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Faint praise for voucher packages

A FAR North economist has declared flight discounts and travel vouchers an “undercooked” failsafe for a region facing a JobKeeper cliff but, despite marginal businesses expected to go under, thousands joining the dole queue on March 29 is not likely.

In the December quarter Treasury numbers indicated 16,600 Cairns employees received the wage subsidy, which is set to dry up on March 28.

Mission Beach-based economist Pete Faulkner said the uptake rate of JobKeeper 2.0 had fallen and modelling suggested 11,000-12,000 workers in the Cairns, Port Douglas and Cassowary Coast areas would be on the benefit when it ended in two weeks.

“Some businesses will close and people will lose their jobs but you are not going to sack all your people and close your business,” he said.

“Assuming there is no more (stimulus) from the federal government you could say 4000 could lose their jobs.”

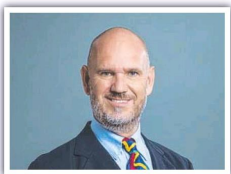
Mr Faulkner expected the unemployment rate to hover between 6.5 to 8 per cent in the months after JobKeeper but the economy had bounced back from the early COVID shock of international visitation shut-off. But he warned that for businesses already struggling, the hammer falling on JobKeeper could be a final nail in the coffin. “For certain businesses the end of JobKeeper will be a watershed moment, some won’t survive,” he said.

“But there won’t be as many people laid off as people think.”

The economist said lay-offs would be rolled out gradually as businesses adjusted to the JobKeeper shut-off and made decisions about which employees would be retained. “You are not going to see suddenly 4000 on the dole queue.”

On the glossy Cash for Cairns voucher scheme and cut-price air travel, Mr Faulkner said both federal and state packages were positive but an “undercooked” idea that would make little difference.

“These 800,000 flights, it sounds like a lot of money but divide \$72m by five (over five months), then divide it by 13 because there is 13 different destinations, it works out as three thirds of buggar all,” he said. “Two hundred vouchers and cheap airfares are not going to make a difference, I think that it’s undercooked.”



“(But) it’s positive, it’s going to help some people come to Cairns but the airfare component is 10-15 per cent of the total holiday (spend) for domestic travel. Yes, it will make some flights cheaper but we won’t be getting hordes of people into Cairns.”

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