

Business Impact COVID – 19

April 2020
Far West NSW



Summary

The rapid local onset of the impacts of COVID-19 and the obvious impact worldwide mandated the need for a greater understanding of the regional impact and sustainability of local businesses in the Far West Region.

Regional Development Australia Far West developed a short online survey to help build a regional understanding of the impact to local businesses and the type of support required to overcome the setbacks associated with the pandemic.

Appreciation of the rapid impact of COVID-19, extremely poor internet access and the overwhelming workload, both personal and professional of many of the region's businesses helped shape the size and complexity of the survey.

More than 135 regional business undertook the survey (as of 30 April 2020) and contributed to developing a more comprehensive and specific understanding of the needs and issues across the Far West NSW Region.

The following data represents the concerns, financial situation, and short-term sustainability of the region's employers, as expressed by them.

A number of the region's employers have reduced their workforce to enhance their sustainability during the pandemic. Looking forward 5% of respondents are not envisioning a change to staffing levels over the next 6 months, however 30% envision a decrease and 29% remain unsure.

One third of respondents believe they have the funds to cover their businesses operational expenses for the next 2-3 months, with 70% reporting fixed costs of between \$1001 - \$25,000 monthly.

Compared to pre COVID-19 business activity levels only 10% of respondents report similar levels of activity in their business with 25% reporting 100% less activity. Looking forward 19% do not anticipate change over the coming 6 months and anticipate 100% reduction in activity levels, whilst 26% are anticipating a 50% reduction.

Uncertainty appears to be a major issue for many businesses with respondents making comment about the uncertainty of the situation. Many businesses have commented that their uncertainty has been exacerbated by access to and the wait involved with many of the Government's stimulus package options, however anecdotal evidence suggests a vast improvement.

The regions businesses are developing a range of strategies in an attempt to remain sustainable with almost 64% seeking Government assistance and 41% making adjustments to staff hours. 23% report developing new income streams, whilst 35% are temporarily closed. Of note, of over 135 respondents only 0.8% report being closed and not intending to reopen.

When asked about their potential to invest in new technology options 53% were likely or very likely, however, 47% were not likely, potentially reflecting the type of business they operate or their confidence in the internet access, as clearly expressed in the comments sections.

Regarding the support required to invest in new technology options the majority of comments focused on funding and comprehensive support at all levels.

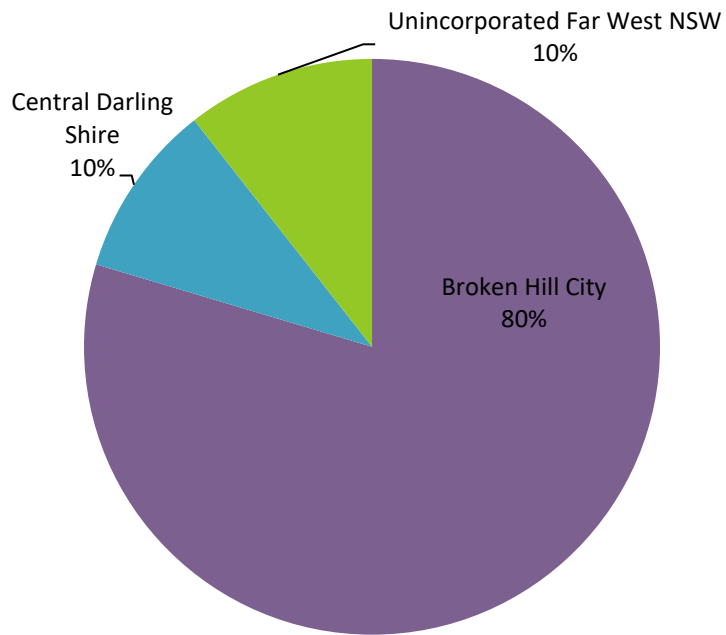
A great number of comments throughout the entire survey focused on the reliability, speed and accessibility of the internet with many respondents suggesting the internet in Far West NSW is a barrier to the sustainability and growth of their business.

Many respondents commented on their fears of the impacts being felt not just across their businesses but across the families of their staff.

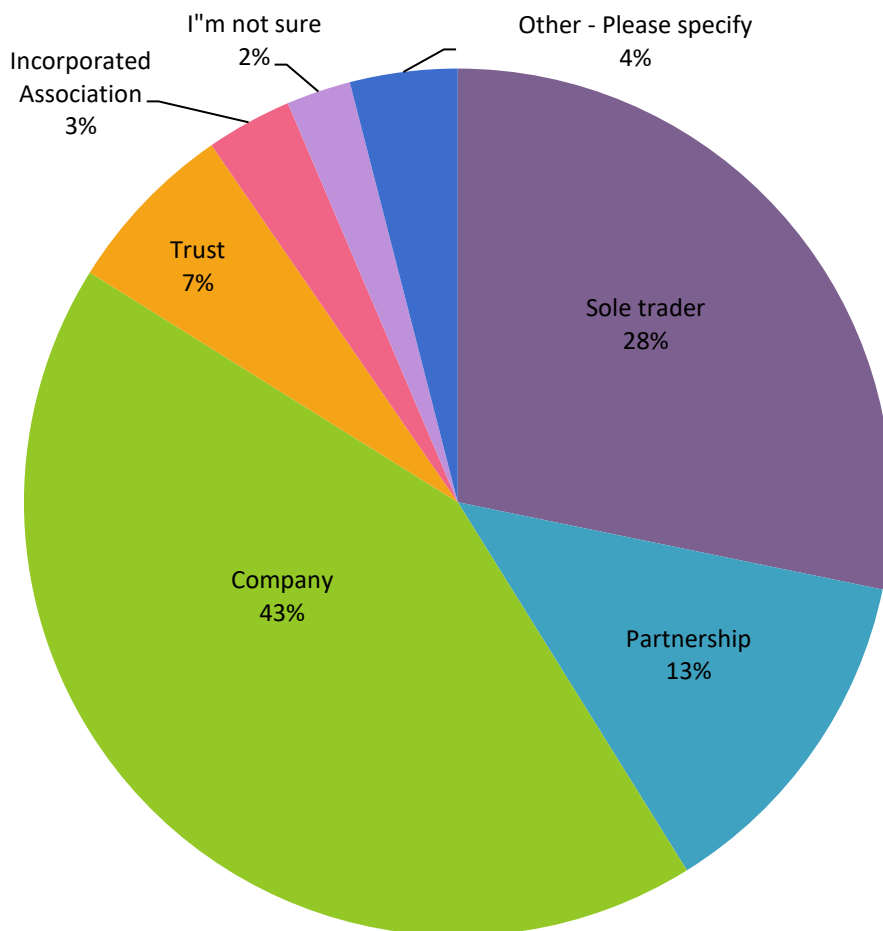
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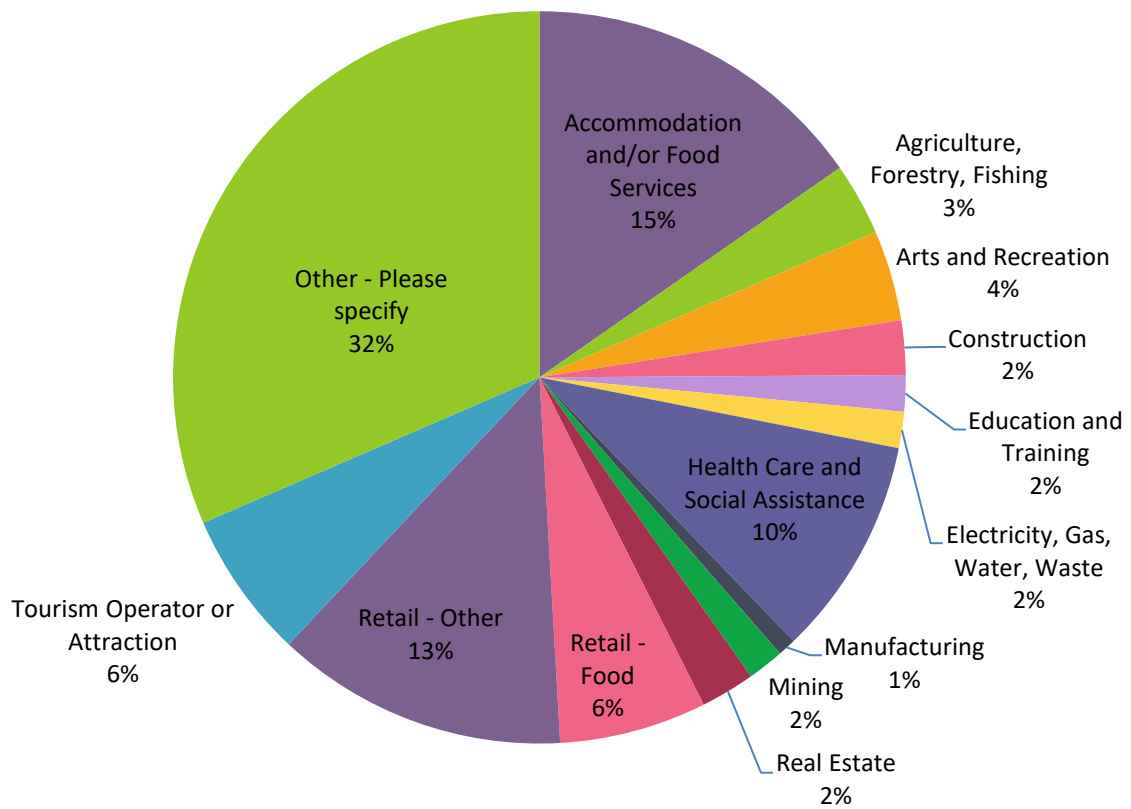
Where is your business located?



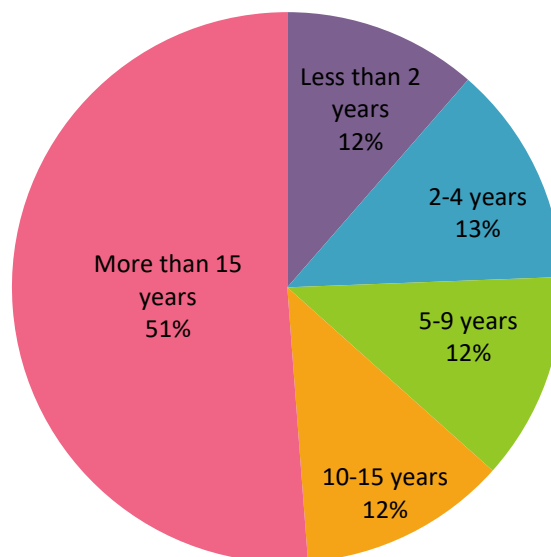
What is the structure of your business?



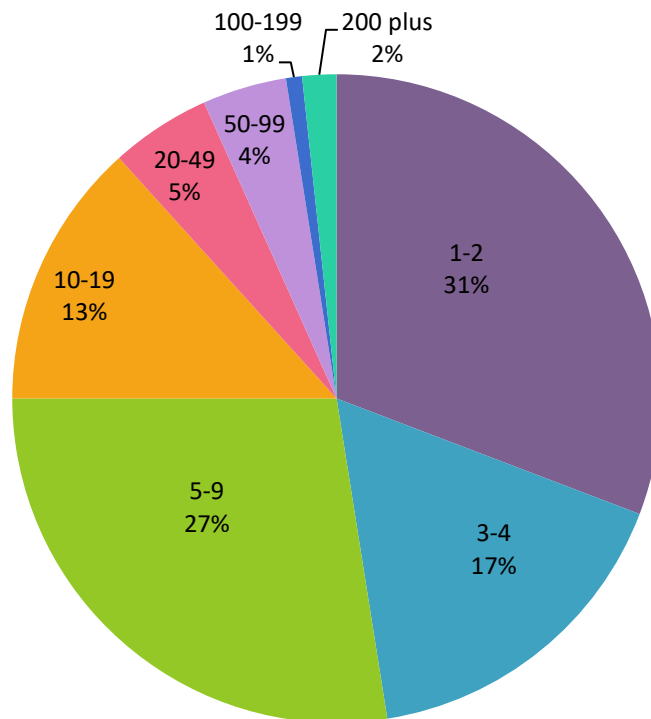
Which best describes your industry sector?



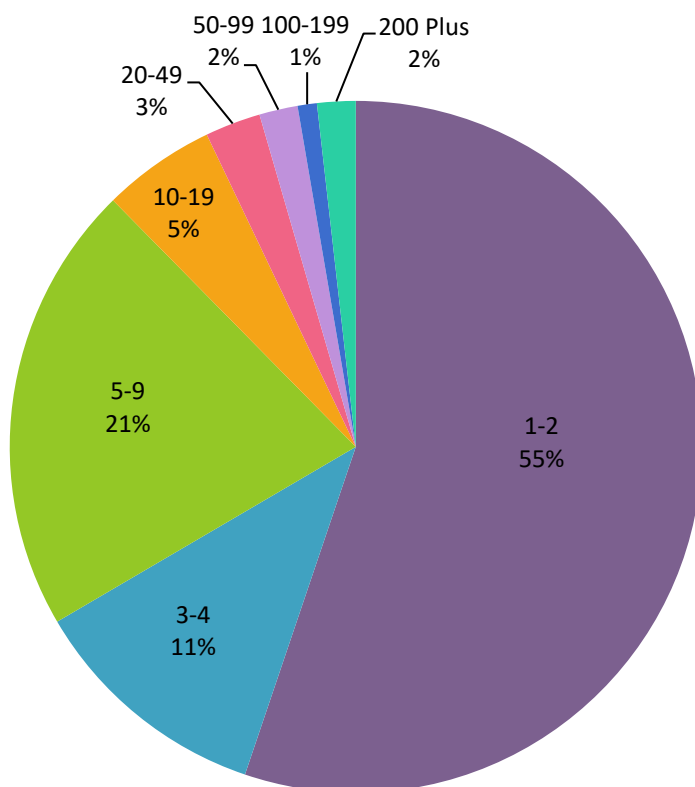
How many years has the business been in operation?



How many staff did you have prior to COVID-19?

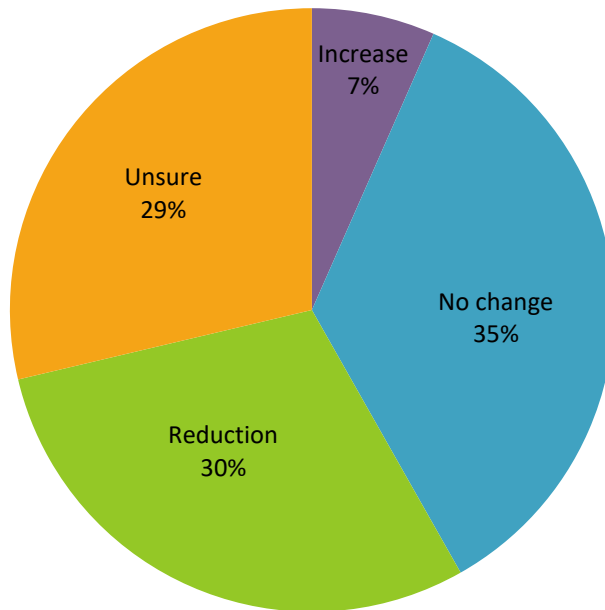


What are your current staff numbers?

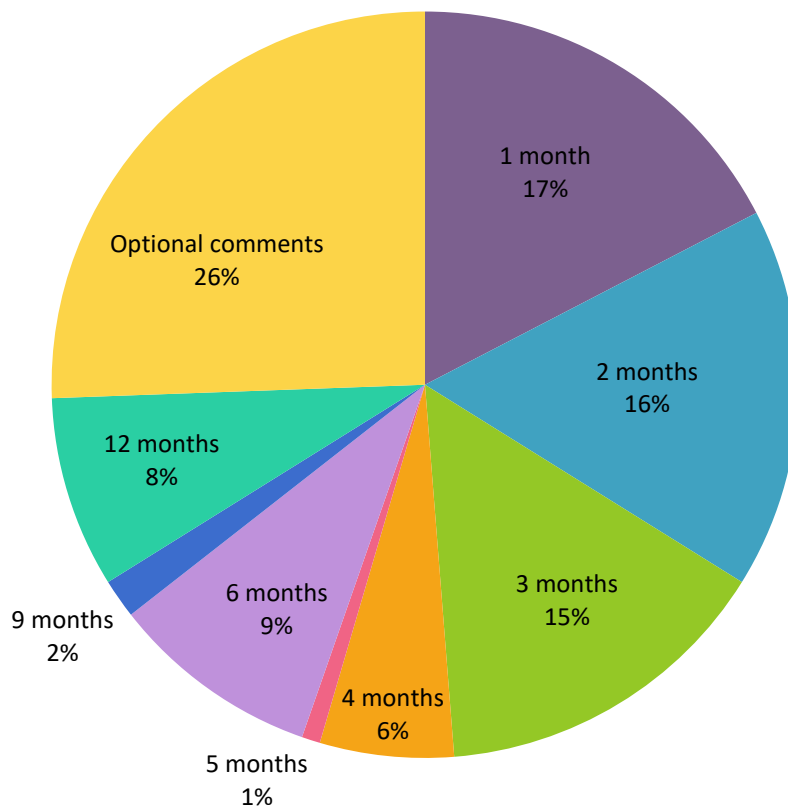


- An Increase of 24% with staffing levels at 1-2
- A 6% reduction of staffing levels of 3-4
- A 6% reduction in staffing levels of 5-9
- An 8% reduction in staffing levels of 10-19
- A 2% increase in staffing of 20-49
- A 2% reduction in staffing of 50-99

What is your anticipated staffing levels over the next 6 months?



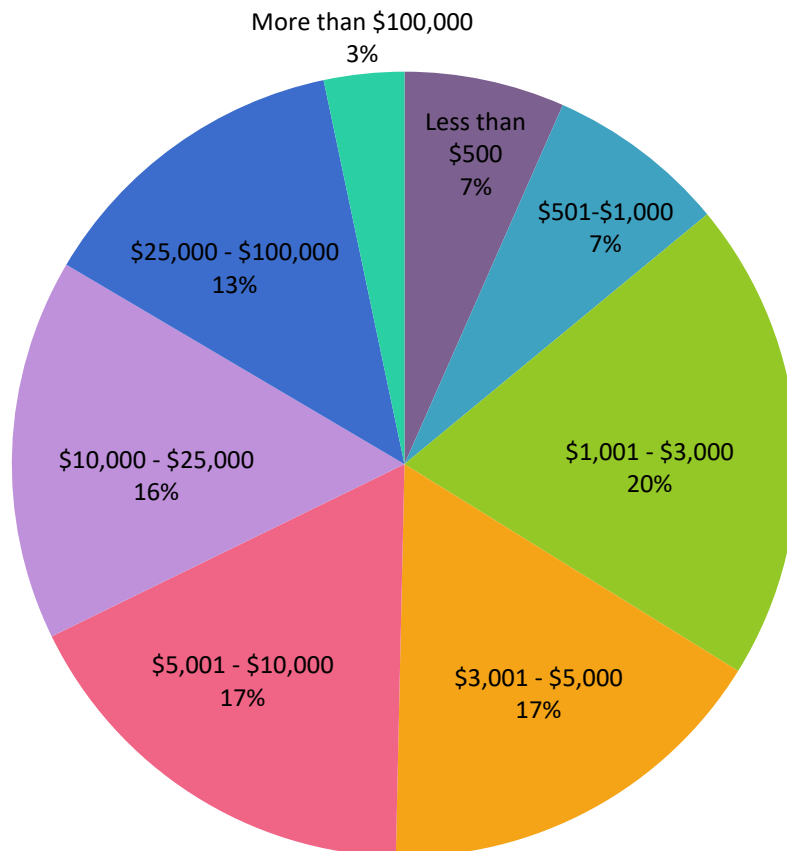
How many months can existing funds/cash flow cover operational expenses?



What are your business activity levels?

	Same	10% less	30% less	50% less	80% less	100% less	10% more	30% more	50% more	100% more	more than 100%
Pre COVID-19 to now	10 %	10 %	12 %	12 %	18 %	25 %	2 %	4 %	5 %	1 %	1 %
Anticipated activity level over the next 6-9 months	9 %	9 %	11 %	26 %	19 %	18 %	3 %	2 %	2 %	1 %	0

What are your monthly fixed costs that can't be ignored?



What is your greatest concern/biggest problem you face now?

Immediate concerns raised by employers varied, depending on industry sectors and individual circumstances, however several common themes presented. Cash flow, staff safety, ensuring the sustainability of staff and the business have been expressed across all sectors.

The Tourism Industry has expressed serious concerns about the future of their industry and the road to recovery post COVID -19. The industry has missed a significant portion of their peak season and hold very real concerns about the sustainability of the industry and individual businesses.

Uncertainty has been expressed through many responses, uncertainty in the time frame, staff security, cash flow, Government support, maintaining work for existing staff and the recovery period.

Many employers have raised concerns about the uncertainty around Government support, ranging from their eligibility, long delays and the nervous period between lodging an application and being informed they will receive the requested support. Many have stated they have been torn between paying their staff to meet their professional and personal obligations and waiting for confirmation of Government support, clarifying that should they not receive the support it could very well see the end of the business.

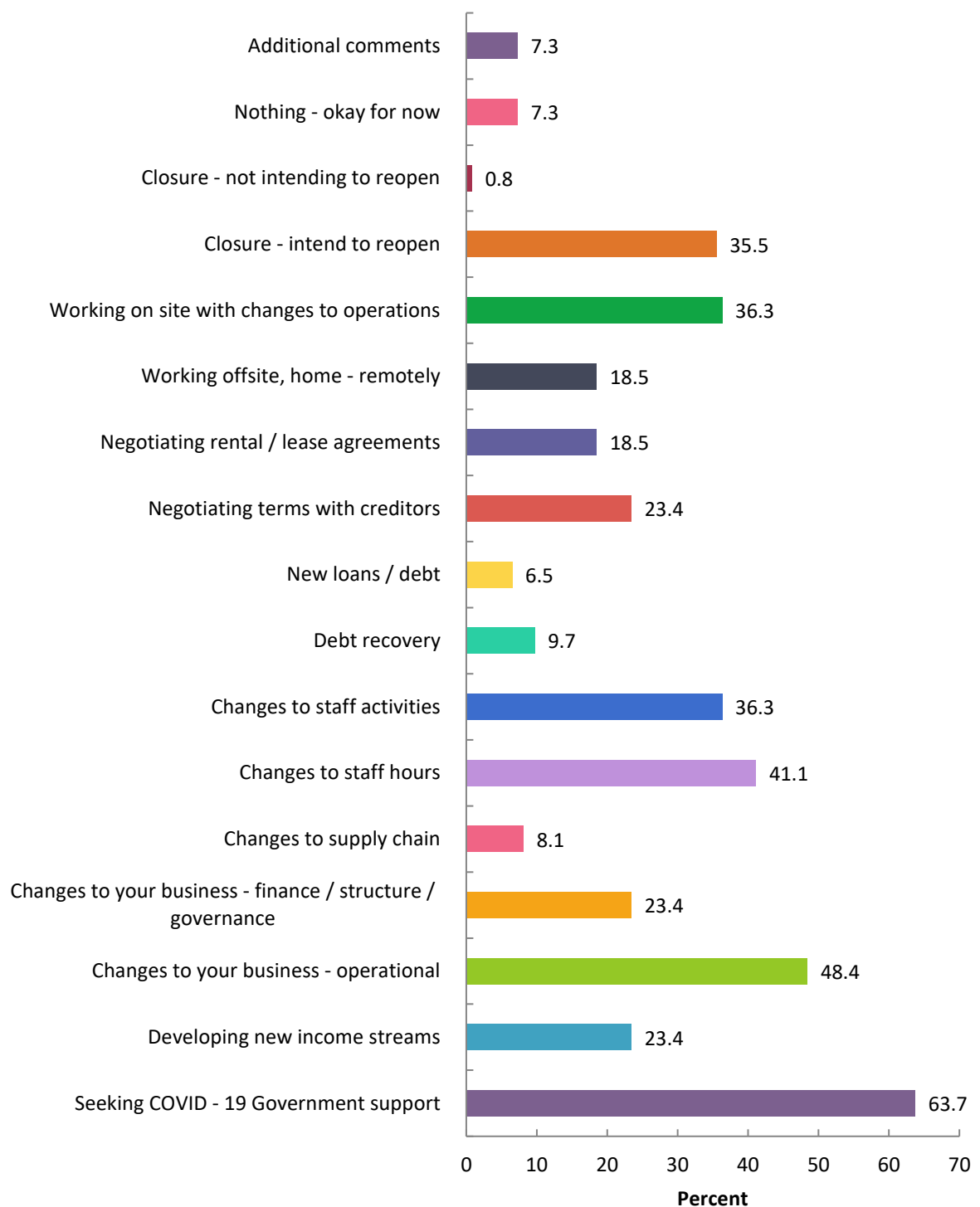
Many small businesses and sole traders have expressed their concern of the sustainability of their business and the personal impact that is and will continue to have on their families and the families of their employees.

The combined impact of the ongoing drought and COVID-19 has certainly created significant challenges for many of the region's businesses, a percentage of which were already struggling with cash flow.

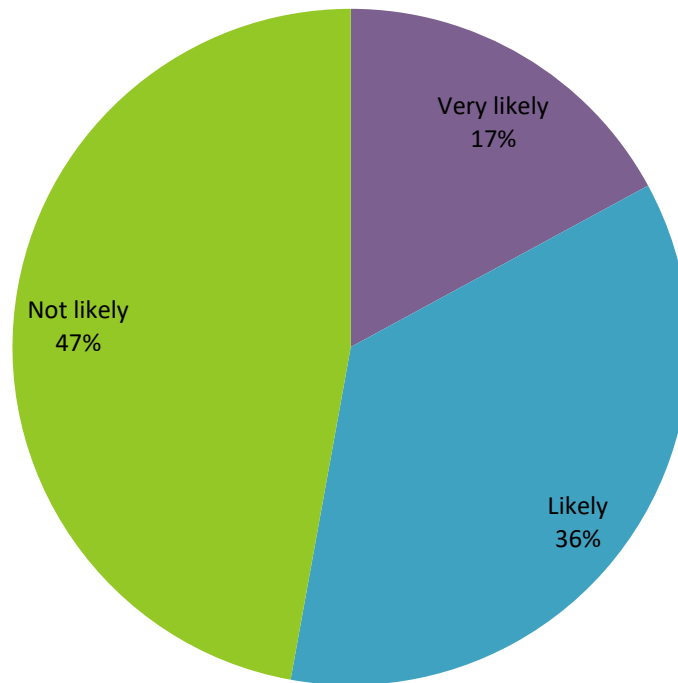
A number of small businesses that have been in operation for less than 12 months expressed great concern over their eligibility to access Government support, their current hardship and the consequences for their business and personal situations should support not become available.

Regardless of the negative impacts of both the drought and COVID -19 many respondents expressed some positivity.

What are you doing to try to ensure your business success during this time? (tick all that apply)



Based on the current changes in the way we do business now and into the future how likely are you to invest in new technology options?



What support would you need in place to expand into an online or technology based venture

A number of respondents raised financial support to employ the expertise as and when required to establish and manage an online presence.

However, many respondents suggested comprehensive training and support to better understand their options, the products available to support a technology-based venture, the costs, ongoing workload and additional time to understand their options.

A common theme at every opportunity has been the poor internet access, reliability, and speed of the internet in the Far West NSW region as a barrier to online trading.

A number of industry specific responses described their businesses as not suitable for a technology-based approach.

If there was one initiative that would help your business now, what would it be?

Clarity and support to access Commonwealth and State Government support is paramount in the minds of many of the region's employers. A significant number of responses focused on the need for additional cash flow, long term support and the complexity of the Government support packages.

Website development, training, and support in the development of online trading and/or marketing is consistent across many responses. A number of respondents already have an online presence to some degree and require a deeper knowledge of their options and opportunities.

Consistently throughout all responses is the need for much greater internet access, with poor, slow or unreliable access raised regularly, EFTPOS reliability and mobility also appear to be issues for a number of respondents.

Many respondents have also raised the opportunities for recovery through greater local shopping and collaborative approaches to marketing and promotion of local products.

Respondents have consistently suggested that opening the doors and having local's support their business is what they really require.

If there is anything the questions above haven't covered or you would like to make further comment, please do so here

The region's employers and businesses have a great many concerns, uncertainty is significant across the region and across all industry sectors but none more than the tourism sector who, like many other sectors have been consistently impacted over a number of years with the drought and are now seeing zero or minimal trading in their normal peak season.

A number of respondents have raised the ambiguity of Government directions, especially around leaving the house as having negatively impacted their businesses.

The Not for Profit Sector and many community organisations/attractions have raised concerns with their eligibility for Government assistance and their real fear of the consequences should they not be able to attract some level of support.