

Backgrounder

COVID-19 Impact Pulse Check #1- April 2020

Introduction

The BC Chamber of Commerce, Greater Vancouver Board of Trade and the Business Council of British Columbia (with assistance by Mustel Group) have collaborated with business associations across the province to collect and provide information to government, from businesses of all sizes, sectors and regions across British Columbia. Information gathered will inform a holistic approach between government and society in acting on the COVID-19 pandemic.

This report provides the key findings from the first survey taken by 1,938 business leaders between March 26th and April 1st, 2020.

Key Findings

Impacts on Businesses

- **The most common impact on businesses to-date from the COVID-19 pandemic is decreased sales volume**, reported by 74% of businesses. Almost half also report laying off employees, reducing staff hours and/or closing temporarily. And one-third have had capital projects, contracts/tenders and/or marketing projects either cancelled or deferred.
- **Among those laying off staff, on average businesses have laid off 43 employees.** As BC businesses tend to be skewed to smaller businesses (less than 20 employees), the median or mid-point is much lower with about half laying off five or fewer employees and half more than five.
- In term of revenue, **in the past two weeks approximately half of all business (48%) have experienced revenue decreases of 75% or more**; two-thirds (63%) have had revenues drop by 50% or more.
- Over the next two weeks, 75% of businesses expect decreased sales volumes **with the majority, 56%, expecting revenues to fall 'significantly'**.
- Close to half (46%) expect to still be closed in two weeks, and considerable proportions are expecting reduced staff hours (38%), further lay offs (29%), and cancelled/deferred contracts or tenders (33%), capital projects (26%) and/or marketing projects (27%). But increased online, digital or e-commerce is expected by 23%.

Government Measures

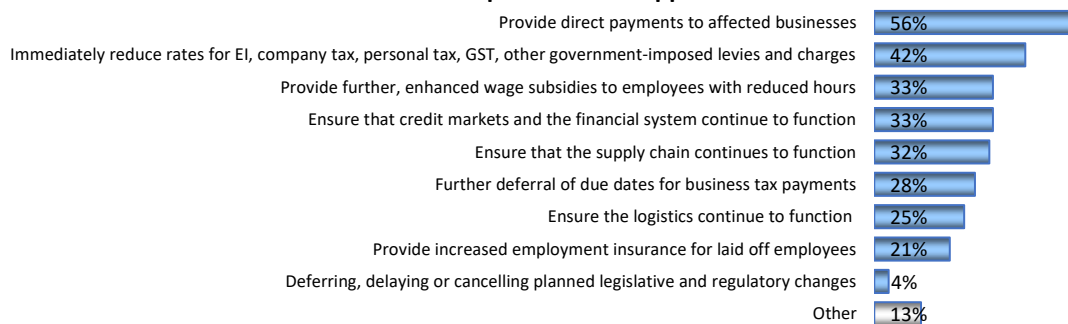
- **Businesses are most positive about how governments are addressing support measures for employees, guidance on workplace practices, and on ensuring supply chains remain open.**

- Opinions are divided with respect to measures that support cash flow, and measures to prevent layoffs (however note that the 75% wage subsidy measure was introduced after the survey launched).
- Businesses are **most critical about government measures that provide new opportunities** for businesses to assist in responding to COVID-19 (e.g. tools, supplies, equipment).

The top two measures within the **federal** government’s jurisdiction that would be most helpful to businesses are:

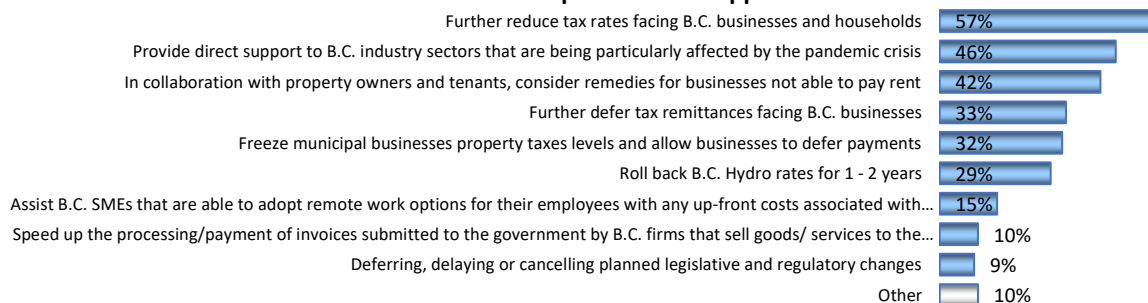
- Provide direct payments to affected businesses (56%)
- Immediately reduce rates for EI, company tax, personal tax, GST, other government-imposed levies and charges (42%)
- There is also considerable demand (by 28% to 33%) for providing enhanced wage subsidies, ensuring supply chains continue to function, ensuring credit market and financial systems continue to function, and further deferrals of due dates for business tax payments.

Top 3 Business Support Measures - Federal



- In terms of **provincial** government measures, the top three most helpful measures are:
 - further reduce tax rates facing B.C. businesses and households (57%)
 - provide direct support to B.C. industry sectors that are being particularly affected by the pandemic crisis (46%)
 - consider remedies for businesses not able to pay rent in collaboration with property owners and tenants (42%)

Top 3 Business Support Measures - Provincial



Expectations for Economic Rebound

- Businesses tend to expect the economic **rebound in their market will be slow** (55% versus 14% fast) but a sizeable group are unsure (31%).
- The **main concern is their customers' ability to pay**. There are also widespread concerns that there will be insufficient global economic activity, that businesses will be unable to restart, and that there will be permanent damage from the workforce hiatus.

In summary, like individual British Columbians, individual businesses in BC are experiencing the impacts of this crisis differently. This can depend on their sector, the timing of the crisis, the region of the province they operate in, the size of the firm, whether they are service or goods sectors, and whether the business is exposed to global supply chains and markets which are also slowing and expecting a global recession.

COVID-19 Impact Pulse Check #1- April 2'20

- GVBOT Sub-Report -

Introduction

This report provides key highlights or differences from the overall results provided in the main report among 260 Greater Vancouver Board of Trade members who completed the survey between March 26th and April 1st, 2020.

Key Findings

Impacts on GVBOT Members

- **The most common impact on GVBOT members, like other BC businesses, from the COVID-19 pandemic is decreased sales volume**, reported by 80% of members. Significant proportions (40% to 50%) also report reducing staff hours, laying off employees and deferred or cancelled contracts, tenders, capital projects and/or marketing projects. A total of 29% have closing temporarily closed.
- **Among those laying off staff (42% of members), on average businesses have laid off 87 employees.**
- In term of revenue, **in the past two weeks approximately two-thirds of members have experienced revenue decreases of 50% or more.**
- Over the next two weeks, 82% of members expect decreased sales volumes **with the majority, 52%, expecting revenues to fall 'significantly'**.
- Other anticipated impacts include: reduced staff hours (47%), further lay offs (38%), cancelled contracts or tenders (38%), capital projects (33%) and/or marketing projects (33%), and closing temporarily (30%). But for 33% there has been increased online, digital or e-commerce.

Government Measures

- GVBOT members have the same opinions as other businesses with respect to measures taken regarding support for employees, guidance on workplace practices, on ensuring supply chains remain open, etc. They also are **most critical about government measures that provide new opportunities** for businesses to assist in responding to COVID-19.
- GVBOT members respond in a similar manner as other businesses with respect to federal and provincial measures that would be most helpful.
- Among **federal** measures, the most helpful are believed to be:
 - provide direct payments to affected businesses (42%)
 - immediately reduce rates for EI, company tax, personal tax, GST, other government-imposed levies and charges (40%)
 - ensure credit market and financial systems continue to function (40%)

- In terms of **provincial** government measures, the top three most helpful measures are (same three as reported by all businesses):
 - further reduce tax rates facing B.C. businesses and households (60%)
 - provide direct support to B.C. industry sectors that are being particularly affected by the pandemic crisis (44%)
 - consider remedies for businesses not able to pay rent in collaboration with property owners and tenants (47%)

Expectations for Economic Rebound

- GVBOT members also tend to expect the economic **rebound in their market will be slow** (55% versus 16% fast) but a sizeable group are unsure (30%).
- The **main concern is their customers' ability to pay**. There are also widespread concerns that there will be insufficient global economic activity, that businesses will be unable to restart, and that there will be permanent damage from the workforce hiatus.