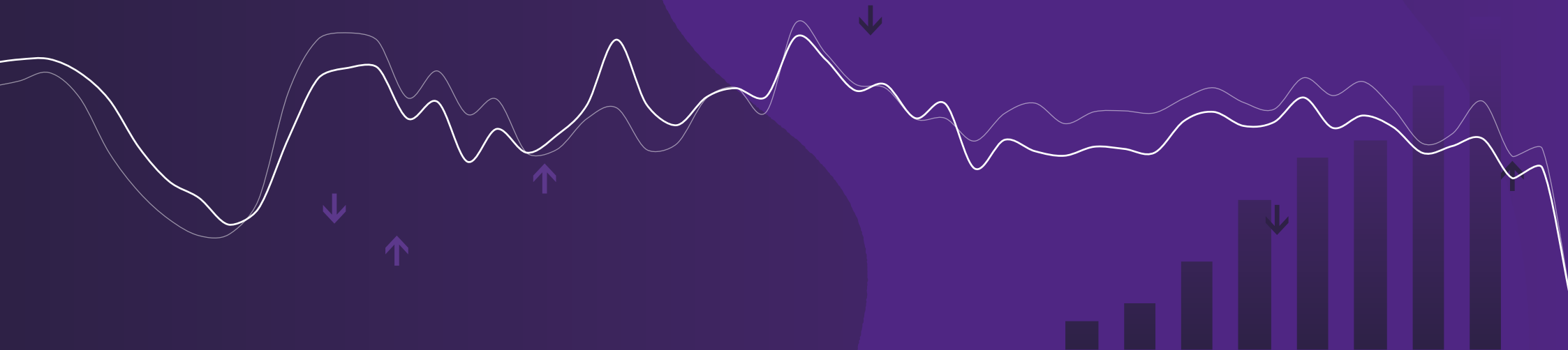
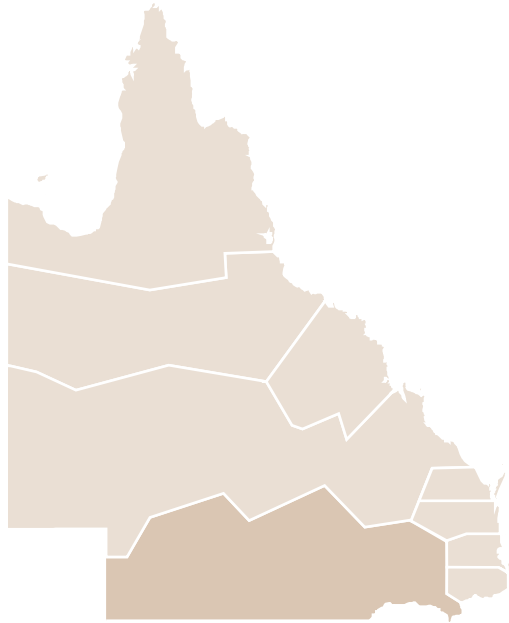


SOUTH WEST QUEENSLAND PULSE SURVEY REPORT

MARCH QUARTER 2021





“We will only start to see how the COVID-19 recovery will play out for many vital industries, especially now JobKeeper has finished. COVIDsafe requirements for the events industry are still causing troubles and cancellation are still resulting in a loss of income. This year has made us very aware of the vulnerabilities of our region to further outbreak resulting in local/state lockdowns.”

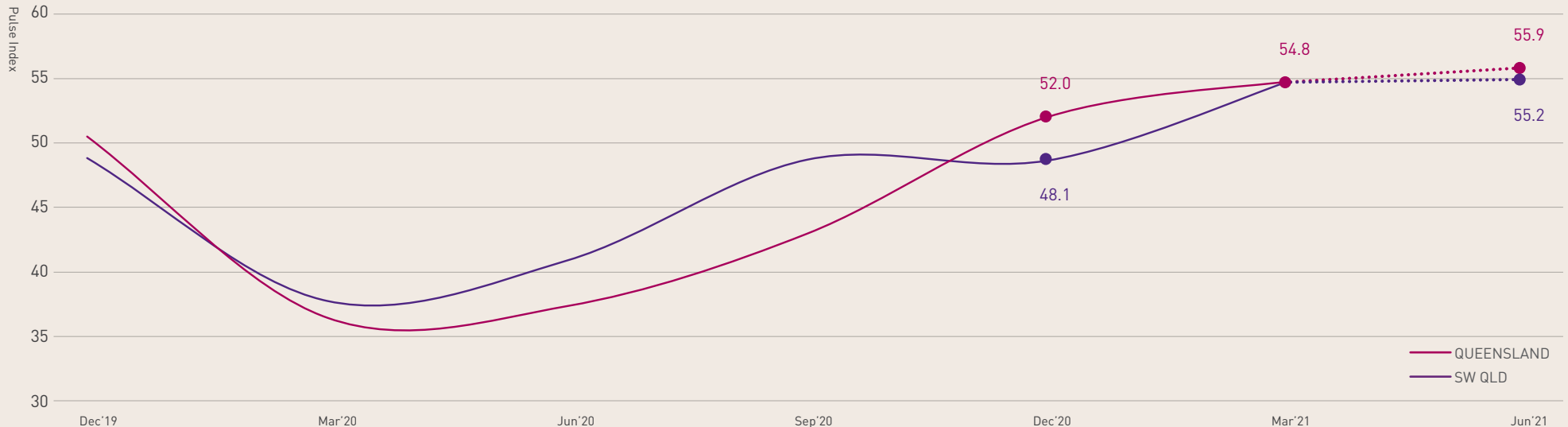
KEY FINDINGS

- 1 Business confidence in the forward outlook of the Queensland economy is nearly **four times higher** than during the March quarter of 2020
- 2 Nearly **1 in 2** businesses report the same level of low profitability with the index remaining the lowest
- 3 **Insurance premium costs** has been ranked as **the greatest constraint** on business growth in South West 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 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)

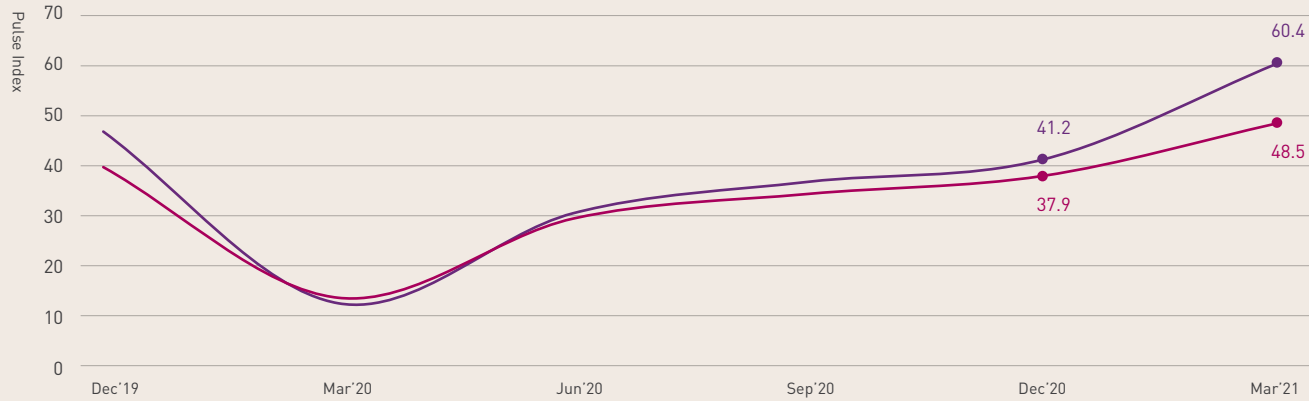
Satisfactory (41-60 points)

Strong (61-80 points)

Very strong (81-100 points)

12 MONTH OUTLOOK

— QUEENSLAND
— NATIONAL



257% growth in the Queensland 12-month outlook index compared to the March quarter of 2020

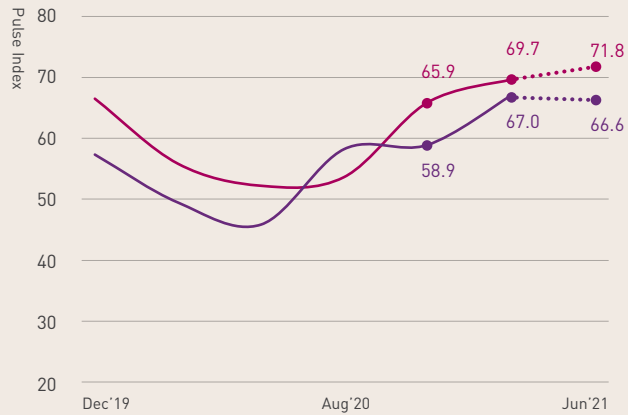
More than **one half** of businesses predict the national economy will perform stronger in the next 12 months

2 in 5 businesses predict the same for the Queensland economy

"In Queensland, there is still no road map for opening up the economy. International borders remain closed and State borders remain an ongoing uncertainty when reflecting on the recent lockdowns."

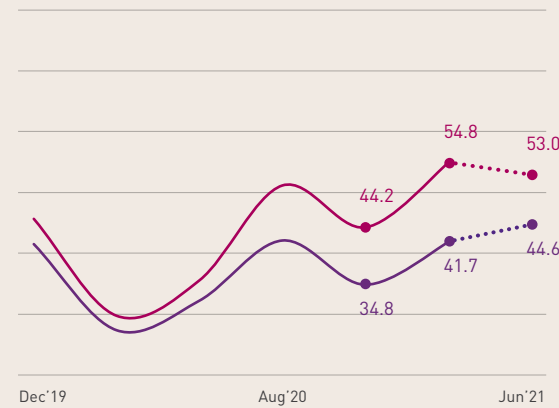
BUSINESS COSTS

— OPERATING COSTS
— LABOUR COSTS



BUSINESS PROFITABILITY

— SALES & REV
— PROFITABILITY



Business turnover grew as more than **1 in 2** business report stronger business activity compared to the December quarter

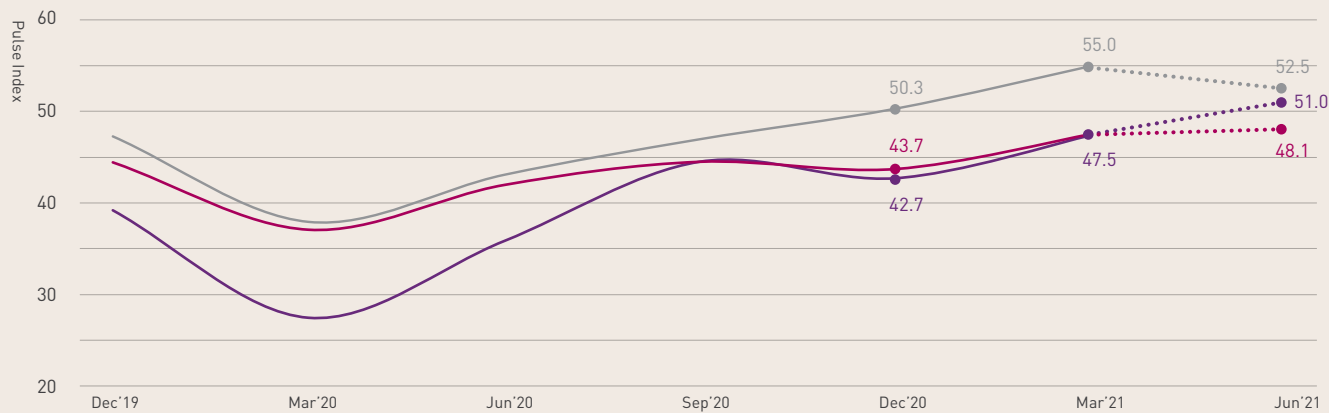
98% of respondents experienced equal or greater operating costs such as utilities, rent and insurance premiums

Nearly **1 in 2** businesses report the same level of low profitability with the index remaining the lowest

"Lockdown protocols resulting from COVID-19 is continuing to burden our businesses. As it currently stands, it will take years to recover from the losses that impacted our industry at the height of the pandemic."

BUSINESS PRODUCTIVITY

— CAPITAL EXPENDITURE
— EMPLOYMENT LEVELS
— BUSINESS CONDITIONS



The general business conditions index has improved 20.0 index points (73%) since the enforced business closures in 2020

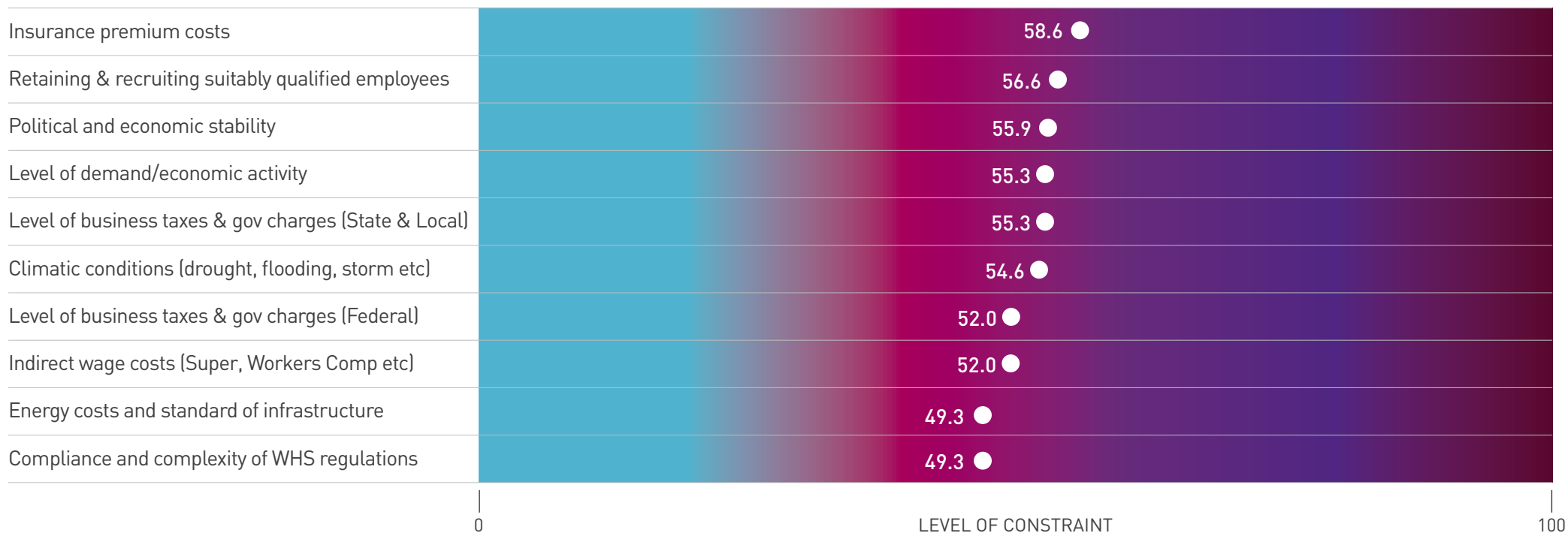
2.7% Unemployment¹ (Toowoomba) – -3,400 Employed; = Unemployed

5.8% Unemployment (Darling Downs-Maranoa) – +1,600 Employed; +1,100 Unemployed

The Capital expenditure index grew slightly despite only **1 in 5** choosing to decrease productive investments

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**



"There is a lack of supply from manufacturers within Australia. Local manufacturing has died to the point that it just cannot keep up which is a real shame. The cost of energy and labour being the critical hurdles to re-booting manufacturing. A massive shame when we are so energy and resource rich."



"Utility and insurance costs have become exorbitant, and there has been no growth in clients due to the number of businesses negatively impacted by COVID. Despite all the positivity I see, I fear the next 12 months will be difficult, especially without support."

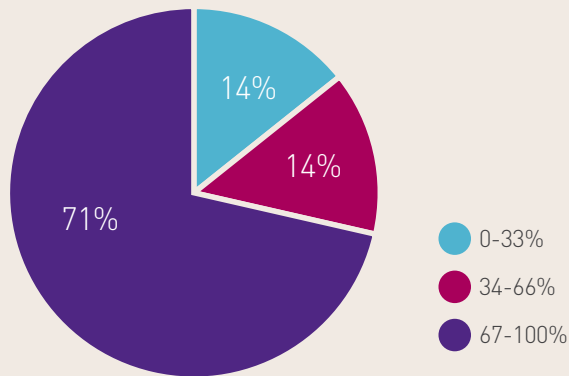


"If the construction and housing industry cannot ramp up and create accommodation in the regions, there will be a huge problem finding staff to fill jobs. The work is available but there is nowhere to house workers."

HOT TOPIC SURVEY

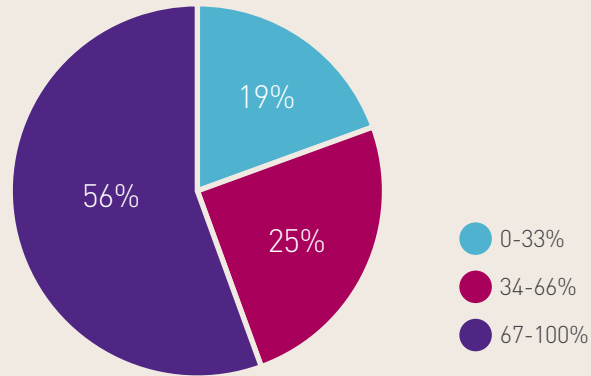
BUSINESS RECOVERY FROM COVID-19

The recovery of businesses across South West 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, compared to 61 per cent across Queensland. However, with only 1 in 3 reporting a complete recovery, the majority of businesses are yet to fully recover from the economic crisis.



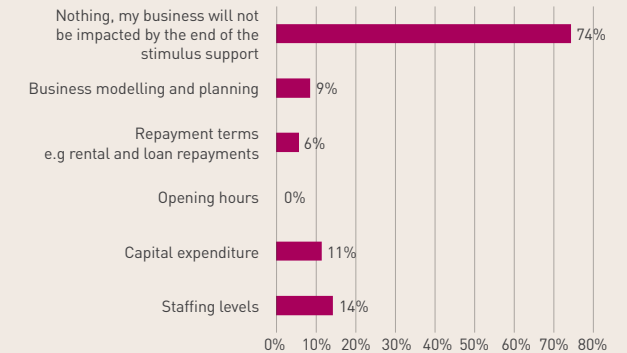
BUSINESS CONFIDENCE IN SUCCESS

Businesses are moderately confident in reaching their 12-month goals as uncertainty continues to plague the region. While only eight per cent of businesses were certain, more than 1 in 2 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 South West Queensland have avoided the fiscal cliff that was previously predicted. Despite the conclusion of JobKeeper payments in March, nearly 3 in 4 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 and capital expenditure until normal operating conditions return.



REVIEWING THE EFFECTIVENESS OF STATE AND FEDERAL STIMULUS

Most Effective Stimulus

#1 CASHFLOW INJECTION

#2 TAX INCENTIVES

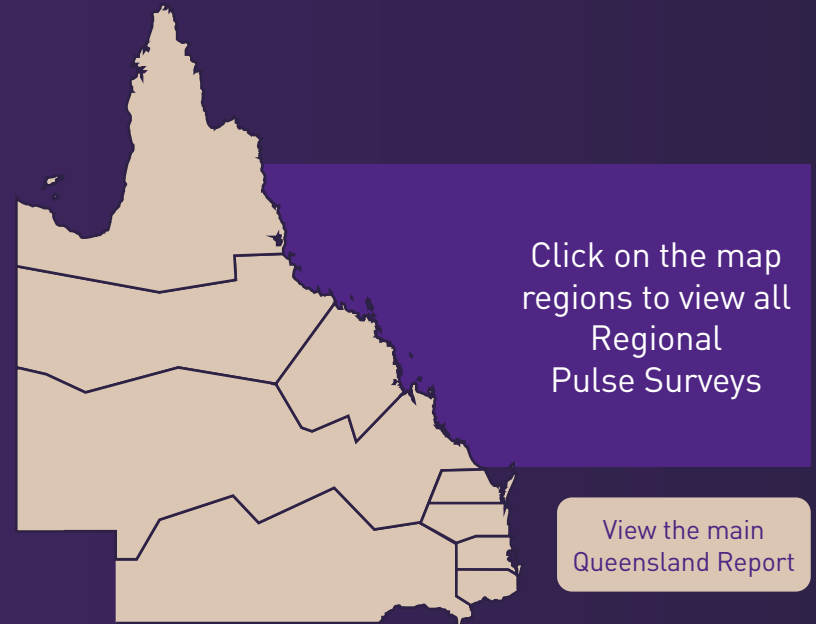
#3 WAGE SUBSIDIES

According to businesses in South West Queensland, stimulus support that tackled immediate losses and incentivised investment were ranked highly. Specifically, the Federal Government's PAYG cashflow injection scheme, accelerated instant asset write offs and the JobKeeper wage subsidies 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.

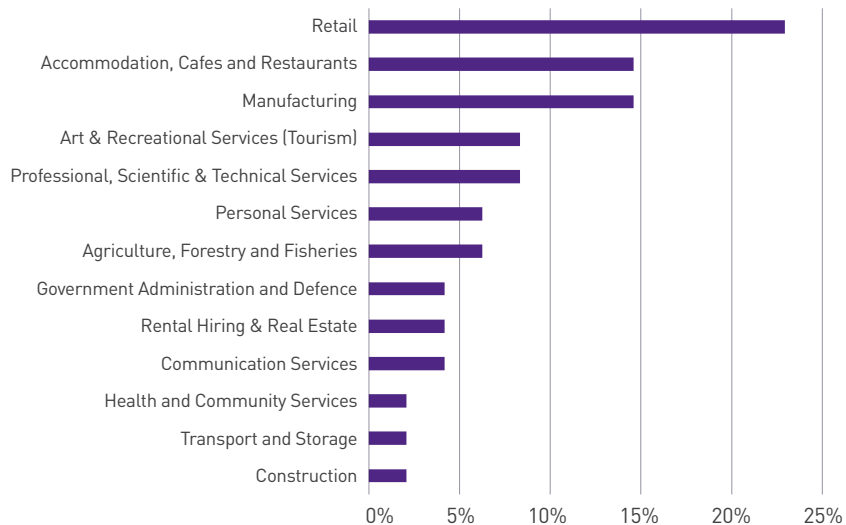
The Pulse Survey has measured Queensland business confidence and expectations for over 25 years. The survey publishes results quarterly from key questions put to the Queensland business community. The survey is unchallenged in terms of being the most authoritative, timely and comprehensive snapshot of 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 South West 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 68 from South West Queensland (7%).

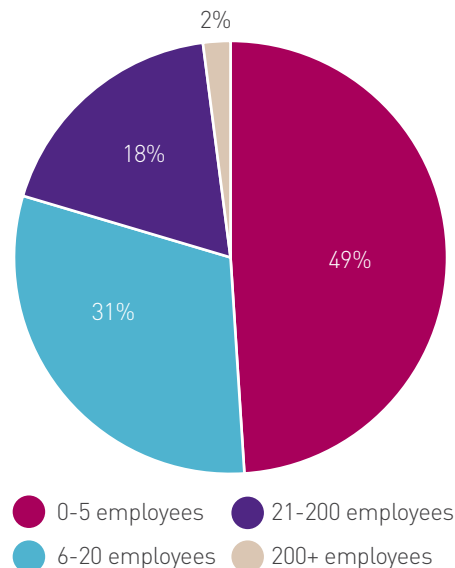
To find out more about Pulse, please contact CCIQ on 1300 731 988 or at ciqadvocacy@cciq.com.au



INDUSTRY REPRESENTATION



SIZE OF ORGANISATION



SAMPLE SIZE

