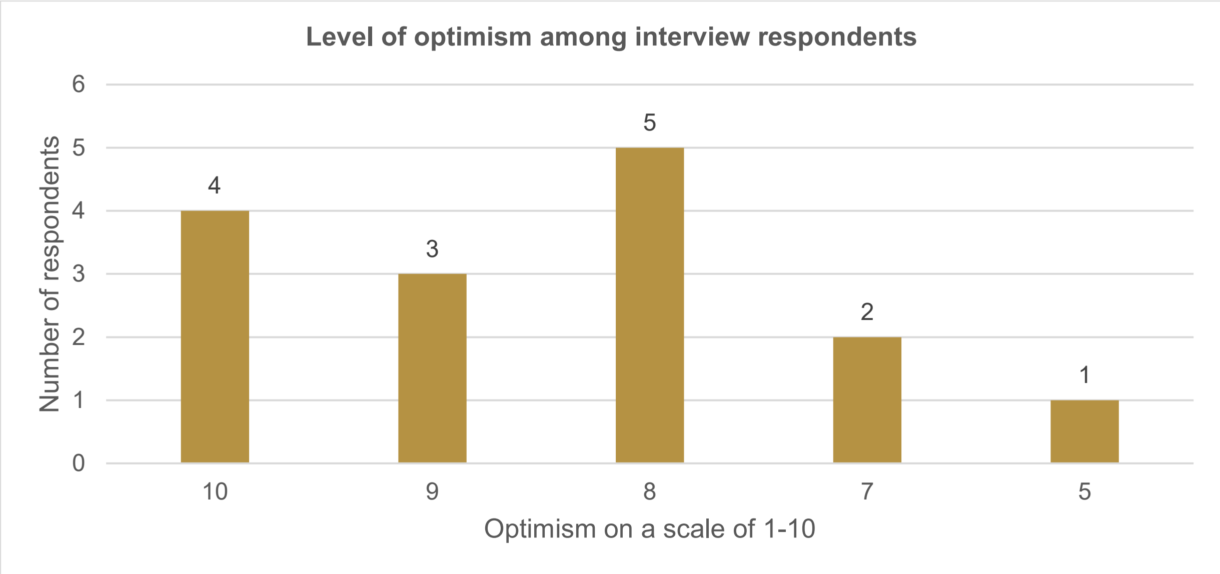

Figure 26. Level of optimism among interview respondents

➢ **Changes in the society and businesses in the post-pandemic environment**

During the interviews, upon asking what has changed in the post-pandemic environment regarding how businesses and society operate, two major themes emerged. Most respondents (8 of 15) noted a more prevalent use of online technologies contributing to work practices (emerging from the COVID times). These work practices include employees working from home along with associated businesses' trust in their employees to remain productive. Interviewees commented on the provision of greater flexibility while acknowledging less opportunity now exists to build face to face rapport with the clients. Some interviewees made comments about increases in on-line shopping volumes.

Another theme that emerged surrounded people becoming more concerned about their well-being (6 respondents). This theme included comments surrounding people giving more importance to work-life balance, not compromising their lifestyle, and staff having high expectations from their employers in terms of attending to their well-being.

Box 2: Representative verbatim comments on how business and society operate in the post-pandemic environment

- *"I think from COVID we've also learned that we don't need to travel, and work in an office to be productive all the time."*
- *"I think 100% as I said earlier, like we tolerated the old runny nose or a cough there. But now clearly people are wary of their peers in terms of illness etc."*
- *"I think there's even more focus from staff and expectation from businesses of work life balance and the ability to, you know, accommodate working around the needs that they have related to their non-work commitments."*
- *"We can try and do things as effectively as possible online and that's probably something that will continue to shape the world."*
- *"Clearly it's a lot easier to do things remotely, which we use and we have people working from home usually once a week and more often if need be and often clients are happy to catch up on a zoom call rather than in person, tend to find that older clients still value coming into the office, which is fine."*

- **Top three priorities for businesses in the post-pandemic environment**

When asked during the interviews about their businesses' focus in the post-pandemic environment, most interviewees (9 respondents) mentioned 'business growth' as their top priority. Some of the respondents were of the view that they used the time during the pandemic to prepare for the business growth. The finding that most businesses focussed on the growth appears to be a positive sign for businesses in the post-pandemic environment.

A second priority theme was 'employee well-being' (5 respondents). Under employee well-being, the respondents talked about the well-being of existing employees, retention of these employees, and attracting the best talent. Other business priorities emerging from interviews were maintaining 'financial stability' and providing 'best customer experience.'

Table 3. Businesses' priorities in the post-pandemic environment

Businesses' priorities post-pandemic	Number of respondents
Business growth	9
Employee well-being	5
Financial stability	2
Customer experience	2

Box 3: Representative verbatim comments on businesses' priorities in the post-pandemic environment

- *"We're focusing on growth like we, we've used the pandemic to put in a lot of structures and bring on a lot of people to prepare for growth."*
- *"It's really important that we look after our staff and our people because again, people are doing it tough, so we reward our staff, we recognize our staff, we provide them with training opportunities, we provide them with the BBQ once a month, there's things like that."*
- *"We've used the time to look inwardly, to be able to create change, to make it better for our clients and that would be systems, processes, setting our client outcome measures and putting in a new system for collecting data from clients."*
- *"Recruitment, retention and creating an employee value proposition. So, I don't think we thought creatively enough pre-COVID, whereas now I think we have to think extremely creatively about recruitment."*
- *"So, the third priority for us and in this post-COVID world is looking at the future needs. So future needs of the community and our future opportunity as a business to tap into and what we need to do strategically so we can add our strategic plan for the next 12 months, two years, three years and beyond. And what that looks like in this post-COVID world and how we can actually implement that. So, you know for us it's about potentially spending and investing in our future."*

- *"Staff engagement, probably trying to retain them and make sure that we're offering them work life balance and that, you know, they want to stay here for the long term because without them I can't have a business."*

4. Business confidence index for Ballarat region

By considering the responses to the following indicators of business confidence, a business confidence index is developed for the region. The index is based on an agglomeration of the following variables:

- Overall business performance
- Business profitability
- Sales performance
- Return on business investment
- Investment in the business
- Recruitment of new employees
- Cost of running the business
- Expectations about the economy of the region

For each question related to the above confidence indicators, the number of positive responses was divided by the sum of positive and negative responses (as a baseline denominator). The results then provide an average score. Positive responses contribute to a higher overall index score and *vice versa*. Using this method, business confidence indices are calculated for the 2020-2021 and 2022-2023 surveys. As seen in Figure 27, the business confidence proved stronger in the region in 2022-2023 when compared to 2020-2021. Specifically, business confidence index for 2020-2021 is at 0.33 whereas in the next time period this is 0.54 (in 2022-2023). This change represents an increase in business confidence of 21 points (or 21%) from 2020-2021.

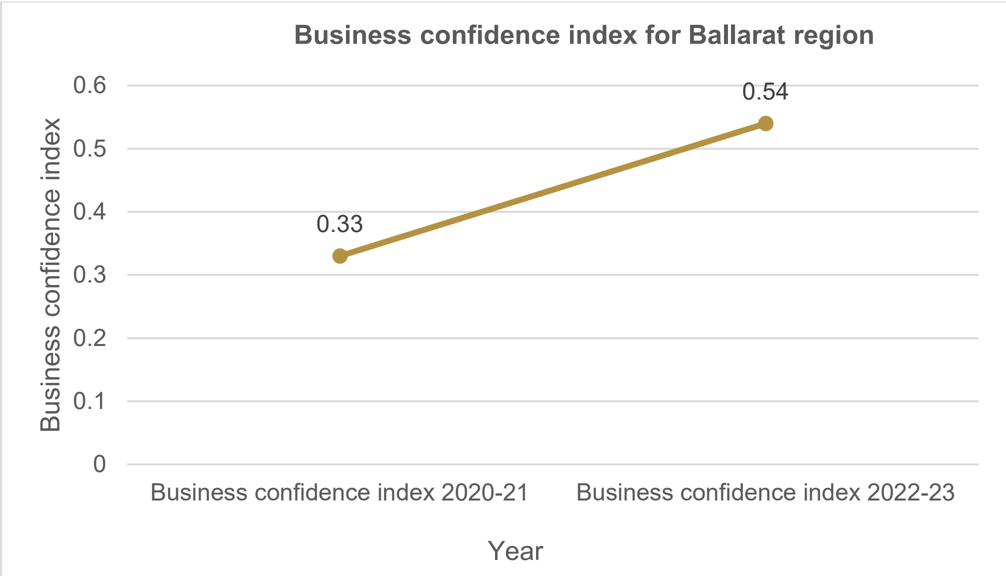

Figure 27. Changes in the business confidence index in Ballarat region, 2020-2021 vs 2022-2023

5. Challenges and opportunities for the businesses in the region

In this section we discuss the themes emerging in the interview data about challenges and opportunities for the businesses in the Ballarat region in the post-pandemic environment.

- **Challenges for the businesses in the Ballarat region**

Like the data gathered through online surveys, the interviewees also highlighted the biggest challenge to be 'staffing' (14 respondents). The challenge of staffing is related to the lack of applicants, lack of skills needed and employees expecting higher salaries. This challenge is followed by 'uncertain business conditions' (10 respondents). The uncertain business conditions are being caused by increased cost of doing business. The increasing cost is due to monetary inflation and rising interest rates. Another relevant challenge highlighted was 'supply chain issues' (9 respondents). The issue of supply chain is caused by higher freight cost for Ballarat and delay in deliveries to Ballarat, being regional location.

The challenge of supply chain is followed by the challenge of 'population growth' (5 respondents). Although population growth is seen as an opportunity for businesses, at the same time, it is considered a challenge because it will further increase pressure on the housing market, infrastructure, and other services.

Another challenge highlighted by the interviewees was 'affordable housing' (3 respondents). Businesses find it difficult to attract qualified staff to Ballarat because of shortage of affordable housing in the region. The respondents also highlighted the challenge of 'transportation' (2 interviewees). The challenge of transportation relates to delays in getting into and out of Ballarat due to inefficient rail services, Melbourne arterial roadworks, and inefficient transportation system within Ballarat.

Lastly, although many respondents see '2026 Commonwealth Games' coming to Ballarat as an opportunity for the region, some respondents see it as a challenge. They see this challenge in terms of providing high quality and sustainable facilities to the visitors attending the Games. They also see this as a coordination challenge in terms of ensuring that all the stakeholders are on-board for the preparation of 2026 Commonwealth games.

Table 4. Challenges for the businesses in the Ballarat region (based on interview data)

Challenges	**Number of respondents**
Staffing	14
Uncertain business conditions	10
Supply chain issues	9
Population growth	5
Affordable housing	3
Transportation	2
2026 Commonwealth games	2

Box 4: Representative verbatim comments (from interviews) about the challenges being faced by the businesses in the Ballarat region

- *"And in particular, the uncertainty of business conditions where we're now seeing a lot of businesses certainly in the last month, a lot of businesses who just aren't prepared to invest because there's just no certainty in business conditions moving forward."*
- *"I think secondly, access to affordable housing both in the rental and purchase market is also becoming a significant challenge for the region."*
- *"Supply chain also as something that's affecting many of the businesses that we talked to."*
- *"The final one is you know rapidly escalating cost space. So, whether that's fuel, energy, delivery charges, staffing costs because of the shortage, the cost of staff resources has gone up."*
- *"I think the challenge in the next year or so is probably the economy from whether we go into recession or not, and obviously the impact of increasing interest rates has on the region."*

- **Opportunities for the businesses in the Ballarat region**

Most of the interviewees see the ongoing population growth of the region as an opportunity for the region (8 respondents). The second opportunity considered for the region is 2026 Commonwealth Games (8 respondents) to be held in Ballarat along with other Victorian regional locations. The provision of a better lifestyle in Ballarat (7 respondents) as compared to metropolitan areas is also considered as an opportunity to attract more people and businesses to the region. Factors such as lower cost housing and good educational and health facilities are considered factors contributing to a better lifestyle in Ballarat. A diversified range of industries growing in Ballarat (5 respondents), such as agriculture, manufacturing, and construction are also considered as an opportunity for the region. Availability of relatively cheaper commercial property and proximity to Melbourne are also considered as opportunities for the businesses in Ballarat (2 respondents).

Table 5. Opportunities for the businesses in the Ballarat region (based on interview data)

Opportunity	Number of respondents
Population growth	8
Commonwealth games 2026	8
Lifestyle	7
Diversified industries are booming	5
Cheaper commercial property	2
Proximity to Melbourne	2

Box 5: Representative verbatim comments (from interviews) about the opportunities for the businesses in the Ballarat region

- *"And the schooling is good. Education has good opportunities there. There's lots of choice. So those, the hospitalities are starting to come back. So, people are excited by those things to come to Ballarat."*
- *"There is still a sizable difference in the mean medium house prices. So, you can have a health professional like GP, Nurse, Allied health earning close to the equivalent what you're getting in Melbourne. But some of your cost of living is cheaper and so therefore I think that it's still an attractive proposition."*
- *"Population base and growth so there's quite a lot of new investment. That has come into the City of Ballarat, and I think that you know, these people; they need to purchase goods. They need to access services so you know generally speaking,*

it's a good opportunity for local businesses and for the local business environment to tap into a new market, so you know they can look at their market. Development strategies and you know, potentially have a bigger bang for buck."

- *"Population growth throughout the region, which is obviously promising and positive."*
- *"Our proximity to Melbourne, you know helps that enormously so there are enormous opportunities out there; growth potential is huge now."*
- *"I don't think businesses and the City can underestimate the impact that the Commonwealth Games is going to have on the area, you know, 30 odd 1000 people a day visiting this area. It's really going to highlight Ballarat from a city. And, you know, we've got a, it is a beautiful city here with the architecture, Lake Wendouree, the gardens and things like that, you know, that's going to draw people to the area."*

6. Suggestions from the survey participants

The interviewees and online survey participants have given suggestions for the key stakeholders in the region, including Commerce Ballarat and the City of Ballarat (local council), to support the businesses and community in the region. Those suggestions are explained below and listed in Table 6:

- The respondents emphasised on the need for attracting more people to the region (32 respondents) both permanently and for a visit. For attracting people to live in the region, most respondents (20 respondents) made comments about facilitating skilled immigrants (from overseas or from within Australia) to come to the region while also relaxing the rules for businesses to sponsor skilled workers from overseas. Respondents also made comments about understanding the strategic drivers that make people to come and live in the region, developing a rural workforce strategy, promoting the town as a significant regional city, incentivising people to come and live in the region, incentivising students to study and work in the region, and attracting more international students to the region. The respondents were also of the view that there is a need for a rigorous advertising campaign about the region to attract visitors, having a direct factory outlet (DFO), and making bridge mall more attractive.

- There were many comments made about the need for the local council to promote and support the businesses in the region (24 respondents). These comments included the need for the council to be more welcoming and business focussed, to be proactive in providing support to the businesses, to have a cultural change at the council, less bureaucracy, efficient and business friendly processes, to promote available opportunities for the businesses as early as possible (so that they can prepare for them, e.g., athletes' village for Commonwealth games), to grant the contracts to the local businesses instead of large organisations from outside the region, to encourage local spending, and to equally focus on large businesses and health service providers as well instead of focussing on small businesses only.
- In terms of making the region more liveable, some (13 respondents) have suggested various strategies such as more investment in the community and workplace health, childcare, providing affordable housing, more pedestrian and cycling spaces, domestic flights from Ballarat airport, fast trains to Ballarat and better transportation within Ballarat.
- An interesting theme that emerged is about the cooperation and coordination among the key stakeholders in the region (7 respondents). The respondents were of the view that more coordination is needed among the businesses in the region and that should be led by the relevant business bodies in the region (e.g., Commerce Ballarat). Also, there is more coordination needed between the businesses and the City of Ballarat. Further, the City of Ballarat should involve businesses in the decision making for the region and the businesses should also have representation in the planning process for 2026 Commonwealth games.
- Regarding the training, the participants (6 respondents) emphasised on the availability of micro skilling courses in the region, availability of trade courses in the region, and availability of more localised TAFE trainings.
- Regarding the roads within the region, 4 respondents suggested that there is a need to fix the roads in the region.

- In terms of attracting more businesses to the region, some (3 respondents) suggested that the council should do a strategic gap analysis to know what type of businesses should be attracted to the region. The council should also consider bringing the best food outlets in the region by offering them cheap rents initially.
- In terms of planning for 2026 Commonwealth games, some (3 respondents) were of the view that all the stakeholders (including local businesses) should be brought to the table while planning for the games. Especially, the Commerce Ballarat, as a representative body for local businesses, should be actively involved in the planning process to ensure the interests of local businesses are considered while planning for the games.
- Similar to the 2020-2021 survey, there were suggestions made in the current survey about the parking issues. The respondents have proposed to increase the duration of free parking in the metred parking areas and also suggested a multi-story carpark in the town centre.
- Another interesting suggestion is about opening the hospitality venues on public holidays (3 respondents). It should be ensured that more businesses are open in the region during public holidays to facilitate the tourists visiting the region.
- To promote the business activity in the region and to attract more visitors, a few (2 respondents) have made suggestions about creating more events for the region.
- With regards to the industries to focus on, some (2 respondents) expect the stakeholders to focus on the manufacturing industry in the region.
- The last suggestion is about investing in the well-being of the neglected youth in the region (1 respondent).

Table 6. Suggestions from the survey participants

Suggestions	Number of respondents
Attract more people to live in the region	32
Promote and support local businesses	24
Make the region more liveable	13
Provide more opportunities for cooperation among the local businesses	7
Provide training opportunities	6
Fix the roads	4
Attract more businesses to the region	3
Key stakeholders should have representation in the planning for 2026 Commonwealth games	3
Fix parking issues	3
Make hospitality businesses to open on public holidays	3
Create more events	2
Focus on manufacturing industry	2
Pay more attention to the neglected youth	1

Box 6: Representative verbatim comments (from interviewees and online survey participants) about the suggestions for the key stakeholders

- *"You've got the two service stations, the old woolshed, but you know there should be a lot more ... It could even be DFO out there, you know, to try and encourage people to come out of Melbourne for the day. But there is a lot of land there. I don't think there is plenty of potential in it. It's just not used."*
- *"I think we put a lot of attention as we should on small business and hospitality, but we don't seem to put much on the big providers which are community services and healthcare workers. So, I think that's what's missing. We have way too much focus on only small businesses' needs and hospitality needs, and they're important. But also, we shouldn't do it in exclusion of other areas being what I just said, healthcare and community services."*
- *"I think we need a Ballarat approach to Commonwealth Games. We need to have 'what is the legacy', very clear about the opportunity, and get people to input and get agreement, get consensus on how we're going to build and use the village afterwards."*
- *"It is really critical in terms of making sure that our staff and visitors can get around the city. It's a pretty inaccessible city from a public transport point of view, so I would also be advocating for a stronger investment in public transport to get to Ballarat faster, but also to get around Ballarat once you're here."*
- *"So, I think, you know advocating for strong investment in organisations that help to network particular sectors, you know, in my case in the tourism sector, it's critical that we've got a really strong peak body here that can help to pull together and coordinate the tourism visitor economy segment."*
- *"I think there's a collegial nature, but there is very few strategic initiatives that are actually creating meaningful impact. I mean a formal strategy, but it's also about, you know, practical actions that bring business together for a benefit that's there's lots of networking and those sorts of things, but not facilitating active*

collaboration between businesses towards a, you know, stronger impact. So, I think there's a lot more that could be done in that space."

- *"But in Ballarat there are a lot of businesses that are closed on certain days of the week or public holidays or holiday periods. And I think that's a little bit concerning for the town because people come here for a holiday or a day trip from Melbourne or and they can't get a coffee, they can't go to a café; they can't do things. I think that's concerning for the future because then they won't choose us as a destination necessarily."*
- *"The Council, everyone just has to really work together. I think we just need to have really strong plan that everyone understands and that we're all working on the same thing."*
- *"And the lack of international students and their ability to do face to face classes has had a huge impact on us. You know, it has been such a long time that I kind of forget that. But we used to have a lot of students that would come to visit us to eat and drink. They're not there. We also used to have a lot of students available to work who wanted to work while they're at uni and we don't really have that either. So, I think it's a huge opportunity for us."*
- *"So for any region to prosper there needs to be land available for the commercial sector to develop. Because typically the land constrained regions are where you start seeing the impact of that. With commercial we've businesses. So the Council's priority, the City of Ballarat, like they need to be right across this commercial and be really proactive in this space."*
- *"A support local campaign that includes small businesses outside of hospitality, highlighting the great retail offering that Ballarat offers such as food, apparel, homewares etc."*
- *"Work out immigration system that doesn't require businesses sponsoring as quite difficult, confusing and costly."*

- *"Promote Ballarat as tv and movie location more. Find a competitive advantage that we have as a city and really invest in promoting that. Promote it heaps. Get people in Melbourne wondering why they keep hearing about, why Ballarat is such an amazing place, art, music, food, gold, old and cold, the brand is looking great! Just need more PR, socials a cooking show or battle of the bands."*

➢ **Suggestions to address staffing issues**

Participants of online survey were also asked specifically to suggest solutions to address staffing related issues (mainly labour shortage) in the region. The suggestions focussed on addressing the staffing issues in the region, to some extent, overlap with the suggestions discussed in the previous section. These suggestions are listed in Table 7 below. Selected suggestions (listed in Table 7) not previously raised in this report are discussed below:

- To address the issue of labour shortage in the region, 12 respondents made a suggestion for the government to reduce or discourage unemployment payments. They suggested that the government should re-consider the structure of unemployment benefits to encourage unemployed people to seek employment.
- The respondents also suggested that the universities in the region should play their part to address the issue of labour shortage (6 respondents); the universities should encourage on-campus face-to-face learning, get more overseas students on campus, and attract more local tertiary students to study in Ballarat.

Table 7. Suggestions to address the staffing issues

Suggestions	Number of respondents
Facilitating skilled immigration	14
Promoting Ballarat	12
Discouraging/reducing government payments	12
Provision of training	11
Universities to play their role	6
Provision of affordable housing	5

Box 7: Representative verbatim comments about the suggestions from the online surveys to address staffing issues

- *"Attract international skills, promote benefits of Ballarat to senior management roles/engineers, promote IT skills here."*
- *"Bring in skilled workers, bring in un-skilled workers, reduce government payments to non-workers."*
- *"Consider new payment structure for Centrelink and unemployed persons on employment benefits to entice unemployed requiring to positively seek employment."*
- *"Encourage local TAFE training for tradesmen"*
- *"Funded workshops and upskilling the youth/training camps."*
- *"Incentivise relocation of skilled practitioners from metropolitan areas."*
- *"Increase in overseas migration to the region, encourage more overseas and local tertiary students to study in Ballarat."*

- *“Make Australia more appealing to international people and make it easier to sponsor people.”*
- *“Make Ballarat an attractive place for youth to stay.”*
- *“Work with migrants, skilling in accordance to industry needs.”*
- *“Skills training so that candidates can walk straight into a job.”*

7. Discussion

The results of 2022-2023 business confidence survey portray a positive picture for the business landscape of the Ballarat region. Most of the business confidence indicators have shown positive signs and the overall business confidence index for the region has increased from 0.33 (in 2020-2021) to 0.54 (in 2022-2023).

There are a few challenges and opportunities for the businesses in the region and some of those are interlinked. The biggest challenge is shortage of staff followed by rising costs to operate the business and supply chain issues. On the other hand, existing and future opportunities surround population growth and upcoming Commonwealth games. However, interestingly, these opportunities are also considered as challenges. Regarding the population growth, it is considered a challenge too because this is putting pressure on housing availability thus making it difficult to attract new employees to the region. The Commonwealth Games are considered a challenge unless all the stakeholders are not involved/represented in the planning process while also requiring a clear plan about the (sustainable) use of the legacy of the games such as athletes’ village.

Given the current challenges and opportunities, the immediate need for the region is to attract more people to the region and improve the infrastructure (including the availability of affordable housing) to accommodate the population growth. An underlying theme in the suggestions is about the need for more cooperation among the stakeholders in the region; businesses want more involvement in the decision-making process for the region and seek greater cooperation with the other businesses in the region. Thus, moving forward, the first step towards addressing most of the challenges is greater cooperation among the stakeholders in the region.

Federation University

Appendix 1 – Online Survey

Assessing Your Business's Confidence Level

The questions in this section are aimed at measuring the confidence level of business owners/managers in the current business landscape. There are no right or wrong answers. All responses are anonymous and will be analysed at the aggregate level only.

Q1. In your opinion, how will your business perform overall during the current financial year (2022-23) as compared to the previous financial year (2021-22)?

- ○ Much weaker
- ○ Somewhat weaker
- ○ About the same
- ○ Somewhat stronger
- ○ Much stronger

Q2. What are your expectations about your business's performance in the following areas during the current financial year (2022-23) as compared to the previous financial year (2021-22)?

	Much lower	Somewhat lower	About the same	Somewhat higher	Much higher
Business profitability	○	○	○	○	○
Sales performance	○	○	○	○	○
Return on business investment	○	○	○	○	○
Investing in the business	○	○	○	○	○
Recruitment of new employees	○	○	○	○	○
Costs of running the business	○	○	○	○	○

Q3. In your opinion, how will the economy of the regional area (where your business operates) perform during the first half (Jul-Dec) of the current financial year (2022-23) as compared to the previous financial year?

- ○ It will worsen
- ○ It will remain unchanged
- ○ It will improve

Q4. In your opinion, how will the economy of the regional area (where your business operates) perform during the second half (Jan-Jun) of the current financial year (2022-23) as compared to the previous financial year?

- ○ It will worsen
- ○ It will remain unchanged
- ○ It will improve

Q5. What are your expectations about the size of your workforce during the first half (Jul-Dec) of the current financial year (2022-23) as compared to the previous financial year?

- ○ It will decrease
- ○ It will remain unchanged
- ○ It will increase

Q6. What are your expectations about the size of your workforce during the second half (Jan-Jun) of the current financial year (2022-23) as compared to the previous financial year?

- ○ It will decrease
- ○ It will remain unchanged
- ○ It will increase

Q7. Do you expect your business's revenue to increase, decrease or remain about the same in this current financial year (2022-23) as compared to the previous financial year (2021-22)?

- ○ The overall revenue will decrease (go to Question 8)
- ○ The overall revenue will increase (go to Question 9)
- ○ There will be no change in the overall revenue (go to Question 10)

Q8. Given that the overall revenue for your business will decrease in 2022-23, use the sliding scale to show your estimate for the approximate percentage (0%-100%) decrease when compared to the previous financial year? (Please skip to Question 10 after this question)

	0 10 20 30 40 50 60 70 80 90 100
Percentage of revenue decreased (please use the slider to select a percentage)	

Q9. Given that the overall revenue for your business will increase in 2022-23, use the sliding scale to show your estimate for the approximate percentage (0%-100%) increase compared to the previous financial year?

	0 10 20 30 40 50 60 70 80 90 100
Percentage of revenue increase (please use the slider to select a percentage)	

Q10. Is your business facing any issues with regard to staffing?

(Please move to Question 13 if your answer is 'No')

○ Yes

○ No

Q11. What type of staffing-related issue is being faced by your business?

____

Q12. What can be done by the key decision makers for your region to address the staffing issue?

____

Q13. Would you like to make any suggestions to Commerce Ballarat (or equivalent body in your region) and local government to promote local business growth and development in your region?

____

____

____

____

____

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Understanding Your Business's Profile

The questions in this section are aimed at understanding the nature and profile of your business.

All responses are anonymous and will be analysed at the aggregate level only.

Q14. Which industry does your business belong to?

- ○ Insurance Services
- ○ Professional Services
- ○ Business Services
- ○ Financial Services
- ○ Health
- ○ Retail
- ○ Manufacturing
- ○ Creative Industries
- ○ Hospitality
- ○ Events and Attractions
- ○ Media & Communication
- ○ Training & Education
- ○ Contractors & Trade
- ○ Tourism
- ○ Charities & Charitable Organisations
- ○ Transport
- ○ Wellbeing & Beauty

- ○ Other (please specify) ____

Q15. Which regional area is your business based in?

(Please write the name of the main regional area instead of a suburb)

____

Q16. Please enter below the postcode of your business.

____

Q17. What best describes the ownership of your business?

- ○ Sole proprietorship
- ○ Family-owned
- ○ Proprietary limited
- ○ Joint venture
- ○ Incorporated organisation
- ○ Trust
- ○ Unlisted public company
- ○ Franchisee
- ○ Other (please specify) ____

Q18. For how long has your business been in operation?

- ◯ Less than 5 years
- ◯ 5-10 years
- ◯ 11-15 years
- ◯ 16-20 years
- ◯ More than 20 years

Q19. How many full-time equivalent employees are currently employed in your business? (excluding the owners)

- ◯ 0
- ◯ 1-5
- ◯ 6-15
- ◯ 16-25
- ◯ 26-35
- ◯ 36-50
- ◯ 51-100
- ◯ 101-150
- ◯ 151-200
- ◯ More than 200

Q20. What best describes your role in the business?

- ○ Owner
- ○ Director
- ○ Manager
- ○ Partner
- ○ Other (please specify) ____

Q21. What is your gender?

- ○ Male
- ○ Female
- ○ Prefer not to disclose

Q22. How old are you?

- ○ 18 -25
- ○ 26- 35
- ○ 36-45
- ○ 46-55
- ○ 56-65
- ○ 66-75
- ○ Older than 75 years

Appendix 2 – Guiding Interview Questions

- **Introduction**

1. Can you please tell your name, the name of your business, describe the nature of your business and the industry in which it operates in?
2. What is your role in the business?
3. Can you please elaborate on how long you have been in this business and what is the size of operations?

- **To understand the challenges and opportunities being faced by the businesses and their current level of confidence**

4. How would you describe Ballarat as a region to operate business in?
5. What are the key challenges being faced by the region?
6. What are the key opportunities that the region offers to the businesses in general?
7. What are some of the challenges your business faces in the region?
8. What are the constraints being faced by your business in terms of business growth?
9. What are you doing to address those challenges and constraints?
10. Is your business facing any staffing related issues?
11. Did your business adopt/introduce anything innovative recently?
12. What are some of the opportunities for your business in the region?
13. What are you doing to make best use of/capture those opportunities?
14. What would increase the growth of your business in the region?
15. Who are the key players in the region that decide the future of the region, and what are they doing, what could they do more to foster growth for businesses?
16. What challenges and opportunities do you see coming to the region in the next 5 years?
17. If it was up to you, what major changes would you bring to the region for businesses in general?
18. How do you see the businesses and society (in Ballarat) operating in "post-Covid" environment?
19. What are the top three things your business is focussing on during the post-Covid? Why?

20. How do you expect your consumers/customers to behave differently post-Covid? What measures have you put in place for that?
21. On a scale of 1 to 10 how did your business perform pre-COVID? (1 being poor performance and 10 being best performance)
22. On a scale of 1 to 10 how had COVID impacted your business? (1 being not at all and 10 being threat of continuation)
23. On a scale of 1 to 10 how optimistic are you about the future of your business in post-COVID environment? (1 being not at all and 10 being highly optimistic)