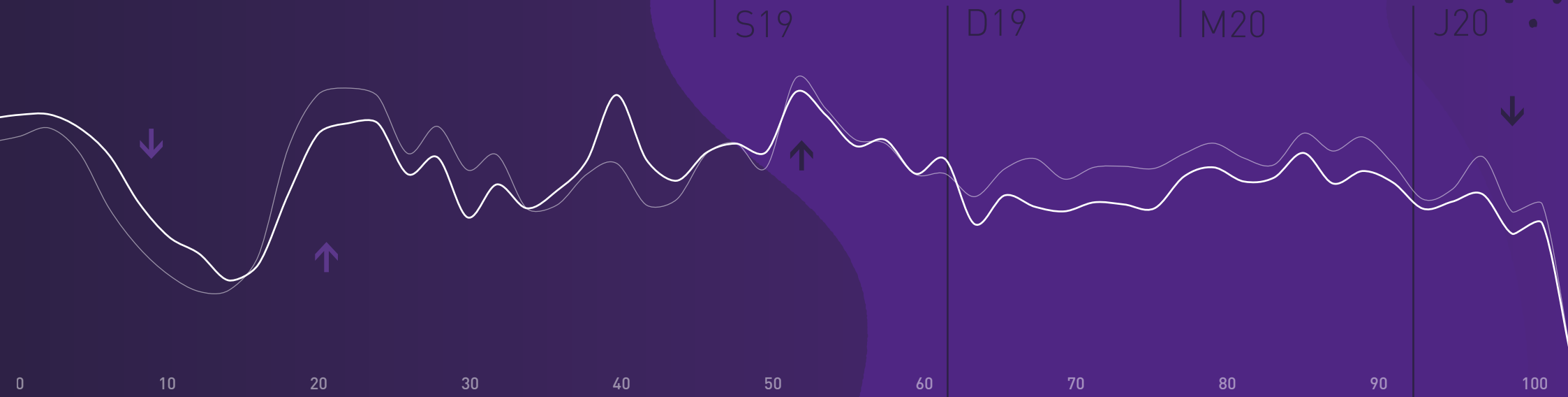


CCIQ PULSE SURVEY OF BUSINESS CONDITIONS

MARCH QUARTER 2021



MARCH QUARTER OVERVIEW

The latest Pulse Survey of business sentiment marks an entire year of on and off-again restrictions in Queensland. What a turbulent year it has been. Business resilience was tested like never before following the enforced economic and social hibernation, which commenced on the 23rd of March 2020. What followed the immediate health response was an economic crisis that continues to test Queensland businesses. Specifically, social distancing and COVIDsafe requirements have changed the way businesses operate while at the same time shifting consumer behaviour. Consequently, Queensland businesses endured their first recession since December 1990 while sentiment readings fell well below what was experienced during the Global Financial Crisis (GFC).

Since the shutdown, Queensland businesses have diversified their operation whilst leveraging economic activity that flowed from Federal and State stimulus. During the March quarter, business sentiment recovered. Surveyed businesses are now reporting confidence levels more than four times higher than the March quarter of 2020. Businesses cite many contributing factors to the recovery, including low interest rates, localised consumer spending, and the hopefully hastened vaccine rollout. However, two hotspot closures in Greater Brisbane and additional business restrictions imposed across Queensland provided a reminder of the fragility of business conditions while the COVID-19 pandemic persists. It is now necessary that governments acknowledge the journey ahead for the economy should further disruptions occur in the absence of stimulus support.

Following the lockdowns of Greater Brisbane this quarter, businesses indicate the need for transparency and consistency in decision making for activity levels to continue. Even after 12 months of COVID-19, respondents are still unable to predict decisions impacting allowable trade and travel restrictions following the declaration of a 'hotspot'. The March quarter also saw the conclusion of the Federal Government's JobKeeper wage subsidy. Businesses are confident in avoiding the fiscal cliff but acknowledge that variable operational cost such as employment levels will be adjusted as required.

KEY FINDINGS

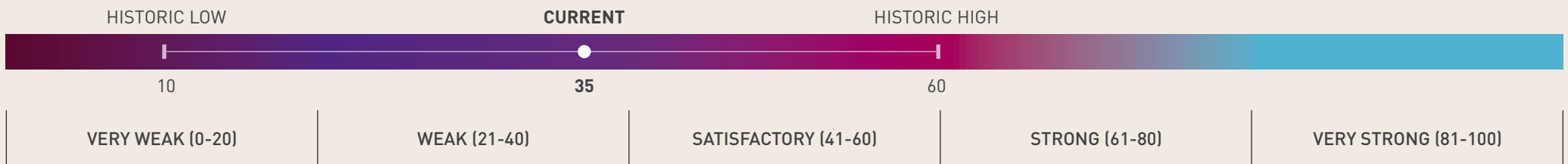
- 1 Business confidence in the 12-month outlook of the Queensland economy is more than four times higher than at this time last year
- 2 Profitability remains the lowest scoring indicator as businesses report rising costs and efforts to recover losses incurred during the financial year
- 3 Businesses expect that overall performance will remain constant in the June quarter following a mere one per cent change in the average Pulse Business Indicator

KEY THEMES

- 1 Businesses call for transparency around COVID-19 decision making following 12 months of stop and go
- 2 Businesses avoid fiscal cliff while casual workers and planned investments face the axe
- 3 Accelerated vaccination program necessary to unlock business potential in Queensland

WHAT IS THE PULSE BUSINESS INDEX?

The Pulse Business Index (PBI) is Queensland's most authoritative, timely and comprehensive snapshot of business sentiment. The PBI works by utilising the quantitative responses from businesses to questions surrounding the forward outlook for the state and national economy, and key performance indicators. A PBI reading of 50 would indicate that performance growth has remained neutral. On the other hand, a PBI reading above or below 50 would suggest that performance across the indicator has grown or fallen, respectively. The following scale is useful in interpreting the performance of the PBI indicator:



SNAPSHOT

WEAKER SAME STRONGER

Current index score Quarterly change

12-MONTH OUTLOOK (QUEENSLAND) 54.7 (↑12.2) SATISFACTORY

- Queensland's 12-month outlook indicator grew 12.2 points to 54.7, indicating satisfactory and strengthening confidence
- The 2020 calendar year will represent a low base for comparing the forward economic performance of Queensland
- Two Greater Brisbane lockdowns limit the progress of recovery relative to the national outlook
- Businesses successfully transition off stimulus, with many becoming hopeful that casual job vacancies will become easier to fill

30%

27%

43%

12-MONTH OUTLOOK (NATIONAL) 64.2 (↑16.8) GOOD

- Australia's 12-month economic outlook indicator grew a record 16.8 points as state economies stabilise following successful management of COVID-19 outbreaks
- Despite various roadblocks, the vaccine rollout boosts business and consumer confidence
- Favourable terms of trade continue to support economic growth

19%

28%

52%

GENERAL BUSINESS CONDITIONS 58.3 (↑10.3) SATISFACTORY

- The General Business Conditions index exceeded the neutral baseline for the first time since 2017 following quarterly growth of 10.3 points
- Household savings and Government stimulus continues to support economic activity
- Tourism sectors report positive activity from both Queensland and interstate travellers
- Businesses continue to express frustrations over the inability to plan for hotspot closures in Queensland

22%

41%

37%

SALES AND REVENUE 57.4 (↑7.8) SATISFACTORY

- The sales and revenue index grew 7.8 points to 57.4, reflecting positive seasonal trade despite disruptions
- Businesses continue to report high demand for local goods and services
- Two lockdowns in Greater Brisbane result in lost trading opportunities for discretionary sectors
- Global supply chain constraints create new opportunities for domestic suppliers

27%

32%

41%

OPERATING COSTS 64.1 (↑3.5) HIGH

- Operating costs continue to normalise, with nearly no businesses reporting declining expenditure
- Disruptions to global supply chains inflate input prices for productive industries
- Insurance affordability returns to being one of the most significant constraints on business growth
- COVIDsafe requirements impose additional business costs such as extra cleaning and personal protective equipment (PPE)

2%

62%

36%

LABOUR COSTS 65.8 (↑7.2) HIGH

- Labour costs return to high levels following index growth of 7.2 points to 65.8
- Tapering of the JobKeeper wage subsidies for payroll periods commencing after the 4th of January fuels further growth in labour costs
- Businesses plan for the end of JobKeeper wage subsidies concluding on the 28th of March

3%

58%

39%

PROFITABILITY 45.2 (↑4.5) SATISFACTORY

- Profitability improves only slightly by 4.5 points as consumer demand and business costs rise at similar rates
- Businesses continue to recover from losses incurred earlier in the financial year
- Queensland businesses across the state report losses from lockdowns in Greater Brisbane
- Business restrictions remain in place for highly represented industries in the March quarter sample

40%

37%

23%

EMPLOYMENT LEVELS 51.3 (↑5.0) SATISFACTORY

- Improved employment levels reflect positive momentum in employment data
- Businesses are hopeful that the end of JobSeeker payments in March will ease labour supply constraints
- Employment markets become more competitive following trends in remote workplace capabilities

18%

60%

22%

CAPITAL EXPENDITURE 51.9 (↑6.0) SATISFACTORY

- Low-interest rates continue to make capital investments more attractive
- Businesses report smaller asset purchases to take advantage of depreciation, and instant asset write off incentives
- Diversification efforts necessitate business investment

21%

53%

26%

12 MONTH OUTLOOK: AUSTRALIAN AND QUEENSLAND ECONOMIES

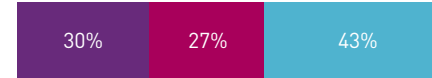
Business confidence in Queensland and Australia's economic outlook continued its positive momentum in March 2021. Compared to the March quarter of 2020, following the announcement of enforced business closures, the PBI for the economic outlook has grown by more than 400 per cent. This sentiment has also been reflected across critical economic indicators, with some now performing stronger than before COVID-19. The rapid recovery of the economic outlook indicator is driven by the nature of the survey question, comparing forward expectations with the most recent 12 months, which represents a shallow base. Business uncertainty is a fraction of what it was last year following the rollout of the COVID-19 vaccine and consecutive easings of restrictions. However, with the Federal Government's JobKeeper recently concluding, there is no telling how sustainable the optimistic outlook will be should further economic lockdowns occur.

Generally, the last 12 months represented a period whereby negative expectations have not been realised, while the level of positive expectations have been exceeded. However, the momentum of recovery in Queensland is broadly following a similar trajectory to the period after the GFC. What followed the initial stimulatory phase was a period of volatile business sentiment as operating conditions normalised. While it is hoped that Queensland's record economic outlook will continue, it is more likely that forward expectations may begin to plateau as economic activity stabilises following the conclusion of stimulus support and ongoing exposure to COVID-19.

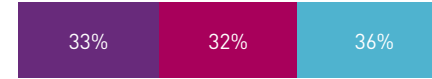
How do you expect the economy to perform over the next twelve months in comparison to the last twelve months?

QUEENSLAND

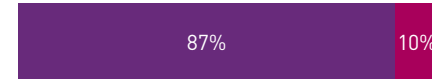
TODAY (MAR '21) **54.7**



LAST QUARTER (DEC '20) **42.5**



LAST YEAR (MAR '20) **12.3**

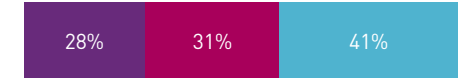


NATIONAL

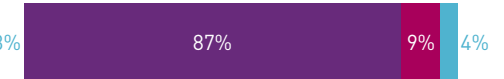
TODAY (MAR '21) **64.2**



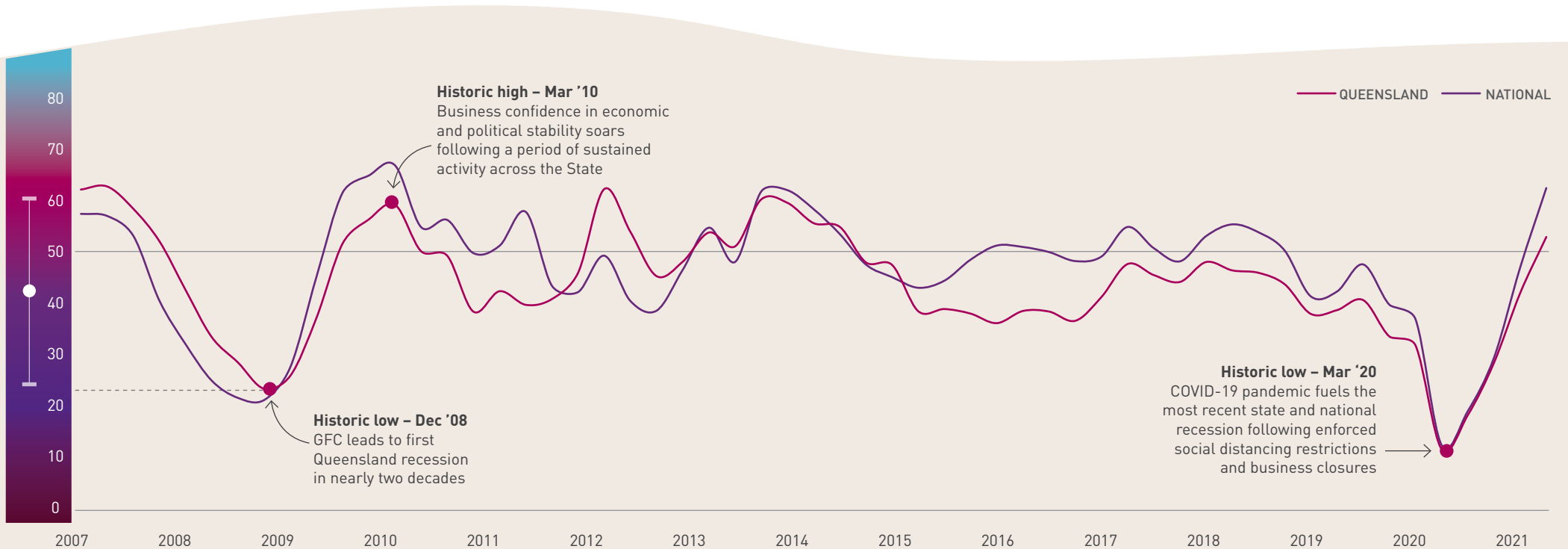
LAST QUARTER (DEC '20) **47.5**



LAST YEAR (MAR '20) **13.1**



WEAKER SAME STRONGER



GENERAL BUSINESS CONDITIONS

General business conditions have improved for the fourth consecutive quarter as the economic recovery continues. Compared to March last year, when businesses were labouring to adapt to new COVID-19 restrictions, the PBI for operating conditions has improved by 33.1 points. The latest index score of 58.3 is the first result which indicates improving conditions since 2017 and the first comparable result since 2007. The consecutive easings of restrictions have been instrumental in improving the index, which is calculated based on a quarterly comparison of business conditions. Despite limitations due to hotspot declarations in Greater Brisbane, the active rollout of the COVID-19 vaccine and the strengthening economy more broadly have been a significant source of optimism for more conducive operating conditions.

Surveyed businesses forecast Queensland's operating environment will improve by only one per cent in the June quarter. This finding follows more than half of the respondents expecting conditions to remain the same. Businesses have suggested that future growth will be contingent upon the release of certainty principles around business restrictions. As it stands, businesses have expressed frustrations in the inability to plan during snap lockdowns that are expected to continue occurring during the slow vaccine rollout.

CCIQ SNAP SURVEY – THREE-DAY LOCKDOWN:

1 in 2 businesses would like a nationally consistent approach to border closures and travel permits to eliminate travel uncertainties

2 in 5 businesses have called for the Queensland Government to publish a framework for COVID-19 decision making to enable better business planning for future outbreaks

How has your business performed over the last three months compared with the previous three months?

TODAY (MAR '21) **58.3**



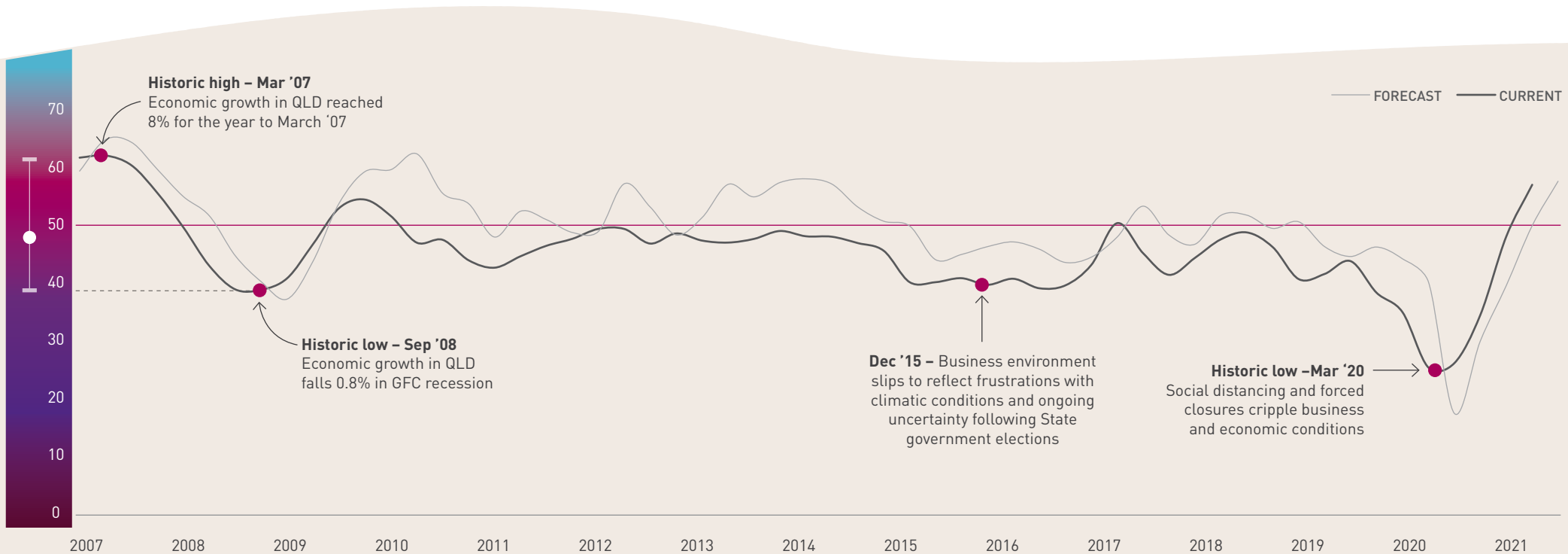
LAST YEAR (MAR '20) **25.3**



FORECAST (JUN '21) **59.1**



WEAKER SAME STRONGER



SALES AND REVENUE

Business turnover improved again in the March quarter following the record collapse experienced in the three months to July last year. Despite snap lockdowns, survey respondents continue to report an overall improvement in business activity that is unevenly spread across different industry sectors. Even after the festive trading period, the index improved by 7.8 points, with nearly two in three businesses reporting equal or stronger turnover compared to the December quarter. Business activity is expected to remain buoyant during the June quarter, with sentiment forecast to grow slightly by 0.1 points. Forward expectations are consistent with the confidence for ongoing economic recovery, despite the PBI remaining at a 'satisfactory' level.

Qualitative survey findings cite two critical drivers of strengthening business activity during the March quarter. Firstly, historically low interest rates have encouraged uptake in household lending and construction activity across the state. This has been reported to have benefited industries such as construction, real estate and financial services, to name a few. Secondly, retail and hospitality suppliers, particularly those able to leverage non-restricted trade opportunities (e.g. online retail and take away services), have benefited from shifting consumption patterns and stimulus-driven spending. Specifically, since the trough of the downturn in April 2020, retail sales have rebounded 22 per cent, with most activity now attributable to discretionary sectors. Strong business turnover has been predicted to continue over the coming 12 months while import markets remain closed and as stimulus activity continues.

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. – Brisbane

How has your business performed over the last three months compared with the previous three months?

TODAY (MAR '21) **57.4**



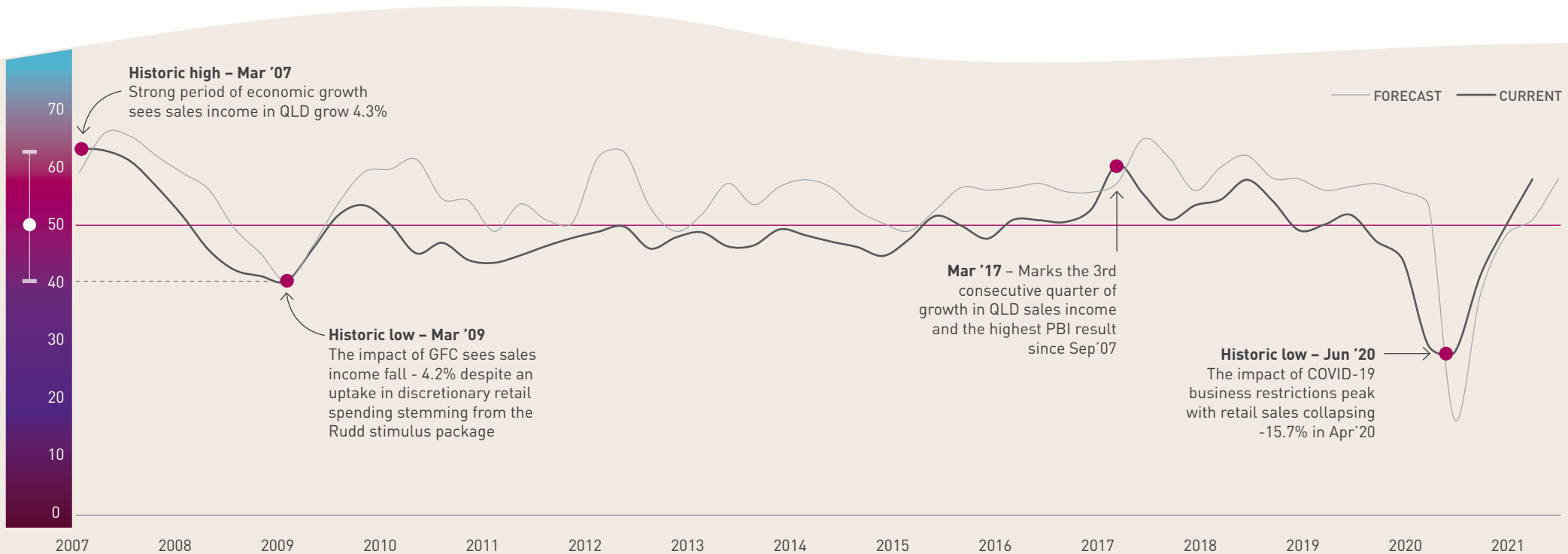
LAST YEAR (MAR '20) **28.8**



FORECAST (JUN '21) **58.5**



DECREASED SAME INCREASED



Source/s: ABS 5676.0 Business Indicators, Queensland (seasonally adjusted), ABS 8501.0 Retail Trade, Queensland (seasonally adjusted)

OPERATING COSTS

The trend of growing operational costs such as rent, utility and insurance costs has continued following the 2020 period of off-site business operations. The PBI rose an additional 3.5 points to 64.1 but continues to remain below the index's average since inception. Not dissimilar to the previous quarter, more than one in three businesses reported more substantial operational costs while most survey respondents experienced the same high level of expenditure. It is worth mentioning that input costs likely intensified for industries impacted by the two snap lockdowns in Greater Brisbane. CCIQ's Hot Topic Survey of businesses during the March closure estimated that businesses shared losses of up to \$604 million over the three days. For impacted industries, the most common source of financial loss was inventory waste which represents an operational cost.

Overall, rising business costs are mainly consistent with returning to regular operating conditions as restrictions ease. However, some industries are facing particular cost hikes from offshore supply constraints. A recent analysis of vulnerable supply chains by the Federal Productivity Commission contextualised this issue. It was estimated that the production of 1 in 5 imports was highly concentrated overseas. For those supply chains able to reshored in Australia, businesses have reported that the cost is far more expensive. This phenomenon is a result of this indicator where supplying industries face high operational and labour costs. Business costs are forecast to grow further during the June quarter as the index closes the gap between the 10-year average.

There is a lack of supply from manufacturers both within Australia and from overseas. The cost of energy and labour have been critical hurdles for the business to overcome and likely why domestic manufacturing cannot keep up. – South West Queensland

How has your business performed over the last three months compared with the previous three months?

TODAY (MAR '21) **64.1**



LAST YEAR (MAR '20) **65.5**

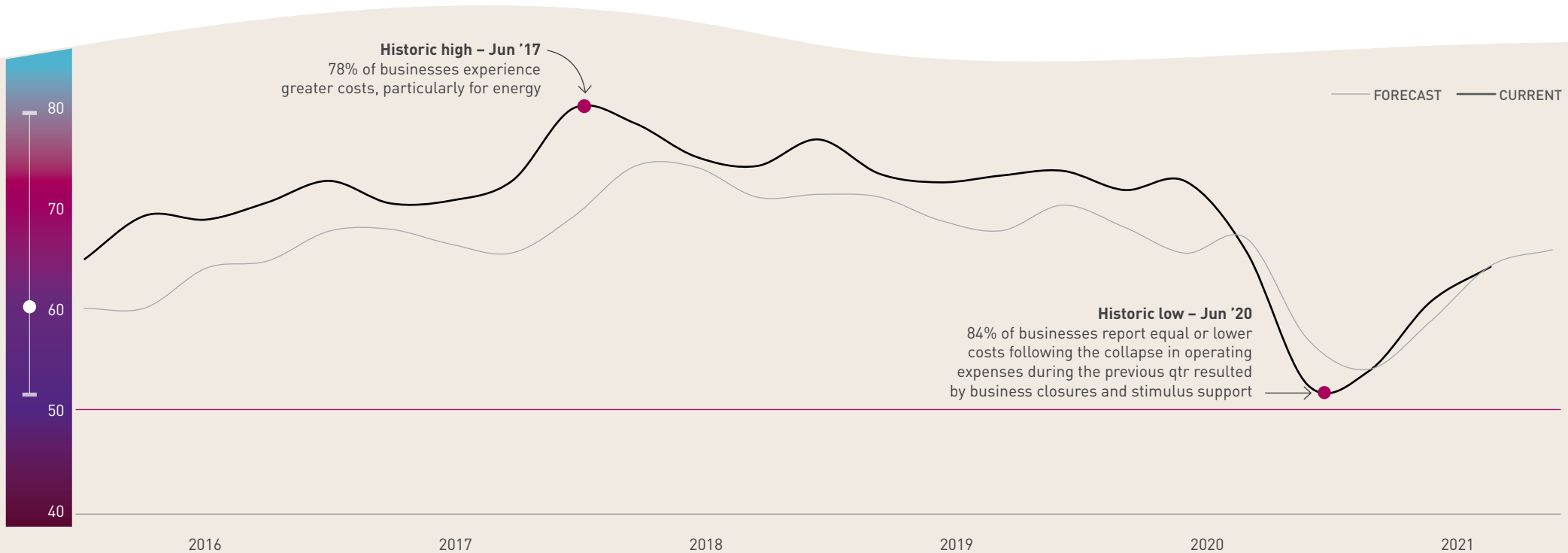


FORECAST (JUN '21) **65.7**



2%

DECREASED SAME INCREASED



LABOUR COSTS

Labour costs intensified in the March quarter as some Queensland businesses approach a crossroad between recovery or collapse. Following a further 7.2 point growth in the wage cost index, the PBI now exceeds the 10-year average of 59.1 and is now only two points below the historic high reported in the September quarter of 2018. While some survey respondents remain pessimistic about the end of JobKeeper, particularly concerning the sustainability of household demand, the index's growth also reflects strengthening labour force data. Labour costs are expected to remain steady over the next quarter despite some businesses having to adjust staffing levels or close their doors altogether.

The end of JobKeeper is likely to have a more significant impact on select industries and regions. Specifically, areas dominated by businesses exposed to international border closures will face ongoing difficulty. Currently, businesses in the accommodation and hospitality, recreation and tourism industries are still predominantly exposed to COVID-19. Oppositely, the end of the stimulus payments (e.g. JobSeeker) is hoped to boost labour force mobility for businesses seeking to expand their workforce.

“ After an unexpected bumper nine months, I feel that things will back off a little after Jobkeeper ends, and unemployment likely rises. Also, with international travel starting to open up, more money will go out of the country and less will be spent locally. That affects us. – Brisbane
Because of the Christmas period, it is not easy to compare labour costs with the previous two quarters – Brisbane

How has your business performed over the last three months compared with the previous three months?

TODAY (MAR '21) **65.8**



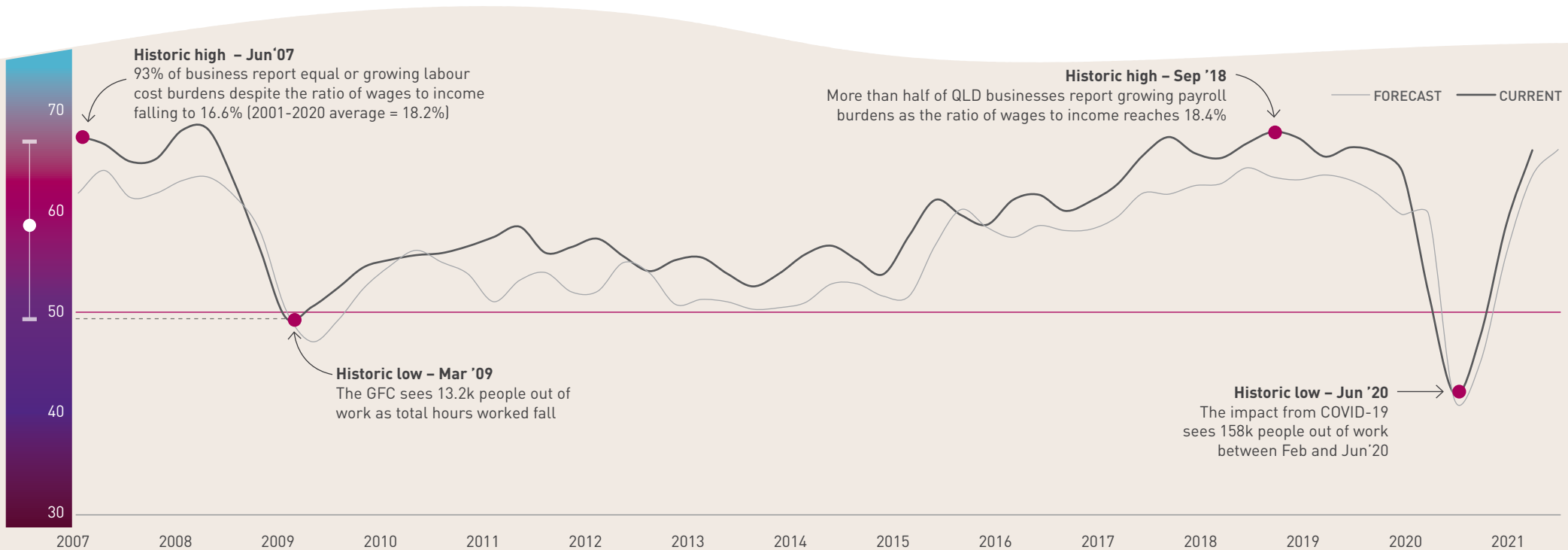
LAST YEAR (MAR '20) **52.0**



FORECAST (JUN '21) **65.9**



DECREASED SAME INCREASED



Source/s: ABS 5676.0 Business Indicators, Queensland (seasonally adjusted), ABS 8501.0 Retail Trade, Queensland (seasonally adjusted)

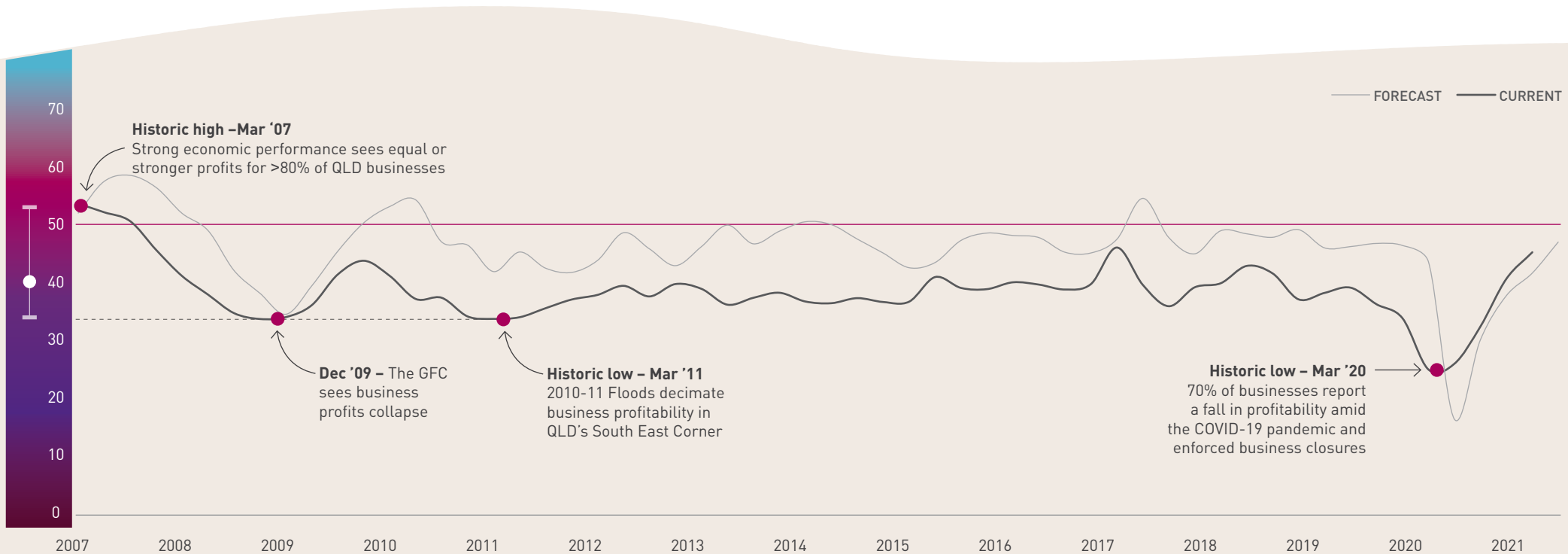
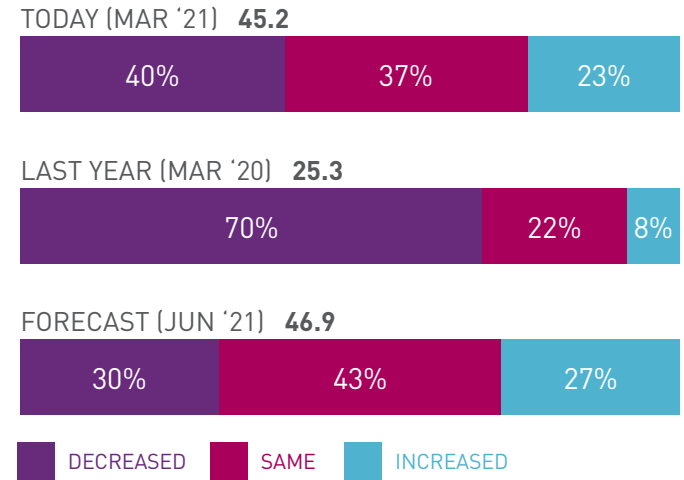
PROFITABILITY

Consistent with improvements across business performance, profitability also strengthened following positive seasonal performance. The PBI improved 4.5 points, with one in three business respondents experiencing equal or stronger profits. Interestingly, quarterly growth was primarily driven by fewer businesses reporting significantly weaker profitability, but also the seasonal adjustments applied to the March quarter's results. As a result, the latest index reading is 7.3 points above the 10-year average and is at its highest reading since 2007 before the GFC.

Businesses anticipate a slight improvement in their profitability, with the Index forecast to grow by 1.7 points to 46.9. This result reflects fewer businesses expecting their profitability to remain weaker than the most recent quarter. For business profitability to exceed the neutral baseline, there needs to be a more decisive majority of businesses experiencing stronger profits. This situation has not materialised since the GFC and will likely remain true once economic conditions stabilise.

- “ People who would usually be travelling overseas are stuck in Australia and are travelling locally. Despite this, profit margins remain tight as the overall spend is lower while costs continue to grow. – Brisbane
- “ I have had to reduce prices of plans to suit the economy resulting in less profit and income whilst operating expenses have stayed the same. – Brisbane

How has your business performed over the last three months compared with the previous three months?



Source/s: ABS 5676.0 Business Indicators (seasonally adjusted)

EMPLOYMENT LEVELS

Employment levels have improved for the third consecutive quarter following the mass stand-downs experienced in the June quarter of 2020. The latest improvement marks an 18.4 point recovery and is now the first time the index has exceeded the neutral baseline of 50 since 2018. The recovery in the employment index is consistent with labour force data which has continued to break records during the recovery period. Seasonally adjusted data published by the ABS would suggest that an additional 46,600 Queenslanders were employed during the March quarter. Additionally, with the unemployment rate now below six per cent, employment conditions would seem stronger than before the COVID-19 crisis.

Despite the end of JobKeeper, employment levels are anticipated to strengthen further in the June quarter. Despite several businesses expecting to reduce staffing levels, this sample, fortunately, remains the minority. Oppositely, businesses looking to expand their workforce view the end of JobKeeper and JobSeeker as being necessary to boost labour force mobility between jobs. This suggestion follows consistent feedback from business members that have struggled to fill job vacancies for casual and low skilled roles.

- JobKeeper was important, as productivity when working from home fell to around 65% and has taken time to recover. - Brisbane
- It has been difficult to attract staff to regional areas. Mackay is experiencing a growth phase so access to accommodation is harder now than three months ago. - Mackay

How has your business performed over the last three months compared with the previous three months?

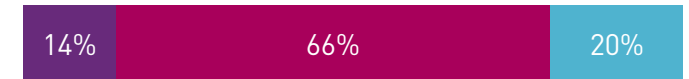
TODAY (MAR '21) **51.3**



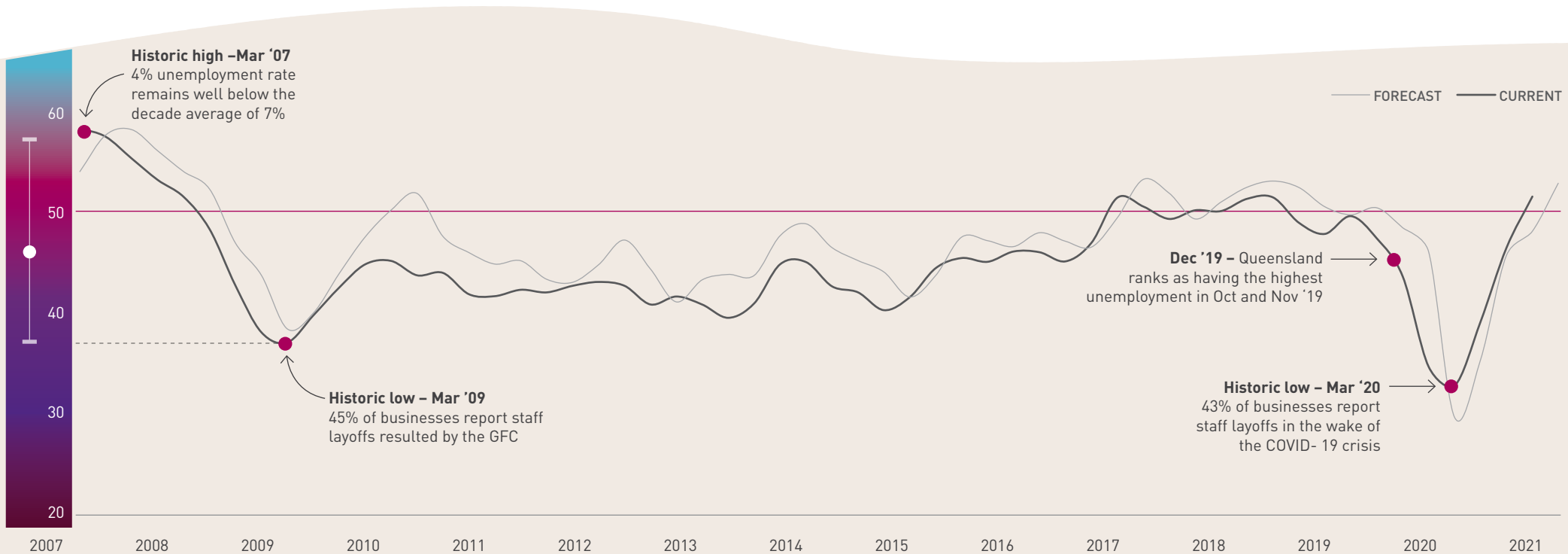
LAST YEAR (MAR '20) **34.8**



FORECAST (JUN '21) **52.6**



DECREASED SAME INCREASED



CAPITAL EXPENDITURE

In the wake of the COVID-19 crisis, many businesses placed their capital investment on hold. While the Federal Government incentivised smaller investments, business confidence and capital reserves remained low during the latter half of the 2020 financial year. Consequently, the PBI fell to a decade low of 36.9 points in the June quarter of 2020. Since then, the capital expenditure index has grown 15.1 points to 51.9, with many businesses now confident in expanding their business in the current climate. While improvements to general business conditions have aided the recovery, so have record low interest rates combined with federal and state stimulus. Capital expenditure is forecast to remain largely the same despite expectations that the index will slip back below the neutral baseline. This follows a slight detraction in businesses expecting greater investment activity, while more than half anticipate similar levels. Regardless, it is in the interest of Queensland's future economic performance to continue encouraging business investment.

“ We are a service business providing custom software B2B. We basically sell productivity gains through software. We are seeing increased interest and investment from businesses in systems and software processes. – Brisbane

“ Having our expats come home and the wider world community being able to travel and relocate here will bring new investment and opportunities for all. Australia and especially Queensland are seen to be one of the safest places to live now. – South West Queensland

How has your business performed over the last three months compared with the previous three months?

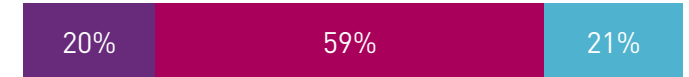
TODAY (MAR '21) **51.9**



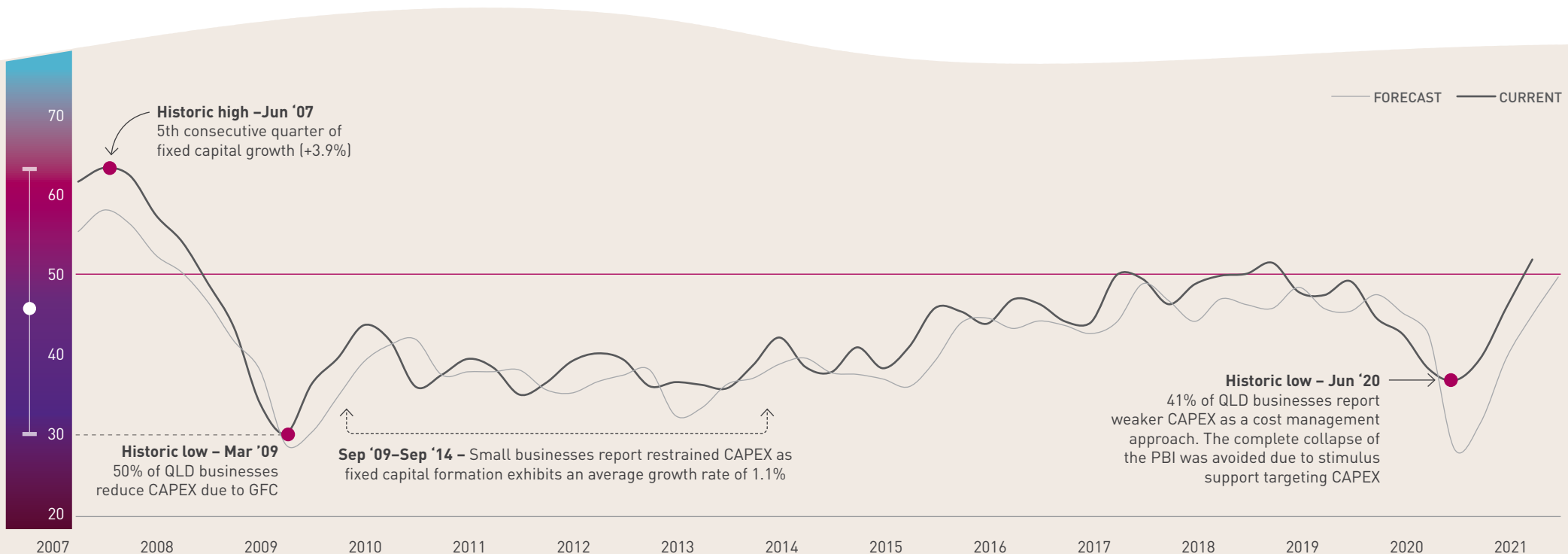
LAST YEAR (MAR '20) **38.3**



FORECAST (JUN '21) **49.8**



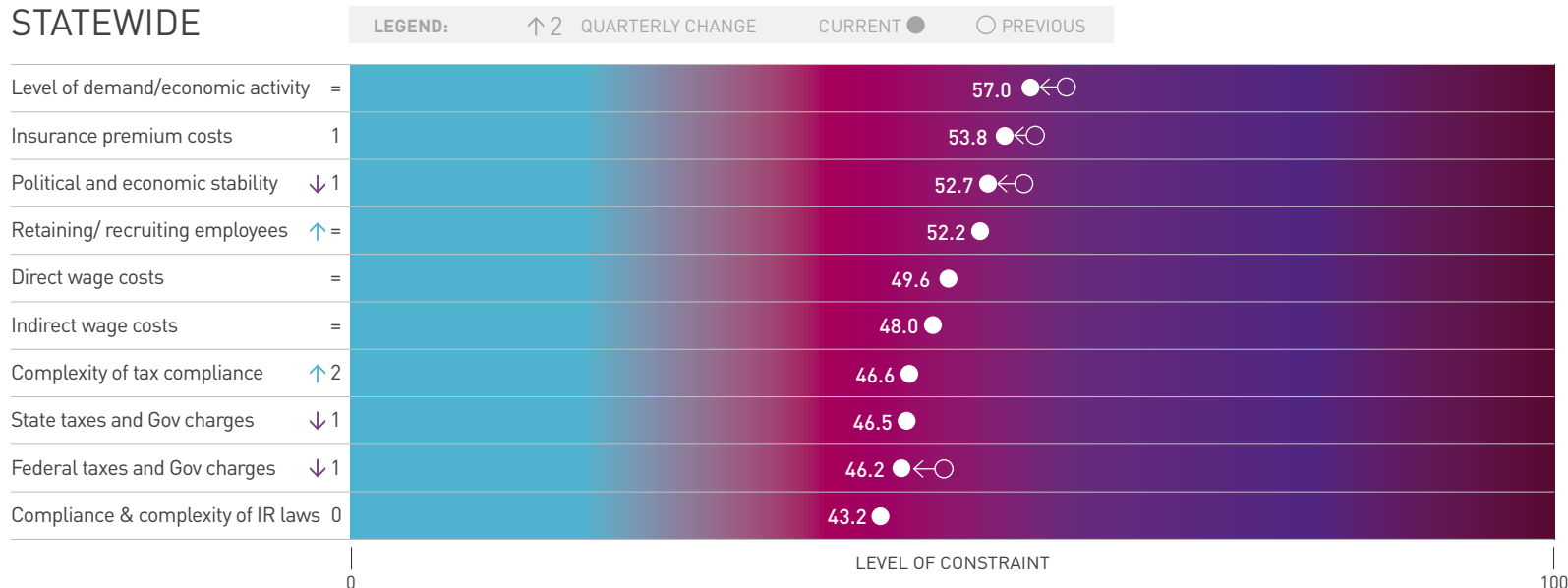
DECREASED SAME INCREASED



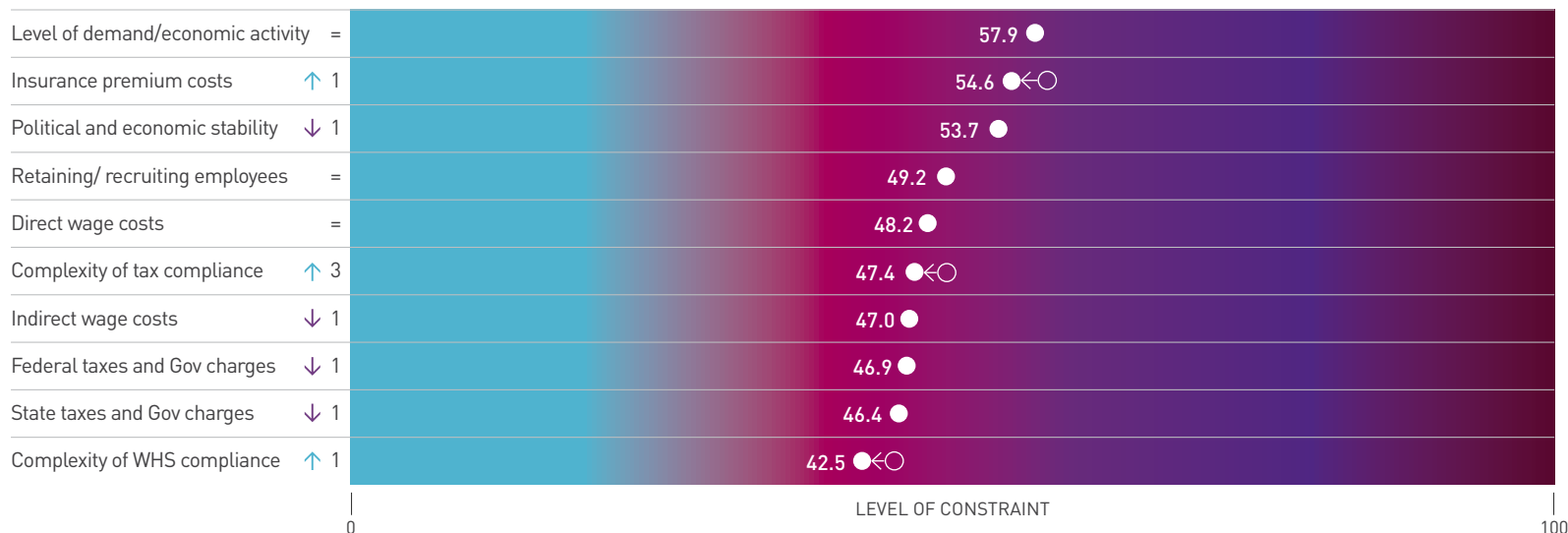
Source/s: ABS 6202.0 Labour Force (seasonally adjusted)

MAJOR CONSTRAINTS ON BUSINESS GROWTH

STATEWIDE



SMALL BUSINESS



STANDOUTS

After more than 12 months of COVID-19 in Queensland, the primary constraint on businesses is the level of demand and economic activity. Despite easing considerably since the peak of the COVID-19 crisis, economic activity has remained the greatest constraint on businesses since the June quarter of 2019. Secondly, and consistent with stakeholder consultation, insurance premiums have mounted as a primary constraint on businesses. This finding follows feedback from stakeholders surrounding rapid cost growth and the unavailability of certain insurance products in extreme cases. Otherwise, political and economic stability has remained in the top three constraints on business success. This constraint has fallen slightly and is likely to remain an area of uncertainty during the ongoing economic recovery and in the lead up to the Federal elections this year.

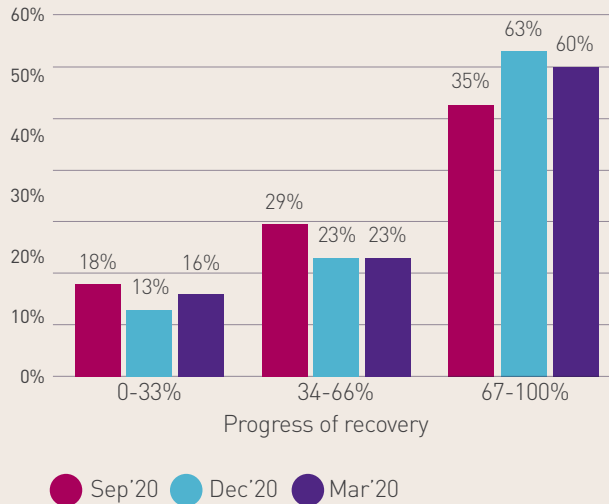
SMALL VS LARGE BUSINESS ISSUES

Not dissimilar to the Statewide results, the top constraint on small business was the level of demand and economic activity. This finding was unique to small business, however, with larger enterprises facing greater constraints. Retraining and recruiting were suitably qualified employees ranked as the top limitation for large businesses while ranking fourth for small businesses. Similar findings were observed for other employee-related constraints such as wage costs and WHS compliance which ranked lower for small businesses. Otherwise, of the top 10 constraints on small business, one half were in business cost areas such as insurance premiums, taxes and government charges.

HOT TOPIC SURVEY

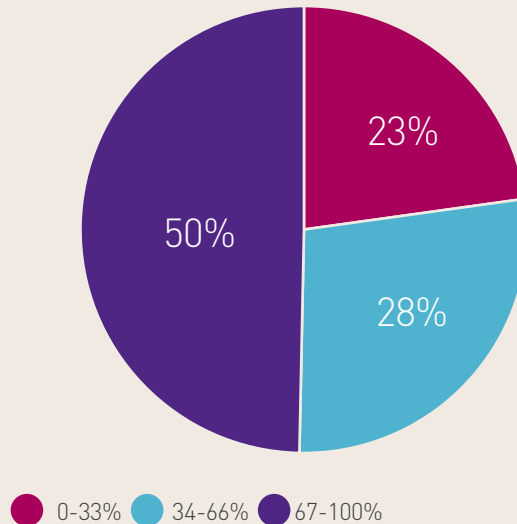
BUSINESS RECOVERY FROM COVID-19

The recovery of Queensland businesses fell slightly during the March quarter (2021). Compared to December, an additional 1 in 10 businesses returned to the lower range of reported recovery to reflect the impact of two lockdowns in Greater Brisbane and the re-introduction of other business restrictions across Queensland. According to the Hot Topic Survey, the most recent lockdown was estimated to have resulted in business losses of up to \$604 million over the three days. Otherwise, more than 1 in 4 surveyed businesses have recovered between 91-100 per cent of pre-COVID-19 trade, with 15 per cent operating at full capacity.



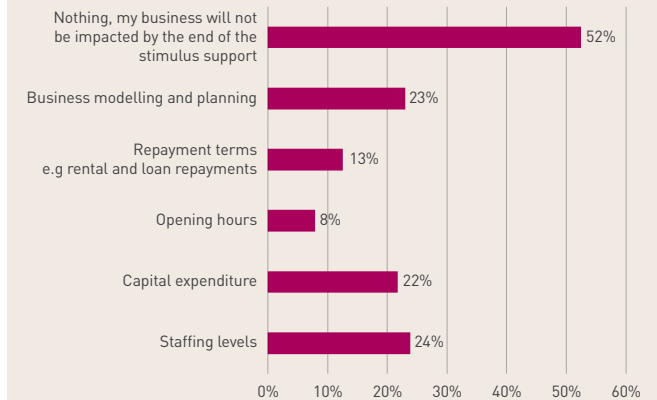
BUSINESS CONFIDENCE IN SUCCESS

Businesses are mostly confident in reaching their 12-month goals amid the favourable operating conditions reported this quarter. While only four per cent were certain, 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 disruption..



IMPACT TO BUSINESS WHEN STIMULUS SUPPORT ENDS

Thankfully, revised data suggests that the majority of Queensland businesses have avoided the fiscal cliff that was previously predicted. Despite the conclusion of JobKeeper payments in March, more than half of respondents are not expecting to be impacted by the conclusion of stimulus support. Growth in this figure was supported by an additional 1 in 10 business becoming confident in maintaining their viability without support. Otherwise, the remaining sample have continued planning to reduce variable costs such as staffing levels and capital expenditure until normal operating conditions return.



REVIEWING THE EFFECTIVENESS OF STATE AND FEDERAL STIMULUS

Most Effective Stimulus

#1 CASHFLOW INJECTIONS

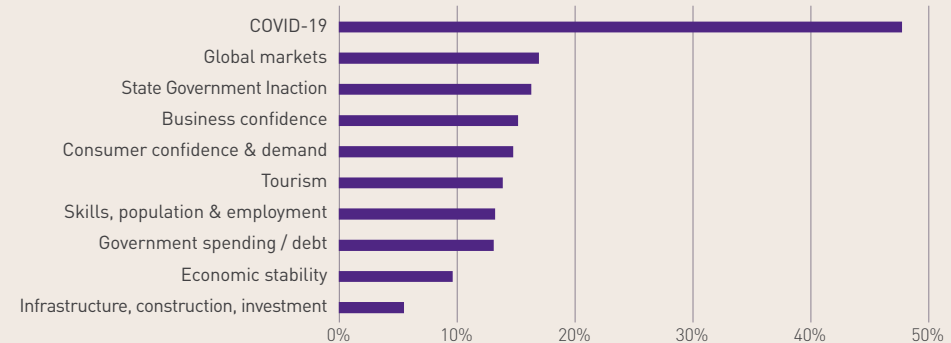
#2 WAGE SUBSIDIES

#3 TAX INCENTIVES

According to businesses in Queensland, stimulus support that tackled the immediate losses from the lockdown were ranked highly. Specifically, the Federal Government's PAYG cashflow injection scheme, JobKeeper wage subsidies and accelerated tax incentives were ranked 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 is likely a reflection of 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.

KEY INFLUENCES ON BUSINESS CONFIDENCE AND ISSUES AFFECTING THE PERFORMANCE OF THE NATIONAL AND STATE ECONOMIES OVER THE NEXT 12 MONTHS

KEY INFLUENCES ON BUSINESS CONFIDENCE IN THE ECONOMY



#1 – Businesses call for transparency and uniformity following 12 months of stop and go

Recent closures have highlighted that business restrictions are no easier to predict during a lockdown after 12 months of stop and go. Like survey findings last year, businesses remain unable to plan during lockdown periods as restrictions are announced daily during morning media announcements. Businesses are now asking reasonable questions around how long the phrase “unprecedented” will be adopted as reasoning for opaque decision making. Additionally, in the absence of a nationally consistent framework for border closures, tourism businesses continue to battle with the lasting implication of hotspot declarations on traveller confidence. Hence, for operating conditions to remain sustainable during lockdowns, businesses are calling for

- 1) Transparency – Queensland Government must prepare a guideline on COVID-19 decision principles to allow for pre-emptive business planning
- 2) Uniformity – State and Territory Governments to adopt a single approach to border declarations and treatment of COVID-19 hotspots



“After more than a year of COVID-19, businesses are constantly at risk of governments implementing border closures and restrictions at ANY time. It’s been impossible to predict government actions as they have not communicated the metrics for decision making. Businesses cannot react as quickly as the government assumes without significant financial losses.” - Brisbane

#2 - Businesses avoid fiscal cliff while casual workers and planned investments face the axe

The Federal Government’s JobKeeper wage subsidy was a critical life source for Queensland businesses during the COVID-19 crisis. During the September quarter, before the original end date, the absolute majority of businesses were concerned about their long-term viability without stimulus support. However, as the months passed and businesses became more confident in their recovery, new challenges arose. Recovering businesses looking to expand their workforce began having difficulties attracting casual workers and blamed JobKeeper/ Seeker for its negative effect on labour force mobility. Having now passed the March 28 cut off date, a fiscal cliff has been avoided by the majority of businesses. However, with operating conditions still far from the ‘norm’, areas of variable operating costs such as staffing levels and capital expenditure are on hold. Only time will tell how businesses will fare without stimulus support.



“The Cessation of JobKeeper will be the key factor to watch. While I feel the majority of industries will survive, there will be some that suffer worse than others without support. Likewise, there will be industries that have struggled to find staff due to those happy to work minimal hours and being topped up with JobKeeper.” - Far North Queensland

#3 - Effective vaccination program necessary to unlock business potential

During the December quarter, businesses were riding a wave of optimism following the announcement of a vaccination program in Australia. With mass vaccinations, Queensland could see the return to ‘business as usual’ except for regions still reliant on export activity to international markets. However, despite the progress in reported economic recovery, businesses are wary that normality for exposed industries may be further away than first hoped for. While it was originally targeted that Australia would have passed four million doses by the end of March. So far (at the time of writing), only 670 000 vaccinations have been administered. The Federal Government has since stated that there is no target for community vaccinations. So, while it is unclear when Queensland should expect mass vaccinations, businesses are calling for urgency to maintain the momentum of the economic recovery.



“Getting the economy going largely depends on the vaccine rollout and rebuilding confidence in travel. Tourism businesses will be the last to fully recover, with no telling when that will be. Also, with JobKeeper now over, the vaccine is our last hope.” - Far North Queensland

THE VOICE OF QUEENSLAND'S BUSINESS COMMUNITY

COVID will continue to impact short term activity and uncertainty, especially with governments willing to shut down areas at the drop of a hat. I expect JobKeeper and JobSeeker impacts to be minor, although many businesses will use it as an excuse to mask poor performance. I expect business closures to go back to pre-COVID levels. - **Brisbane**

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. - **Brisbane**

The international export market with mining and food exports should keep Queensland afloat. The COVID-19 landscape will remain tough for other industries with the ongoing uncertainty surrounding closures and restrictions to trading. Recovering from the economic effects of COVID-19 for countries around the world will be long and hard. We haven't seen the real effects, but I think it is coming. - **Mackay**

As a travel agent, for the last three months, we have been booking local travel over the Easter break. Before then, there were few opportunities with the constant closure of state borders. Because of the significant downturn, I have closed my shop after 15yrs and moved to a home office setup. Unfortunately, there was no point in paying rent and employing staff if people cannot travel. I will be bunkering down until things improve. - **Brisbane**

My business is associated with home living and lifestyle. I think we have benefited immensely from the inability to travel overseas. People are spending more quality time at home with family, and less money is being spent on travel. - **South West Queensland**

There has been a lack of tourism activity due to the threat of border closures. Before Easter, we processed large amounts of cancellations with interstate visitors not wanting to get "caught" in a hotspot and have to quarantine at their own cost. - **North Queensland**

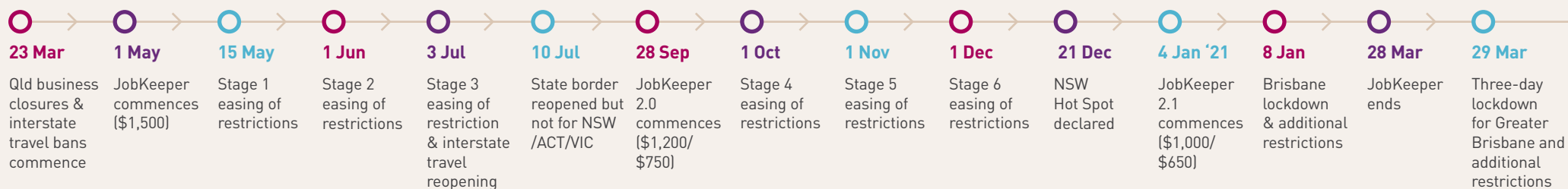
I believe many factors may contribute to a weaker economy in the coming 12 months. It is likely that the unemployment rate will rise when, just like myself, businesses will be unable to keep all of our staff employed moving forward. Jobkeeper was keeping many businesses afloat and people employed. - **Gold Coast**

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. - **Brisbane**

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. For the hospitality and tourism industry, it will take a long time to repair what is broken which includes consumer confidence. For some, this first lockdown without stimulus support will force them out of the market. - **Brisbane**

I believe the economy is experiencing an unsustainable boom period. Because of this, I have struggled to get good employees to grow my business. I need technically skilled workers but can only guarantee casual at this point. Good people don't want to be casual, but that is all I can offer until there is more certainty that this boom will extend beyond 2021. - **Wide Bay**

COVID-19 BUSINESS RESTRICTIONS

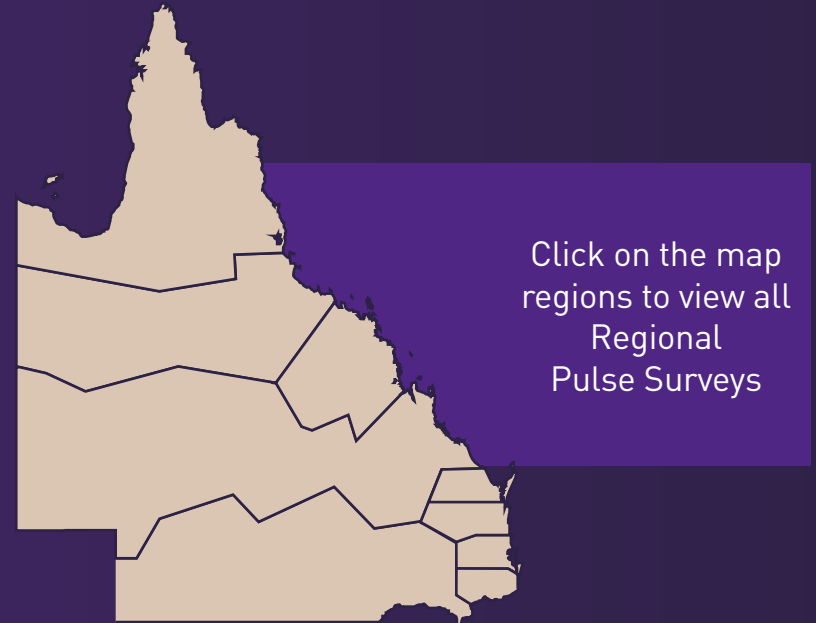


ABOUT PULSE

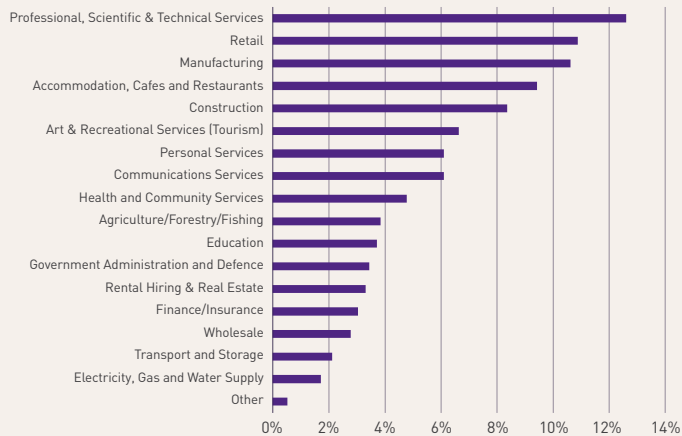
The Pulse Survey has measured Queensland business confidence and expectations for over 25 years. The survey publishes results quarterly from key questions put to the Queensland business community. The survey is unchallenged in terms of being the most authoritative, timely and comprehensive snapshot of 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 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 (2021). 1,021 businesses responded to the survey.

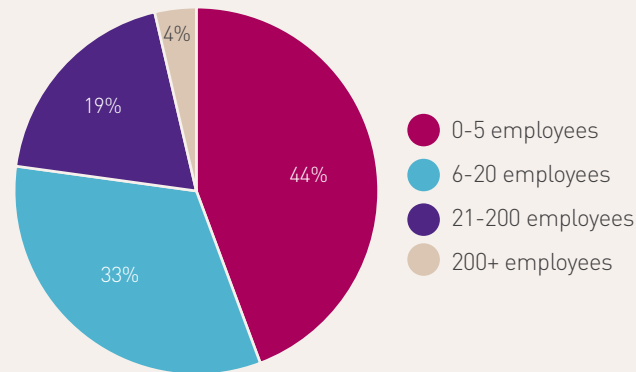
To find out more about Pulse, please contact Chamber of Commerce and Industry Queensland on 1300 731 988 or at cciqadvocacy@cciq.com.au.



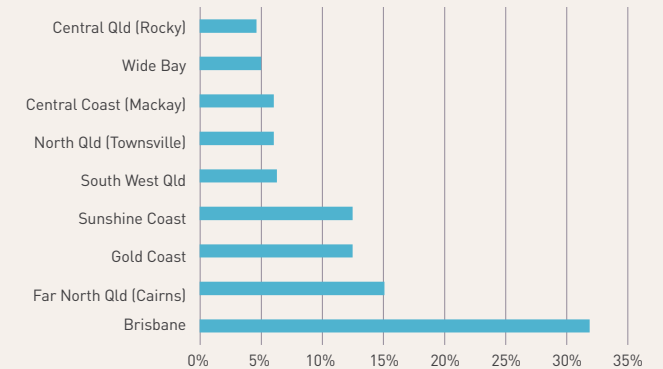
INDUSTRY REPRESENTATION



SIZE OF ORGANISATION



REGIONAL REPRESENTATION



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