

Impact of COVID 19 on WA Regional Businesses

April 2020

Summary

Results from second survey in our continuing series on the impact of COVID 19 on businesses in regional WA indicate that there has been a slight change in sentiment from being completely overwhelmed and frightened to a mild level of acceptance and understanding of the unprecedented economic circumstance we are in. Having said that, businesses are still extremely worried and in some regional areas the impact has been far worse than others. They are also worried about the months ahead. Regional areas that rely heavily on tourism as their economic generator have been hardest hit. We had 250 responses to this survey, and all businesses are in regional WA.

The data of most concern to RCCIWA from this survey is:

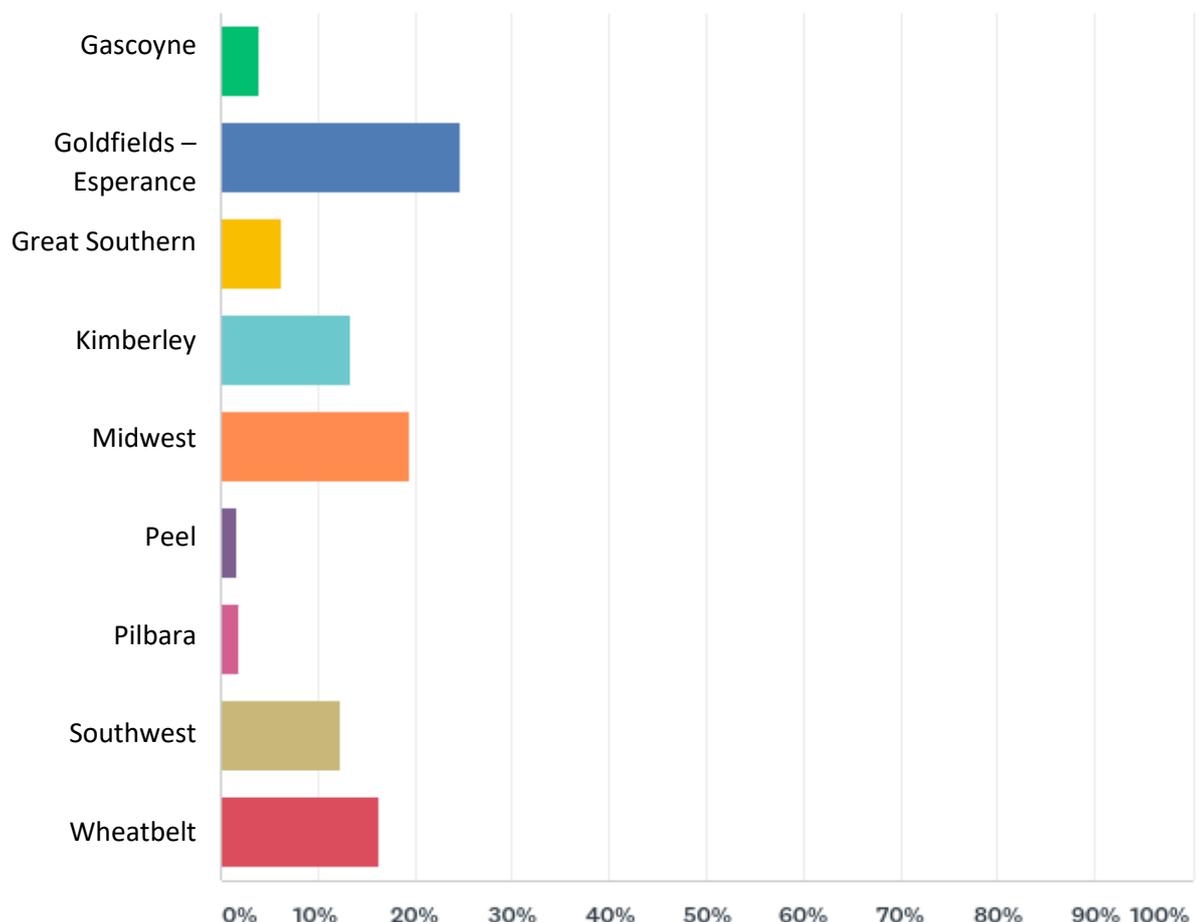
- **189** respondents out of the total of 250 have been negatively or severely negatively impacted
- **19%** of businesses had lost 100% of their business income
- **50%** of all respondents are still confused, have not applied or are unsure about whether they are eligible for any relief or stimulus support.

There was however an improvement in that **60%** of all businesses felt confident that their business would survive this crisis, which is an increase from **50%** in our first survey two weeks ago.

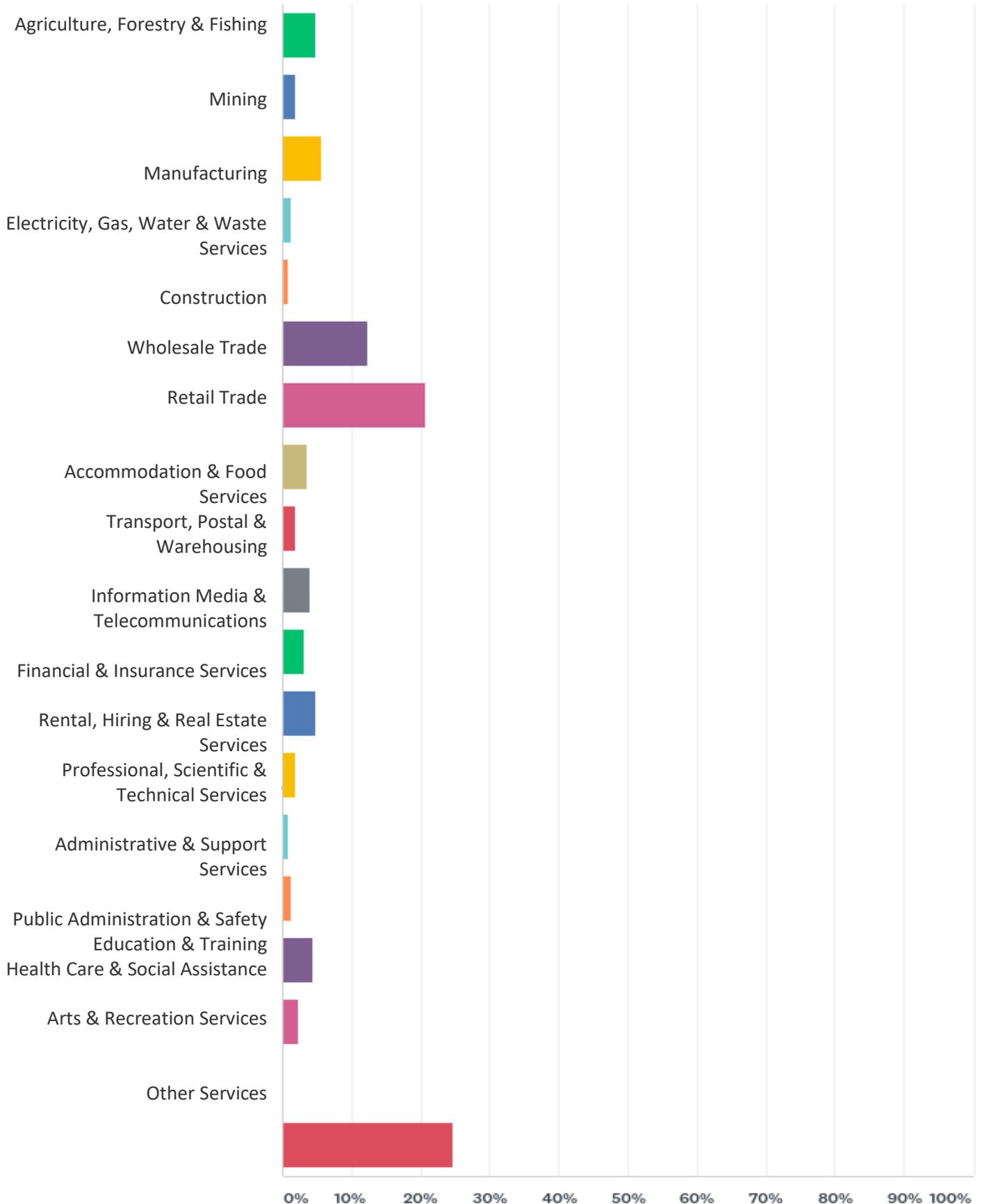
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Business Demographics

Over 250 businesses across regional Western Australia responded from across all nine regions.



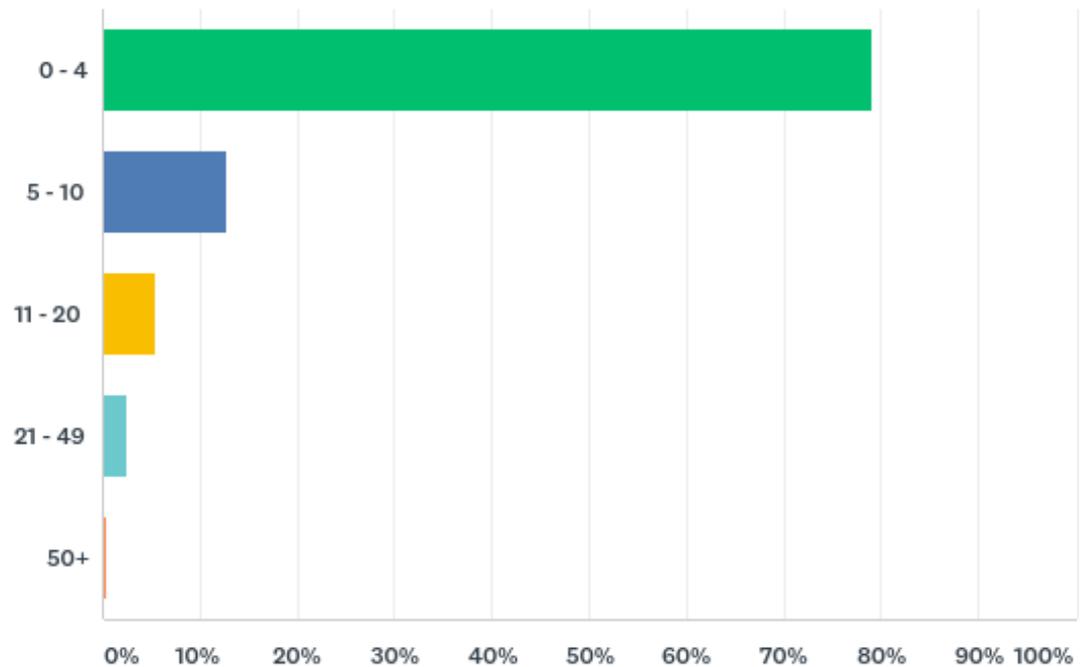
50% of respondents were PTY LTD companies, 20% Sole traders with the rest falling into the categories of Trust and Incorporated Bodies. Most of these businesses are small business hiring 1-4 employees, followed closely by sole traders then businesses hiring anywhere between 6 and 20 employees. The majority of respondents were from the Accommodation & Hospitality and Retail Trade industries.



COVID 19 Current Impact

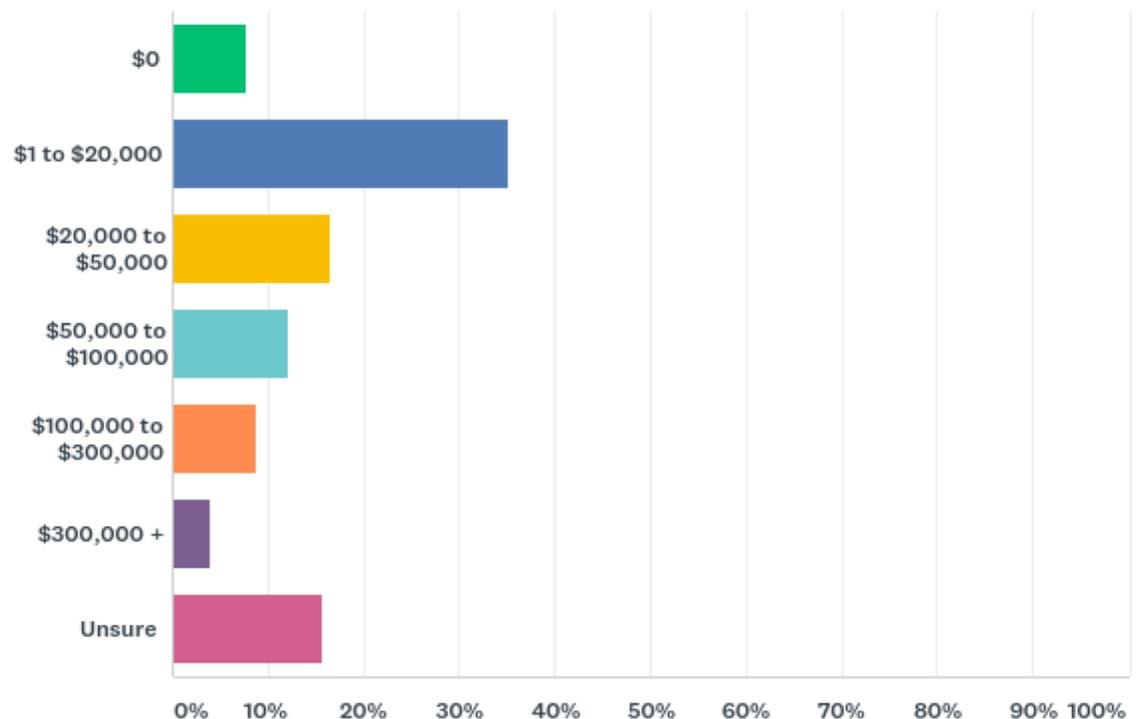
189 of the 250 respondents have been negatively impacted by COVID 19 to date with 116 of those severely impacted by the pandemic. 55% of these businesses have had to stand down staff with the other 45% being able to retain their normal staffing numbers to date. As we see below 162 businesses have had to let go of 0-4 employees with the majority being casual staff.

How many employees have you had to stand down?



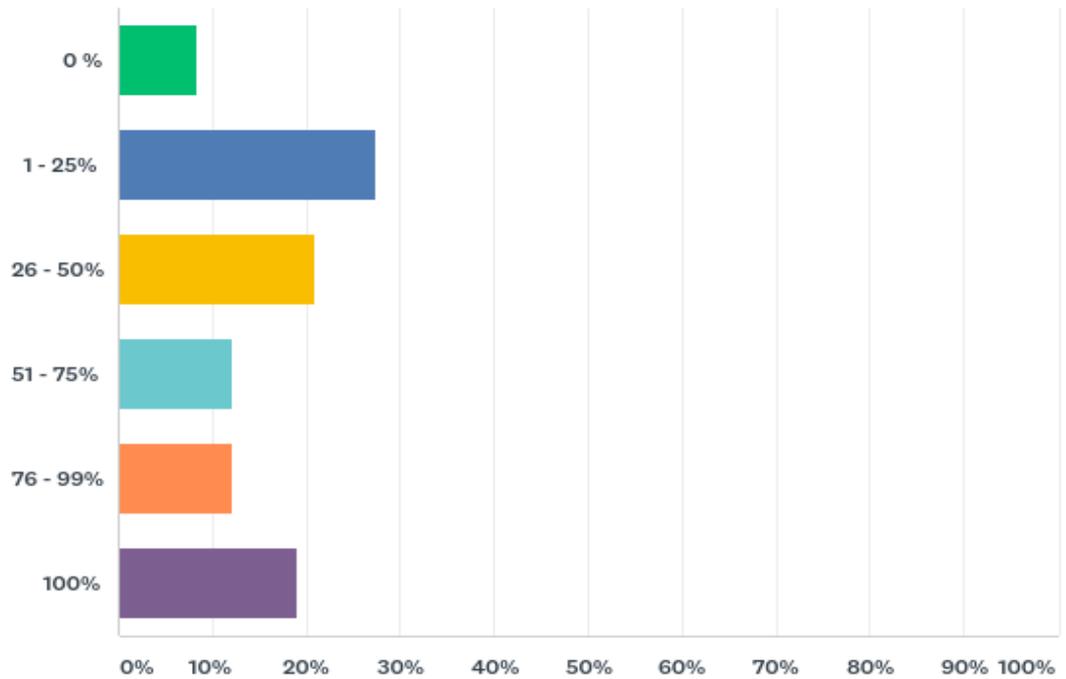
Over a third of businesses we have heard from have so far recorded financial losses with most in the realms of up to \$20,000. 16% have seen losses of between \$20,000 and \$50,000, 12% between \$50,000 and \$100,000, 9% of the businesses have lost \$100,000 to \$300,000 with 4% even losing greater than \$300,000 so far. Only 8% have not experienced any financial loss to date.

What has been your total financial loss in \$ to date?



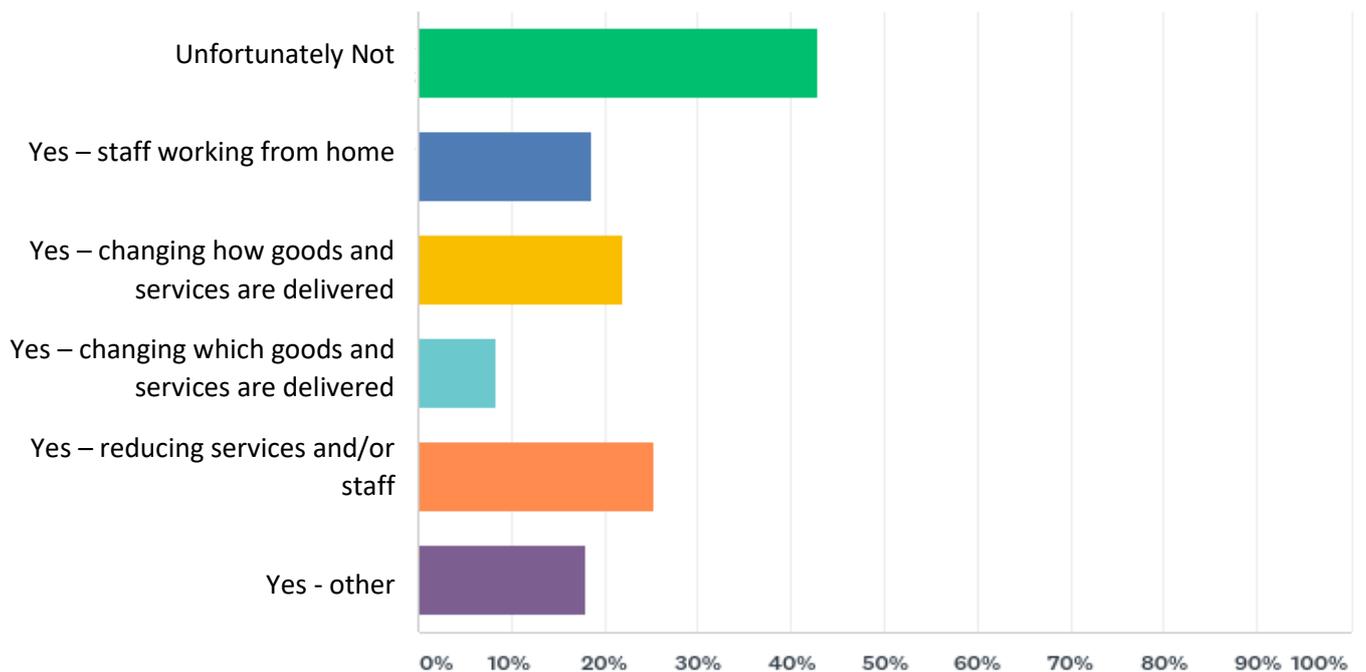
Only 8% of respondents have not seen a reduction in business due to COVID-19. A large 19% of businesses have had a total loss of business with all others seeing various percentage decreases in business as per below.

What percentage of your business have you lost to date?



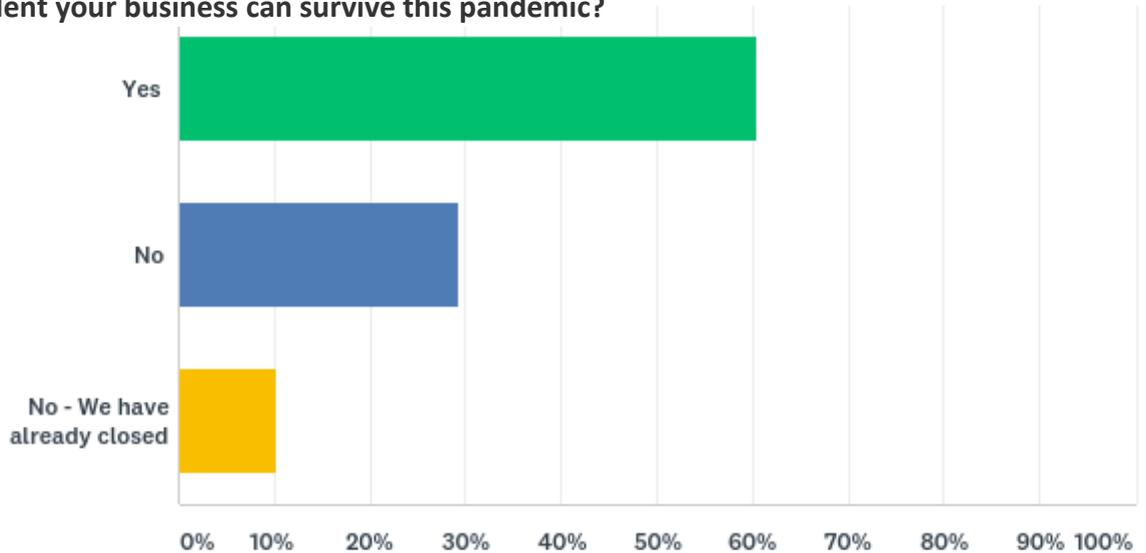
Some businesses have been able to adjust the way they operate their businesses to adapt to these changes. Some of the examples provided were businesses are now providing online classes or appointments instead of their usual face-to-face sessions, moving to online selling of products due to being unable to open brick and mortar shop doors, reduction in accommodation hire rates for Airbnb rentals, and modification of staff rosters to ensure safe work spaces adhering to social distancing. However unfortunately, not all businesses have been able to adapt as per the below results indicating 42% have been unable to make a change. The other 58% have been able to make changes as outlined below.

Have you been able to adapt your business model?



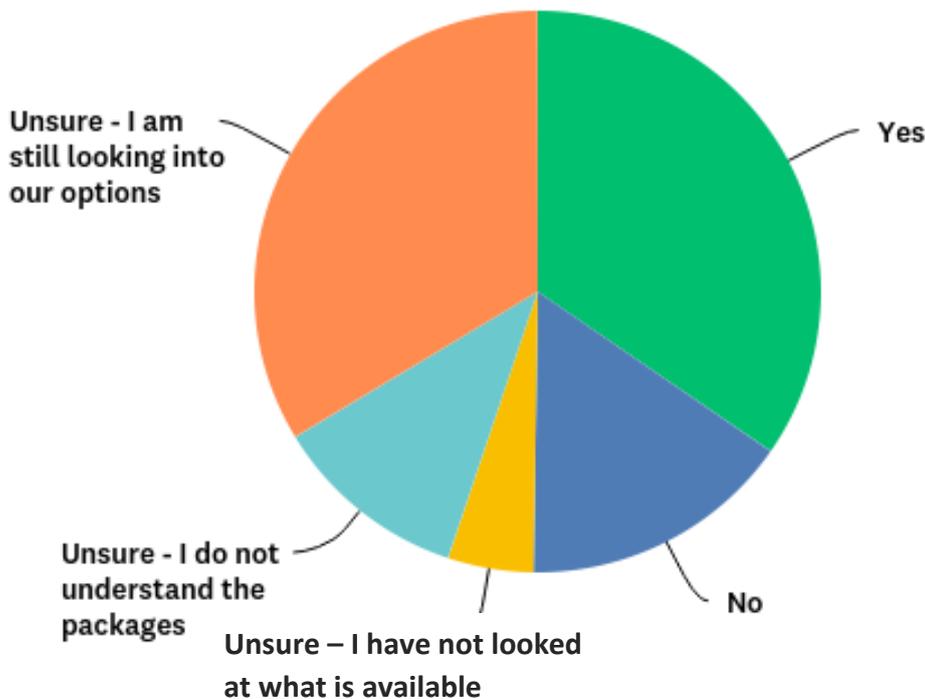
Some positive results of the survey indicate that 60% of businesses are confident that their businesses will survive this pandemic but unfortunately 10% have already closed their doors. Leaving 30% who are not yet closed but do not believe their businesses will make it through. Of the businesses that have had to close already due to the pandemic, only 8 businesses say they will not be able to reopen, with the others sure they will be able to open their doors once again.

Do you feel confident your business can survive this pandemic?



Similar to our initial survey, we are still seeing high rates of businesses unsure about the Federal and State Government Business Stimulus Packages. Only a third of respondents know they are eligible for any of the available packages with 50% unsure in some shape or form. The majority of those unsure are still looking into their options however 12% still don't understand the packages and what they are actually offering to businesses and really need further assistance to work out their eligibility.

Is your business eligible for any Government stimulus or relief measures?



Many responding businesses suggested there were Government regulations that they are dealing with that they'd like to see modified to assist. These were also the topics businesses would like to see RCCIWA focus on in their advocacy work. Key points include:

- **WALGA** - Subcontractors have to pay \$1000PA to be on the list to be eligible to receive tender information. Local Governments do not seem to be aware of this restriction.
- **JobKeeper** payment clarification released to businesses around the following topics:
 - Eligibility for seasonal staff only employed post 1 March for Northern tourism season beginning April.
 - Support for employees on a visa. Especially recently acquired ones.
 - Businesses who fall only just outside the JobKeeper allowance guidelines.
 - The ability to apply for the JobKeeper payments without the 30% decline as while the business is surviving at the moment the real decline will be seen from April to July.
 - JobKeeper payments for both full-time/part-time and casual staff employed for less than 12 months.
- Investigation into the **JobSeeker** payments:
 - Many staff are resigning as they would earn more money on JobSeeker payments than by continuing to stay employed with the business.
- Other financial relief and assistance in the forms of:
 - Deferral of March quarter **GST** to be paid over four quarters once the economy recovers.
 - Assistance with **Department of Transport Fees**.
 - ATO tax relief.
 - Provide better information so that Financial Lenders understand the situation.
 - Review **Workers Compensation Insurance** – businesses question why pay the large bill if they may shut tomorrow and the annual cost is making the business almost unviable anyway.
 - Special allowances for **travel agents** looking to lose money from bookings up to a year old on top of a negative income for the during of this crisis and beyond.
- Other assistance and clarification of processes such as:
 - Assistance with sourcing of stock.
 - Change the 14-day **Kimberley Quarantine** to when they arrive at the property rather than the first entry point to Kimberley. As there are cases now in the Kimberley the current measures are unviable.
 - Reassessment of the **Early Childhood Relief Package** that has cut some educators wages in half. Some are looking to have to close due to the introduction of free childcare for working families.
 - **Border Crossing** permissions clarification around how to apply for state and regional border crossings making the process more streamline and efficient.
 - Ability for services such as Telehealth to be privately billed for where required.
 - **Apprenticeship Stimulus Package** is only for employers with under 20 staff. A business who currently hires 10+ apprentices cannot access this package, and should they have to close down or hibernate over the coming months, that funding would really assist in them being able to maintain their employment of these apprentices which are crucial to their future.
 - Simplification of the DAMA process.

Businesses are seeking help and clarification during this time from a range of services. As displayed in the graph below, majority of businesses are going to their local chambers, accountants, the ATO and Federal Government Website. Many of the comments left by respondents confirmed that there is a lot of information out there however getting specific information relevant to their businesses was difficult.

Where are you going to for business advice in relation to COVID 19?

