

2021 Economic Outlook Members' Survey Results

Introduction

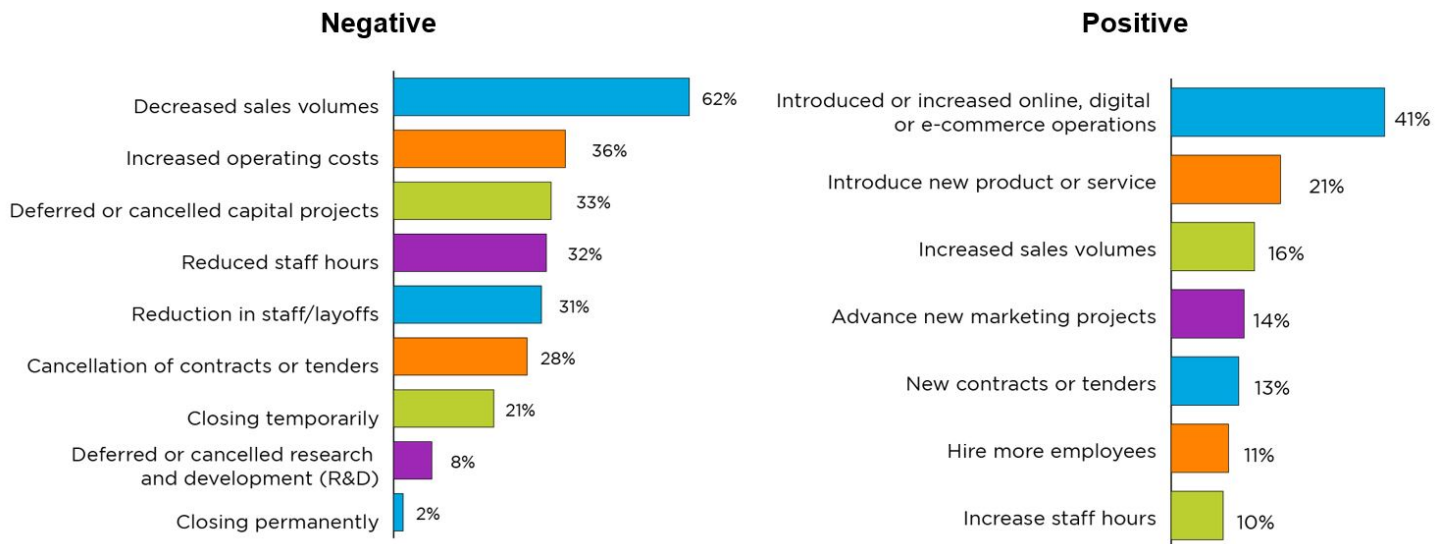
The Greater Vancouver Board of Trade with assistance by Mustel Group has conducted a survey among its members to measure opinions on various economic issues of relevance to members, and specifically the impact of COVID-19 and government measures to assist businesses. A total of 134 members completed the survey from January 5-12th, 2021.

Key Findings

COVID Impacts on Businesses

- **Decreased sales volumes continue to be reported by over six-in-ten businesses** as a result of the pandemic. Other significant impacts include increased operating costs, deferred or cancelled capital projects, reduced staff hours, layoffs and cancelled contracts or marketing projects.
- But on the positive side, **four-in-ten have introduced or increased their online or digital presence**. Some have also introduced new products and increased sales volumes.

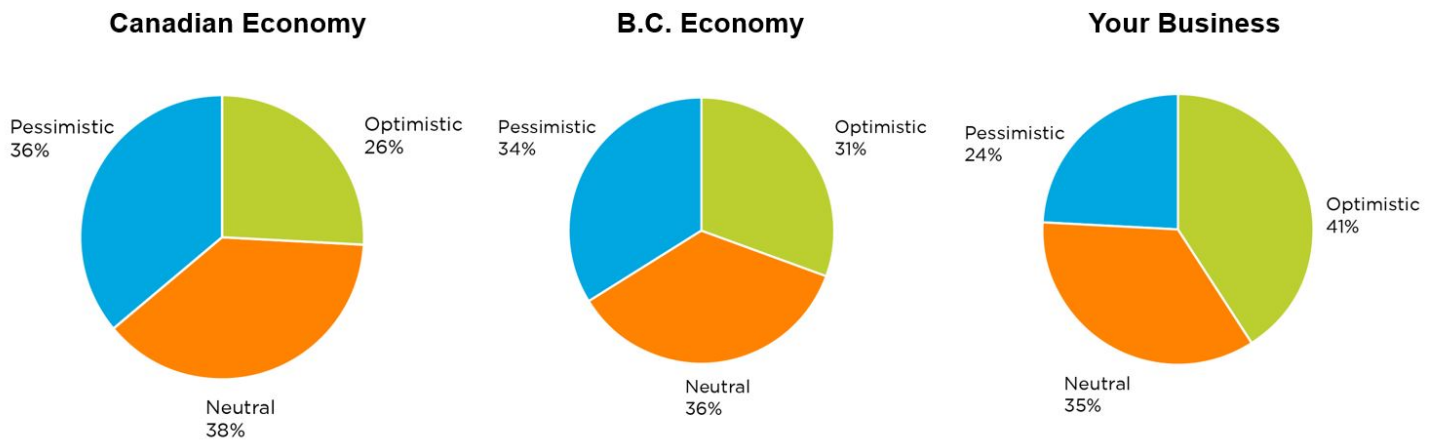
COVID-19 Impacts on Business



- Those who have reduced their staff report on average **laying off 70 employees**.
- **44% of all businesses report sales decreases of 25% or more**; 28% of businesses report losses of 50% or more.
- Seven-in-ten of businesses impacted by holiday spending report **lower holiday season revenues** compared to previous years.

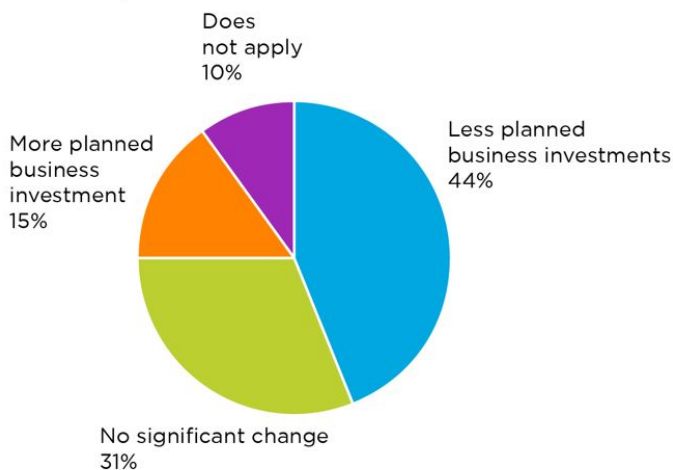
Future Prospects and Investments

- Views are mixed regarding the future of the Canadian and B.C. economies, but **businesses are more optimistic about their own prospects.**

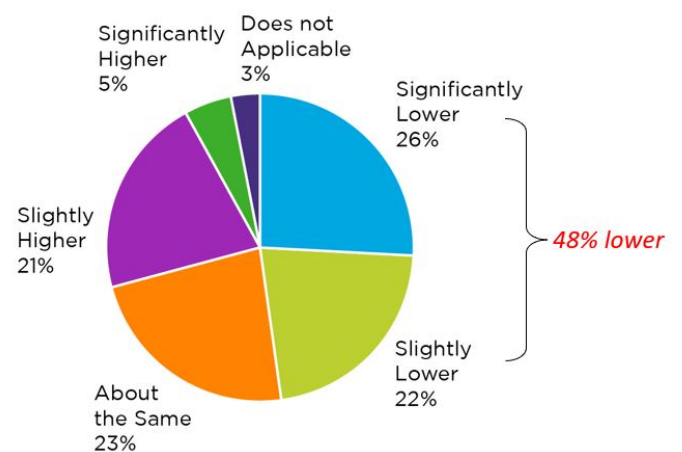


- But going forward, half of businesses (48%) **expect their revenues in 3-6 months to still be lower** compared to pre-pandemic.
- And over **four-in-ten businesses expect to reduce their business investments** in the next 12 months.
- The type of investments most likely to be reduced are in their workforce/headcount, and in workforce training/productivity/retention.
- But a significant proportion expect to **increase investment in digital technology** and capabilities for e-commerce, sales, marketing, etc.

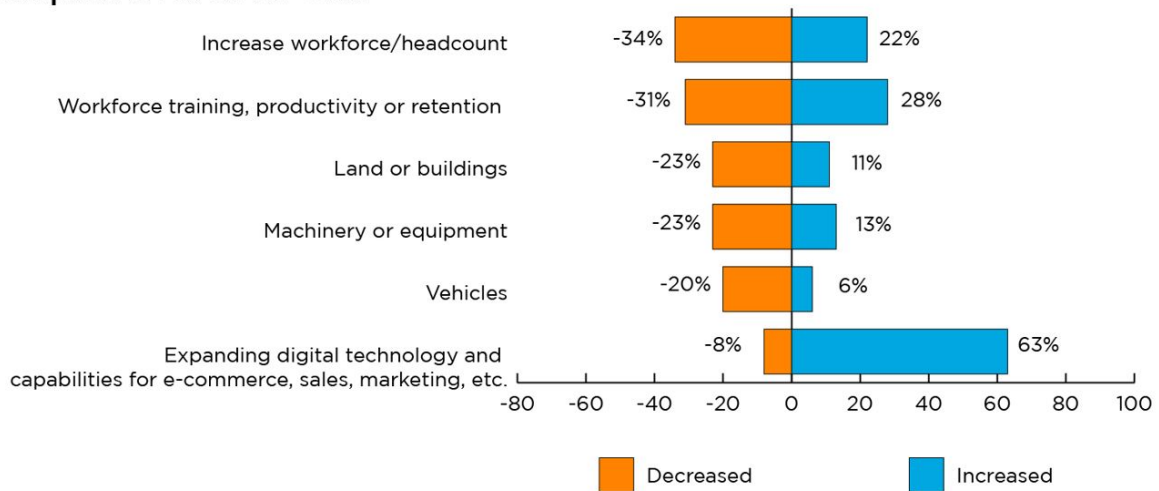
Planned Investments in Next 12 Months Compared to Pre-COVID Years



Expected Revenues in next 3-6 months



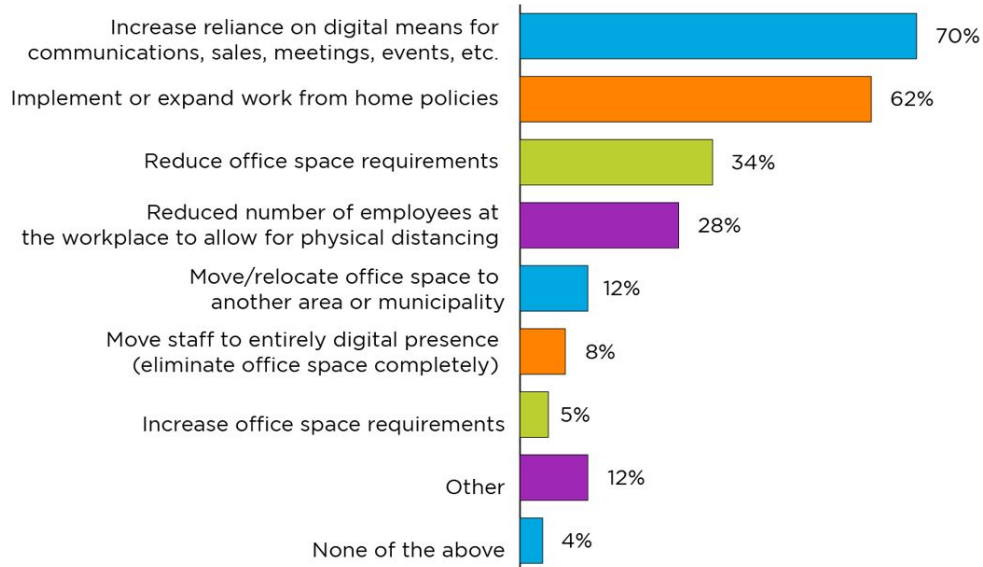
Planned Investments in Next 12 Months Compared to Pre-COVID Years



Workplace Impacts

- Seven-in-ten businesses operating in offices **do not anticipate the majority of their employees will return to the workplace until the summer of '21 or later**. Approximately one-in-ten do not expect the majority to ever return.
- One-in-four will request or incentivize employees to receive a vaccine before returning.
- The two most lasting impacts on the workplace as a result of COVID-19 are **increased reliance on digital means** for communication, sales, etc. and expansion of work-from-home policies.

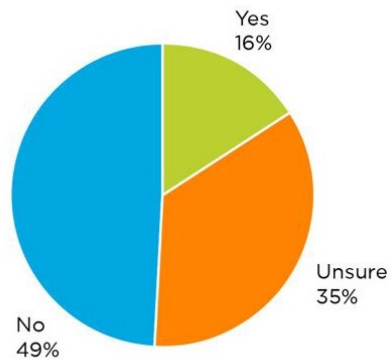
Lasting Workplace Changes



B.C. Recovery Plan

- Businesses do not think **the province is providing enough support** for their business to succeed through the pandemic.

Enough B.C. Government Support

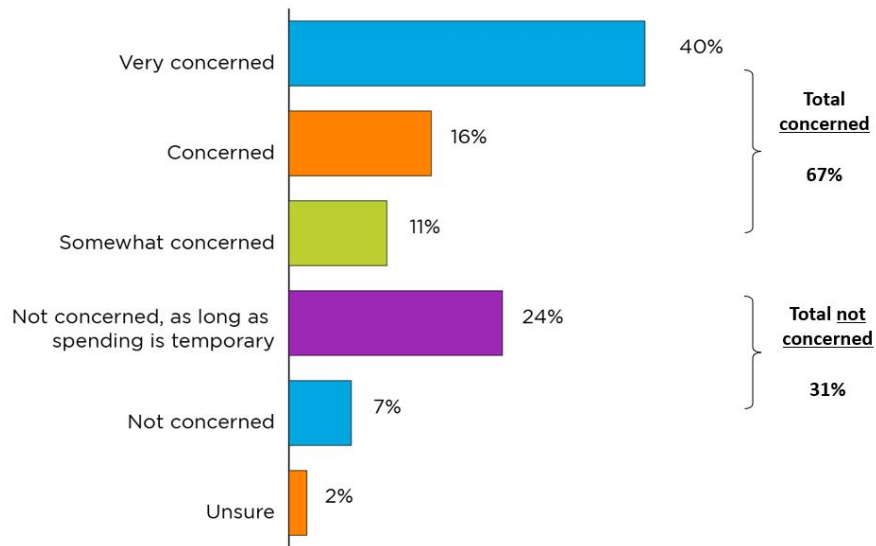


- To-date **only small groups have applied for provincial government programs:**
 - 10% Increased Employment Incentive:** 15% refundable tax credit based on eligible new payroll
 - 13% SME Recovery Grant:** \$300 million in recovery grants to support SMEs most impacted by COVID-19
- The main reasons for not applying are **lack of awareness** along with **not meeting the criteria of the SME Grant.**
- **One-third of businesses report challenges in finding available childcare spaces** during or before the pandemic (almost half of businesses for whom childcare is required).

Government

- **Only 14% of businesses believe local governments are doing enough** to support businesses through the pandemic.
- But the reduced school tax provided by the B.C. government for commercial properties has been helpful for the majority (67%) for whom it applies.
- There is some **concern about the level of federal government spending and its projected deficit.**

Federal Government Deficit Concern

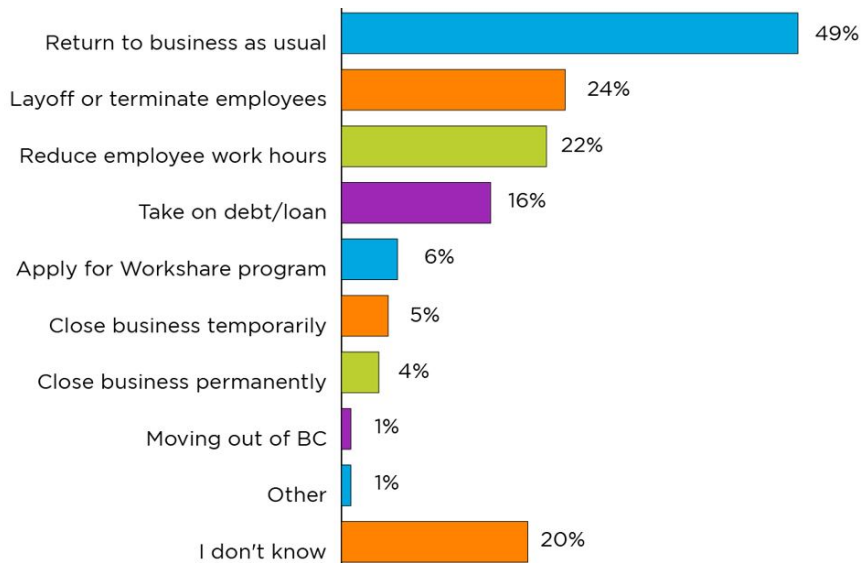


- The most helpful federal government support measure has been CEWS.

	Average Rating (5= Very Helpful)
Canada Emergency Wage Subsidy	4.0
Canada Emergency Business Account	3.2
Canada Emergency Rent Subsidy	3.0
Highly Affected Sectors Credit Availability	2.4

- Once government support programs end, approximately half of businesses (that have used government supports) expect business to return as usual but the other **half anticipate layoffs, reduced hours, more debt** among other steps. About one-in-ten expect to close either temporarily or permanently.

Business Plans Post Government Supports



- In terms of **additional government support or programs that would be helpful** to recover from COVID-19, the most common suggestions are:
 - reduce administrative burden or make regulations more efficient;
 - provide financial support (e.g., payroll/wage supports, provide capital or reduce taxes/fees)
 - fund large transportation projects (e.g., roads, bridges, trade enabling projects)
 - invest in technology innovation to boost productivity and economic activity; and
 - create better/more competitive conditions for investment.