

pulse survey 20.1

Impacts of COVID-19 on regions and regional business

April 2020

prepared by:



INTRODUCTION

This survey has been prepared to assess the immediate and likely 6 and 12 month impacts of COVID-19 on regional businesses and regions. This report provides a high-level summary of the key findings as well as some commentary on potential options to assist those businesses and regions effected by the COVID-19 response. More detailed analysis can be undertaken at an industry and regional level. High level summary reports will be made publicly available.

This version of the survey report includes 407 responses received between 2nd and 8th April, 2020. SED will update the results over coming weeks as further responses are received. Clearly, the more businesses that respond, the better the evidence for analysis. SED and COTB would therefore invite the further distribution of the survey to any business or network that may receive value from it.

A link to the survey can be found **here**.

The survey will be formally repeated in late September 2020 and March 2021 to assess the six-and twelve monthly impacts and confidence levels on businesses and regions.

Further information

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Limitations to use – statistical validity

Where sampling size indicates statistical validity to 90% confidence with 10% margin of error the sample is denoted #. Sampling has been calculated using 8165.0 Counts of Australian Businesses, including Entries and Exits, June 2014 to June 2018 for both spatial regions and industries.

Care should be taken when analysing results where an acceptable level of statistical validity has not been reached, and where the sample is significant enough to determine confidence level and margin of error, analysis should be cognisant of the reliability of the sample.

Acknowledgements

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- Ararat Rural City
- Commerce Ballarat
- Corangamite Shire Council
- Glenelg Shire Council
- Moyne Shire Council
- Pyrenees Shire Council
- Regional Executive Forums (Gippsland, Northeast and Southwest)
- Southern Grampians Shire Council
- Stawell Biz
- Warrnambool City Council

THE BIG PICTURE

SURVEY RESPONSES

407
Responses

Major industry response

- 20%** Accom & food
- 15%** Other services
- 15%** Retail trade
- 11%** Agriculture

Major LGA response

- 29%** Southern Grampians#
- 25%** Corangamite#
- 19%** Warrnambool#
- 8%** Ballarat

SURVEY REPRESENTATION

\$3m
Average turnover

10.5 FTE
Average

% < \$5m - 81%

% < 5 FTE - 68%

4,300
FTE in survey at
29 February, 2020

(\$m) 1,231
Annual turnover of
business in survey

Awareness of assistance

24% not clear or not at all clear
about assistance available

EXPECTED REVENUE DECLINE

Over next
6 months

34%

Over next
12 months

24%

Firms most dramatically impacted:

- Accommodation, food, retail, other services, and health and social services
- Turnover < \$1M
- Employ < 5 FTE
- Construction industry impacts over next 6 months

BUSINESS CLOSURE

Across survey

Of business have
already closed **25%**
a further

Of business
expected to close **16%**

total FTE
losses expected **30%**

Regional Victoria#

Over 12 months
74,000 FTE

72,000 FTE

decline
in output **28%**

BUSINESS CONFIDENCE

- Business confidence improves significantly after 6 months
- Industries least impacted include professional scientific and technical services, agriculture and public administration

BUSINESS CONFIDENCE

"Optimism improves over time"

If business can
make it through

6 months

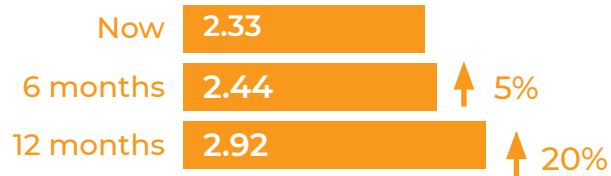


the prospects
of making it to

12 months

increase

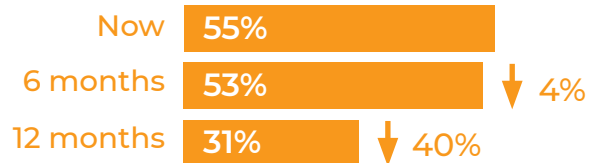
Confidence levels



Confidence levels increase **25%** over 12 months

20% of this occurs after 6 months

Not at all or not so confident



Over 12 months the percentage of business not at all or not so confident about prospects reduces by **44%**

REVENUE IMPACTS

"Large scale revenue declines"

84% of firms expect revenue decline over 6 months

79% of firms expect revenue decline over 12 months

Expected revenue decline over

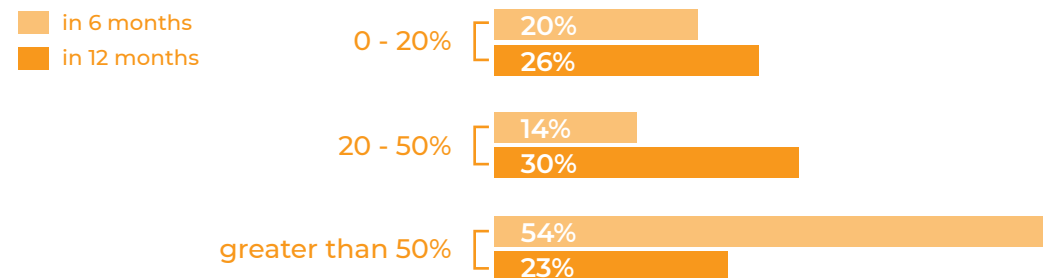
6 months = 34%

12 months = 24%

Revenue impacts are more acute over 6 months with **54%** of businesses expecting decline of greater than **50%**

Revenue impacts will continue with **56%** of firms expecting decline of up to **50%** over 12 months

Expected revenue decline

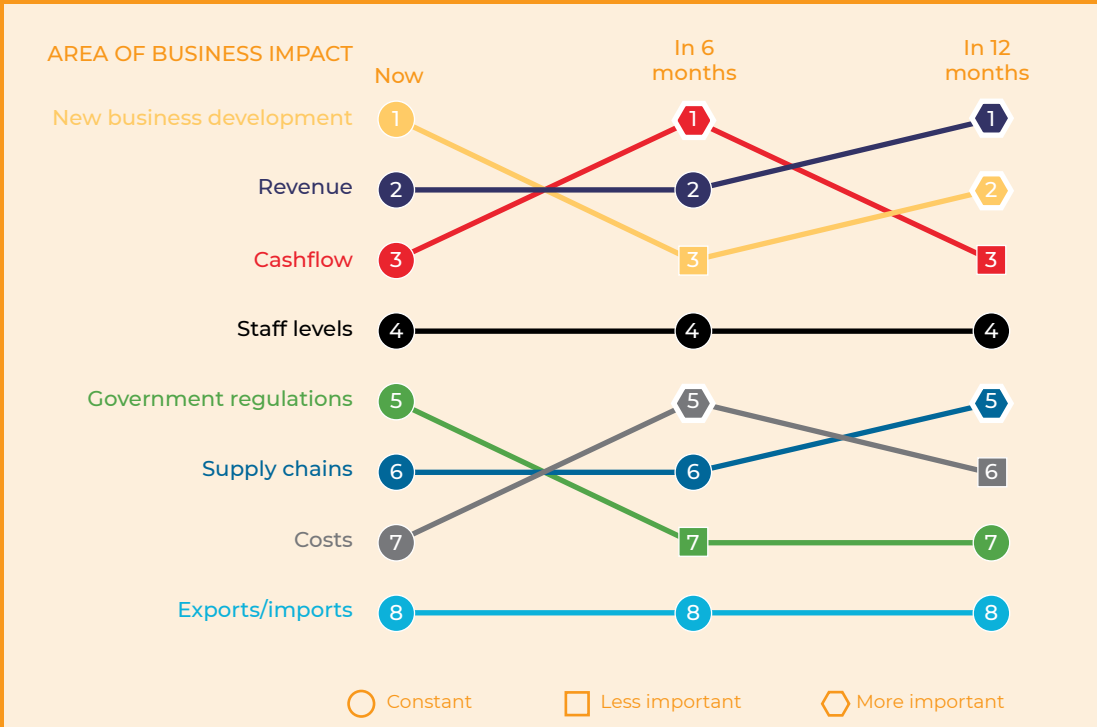
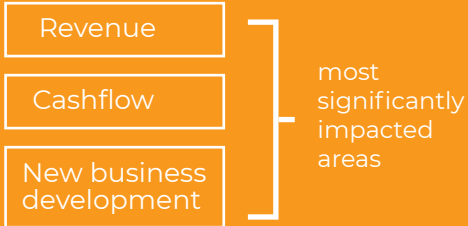
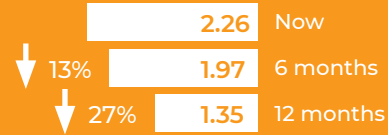


OPERATIONAL IMPACTS

“The nature and extent of impacts change over time”

In the next 6 months the extent of impacts lessen by 13%. After 6 months the extent of impacts are expected to decline substantially reducing by 27%

Impacts change over time



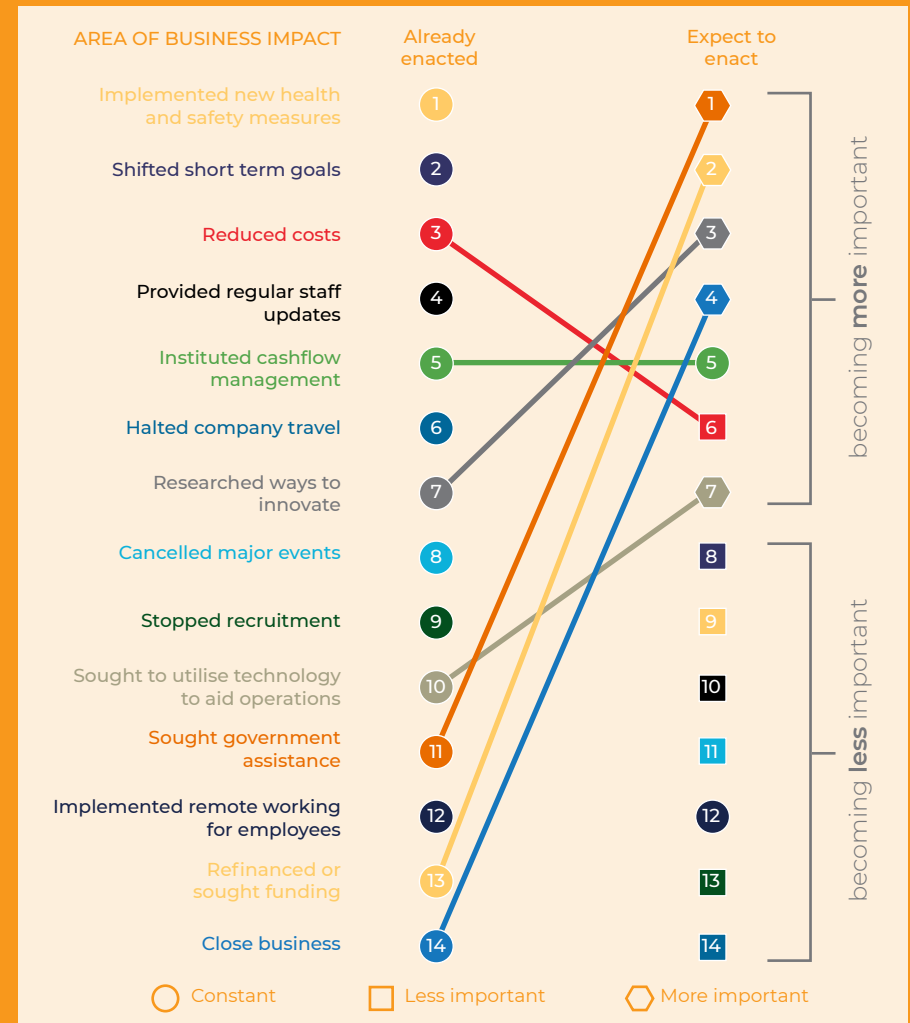
BUSINESS RESPONSE

“The nature of future actions will differ from those already enacted”

The major areas businesses will be focusing on in the next 6-12 months are:

- 45% Seeking government assistance
- 34% Refinancing
- 18% Using innovation
- 16% Seeking to close business

These are strategies most likely to be used by firms in the future

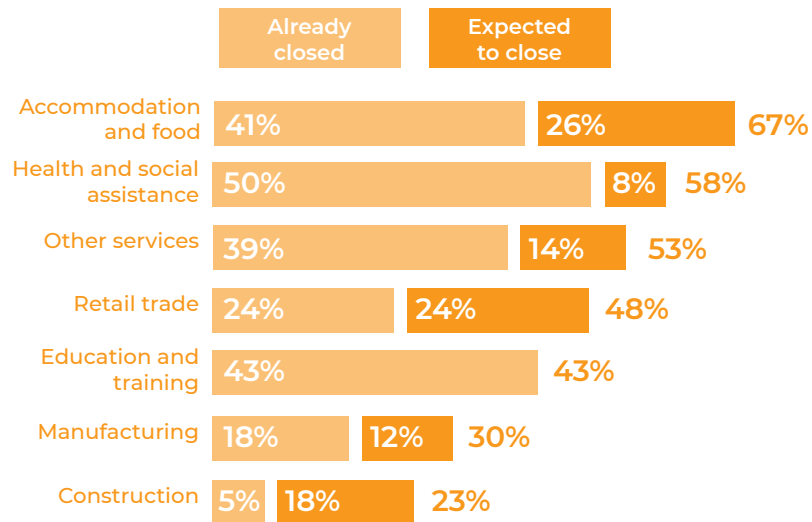


BUSINESS CLOSURES

25% Of businesses responded they had closed the business

16% Of businesses responded they expected to close the business

HIGHEST IMPACTED SECTORS



LEAST IMPACTED SECTORS

- Agriculture, forestry and fishing
- Professional, scientific and technical services
- Public administration
- Mining

INDUSTRY IMPACTS

Different industries will be impacted at different times and to different extents

Immediate impacts

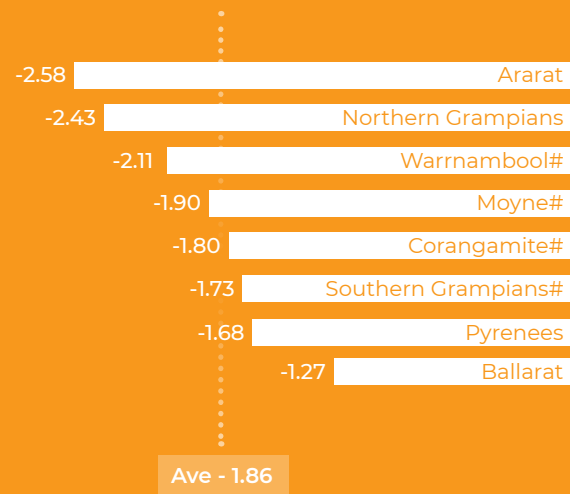
- Accommodation and food
- Retail trade
- Other services
- Education and training

6 - 12 Month impacts

- Information, media, telecommunications
- Construction
- Manufacturing
- Electricity, gas, water and waste services

LOCAL GOVERNMENT AREAS

LGA's will be differently impacted due to factors such as industry mix, average firm size and industry diversity.



REGIONAL VICTORIAN# IMPACT

Regional Victoria is likely to be disproportionately impacted.

FTEs working in highly impacted industries

65% Regional
59% Metro

Firms with less than 20 FTE's

37% Regional
33% Metro

Using closure rates from the survey, across Regional Victoria

- Losses in the order of **74,000 FTE**
- A further **72,000 FTE** losses may be expected
- Firms that **have closed** represent around **13%** of regional Victoria's current gross regional product
- Firms that indicated they **will close** represent a further **15%** of regional Victoria's gross domestic product.