



COVID-19 Survey

Sunshine Coast Business Community

Quarter 4, FY 2019-2020

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Introduction

The impact of the Coronavirus (COVID-19) pandemic spread throughout the world with alarming speed from late February 2020. By 19 March restrictions were put in place to help slow down the spread of the virus and Australia's borders were closed to non-citizens and non-residents on 20 March. Many Sunshine Coast businesses were forced to close their doors, stand down staff and adapt to the rapidly evolving situation. A range of economic stimulus and support measures worth \$260 billion were committed by the Federal Government in order to keep Australians in work and businesses in business.

To date, Australia fared comparatively well due to strong leadership and an extraordinary display of national unity to suppress COVID-19. This effectively bought us time to prepare the health system and to start mapping a path back to economic recovery. By 8 May 2020, the National Cabinet had agreed to a three-step plan to gradually remove restrictions to create a "COVID Safe" Australia.

This report is being released in the first half of June 2020 and so far, so good.

Australia was fortunate to enter this crisis in a strong economic position. Although the economy recorded a 0.3 per cent contraction in GDP in the March Quarter, this was a stellar performance compared to other economies. But, we haven't escaped recession and we need to prepare ourselves for a worse set of numbers in the June Quarter.

The Sunshine Coast has not been spared from the economic fall out. In fact, by some reports, we are the most adversely impacted region in Queensland based on job losses and one of the most reliant on JobKeeper. Despite high growth rates over recent years, we remain heavily dependent on two highly exposed sectors – i.e. tourism and construction – and so it will be a long and hard road back.

This report summarises the findings of a business survey that I conducted from mid-May to the end of May, and I'm grateful to the 281 business leaders who took the time to respond. The key insights and the future scenarios in the following pages are based on their input. They are not an expression of my own personal view.

I do have a personal view, however, and it is this. While I recognise that a long and hard road to recovery lies ahead, the decade of the 2020s will be ours. We must not forget that the Sunshine Coast is not only a close knit community but the most entrepreneurial region in Australia. Due to our way of life, our region retains and attracts some of the most talented human resources that the market offers. While investment has stalled, record levels of Federal Government funding on infrastructure continues and, as time goes on, I believe the Sunshine Coast will become a safe haven for private capital in the post-COVID economy. In short, I'm a realist but also an optimistic.

I look forward to continuing to work alongside my political colleagues as well as the business and community sectors to rebuild our local economy so we retain our enviable way of life and we make the 2020s our best decade yet.



Key Insights

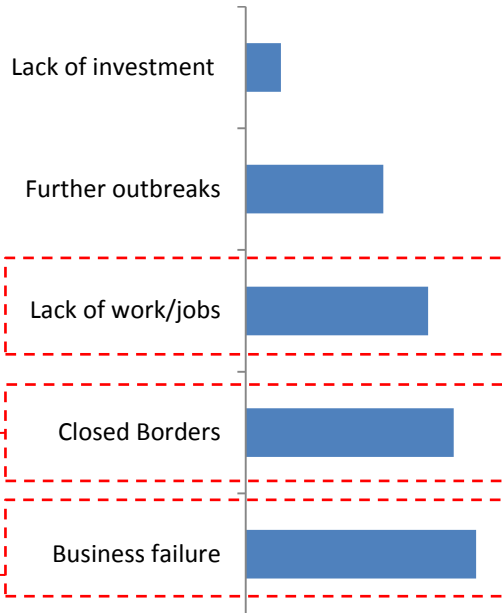
The top 10 insights derived from views of the Sunshine Coast business community are that:

1. The number one concern is the risk of business failures in both the local and national economies.
2. The second greatest concern in relation to the local economy is QLD borders remaining closed.
3. The second greatest concern in relation to the national economy is the risk of a persistent recession.
4. The third greatest concern for both the local and national economies is lack of work and lack of jobs.
5. Specific sectors of the Sunshine Coast economy have their own distinct worries:
 - Tourism sector is most worried about QLD border closures;
 - Construction sector is most worried about the lack of ongoing work and thus jobs.
6. Trading restrictions are the biggest challenge and ongoing support (e.g. JobKeeper) is the biggest “ask”.
7. Nearly as many business leaders (18%) lack confidence in the Sunshine Coast economy bouncing back as those who are highly confident (22%) while the majority (60%) rate their level of confidence as “medium”.
8. 98% percent of businesses expect to reopen while 2% - mainly in hospitality – won’t reopen.
9. With a 12 month horizon, the Sunshine Coast economy could go one of two ways – i.e. it could have recovered from the initial pain of COVID-19 or it could have gotten even worse.
10. With a 12 month horizon, the Australian economy could go one of two ways – i.e. it could be back in growth or it could still be battling a recession.

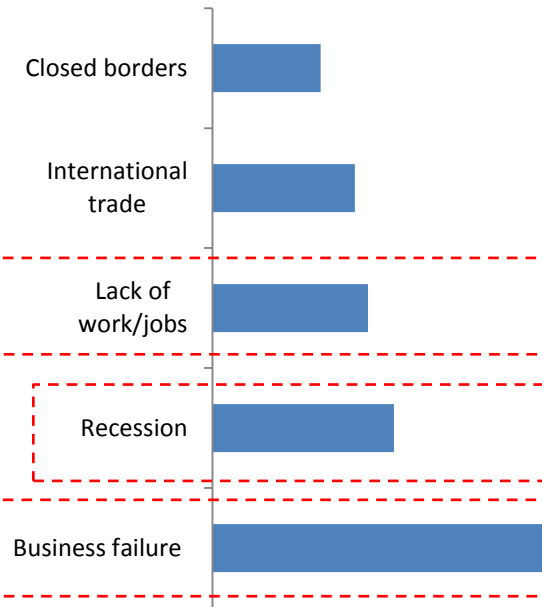
Survey Analysis – Key concerns of the business community

- Concerns of the business community -

LOCAL ECONOMY



NATIONAL ECONOMY



1. The number one concern is the **risk of business failures** in both the local and national economies.

4. The third greatest concern for both the local and national economies is **lack of work and lack of jobs.**

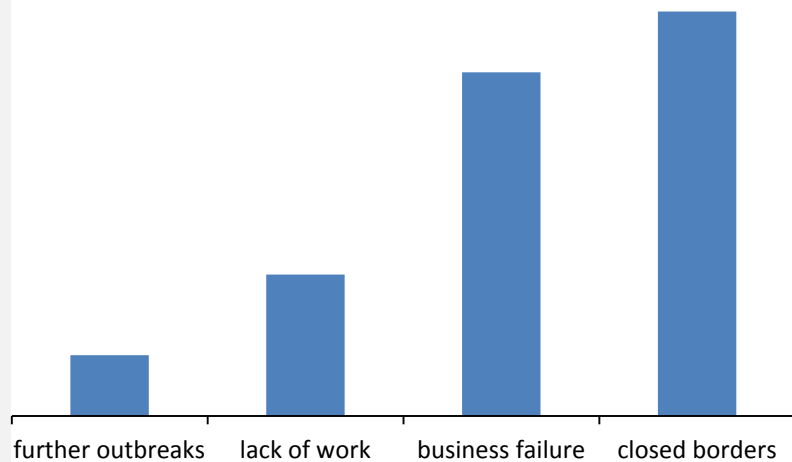
2. The second greatest concern in relation to the local economy is the **QLD borders remaining closed.**

3. The second greatest concern in relation to the national economy is the risk of a **persistent recession.**

Survey Analysis – Concerns of tourism and construction

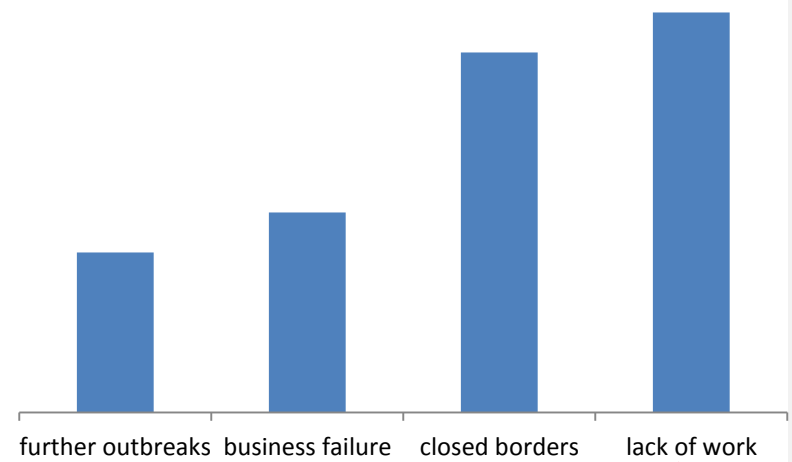
5. Specific sectors of the Sunshine Coast economy have their own distinct worries:

- Tourism Sector Concerns -



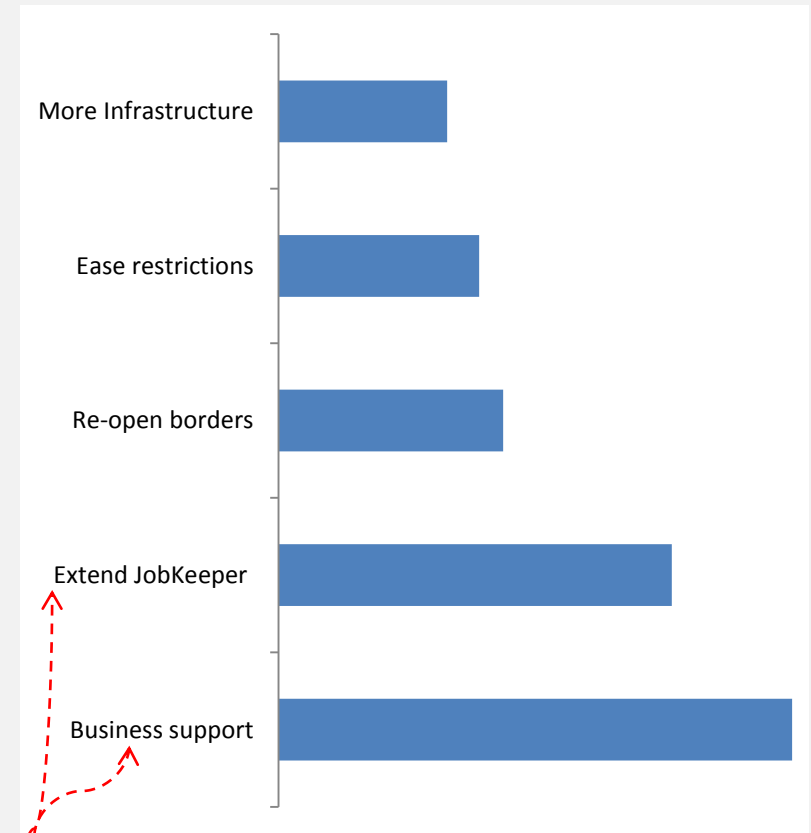
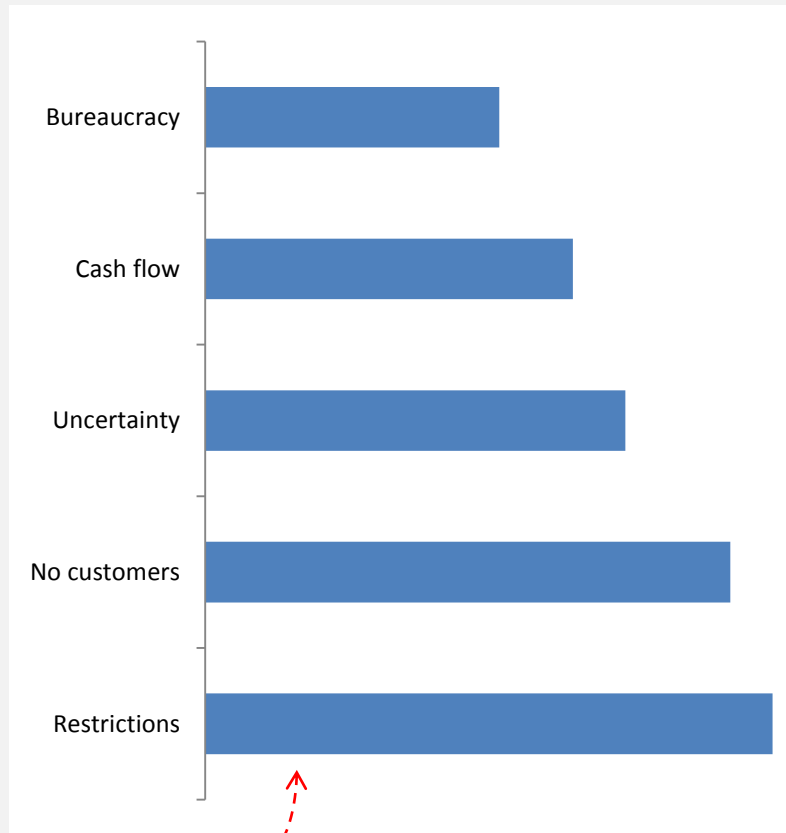
- Tourism sector is most worried about QLD border closures.

- Construction Sector Concerns -



- Construction sector is most worried about the lack of work and thus jobs.

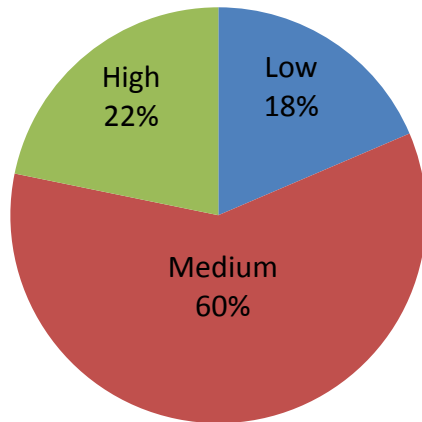
Survey Analysis – The biggest challenge and the biggest ‘ask’



6. Trading restrictions are the biggest challenge and ongoing support (e.g. JobKeeper) is the biggest “ask”.

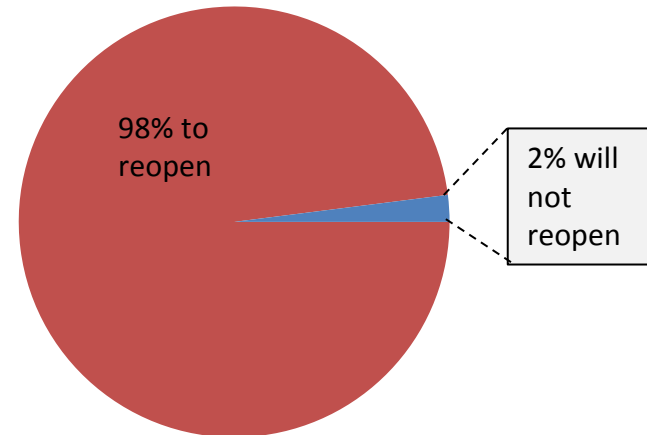
Survey Analysis – Confidence and expectations

- Confidence levels -



7. Nearly as many business leaders (18%) lack confidence in the Sunshine Coast economy bouncing back as those who are highly confident (22%) while the majority (60%) rate their level of confidence as “medium”.

- Trading expectations -



8. 98% percent of businesses expect to reopen while 2% - mainly in hospitality – won't reopen.

Scenario Planning – Two Axes

*Recovered
Local Economy*



*Worsened
Local Economy*

9. With a 12 month horizon, the Sunshine Coast economy could go one of two ways – i.e. it could have recovered from the initial pain of COVID-19 or it could have gotten even worse.

*Recovered
Australian
Economy*

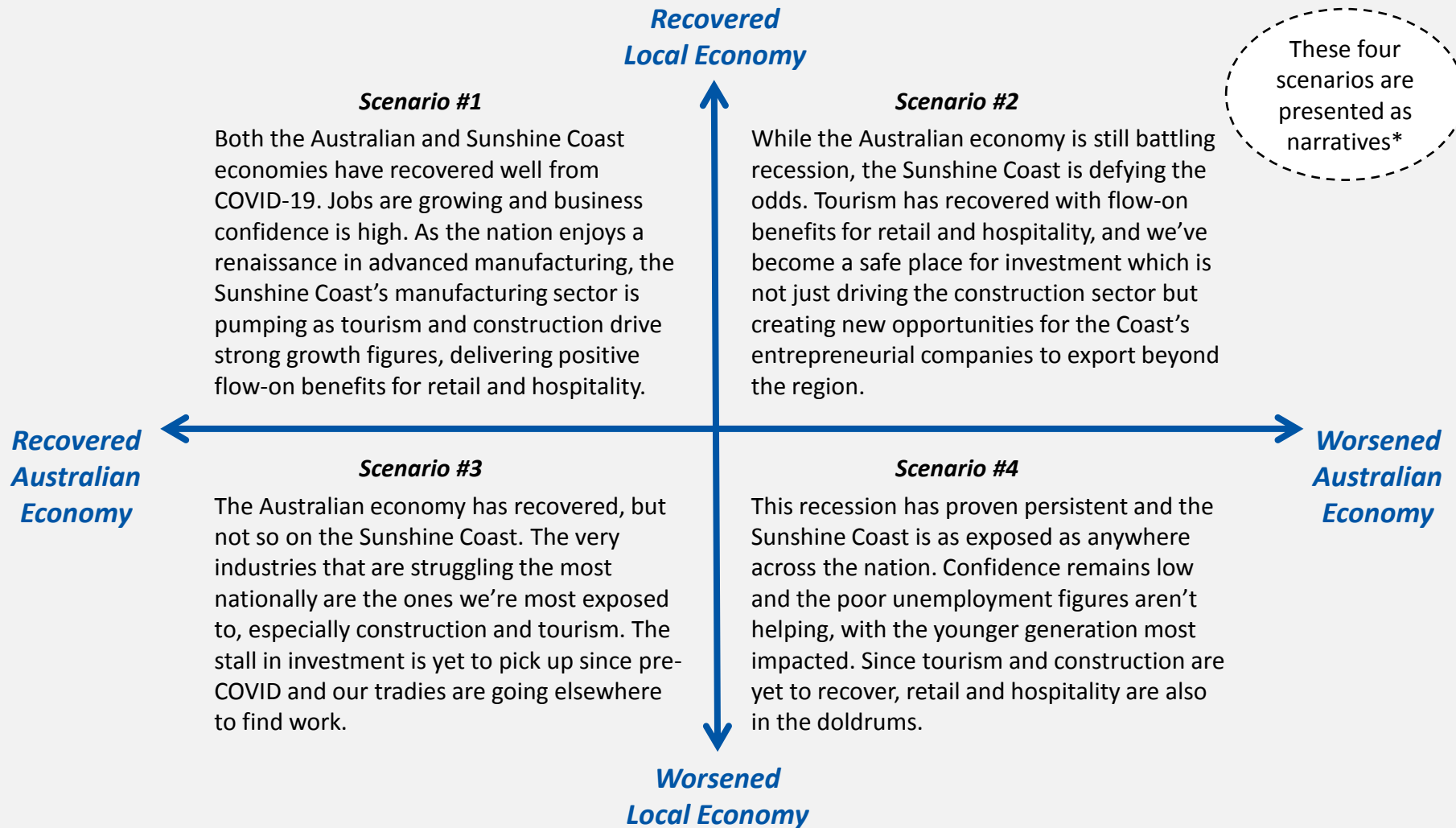


*Worsened
Australian
Economy*

10. With a 12 month horizon, the Australian economy could go one of two ways – i.e. it could be back in growth or it could still be battling a recession.

These two axes are reflected in the scenario map on the following page

Scenario Planning – Four scenarios, looking 12 months ahead



* These scenarios are not predictions. They are plausible, possible future scenarios based on the uncertainties identified by business leaders. If businesses assume they are today at the centre of the map, the challenge is to strategise in the knowledge that the broader economy could go in any direction. Robust strategies are the ones that make sense regardless of the future scenario and these are usually a good starting point. Planning for scenario-specific strategies is also sensible, but companies may hold off on executing some of those (especially if a strategy would be good for one scenario but bad for another) as they watch for early warning signs about which scenario is most likely to emerge.

This report is presented by Ted O'Brien based on the input provided by the Sunshine Coast business community and therefore does not represent Ted O'Brien's personal views.

We wish to thank the many chambers of commerce and business groups who encouraged their members to complete this survey, and all those who took the time to participate.

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