

GOLD COAST PULSE SURVEY REPORT

MARCH QUARTER 2021





“Initially, we were concerned that the end of JobKeeper would impact people’s confidence. This hasn’t been the case yet. We are seeing good growth in the SEQ property market, largely due to those from VIC and NSW moving up. Otherwise, growth in QLD tourism should continue due to great weather and easing COVID restrictions. If snap lockdowns are avoided, there will continue to be increased confidence in travelling between borders, and spending within the region.”

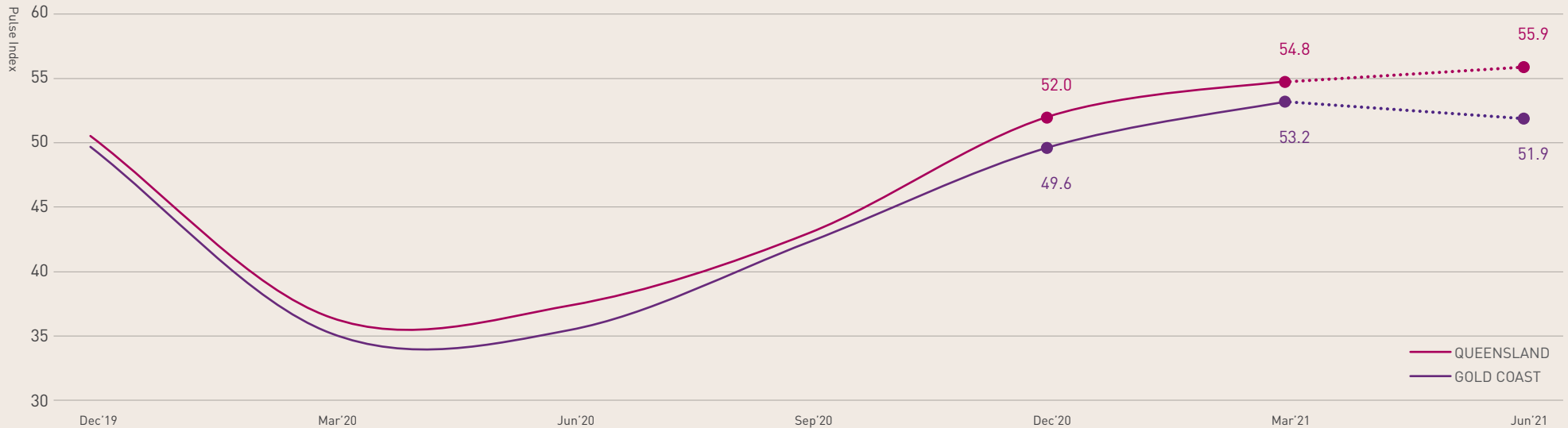
KEY FINDINGS

- 1 Business confidence in the forward outlook of the Queensland economy is more than **three 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 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 steady 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)

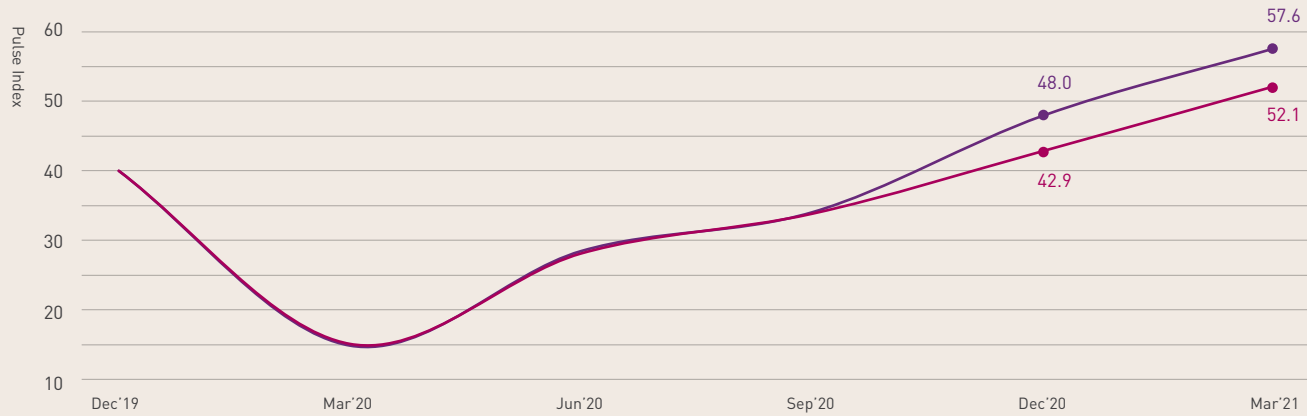
Satisfactory (41-60 points)

Strong (61-80 points)

Very strong (81-100 points)

12 MONTH OUTLOOK

— QUEENSLAND
— NATIONAL



245% growth in the Queensland 12-month outlook index compared to the March quarter of 2020

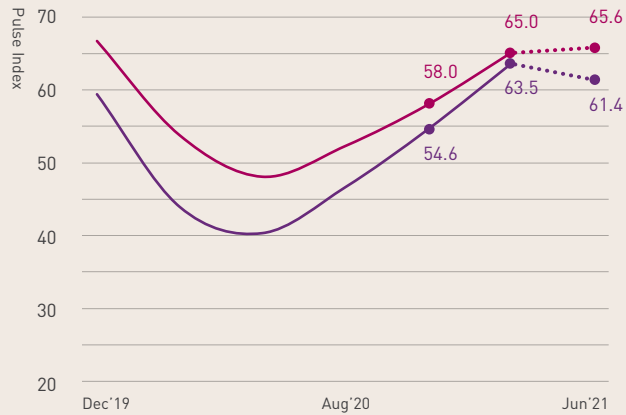
Nearly **one half** of businesses predict the national economy will perform stronger in the next 12 months

2 in 5 businesses predict the same for the Queensland economy

“Because the COVID-19 issue appears to be close to under control, there will be an exceptional amount of catching up to be done. Currently, some industries are booming creating opportunities that I have never seen before.”

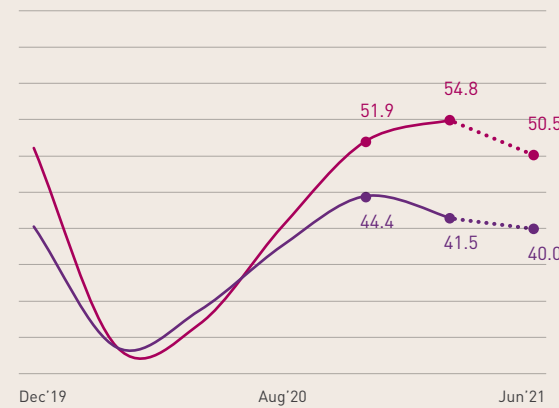
BUSINESS COSTS

— OPERATING COSTS
— LABOUR COSTS



BUSINESS PROFITABILITY

— SALES & REV
— PROFITABILITY



Business turnover grows following **3 in 4** business reporting equal or stronger business activity compared to the December quarter

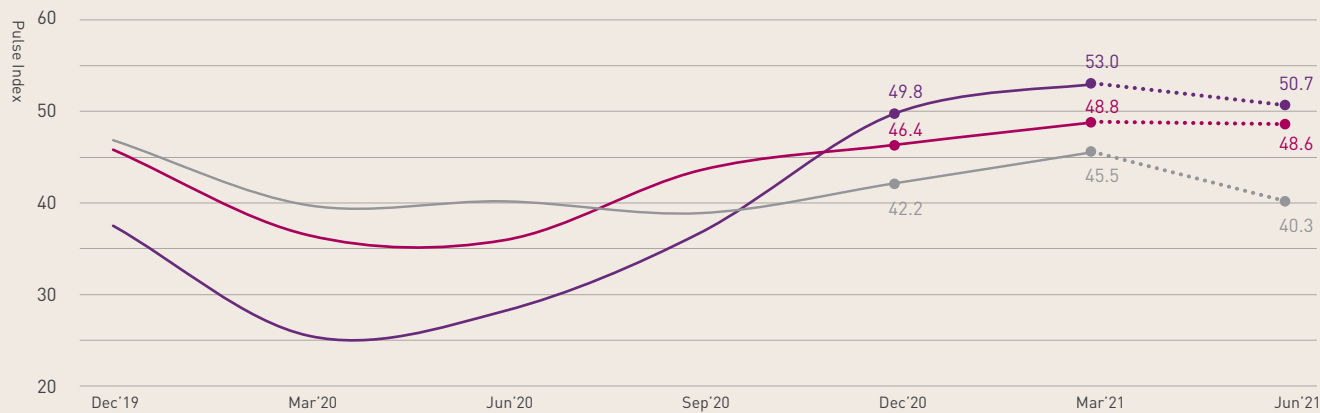
99% of respondents experienced equal or greater operating costs such as utilities, rent and insurance premiums

More than **1 in 3** business report weaker profits as operating costs grow at a faster rate than turnover

“The high cost of services and Govt charges is crippling my business. I pay over 5 Govt departments to be in business. All of which continue to rise.”

BUSINESS PRODUCTIVITY

— CAPITAL EXPENDITURE
— EMPLOYMENT LEVELS
— BUSINESS CONDITIONS



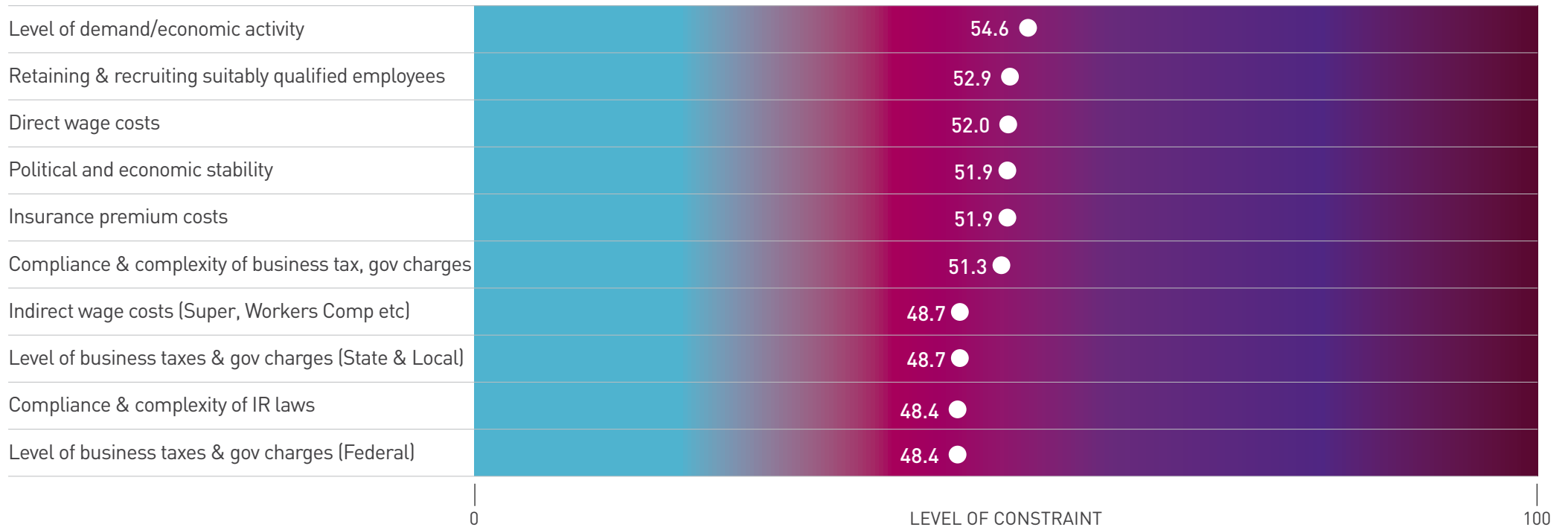
The general business conditions index has more than **doubled** since the enforced business closures in 2020

6.5% Unemployment¹ –
+7,900 Employed; -1,200 Unemployed

The Capital expenditure index grew slightly despite 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**



"The fragility of the state borders are a critical weakness of the state and federal economies over the foreseeable future. From a personal perspective in tourism/retail we have an approximate 50%-65% downturn in customers and sales whenever a 'snap' border closure is announced. It takes several days for this to recover to pre-closure levels."



"I believe there is the awareness now that we have been through COVID-19 for over 12 months. It seems to be the new way of life that people have accepted as long as cases don't impact their ability to work. With that being said, there will certainly be uncertainty around how the end of JobKeeper payments will impact our economy."

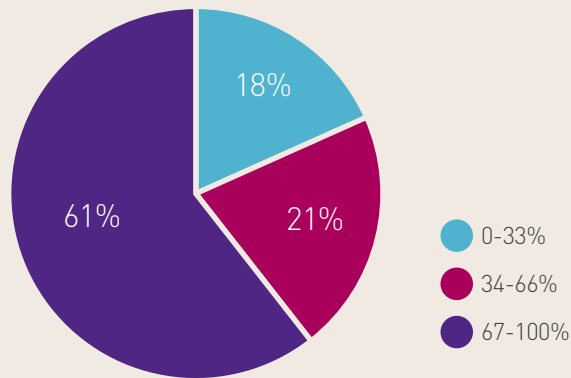


"We have taken on more team members who are new to the business. This means we are carrying some extra costs that are not generating equivalent revenue. Only time will tell how quickly we can upskill this workforce and at what expense."

HOT TOPIC SURVEY

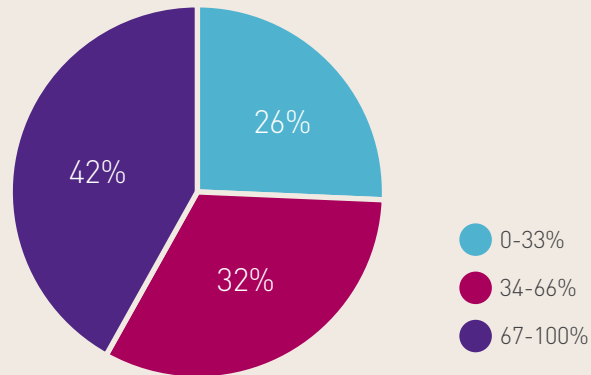
BUSINESS RECOVERY FROM COVID-19

The recovery of businesses across the Gold Coast was on par with the state average during the March quarter. Despite two lockdowns in the Greater Brisbane Region, impacting confidence across Queensland, 61 per cent of businesses reported a recovery of between 67-100 per cent of pre-COVID-19 trade. Even more, 1 in 4 have reported a recovery between 91 -100 per cent, with 10 per cent operating at total capacity.



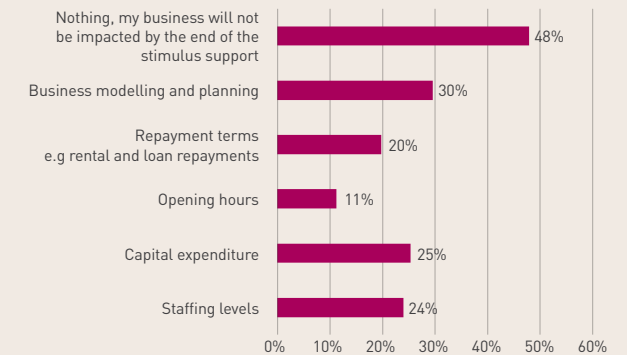
BUSINESS CONFIDENCE IN SUCCESS

Businesses are only moderately confident in reaching their 12-month goals as uncertainty continues to plague the region. While only 10 per cent of businesses were certain, 2 in 5 at least 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 the Gold Coast have avoided the fiscal cliff that was previously predicted. Despite the end of JobKeeper payments in March, nearly 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

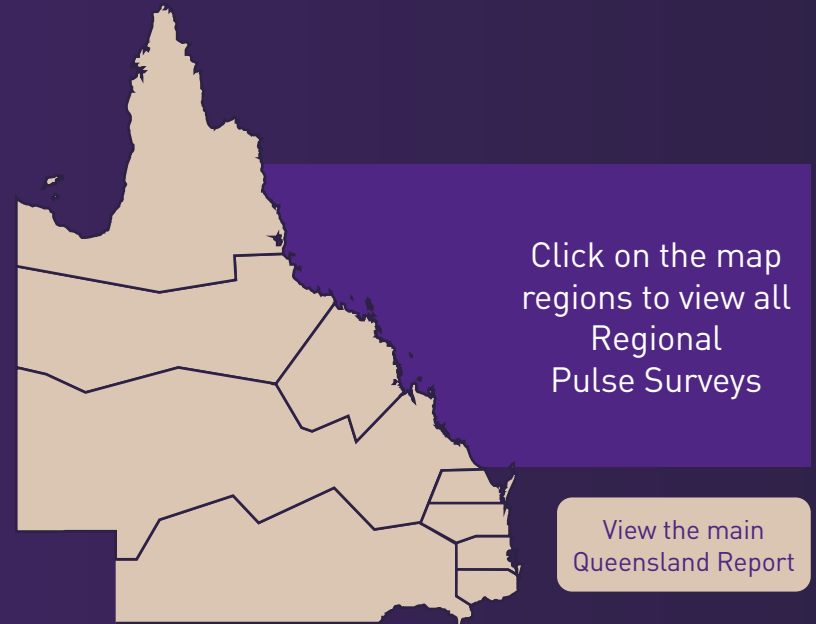
#3 TAX INCENTIVES

According to businesses on the Gold Coast, 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.

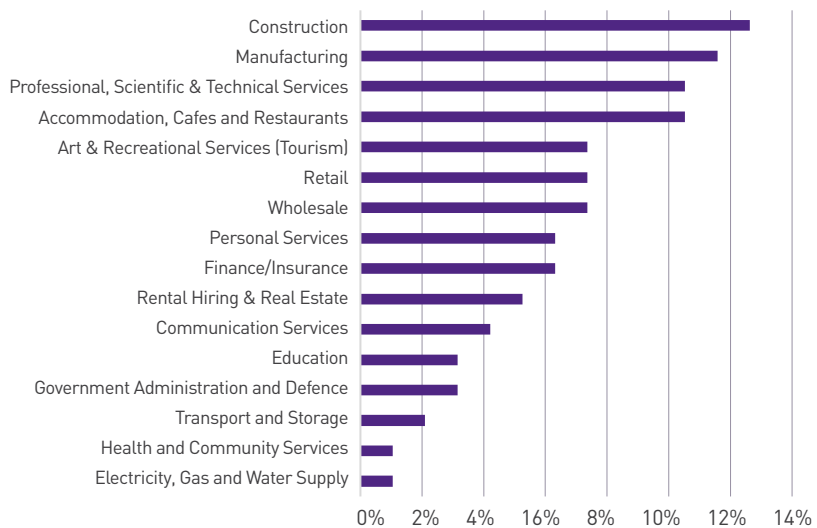
The Pulse Survey has measured Queensland business confidence and expectations for over 25 years. The survey publishes results quarterly from key questions put to the Queensland business community. The survey is unchallenged in terms of being the most authoritative, timely and comprehensive snapshot of 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 Gold Coast 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 118 from the Gold Coast (12%).

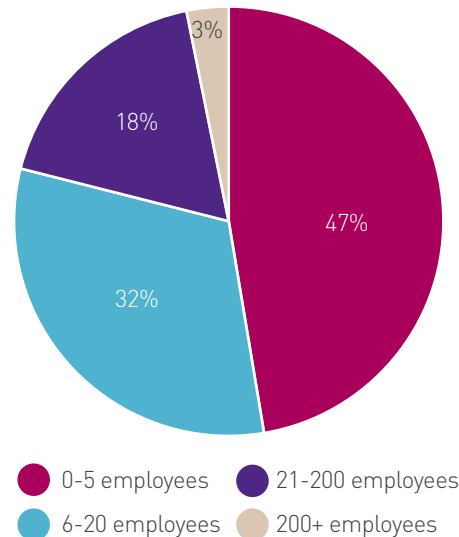
To find out more about Pulse, please contact CCIQ on 1300 731 988 or at ciqadvocacy@cciq.com.au



INDUSTRY REPRESENTATION



SIZE OF ORGANISATION



SAMPLE SIZE

