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FIVE WAYS TO FNQ'S REVIVAL

How region's economy can bounce back in 2021

THE Far North is pinning its hopes on five key revenue streams to offset the disappearance of international tourism.

Overseas borders, with the possible exception of New Zealand, are not expected to reopen this year, so experts have outlined the sectors which could help the region recover, including the creation of a COVID-safe haven, Cairns navy base expansion, Cairns University Hospital, road works and housing.

Advance Cairns chief Nick Trompf said there were signs of opportunity and optimism. MICHELLE Lavington is a survivor.

The owner of Gordonvale's The Feed Shop adapted to COVID and now is thriving with an expanded customer base at a time when slower businesses may be fending off insolvency this year.

"We had to adapt, we pushed through our online store," Ms Lavington said.

"It was one of those jobs we had put off. It was a big job, we shaved a three-month project down to two to three weeks.

"We found that, particularly online, we picked up new customers."

The new online market and rigours of social distancing required a whole new approach to sales that the family orientated small business were quick to adopt.

"We were lucky that we had very good tech support," Ms Lavington said.

"Online sales are a whole different beast, you don't get to smile at a customer.

"We had to learn pretty quickly, it was hard to keep our distance.

"We had to change our habits, we were so used to being close to our customers, give them a hug and treat them like family."

Darren Thamm, principal of Cairns business recovery and insolvency firm BRI Ferrier, said the businesses that had embraced the changing landscape had the best chance to thrive this year.

"The pandemic is sorting out those business people that are agile and flexible and able to adapt to the changing business," Mr Thamm said. "The ones that are struggling have not adapted to the market and if you are good, you will survive."

Government stimulus had seen demand for insolvency services in 2020 plunge.

"The last year has been the quietest it has been in 25-30 years," Mr Thamm said.

He said the insolvency side of BRI Ferrier's Cairns branch was down 45 per cent over the last year, a similar phenomenon cited by BDO Australia's Todd Kelly.

Mr Thamm said "structural changes" had seen banks and the ATO approach struggling businesses with a more forgiving perspective.

"Companies aren't going broke like they used to or banks are working with them as they go," Mr Thamm said.

"I can't see those circumstances change significantly."

He said the new year would see a 'return to normal' regarding personal bankruptcies and warned that businesses that could not adapt to the COVID reality would fail.

Mr Thamm said the strongest performers included construction companies, proactive tourism, hospitality and retail firms.

"There are going to be some winners here in the current environment. There are people with money to spend now they are coming out of the house," Mr Thamm said.

For businesses looking to thrive in the new year, Mr Thamm advised simplicity was the best approach.

"Keep it simple, be consistent, provide something customers want," he said. "Manage your cash flow, be conservative with spending and spend it in the right areas."

Last month national insolvency firm Jirsch Sutherland warned of "a lot of pain" in 2021.

"While you can never accurately predict what will happen, I believe from February there will be real pain in the corporate sector," partner Malcolm Howell said.

"There will be a rise in both corporate and personal insolvencies and unemployment is predicted to rise to 10 per cent.

"The ATO will also likely end their amnesty and start chasing the \$53bn it is owed."

The federal government has taken steps to avoid a tsunami of insolvency, including a restricted debt process to allow businesses to restructure existing debt while staying in control.

"The reforms reposition our insolvency system to help more incorporated small businesses, with liabilities of less than \$1m, restructure and survive the economic impact of the COVID-19 recession," assistant treasurer Michael Sukkar said.

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