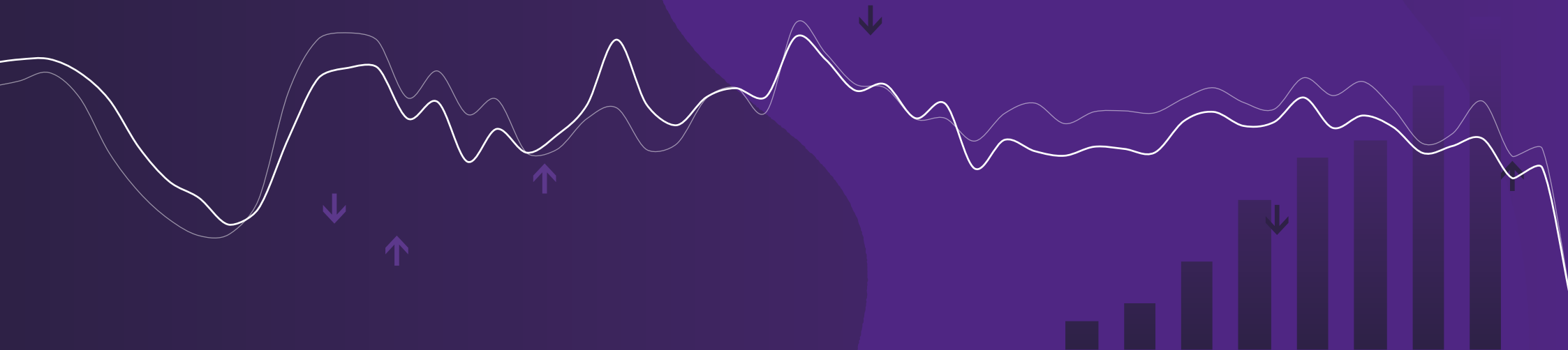


WIDE BAY BURNETT PULSE SURVEY REPORT

MARCH QUARTER 2021





“Strong local business activity has continued in 2021. I firmly believe that local activity has never been busier. We are seeing a boom in activity caused by households not spending money overseas and businesses busily diversifying. However, with that comes new challenges. My business and clients are finding it challenging to get staff with the right skills to keep up with demand.”

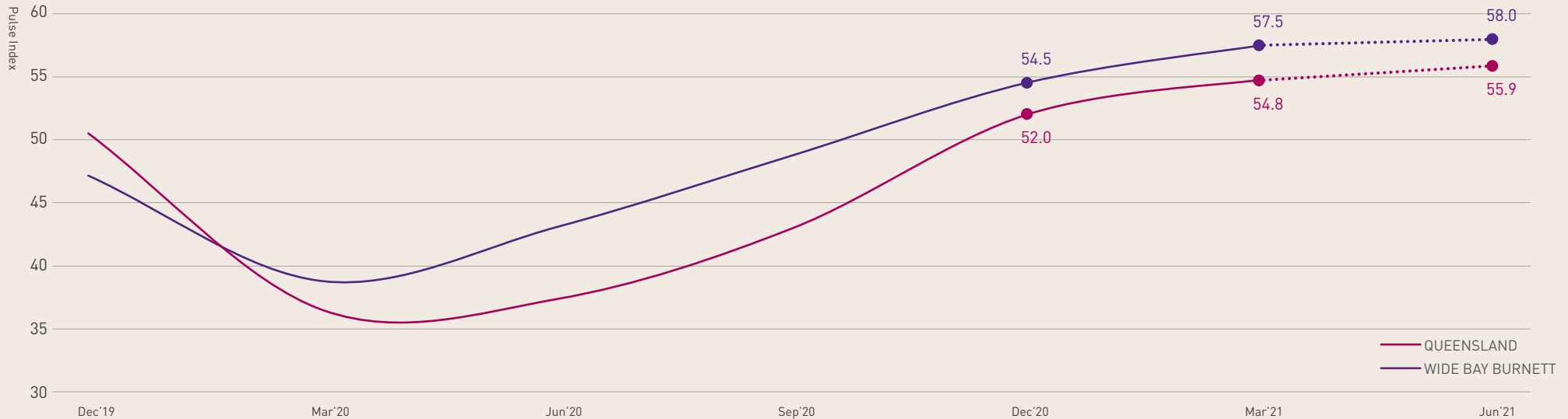
KEY FINDINGS

- 1 Business confidence in the forward outlook of the Queensland economy is nearly **five times higher** than during the March quarter of 2020
- 2 Nearly **2 in 5** respondents reported declining profitability as costs continue to rise and as businesses recover from losses incurred during the financial year
- 3 Business **costs rank as the highest constraints** on business growth across the Wide Bay region

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)

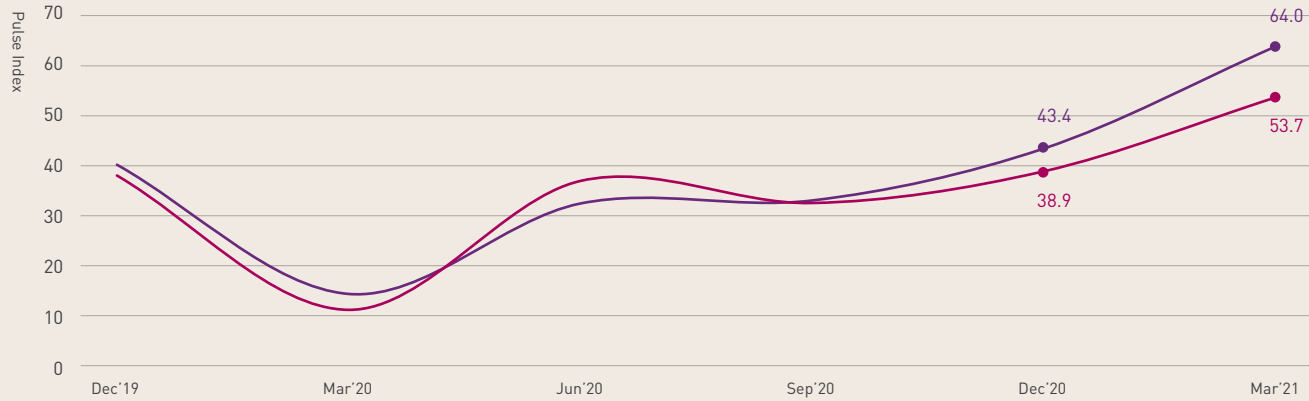
Satisfactory (41-60 points)

Strong (61-80 points)

Very strong (81-100 points)

12 MONTH OUTLOOK

— QUEENSLAND
— NATIONAL



390% growth in the Queensland 12-month outlook index compared to the March quarter of 2020

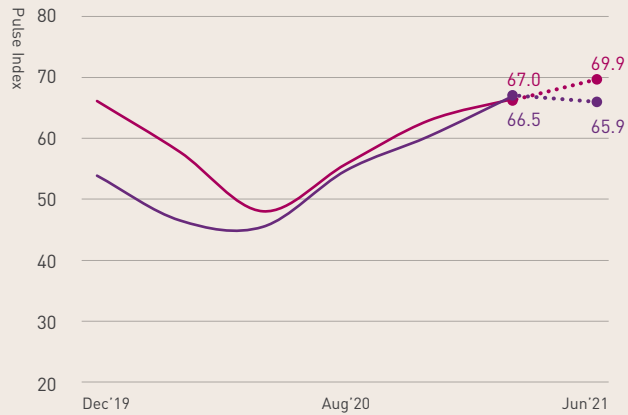
2 in 3 businesses predict the national economy will perform stronger in the next 12 months

45% of businesses predict the same for the Queensland economy

“The return of overseas travel, increases in local manufacturing and market diversification (less reliance on China) are all positive factors moving forward.”

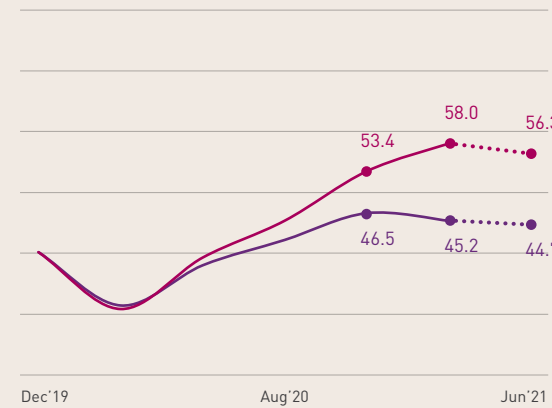
BUSINESS COSTS

— OPERATING COSTS
— LABOUR COSTS



BUSINESS PROFITABILITY

— SALES & REV
— PROFITABILITY



Business turnover grows as **1 in 2** business experience stronger business activity compared to December

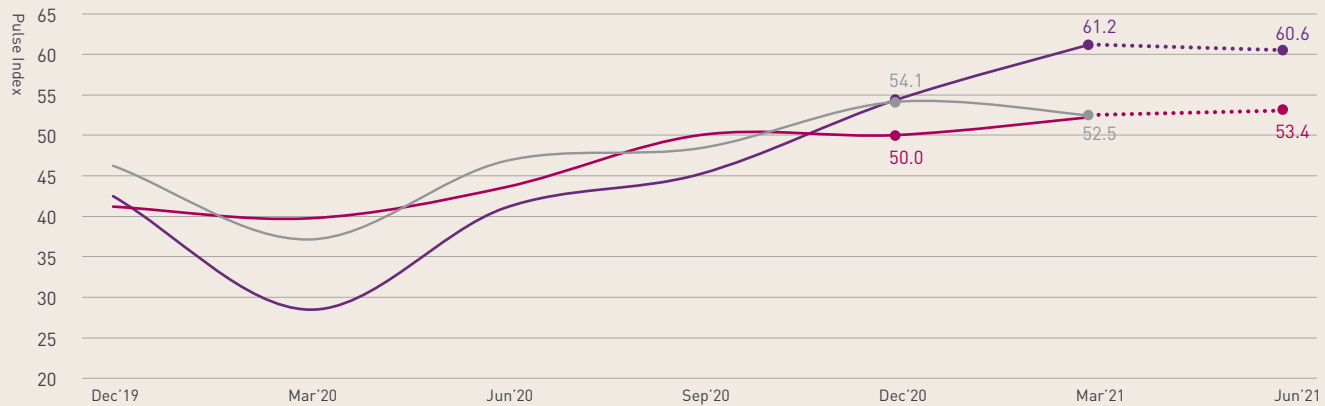
97% of respondents experienced equal or greater operating costs such as utilities, rent and insurance premiums

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

“The disruption to freight and unpredictable border closures has seen the cost skyrocket.”

BUSINESS PRODUCTIVITY

— CAPITAL EXPENDITURE
— EMPLOYMENT LEVELS
— BUSINESS CONDITIONS



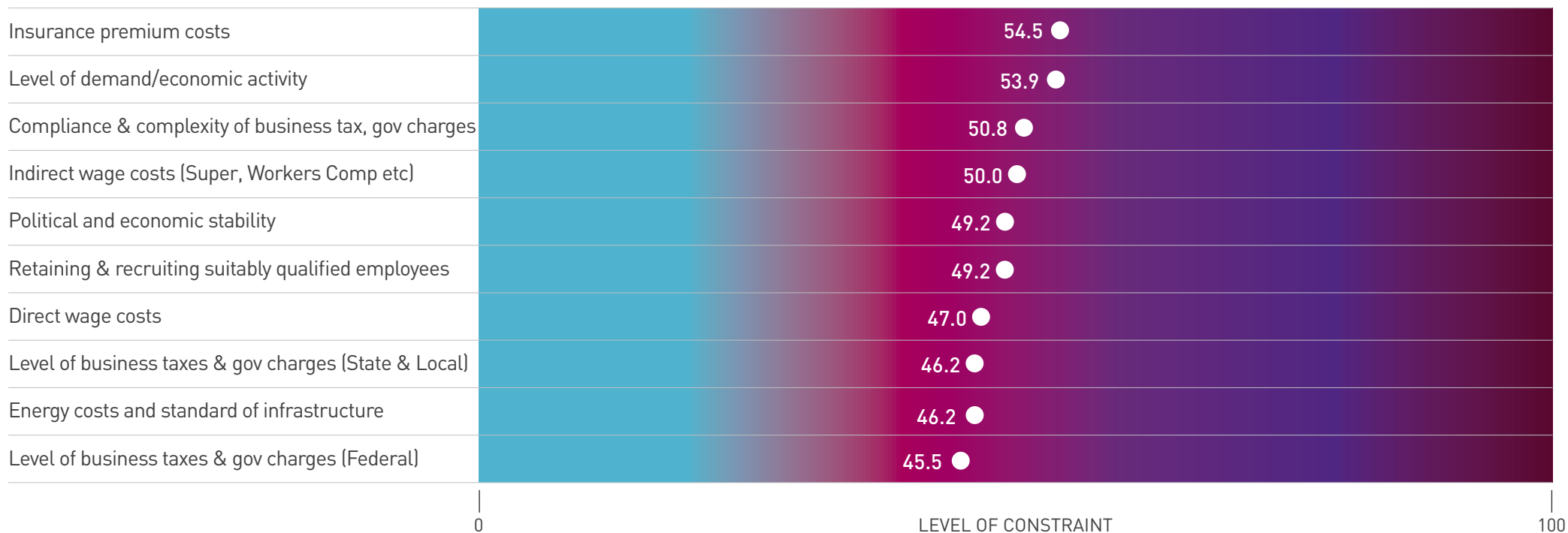
The general business conditions index has more than **doubled** since the enforced business closures in 2020

9.4% Unemployment¹
+3,000 Employed; -400 Unemployed

The capital expenditure index fell slightly as 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**

“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.”

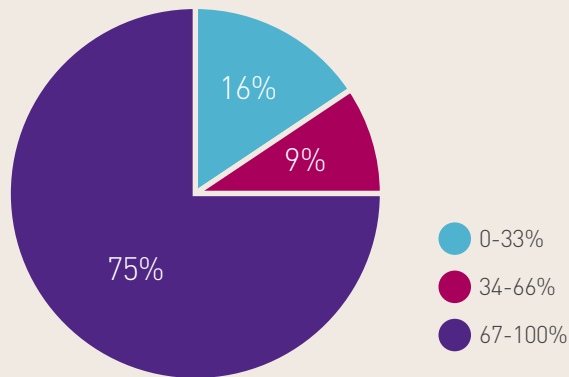
“The manufacturing industry is facing large hold-ups due to Australia’s reliance on imported stainless steel and other consumables necessary for advanced production. Not only are inputs becoming harder to get, but there have been longer lead times and increased prices due to foreign companies price gouging at times using COVID-19 as an excuse.”

“We have yet to tally up the cost of COVID-19. When all the dust and hoo-hah settles, who knows what the surrounding economic scene will look like. It’s hard to see how we can spend our way out of the current debt situation.”

HOT TOPIC SURVEY

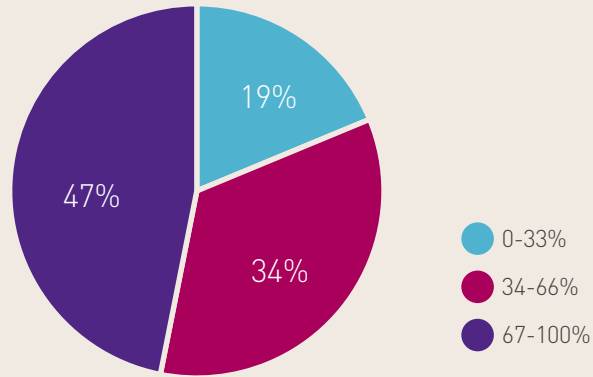
BUSINESS RECOVERY FROM COVID-19

The recovery of businesses across Wide Bay exceeded the state average during the March quarter. This finding follows 3 in 4 businesses reporting a recovery of between 67-100 per cent of pre-COVID-19 trade. Otherwise, more than 1 in 4 have reported a recovery between 91 -100 per cent, while 15 per cent are operating at total capacity.



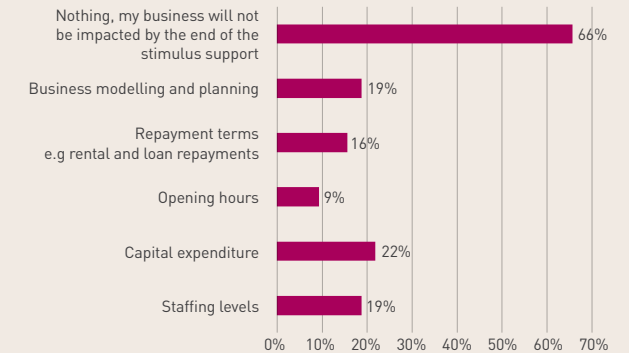
BUSINESS CONFIDENCE IN SUCCESS

Businesses are moderately confident in reaching their 12-month goals amidst the strengthening operating conditions. While 15 per cent were certain, nearly 1 in 2 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 Wide Bay have avoided the fiscal cliff that was previously predicted. Despite the conclusion of JobKeeper payments in March, 2 in 3 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

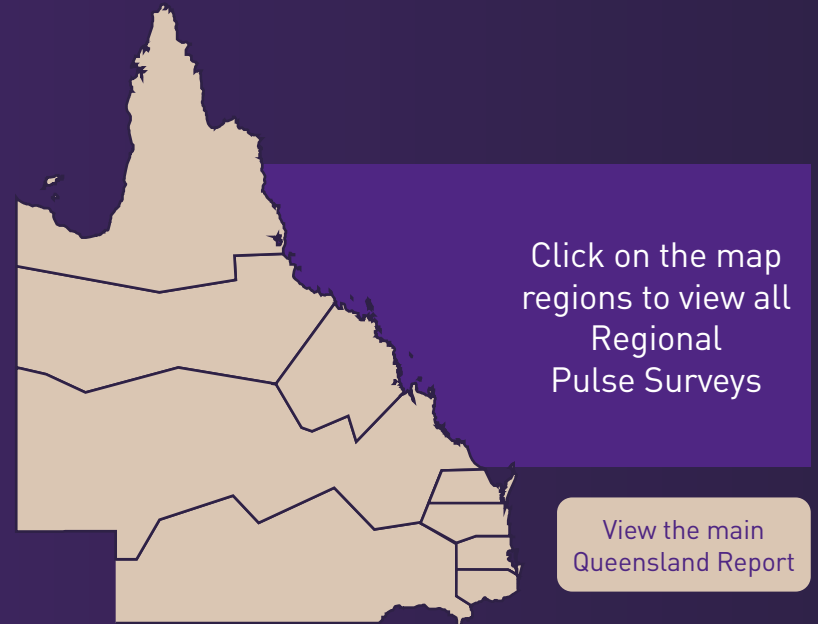
#3 TAX INCENTIVES

According to businesses in Wide Bay, 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, stimuli 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.

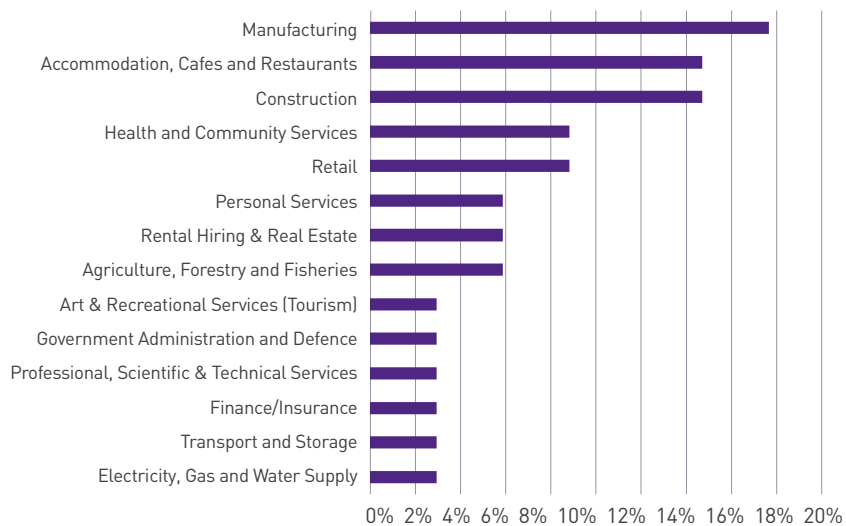
The Pulse Survey has measured Queensland business confidence and expectations for over 25 years. The survey publishes results quarterly from key questions put to the Queensland business community. The survey is unchallenged in terms of being the most authoritative, timely and comprehensive snapshot of 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 Wide Bay 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 54 from Wide Bay Burnett (5%).

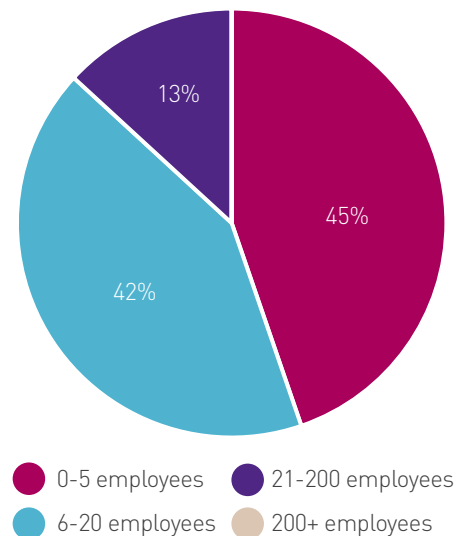
To find out more about Pulse, please contact CCIQ on 1300 731 988 or at ciqadvocacy@cciq.com.au



INDUSTRY REPRESENTATION



SIZE OF ORGANISATION



SAMPLE SIZE

