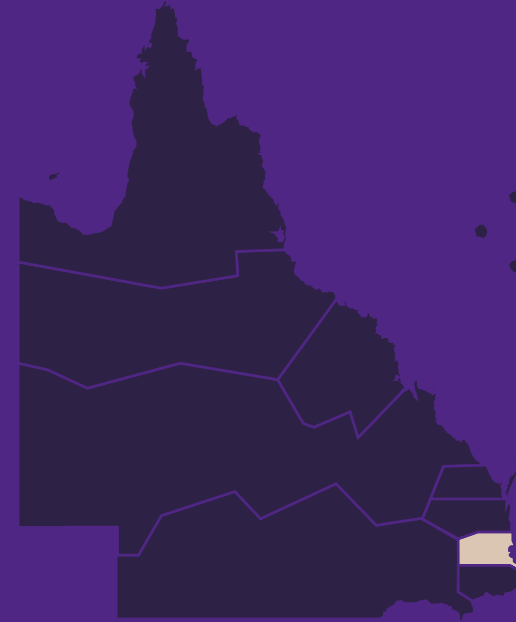
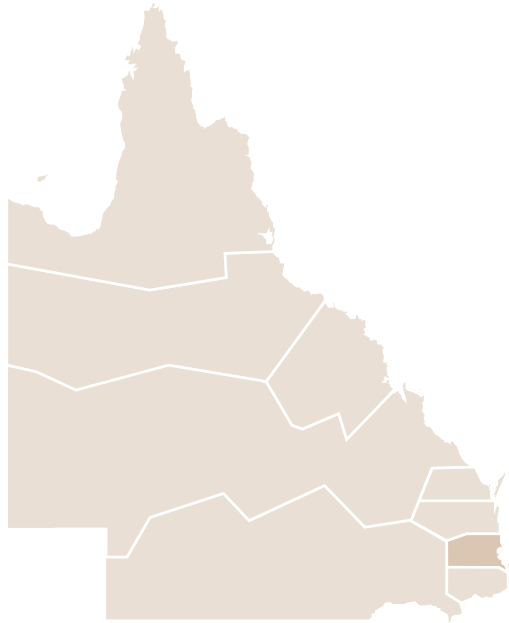


BRISBANE PULSE SURVEY REPORT

MARCH QUARTER 2021





“Economic activity has increased due to pandemic response, which on a federal level will drive stronger economies. At a state level, provided the knee jerk reactions are minimised, overall economic activity should grow and will be supported by good rain assisting the agricultural sector. As for the struggling Tourism sector, meaningful recovery is very much dependent on an efficient vaccine roll out and no further snap lockdowns.”

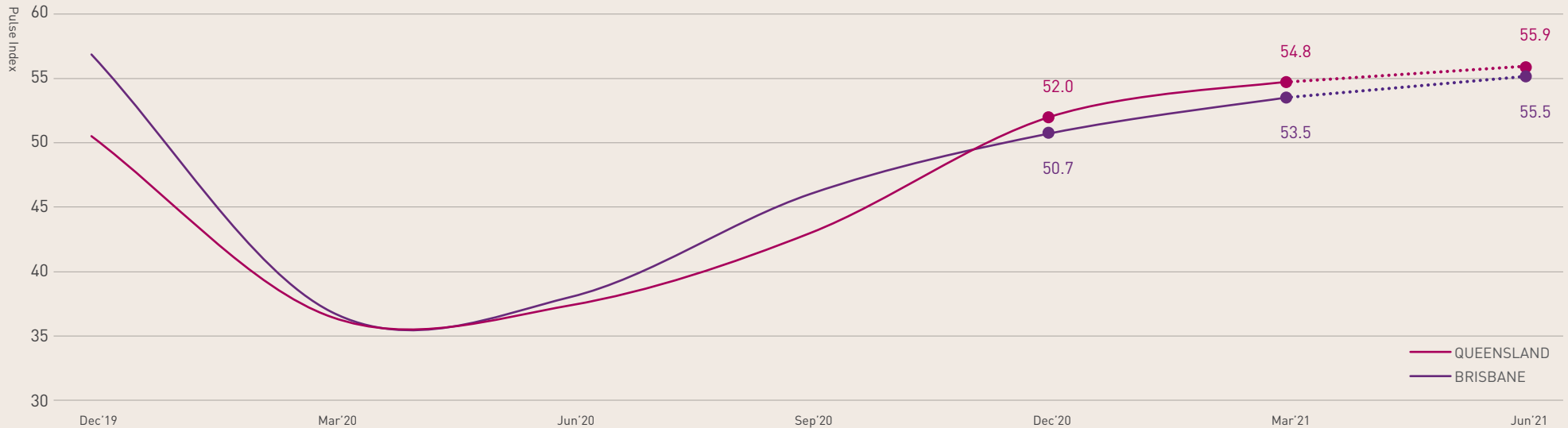
KEY FINDINGS

- 1 Business confidence in the forward outlook of the Queensland economy is nearly **five times higher** than during the March quarter of 2020
- 2 More than **2 in 5** respondents reported declining profitability as costs continue to rise and as businesses recover from losses incurred during the financial year
- 3 The March quarter has marked the fifth consecutive quarter where the level of demand and **economic activity** has ranked as the **greatest constraint** on business growth

KEY THEMES

- 1 Businesses call for State and Territory Governments to adopt a single approach to border declarations and treatment of COVID-19 hotspots to ease travel uncertainties
- 2 Despite two lockdowns, businesses report consistently high activity easing concerns around the conclusion of JobKeeper payments from the 28th of March
- 3 Effective vaccination program becomes necessary to unlock business potential across Queensland and remove the need for business restrictions and lockdowns

OVERALL BUSINESS SENTIMENT



Survey index ratings:

Very weak (0-20 points)

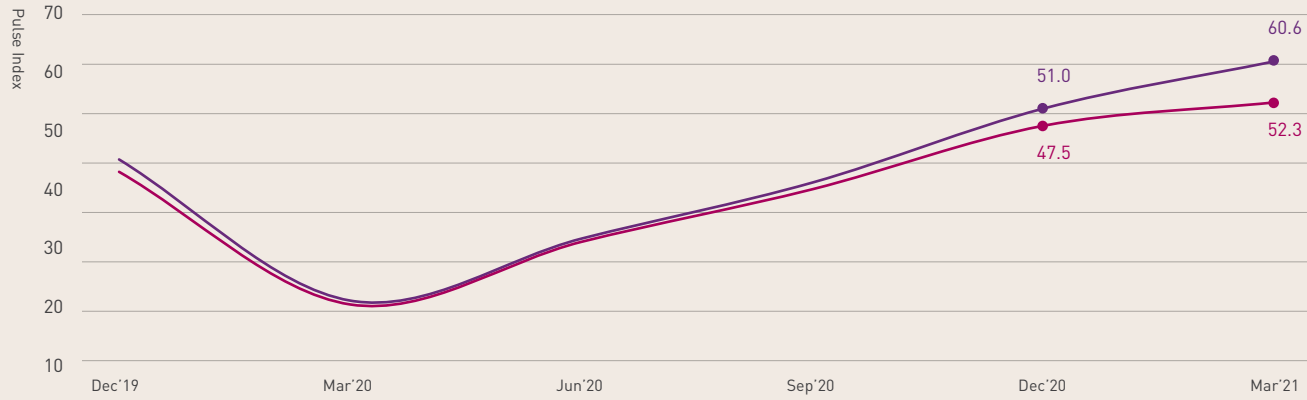
Weak (21-40 points)

Satisfactory (41-60 points)

Strong (61-80 points)

Very strong (81-100 points)

12 MONTH OUTLOOK



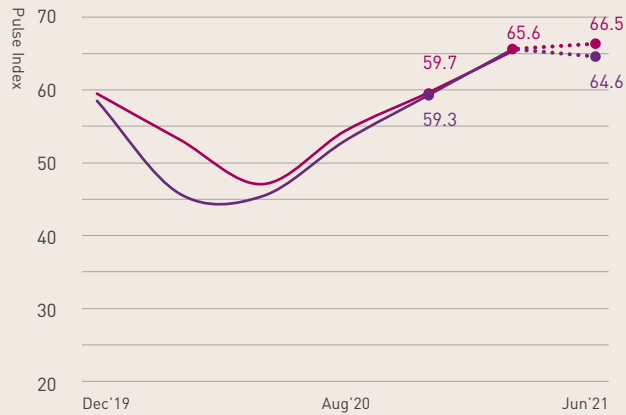
360% growth in the Queensland 12-month outlook index compared to the March quarter of 2020

Nearly **one half** of businesses predict the national economy will perform stronger in the next 12 months

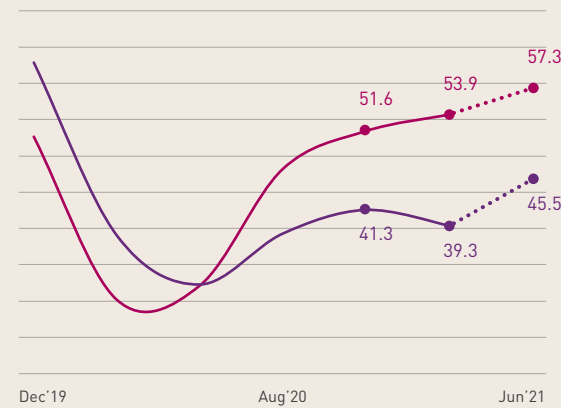
2 in 5 businesses predict the same for the Queensland economy

“Consumer and business optimism regarding the economic recovery post-COVID-19 is strong. Although, I would say that the optimism is quite fragile with stimulus ending despite the possibility of further lockdowns.”

BUSINESS COSTS



BUSINESS PROFITABILITY



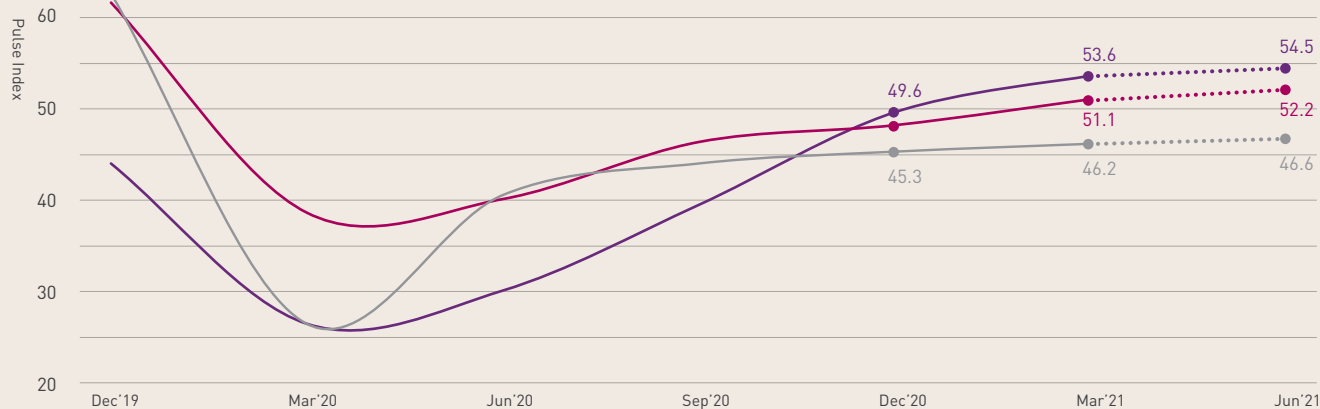
Business turnover remains steady as **2 in 3** business experience equal or stronger business activity compared to the December quarter

97% of respondents experienced equal or greater operating costs such as utilities, rent and insurance premiums

More than **2 in 5** business report weaker profits following two lockdowns in the Greater Brisbane region

“It’s been impossible to predict government actions as they have not communicated the metrics for decision making. Businesses cannot react as quickly.”

BUSINESS PRODUCTIVITY



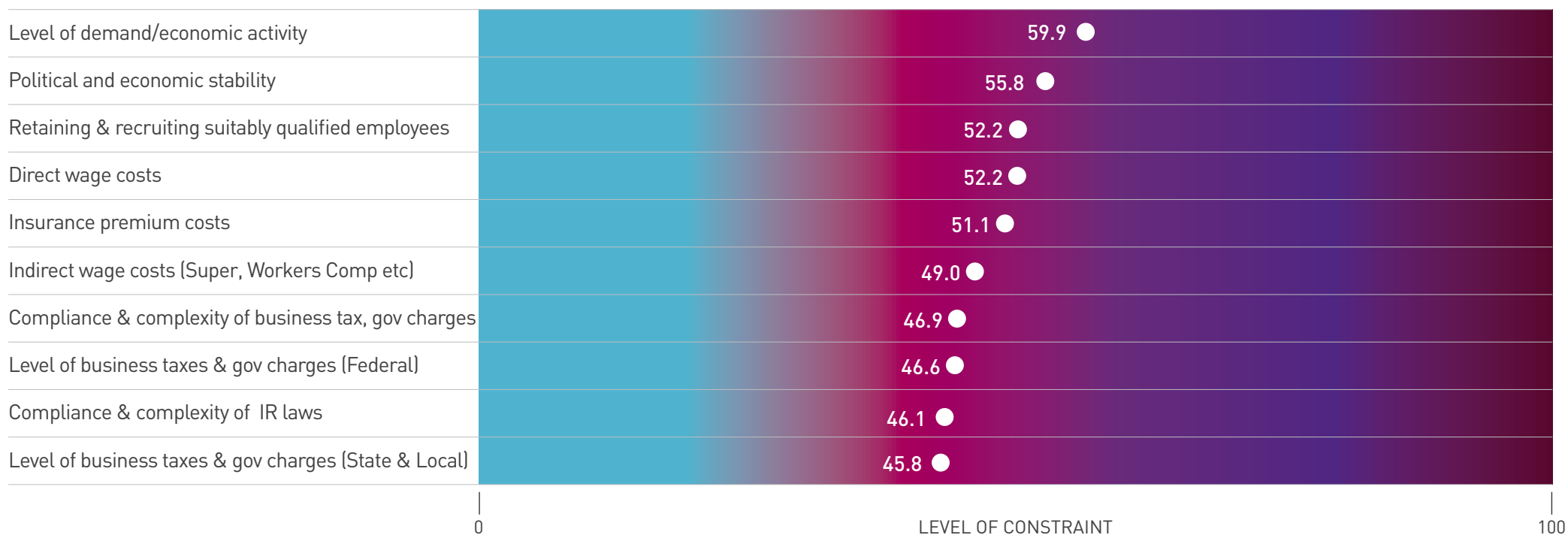
The general business conditions index has more than **doubled** since the enforced business closures in 2020

7.0% Unemployment¹ – +31,000 Employed; -8,500 Unemployed

The Capital expenditure index remained steady as more than half maintain the same level of investment activity

1. Conus/CBC Staff Selection Employment, March 2021.

MAJOR CONSTRAINTS ON BUSINESS GROWTH



Degree of constraint index ratings guide: No constraint: **0-20** / Slight constraint: **21-40** / Moderate constraint: **41-60** / Large constraint: **61-80** / Critical constraint: **81-100**



“As businesses try to recover, the COVID-19 safety requirements for the events industry is still causing troubles. Due to the current roadmap, a lot of cancellations are still occurring, resulting in loss of income. It has become clear that we are still very vulnerable to further outbreaks resulting in local/state lockdowns etc. Whenever they occur, the events industry loses its momentum of recovery.”



“With the Federal Government’s JobKeeper now over, the success (or failure) of Queensland businesses will rightfully return to being a state issue. Small and micro businesses have been devastated by sudden shutdowns. Simply saying “this is going to be tough...” does not make up for the losses experienced by businesses.”

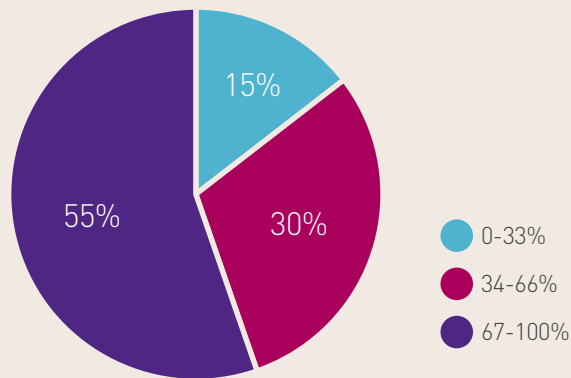


“Overall, businesses and workers have become more confident in handling COVID-19 disruptions. However, there will continue to be some constraining factors in labour supply from overseas immigration. Queensland should see better conditions as we attract greater net domestic migration from people moving away from big cities to work remotely.”

HOT TOPIC SURVEY

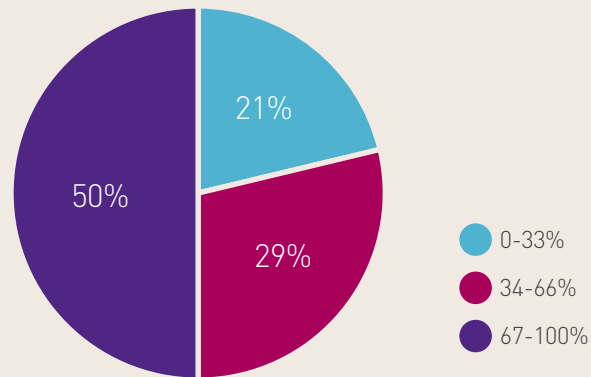
BUSINESS RECOVERY FROM COVID-19

The recovery of businesses across Greater Brisbane was below the state average during the March quarter. Following two lockdowns in the region, fewer businesses reported a recovery of between 67-100 per cent of pre-COVID-19 trade. This finding is likely the result of the recent lockdown that impacted businesses in the Greater Brisbane region. According to the Hot Topic Survey, the estimated losses incurred by select industries over the three day period totalled \$415 million. Otherwise, 2 in 5 have reported a recovery between 91 -100 per cent, with 17 per cent operating at total capacity.



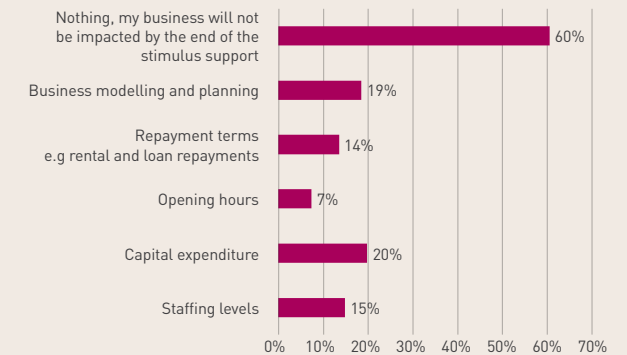
BUSINESS CONFIDENCE IN SUCCESS

Businesses are mostly confident in reaching their 12-month goals amidst the strengthening operating conditions. While only 3 per cent of businesses were certain, one half responded in the top third of confidence in seeing out their goals during 2021. However, when reflecting on the March quarter, it is clear that businesses are continuing to operate under the uncertainty of further COVID-19 disruption.



IMPACT TO BUSINESS WHEN STIMULUS SUPPORT ENDS

Thankfully, revised data suggests that most businesses across Brisbane have avoided the fiscal cliff that was previously predicted. Despite the conclusion of JobKeeper payments in March, more than 1 in 2 respondents are not expecting to be impacted by the conclusion of stimulus support. The remaining sample has continued planning to reduce variable costs such as capital expenditure and staffing levels until normal operating conditions return.



REVIEWING THE EFFECTIVENESS OF STATE AND FEDERAL STIMULUS

Most Effective Stimulus

#1 CASHFLOW INJECTION

#2 WAGE SUBSIDIES

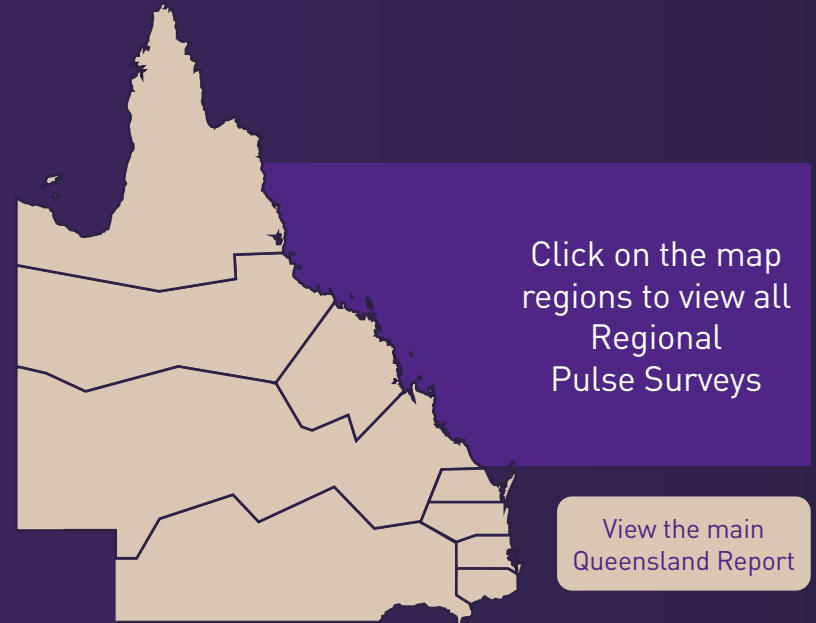
#3 TAX INCENTIVES

According to businesses across Greater Brisbane, stimulus support that tackled immediate losses and incentivised investment were ranked highly. Specifically, the Federal Government's PAYG cashflow injection scheme, JobKeeper wage subsidies and instant asset write offs were rated as the most effective for business survival. Oppositely, stimulus offered by the Queensland government, such as concessional loans and diversification grants, ranked least effective. This likely reflects the nature of the support measures being provided on a 'first in, best dressed' basis and largely ignoring micro-businesses most exposed to enforced closures.

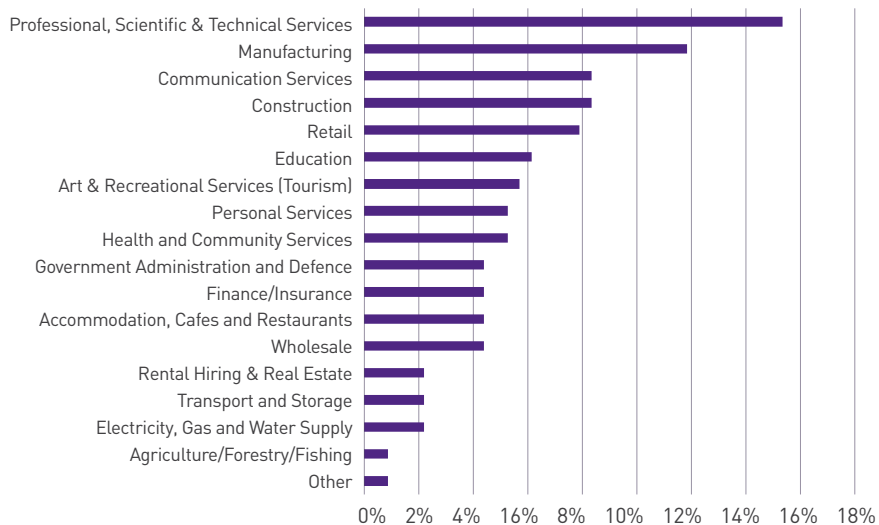
The Pulse Survey has measured Queensland business confidence and expectations for over 25 years. The survey publishes results quarterly from key questions put to the Queensland business community. The survey is unchallenged in terms of being the most authoritative, timely and comprehensive snapshot of Queensland business sentiment, providing critical insights into the opinions of business owners across the state. The survey contains data from a sample covering the entire breadth of the Brisbane business community.

The survey period was from the 5th to the 19th of April 2021 and examined business sentiment and activity throughout the March quarter (2020). There were 1,021 respondents to the survey consisting of 319 from Greater Brisbane (32%).

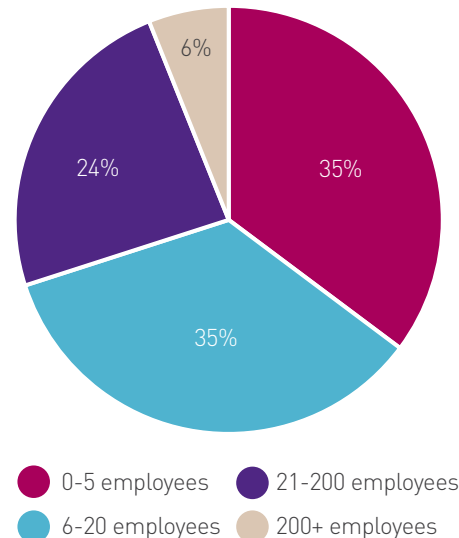
To find out more about Pulse, please contact CCIQ on 1300 731 988 or at ciqadvocacy@cciq.com.au



INDUSTRY REPRESENTATION



SIZE OF ORGANISATION



SAMPLE SIZE

