

# FAR NORTH QUEENSLAND PULSE SURVEY REPORT

MARCH QUARTER 2021





“There has been a boost in domestic tourist numbers to Cairns this quarter. This has led to greater spending on goods and services, which has helped overall confidence. Recent announcements have also sparked optimism for the potential for some international arrivals which would boost tourism. However, I fear that this may be at the end of the 12 months at the very earliest. This may mean some businesses remain severely impacted by the ongoing absence of the overseas tourist market.”

### KEY FINDINGS

- 1 Business confidence** in the forward outlook of the Queensland economy is **five times higher** than during the March quarter of 2020
- 2 Profitability** remains the **lowest scoring indicator** as businesses report rising costs and efforts to recover losses incurred during the financial year
- 3** For the fifth consecutive quarter, the level of demand and **economic activity** has remained the **largest constraint on business growth** in Far North 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 positive seasonal activity, momentarily easing concerns surrounding the conclusion of JobKeeper payments from March 28
- 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



**395%** growth in the 12-month outlook index compared to the March quarter of 2020

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

**2 in 5** businesses predict the same for the Queensland economy

**“Coming out of COVID-19, businesses have begun to regain and grow. However, tourism reliant regions in Queensland still have a long way to recover.”**

## BUSINESS COSTS

— OPERATING COSTS  
— LABOUR COSTS



## BUSINESS PROFITABILITY

— SALES & REV  
— PROFITABILITY



More than **1 in 3** businesses reported equal or stronger turnover following festive trade in December

**99%** of respondents experienced equal or stronger operating costs such as utilities, rent and insurance premiums

Only **1 in 5** business reported stronger profits with the index reading remaining the lowest

**“Recent lockdowns have increased costs associated with PPE, COVID screening and checks, cancellations and the general fears associated with COVID.”**

## BUSINESS PRODUCTIVITY

— CAPITAL EXPENDITURE  
— EMPLOYMENT LEVELS  
— BUSINESS CONDITIONS



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

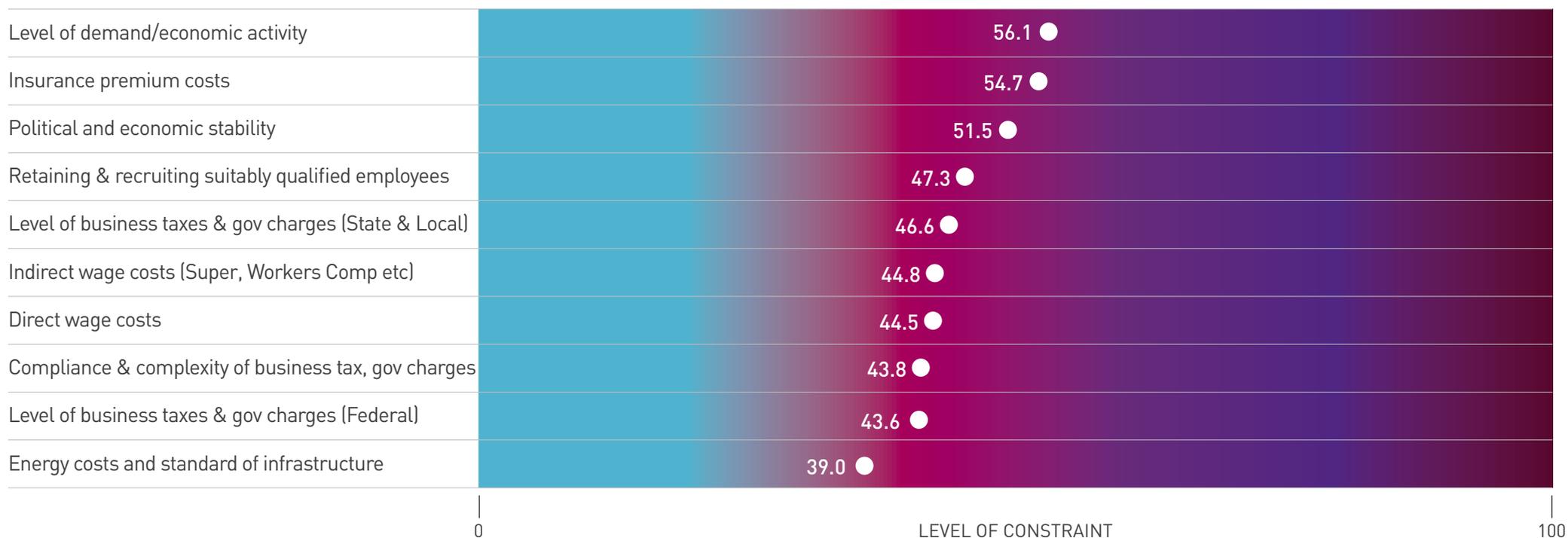
**6.1% unemployed<sup>1</sup>**

Employed +40; Unemployed +200

Capital expenditures remain steady as the majority of businesses maintain the same level of investment

<sup>1</sup> 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 Cessation of JobKeeper will be the key factor to watch. There will be industries that suffer worse than others, but likewise, there will be industries that have struggled to find staff due to those happy to work minimal hours and top up with JobKeeper.”



“Localised lockdowns are having a huge impact on industries such as entertainment & hospitality. The loss of the JobKeeper support is also concerning, despite domestic tourism remaining optimistic at this point.”

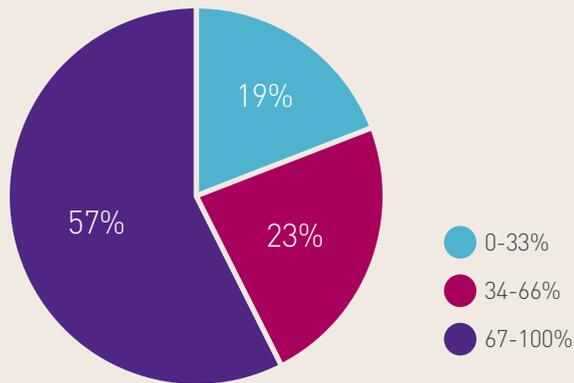


“There remains uncertainty in the economy due to recent restrictions and ongoing closures to international travel. It will take at least 12 months to improve.”

# HOT TOPIC SURVEY

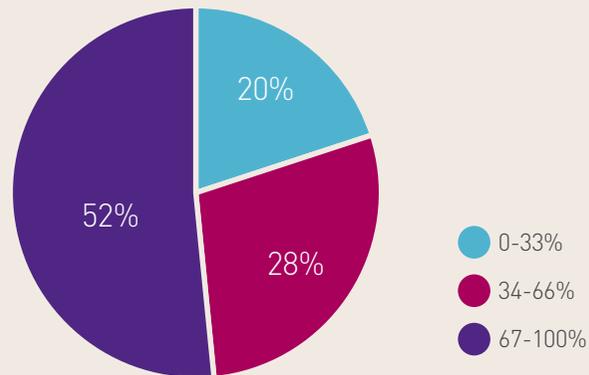
## BUSINESS RECOVERY FROM COVID-19

The recovery of businesses in Far North Queensland remains only slightly below the state average during the March quarter of 2021. Currently, there is only a three per cent difference between the number of businesses reporting in the upper and lower thresholds of recovery. This finding is likely the result of the recent lockdown that impacted businesses across Queensland. According to the Hot Topic Survey, the most recent lockdown in Greater Brisbane also affected Far North Queensland businesses, with estimated losses over the three days totalling \$41 million. Otherwise, 1 in 4 surveyed have recovered between 91-100 per cent of pre-COVID-19 trade, with 15 per cent operating at total capacity.



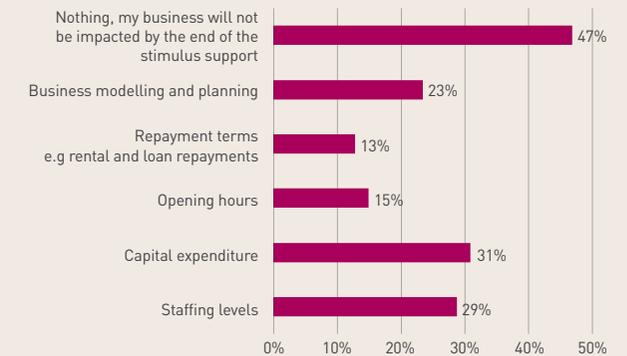
## BUSINESS CONFIDENCE IN SUCCESS

Businesses are primarily confident in reaching their 12-month goals amid the favourable operating conditions reported this quarter. While only seven per cent were certain, more than one-half of businesses 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 disruptions.



## IMPACT TO BUSINESS WHEN STIMULUS SUPPORT ENDS

Thankfully, revised data suggests that most businesses in Far North Queensland have avoided the fiscal cliff that was previously predicted. Despite the conclusion of JobKeeper payments in March, nearly half of 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 WAGE SUBSIDIES**

**#2 CASHFLOW INJECTIONS**

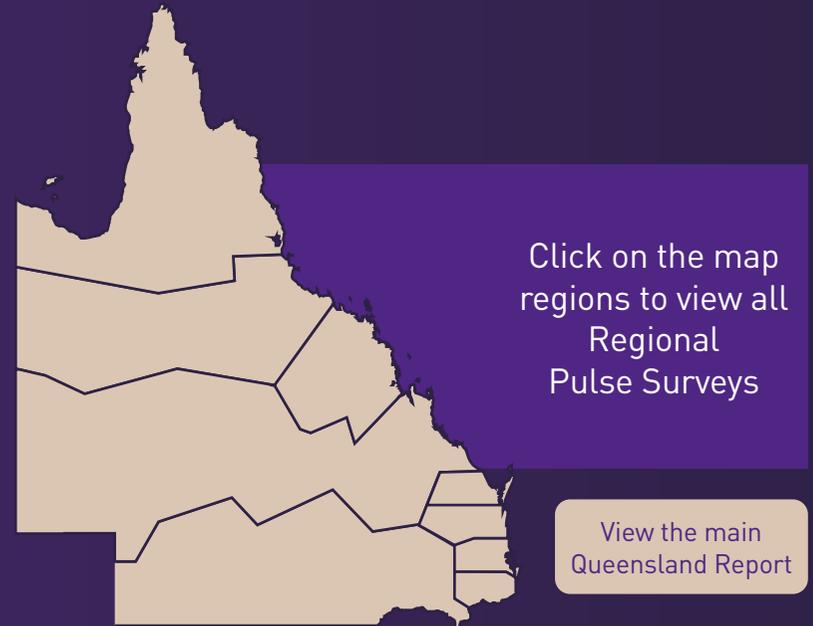
**#3 UTILITY BILL REBATES**

According to businesses in Queensland, stimulus support that tackled the immediate losses from the lockdowns were ranked highly. Specifically, the Federal Government's JobKeeper wage subsidies and the PAYG cashflow injection scheme ranked as the most effective for business survival. Oppositely, with exception to utility bill rebates, 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 that were provided on a 'first in, best dressed' basis and largely ignoring micro-businesses most exposed to enforced closures.

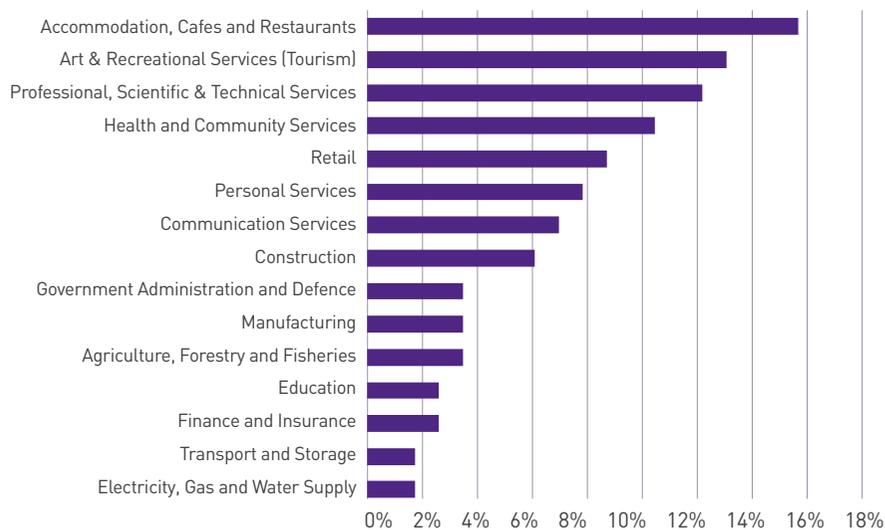
The Pulse Survey has measured Queensland business confidence and expectations for over 25 years. The survey publishes results quarterly from key questions put to the Queensland business community. The survey is unchallenged in terms of being the most authoritative, timely and comprehensive snapshot of 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 Far North 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 140 from Far North Queensland (14%).

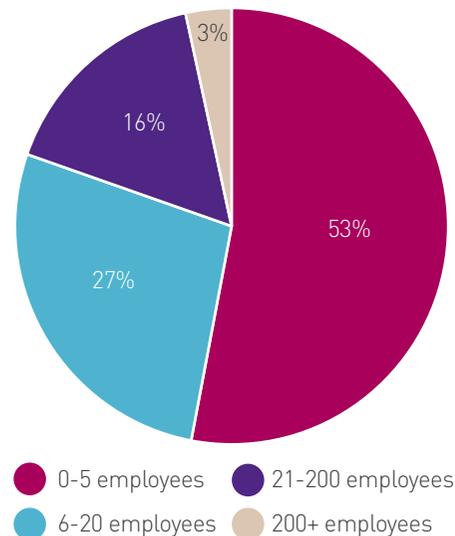
To find out more about Pulse, please contact CCIQ on 1300 731 988 or at [ciqadvocacy@cciq.com.au](mailto:ciqadvocacy@cciq.com.au)



**INDUSTRY REPRESENTATION**



**SIZE OF ORGANISATION**



**SAMPLE SIZE**

