



Australian
Chamber of Commerce
and Industry



COVID-19

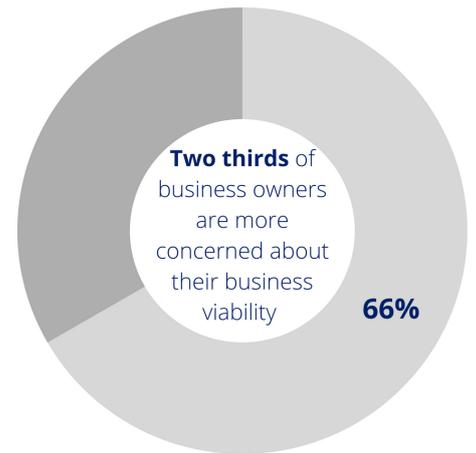
BUSINESS CONDITIONS SURVEY REPORT 2020

SUMMARY

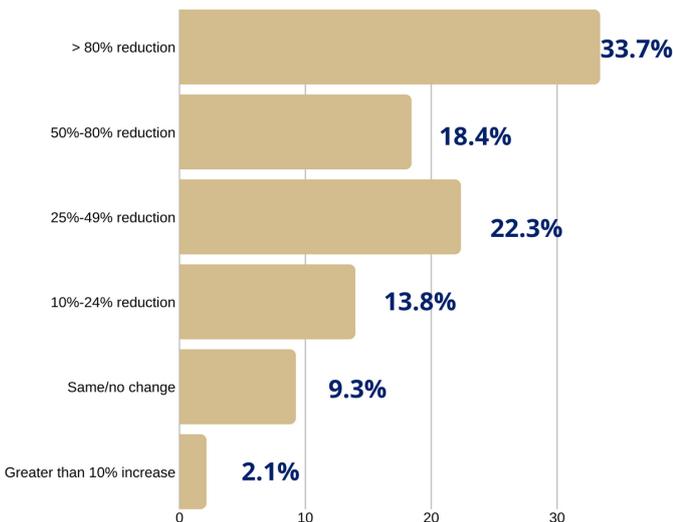
The **Australian Chamber of Commerce and Industry**, Australia's largest and most representative business network, has surveyed a broad cross section of our membership to assess the **impact of COVID-19 on business** and to gauge the **effectiveness of Government's support** and stimulus measures in helping businesses through the crisis. The survey was undertaken between 30 March and 17 April, and involved **1,497 businesses** across all states and territories. We would like to acknowledge the assistance of our states and territories chamber associates and industry association members for their assistance in developing and distributing the survey through their membership networks .

Relative to two weeks ago, **two thirds** of business are more concerned about their **business viability** and **three quarters** are more concerned about the impact on the broader **economy**.

Over one third of businesses have experienced an 80% reduction and **half** experienced over a **50% decrease** in revenue relative to what they would normally expect this time of the year. While around **half** of businesses have been able to **adapt their workplaces**, unfortunately **18% of businesses have been forced to close** and mothball their operations and further **one third** of businesses have been forced to strip back to only **essential operations**.



Over **one third** of businesses have experienced an **80%** reduction



Many businesses have adapted their operations to continue trading, with **almost a third expanding their online presence**, and a **quarter changing their mode of delivery** and/or diversifying into new product lines and services.



Of the Government support and stimulus measures, the **JobKeeper payment, Cashflow assistance payments and administrative relief** from tax obligations for businesses in severely affected regions and industry sectors were **considered the most beneficial** in reducing the financial pressure on businesses.

KEY FINDINGS

Businesses are becoming increasingly concerned about the impact of COVID-19, despite the Government support and stimulus measures announced in March. Relative to two weeks ago, two-thirds of businesses are more concerned about their business viability and three quarters are more concerned about the impact on the broader economy.

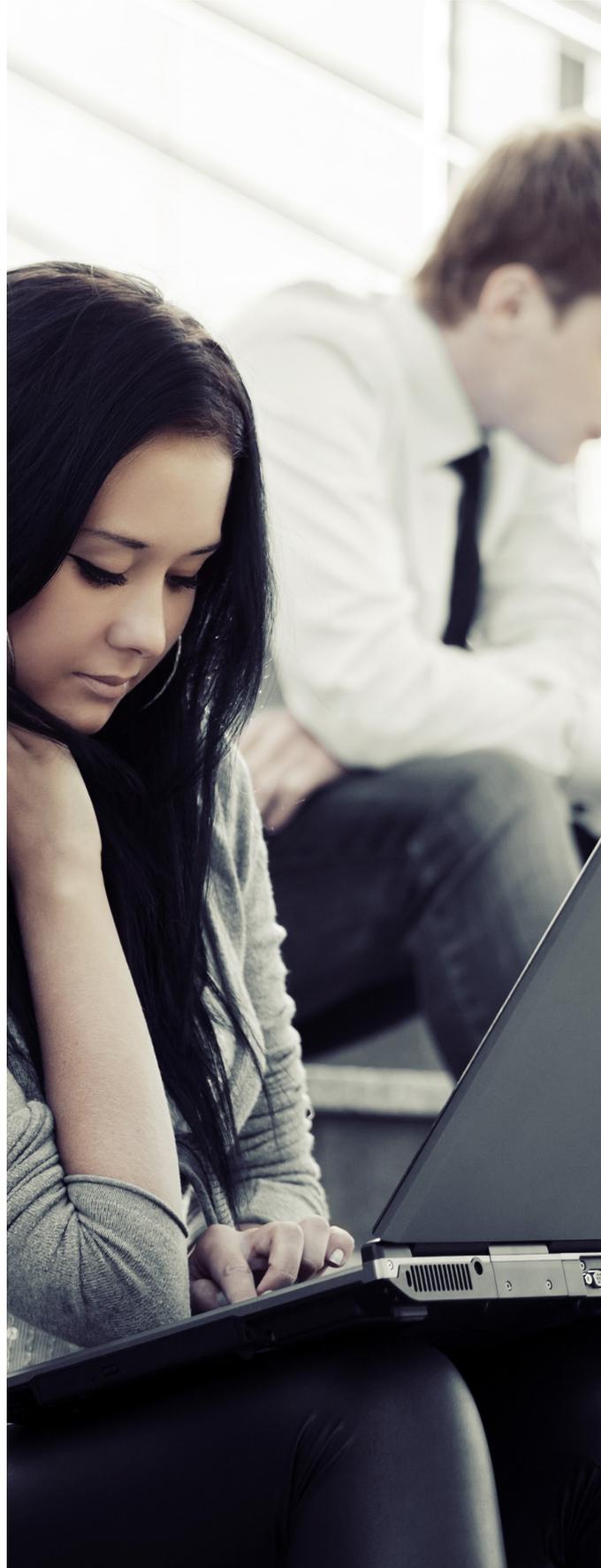
The social distancing and people movement restrictions imposed by the Government and the consumer response has severely impacted business revenue. Over one-third of businesses have experienced an 80% reduction and half experienced over a 50% decrease in revenue relative to what they would normally expect this time of the year.

Almost three-quarters of the small businesses experienced a 25% fall in revenue, with most of these businesses likely to be eligible for the JobKeeper payments (JobKeeper payments available to businesses with a 30% decrease in business turnover). ACCI has welcomed the Government's JobKeeper payment scheme, considering it will go some way to maintaining business viability and enabling them to maintain a connection with their employees during the COVID-19 crisis.

While around half of businesses have been able to adapt their workplaces in response to the social distancing and people movement restrictions, unfortunately, 18% of businesses have been forced to close and mothball their operations until the social distancing and people movement restrictions are lifted. A further one-third of businesses have been forced to strip back to only essential operations and reduce their workforce to only essential staff.

The JobKeeper payments should enable many of these businesses to maintain their remaining workforce, reengage employees stood-down and rehire any workers they have been forced to lay-off. Maintaining this connection with their workforce will enable these businesses to bounce back more quickly when the restrictions are lifted and business conditions improve. However, regrettably, some of these businesses may never reopen.

Despite sharply declining revenue, many businesses remain defiant, adapting their business operations to enable them to continue trading at this difficult time, with 31% expanding their online presence, 25% changing their mode of delivery, and 23% diversifying into new product lines and services.



GOVERNMENT SUPPORT AND STIMULUS MEASURES

There was a mixed response to Government support and stimulus measures. The JobKeeper payment was considered of most benefit in assisting and supporting businesses to continue to operate during the COVID-19 crisis, with 77.7% of businesses rating JobKeeper as either helpful, very helpful or extremely helpful.

Cashflow assistance payments (73%) and administrative relief from tax obligations for businesses in severely affected regions and industry sectors (66.8%) were also considered beneficial in reducing the financial pressure on businesses.

However, the business investment measures, including the increase in the instant asset write-off and accelerated depreciation, were only considered of moderate benefit to businesses. Businesses have little appetite for investment and very little capital to invest in new assets when it is unknown how long it will take for business operations to return to normal and/or where the long-term viability of their business is uncertain.

Similarly, the wage subsidy to retain apprentices and trainees of up to 50% of their wage was considered only moderately beneficial, with a little over one third of businesses indicating this to be helpful. It appears that at times of stress businesses are less prepared to retain lower skilled workers and cover the costs of their training. It is hoped the jobs of most apprentices and trainees will be retained through the JobKeeper payment scheme.

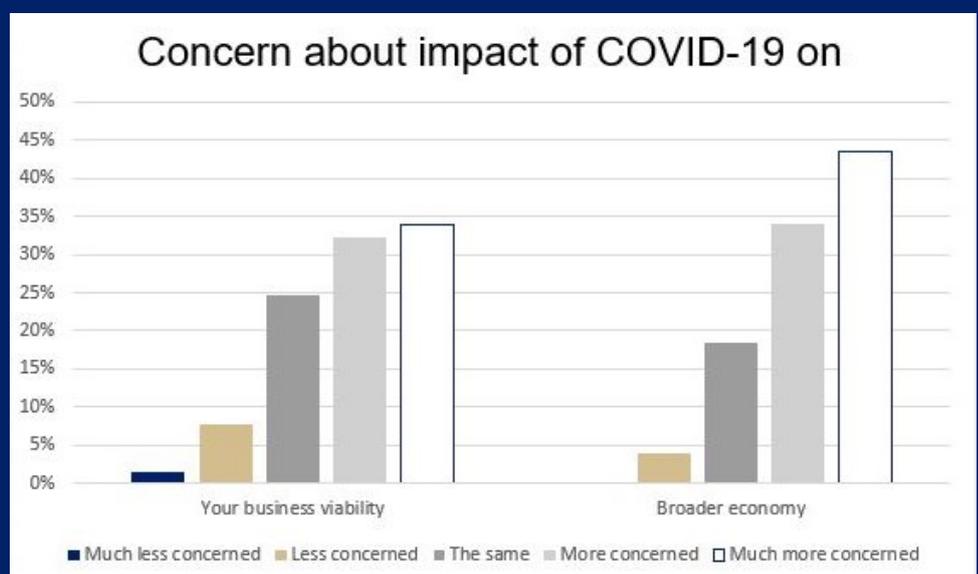
Measures targeted at severely affected regions and industry sectors, such as waving fees and charges for tourism businesses, administrative relief for some tax obligations, help to identify alternative export markets and supply chains, measures to promote domestic tourism and temporary shopfronts to advise businesses, were rated unhelpful by between 75% and 85% of businesses. This low rating is likely to reflect the specific targeting of these measures, with the majority of 15% to 25% of businesses that found these measures beneficial likely to be in the targeted, tourism industries and regional areas.

BUSINESS CONDITIONS

Concern about the impact of COVID-19 on business viability & broader economy

Despite the Government support and stimulus measures announced in March, businesses are becoming increasingly concerned about the impact of COVID-19 on their business and the economy, with 66.2% more concerned about the impact on their business viability and 77.4% more concerned about the impact on the broader economy than they were two weeks ago.

	Much less concerned	Less concerned	The same	More concerned	Much more concerned
Your business viability	1.4%	7.8%	24.6%	32.2%	34.0%
Broader economy	0.2%	4.0%	18.4%	34.0%	43.4%

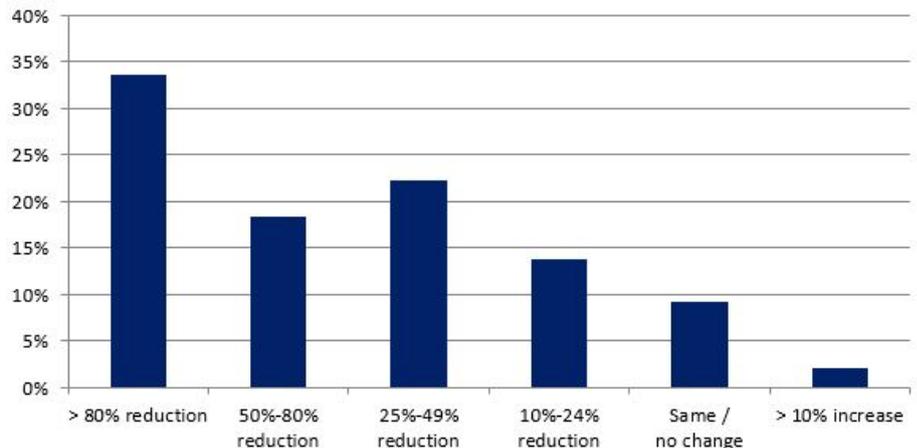


IMPACT OF COVID-19 ON BUSINESS REVENUE

The Government social distancing and people movement restrictions and consumer response to the COVID-19 crisis are having a substantial impact on business revenue, with over one-third of businesses surveyed indicating that they have seen an 80% reduction in revenue relative to what they would normally expect this time of the year and more than half experiencing a reduction of revenue of over 50%. With almost 75% of small businesses experiencing an impact on revenue greater than 25%.

Impact on business revenue	> 80% reduction	50%-80% reduction	25%-49% reduction	10%-24% reduction	Same / no change	> 10% increase
Businesses affected	33.7%	18.4%	22.3%	13.8%	9.3%	2.1%

Impact of COVID-19 on business revenue



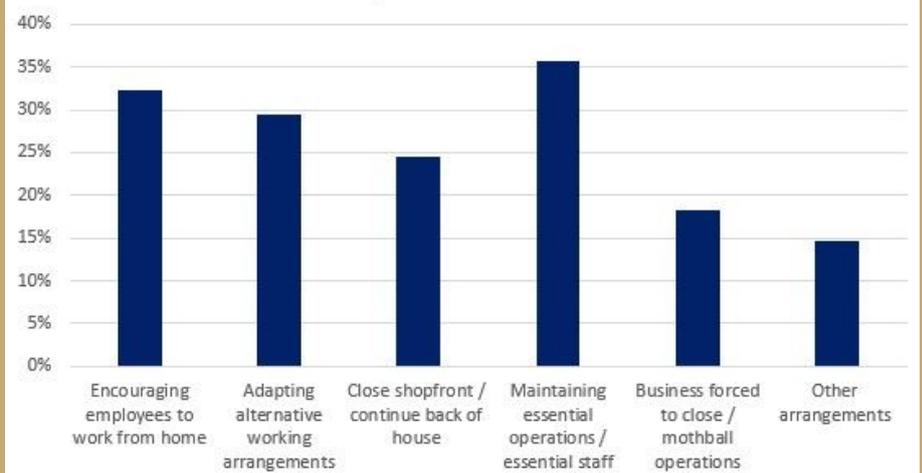
RESPONSE BY BUSINESS TO THE RESTRICTIONS

Response	Businesses responding
Encouraging employees to work from home	32.3%
Adapting alternative working arrangements	29.4%
Close shopfront / continue back of house	24.6%
Maintaining essential operations / essential staff	35.7%
Business forced to close / mothball operations	18.2%
Other arrangements	14.7%

Businesses are adapting their workplaces in response to the social distancing and people movement restrictions, with almost one-third of businesses encouraging their employees to work from home and a further 30% of businesses adopting alternative working arrangements, such as flexible hours and split shifts.

Unfortunately, 18% of businesses have been forced to close and mothball their operations until the social distancing and people movement restrictions are lifted. A further one-third of businesses have been forced to strip back to only essential operations and reduce their workforce to only essential staff. While around a quarter of businesses have been forced to close their shopfronts, they are continuing their back office or back of house operations.

Business response to the restrictions

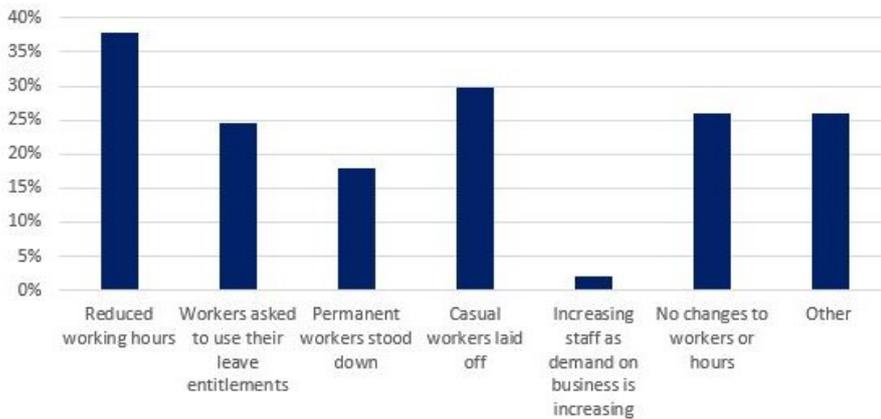


ALTERNATIVE ARRANGEMENTS FOR EMPLOYEES

Only one-quarter of businesses surveyed have been relatively unaffected by the social distancing and people movement restrictions and consumer response to the COVID-19 crisis and can maintain their staffing at current levels and not reduce the hours of their workers.

Arrangements	Businesses responding
Reduced working hours	37.8%
Workers asked to use their leave entitlements	24.6%
Permanent workers stood down	17.9%
Casual workers laid off	29.7%
Increasing staff as demand on business is increasing	2.0%
No changes to workers or hours	26.0%
Other	25.9%

Alternative arrangements for your employees in response to COVID-19



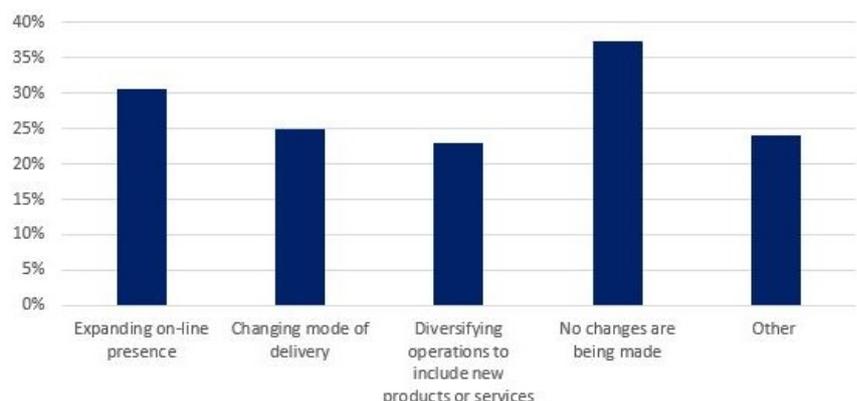
For businesses forced to strip back their operations or close, 38% have reduced working hours of their employees and 25% have asked their workers to use their leave entitlements. Sadly, 18% of businesses have stood down permanent workers and 30% have laid-off casual staff. A lucky 2% of businesses have seen increased trade as a result of the COVID-19 crisis and have increased staff numbers.

CHANGES TO BUSINESS OPERATIONS

Many businesses have adapted their business operations to enable them to continue trading, with 31% expanding their online presence, 25% changing their mode of delivery, and 23% diversifying into new product lines and services.

Changes to business operations	Businesses responding
Expanding online presence	30.6%
Changing mode of delivery	25.0%
Diversifying operations to include new products or services	23.1%
No changes are being made	37.3%
Other	24.0%

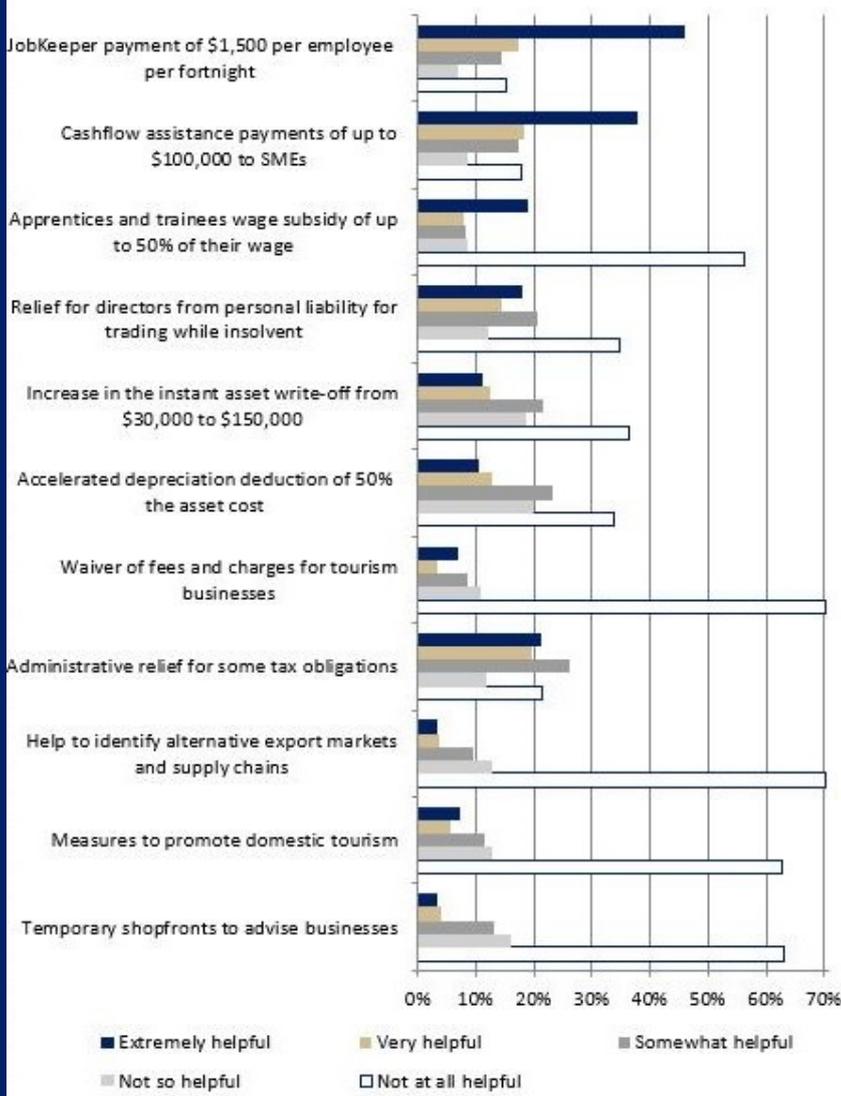
Changes to business operations in the face of the COVID-19 crisis



GOVERNMENT SUPPORT AND STIMULUS MEASURES

Government Measures	Extremely helpful	Very helpful	Somewhat helpful	Not so helpful	Not at all helpful
JobKeeper payment	46.0%	17.2%	14.5%	7.1%	15.3%
Cashflow assistance payments	38.0%	18.5%	17.4%	8.5%	17.7%
Wage subsidy to retain apprentices and trainees	19.1%	7.9%	8.2%	8.6%	56.2%
Personal liability relief for directors trading insolvent	18.1%	14.5%	20.7%	12.0%	34.7%
Increase in the instant asset write-off to \$150,000	11.2%	12.5%	21.5%	18.5%	36.4%
Accelerated depreciation deduction of 50%	10.4%	12.7%	23.1%	20.0%	33.9%
Waiver of fees and charges for tourism businesses	7.0%	3.5%	8.5%	10.8%	70.2%
Administrative relief for some tax obligations	21.2%	19.5%	26.0%	12.0%	21.3%
Help to identify alternative export markets	3.5%	3.8%	9.7%	12.8%	70.2%
Measures to promote domestic tourism	7.2%	5.8%	11.5%	12.6%	62.8%
Temporary shopfronts to advise businesses	3.5%	4.2%	13.1%	16.2%	63.1%

Benefit of Federal Government COVID-19 support measures to business



The JobKeeper payment was considered of most benefit in assisting and supporting businesses to continue to operate during the COVID-19 crisis, with 77.7% of businesses rating JobKeeper as either helpful, very helpful or extremely helpful.

Other Government support measures aimed at reducing the financial pressure on businesses, including the cashflow assistance payments (73%) and administrative relief from tax obligations (66.8%), were also rated highly. Relief for directors from trading while insolvent (53.3%) was also considered to be of some assistance to businesses.

The business investment measures were only considered of moderate benefit to businesses during the COVID-19 crisis with only 45% of businesses considering the increase in the instant asset write-off to \$150,000 and only 46% considering the 50% accelerated depreciation for higher-value asset purchases to be helpful.

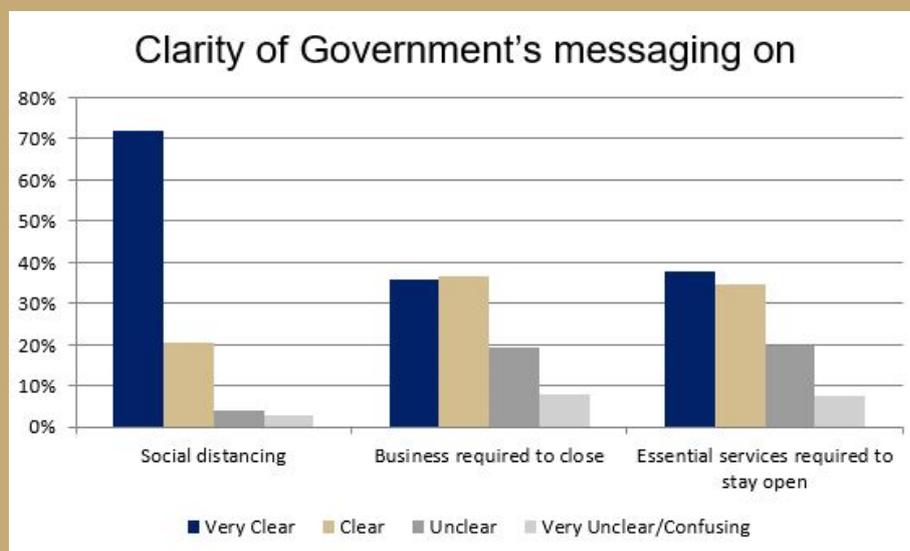
Similarly, the wage subsidy to retain apprentices and trainees of up to 50% of their wage was considered only moderately beneficial, with only 35% of businesses indicating this to be helpful.

The waiver of fees for tourism businesses (81%), administrative relief for some tax obligations (83%), help to identify alternative export markets and supply chains (83%), measures to promote domestic tourism (75.5%) and temporary shopfronts to advise businesses (79.2%), with the majority of businesses rating these measures as either not so helpful or not much help at all. This may reflect the specific targeting of these measures at severely affected regions and industry sectors, such that they were not available to all businesses.

CLARITY OF GOVERNMENT MESSAGING

	Very Clear	Clear	Unclear	Very Unclear / Confusing
Social distancing	72.1%	20.6%	4.2%	3.1%
Business required to close	36.0%	36.6%	19.3%	8.2%
Essential services required to stay open	37.8%	34.8%	19.7%	7.8%

In terms of the clarity of Government communication during the COVID-19 crisis, 93% of businesses consider the messaging on social distancing is clear or very clear, but over a quarter of businesses remain uncertain or confused about which businesses are required to close and the essential services that are required to stay open.

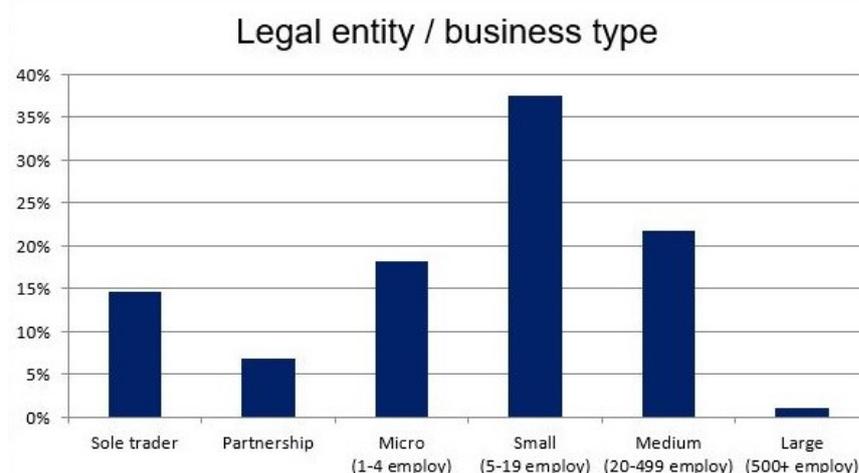


SURVEY DEMOGRAPHICS

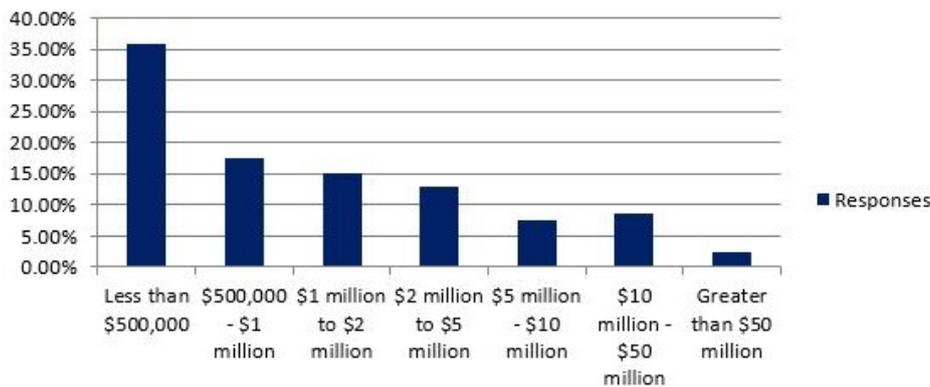
The Australian Chamber is Australia's largest and most representative business network. Our members are state and territory chambers of commerce, national industry associations and a council of business leaders from individual enterprises. Together, we represent Australian businesses of all shapes and sizes, across all sectors of the economy, and from every corner of our country.

Between 30 March and 17 April we surveyed 1,497 businesses drawn from ACCI's vast membership.

The survey included small business (37.6%), micro-businesses (18.2%), sole traders (14.6%) and medium businesses (21.7%).

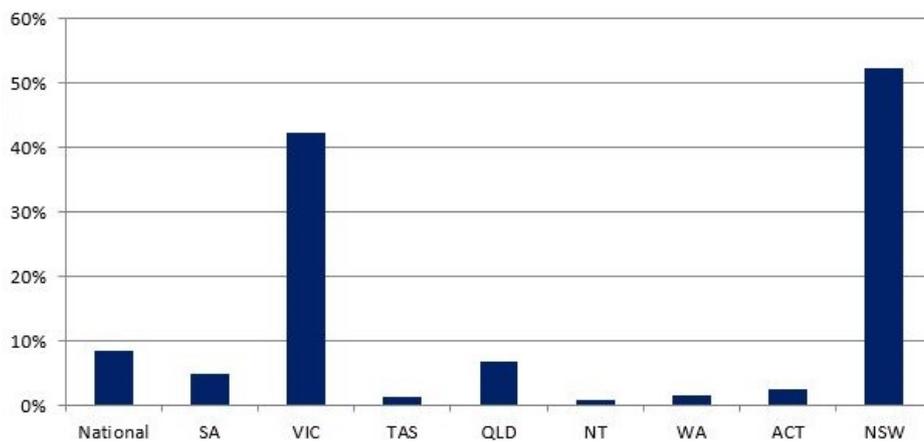


What was your annual turnover range prior to the COVID-19 crisis (i.e. 2019 calendar year)?



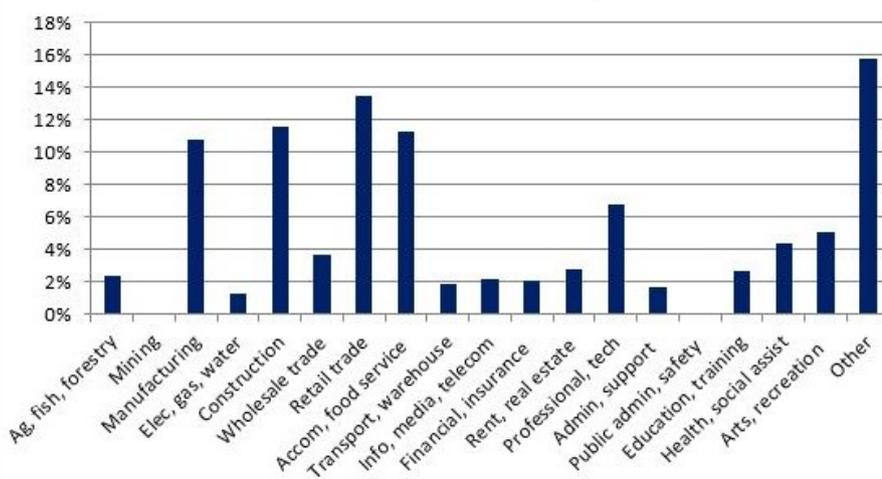
The majority of businesses (81.3%) had a turnover of less than \$5 million per year, with over a third 35.8% having a turnover of less than \$500,000 per year.

States and/or Territories business operate



The survey covered all states and territories, with many businesses operating at the national level or across several states.

Industry Category



All industry sectors were covered, including those most impacted by social distancing and people movement restrictions – retail trade (13.5%), accommodation and food services (11.3%), construction (11.6%), manufacturing (10.8%), arts and recreational services (5.1%) and healthcare and social assistance (4.4%).

ACCI will continue to monitor the condition of our member businesses every month during the COVID-19 crisis and observe how conditions are changing over time.