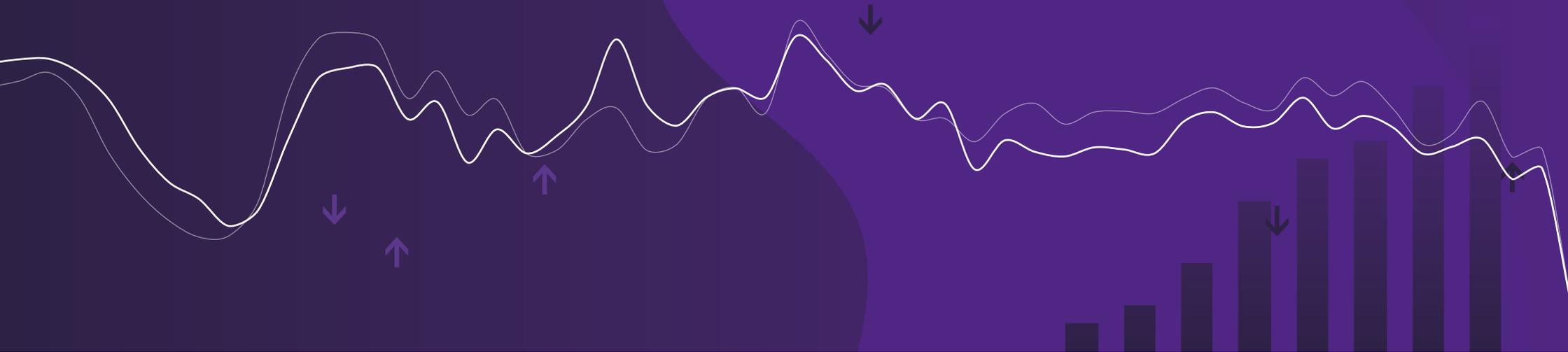
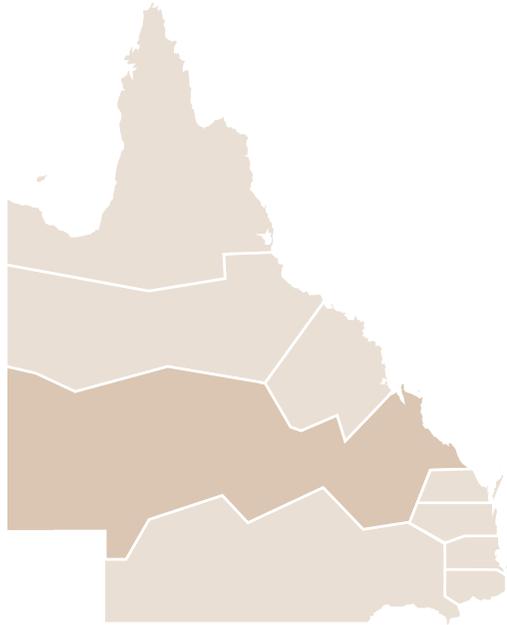


CENTRAL QUEENSLAND PULSE SURVEY REPORT

MARCH QUARTER 2021



CENTRAL QUEENSLAND



“The bulk of Australian industries are now less exposed to the effects of COVID-19. This has been made possible by growing confidence to invest and diversify to reduce areas of weakness that were observed last year. As for a ‘normal economy’, this will depend on the ability of the bureaucrats to roll out the vaccination program effectively.”

KEY FINDINGS

- 1 Business confidence in the forward outlook of the Queensland economy is now **four times higher** than during the March quarter of 2020
- 2 More than **1 in 3** respondents reported declining profitability as costs continue to rise and as businesses recover from losses incurred during the financial year
- 3 Business **costs rank in the highest constraints** on growth across Central Queensland

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 Businesses report declining seasonal activity raisings 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

— QUEENSLAND
— NATIONAL



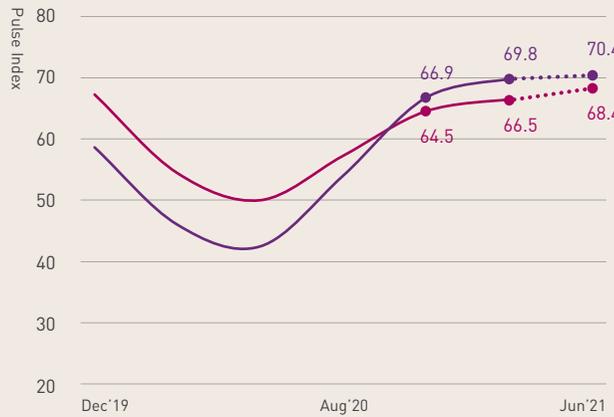
313% growth in the Queensland 12-month outlook index compared to the March quarter of 2020

More than **1 in 2** businesses predict the national and state economy will perform stronger in the next 12 months

“Government incentives and infrastructure investment will attract people/business to re-locate to regional business hubs.”

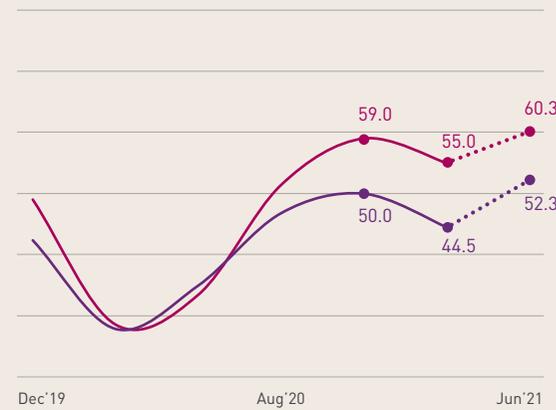
BUSINESS COSTS

— OPERATING COSTS
— LABOUR COSTS



BUSINESS PROFITABILITY

— SALES & REV
— PROFITABILITY



Business turnover falls slightly despite more than **3 in 4** experiencing equal or stronger business activity compared to December

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

More than **1 in 3** business report weaker profits, with the index reading remaining the lowest area of business sentiment

“March is traditionally our quietest quarter. Local customers have to pay Christmas credit cards, electricity bills and rates.”

BUSINESS PRODUCTIVITY

— CAPITAL EXPENDITURE
— EMPLOYMENT LEVELS
— BUSINESS CONDITIONS



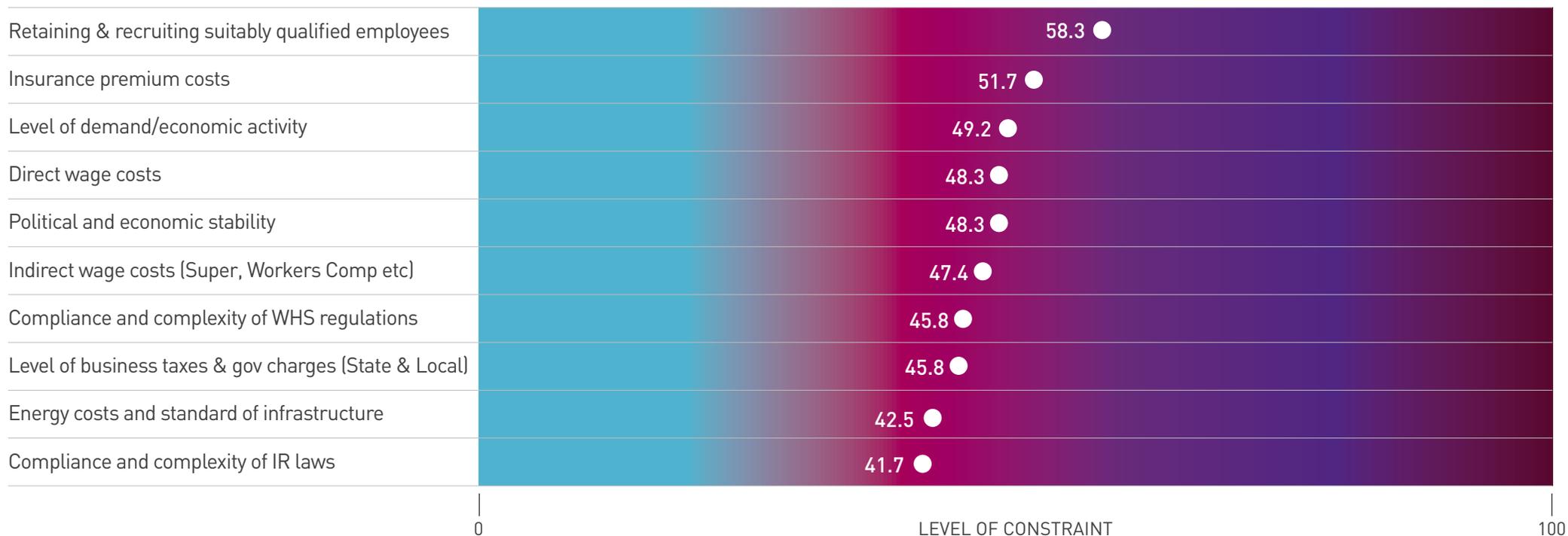
The general business conditions index has nearly **doubled** since the enforced business closures in 2020

4.6% Unemployment¹
- +5,100 Employed; -1,300 Unemployed

The Capital expenditure index rose as 94% maintained or expanded upon last quarter's investment levels

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**



"The fallout from COVID support measures will see higher debt that must be repaid. Additionally, the long-term impacts of COVID shutdowns and reopenings on small to medium businesses has caused severe uncertainty. It will take time for the economy to fully recover from this crisis."



"Federal and state government charges have continued to increase significantly. These costs include ASIC charges, lodgement fees, registration costs and more."

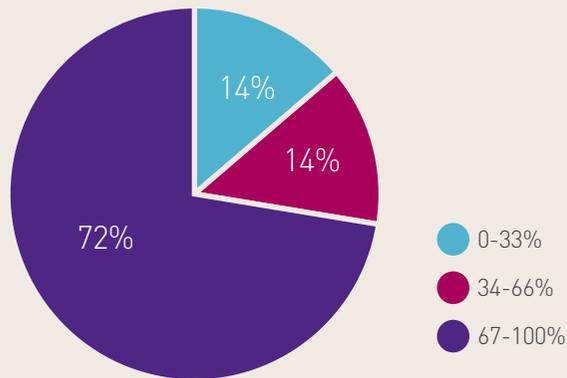


"Our business is still facing difficulties in accessing temporary labour. Without backpackers and international migrants, we are having to let a lot of produce go to waste."

HOT TOPIC SURVEY

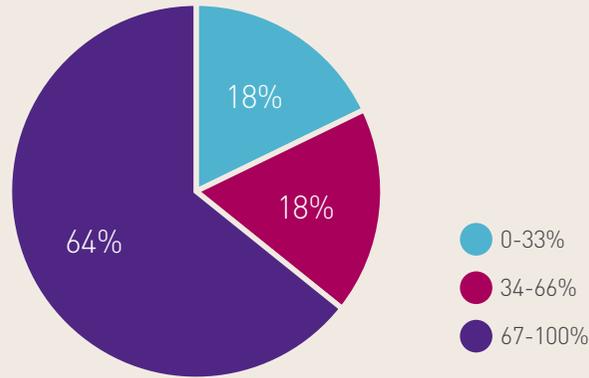
BUSINESS RECOVERY FROM COVID-19

The recovery of businesses across Central Queensland exceeded the state average during the March quarter. This finding follows nearly 3 in 4 businesses reporting a recovery of between 67-100 per cent of pre-COVID-19 trade. However, slightly fewer business have reported a complete recovery, totalling just three per cent of Central Queensland respondents, compared to 15 per cent across the state.



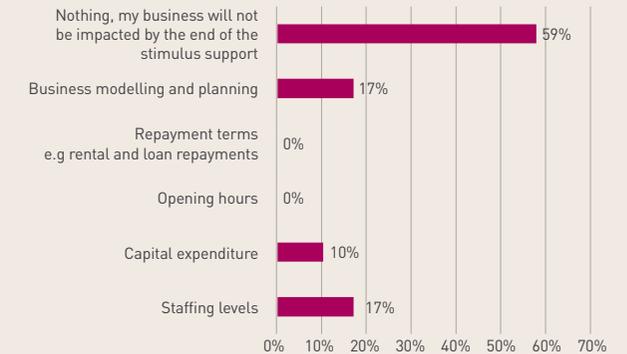
BUSINESS CONFIDENCE IN SUCCESS

Businesses are moderately confident in reaching their 12-month goals amidst the strengthening operating conditions. While only three per cent were certain, more than 1 in 3 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 in Central Queensland have avoided the fiscal cliff that was previously predicted. Despite the conclusion of JobKeeper payments in March, more than half of the 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 staffing levels until normal operating conditions return.



REVIEWING THE EFFECTIVENESS OF STATE AND FEDERAL STIMULUS

Most Effective Stimulus

#1 CASHFLOW INJECTION

#2 WAGE SUBSIDIES

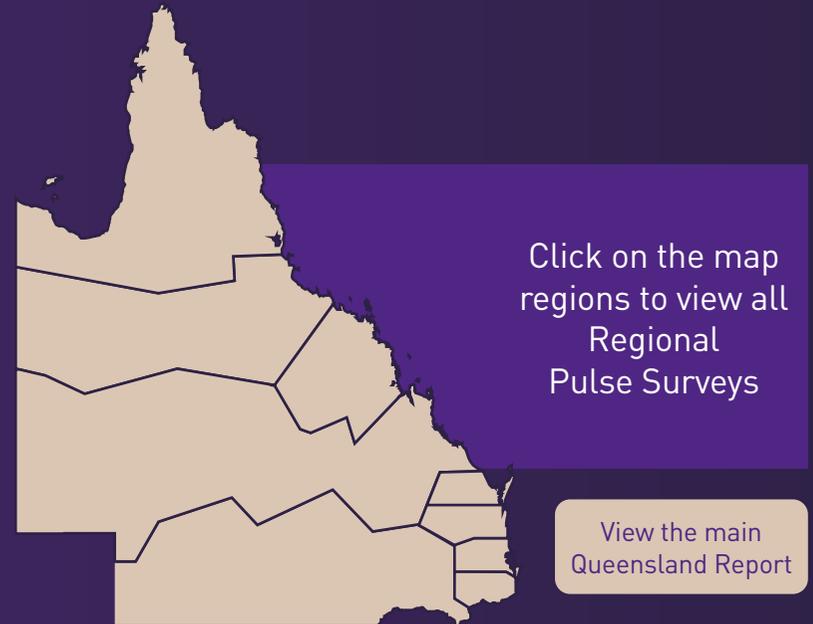
#3 TAX INCENTIVES

According to businesses in Central Queensland, 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 accelerated tax incentives 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.

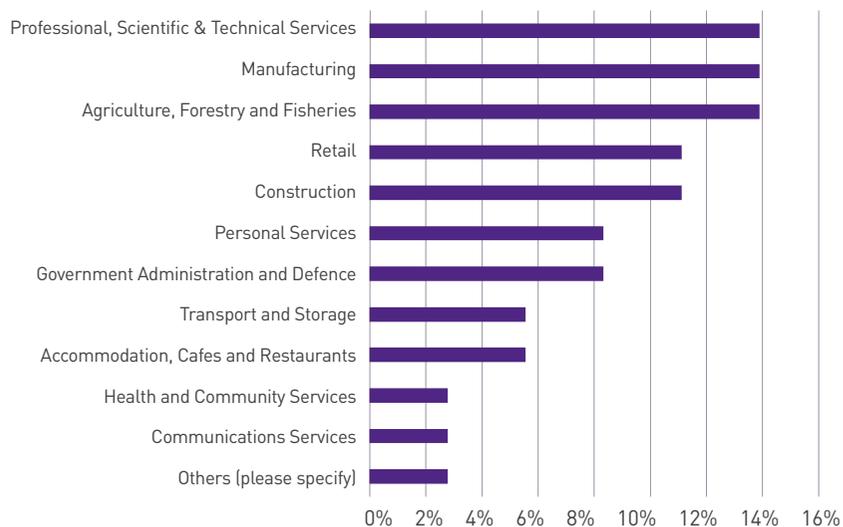
The Pulse Survey has measured Queensland business confidence and expectations for over 25 years. The survey publishes results quarterly from key questions put to the Queensland business community. The survey is unchallenged in terms of being the most authoritative, timely and comprehensive snapshot of 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 Central Queensland 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 44 from Central Queensland (4%).

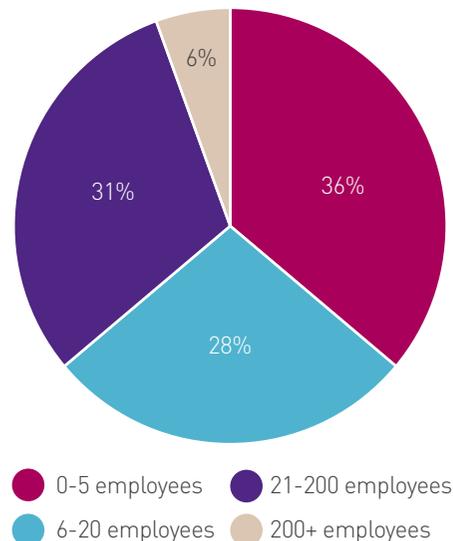
To find out more about Pulse, please contact CCIQ on 1300 731 988 or at ciqadvocacy@cciq.com.au



INDUSTRY REPRESENTATION



SIZE OF ORGANISATION



SAMPLE SIZE

