ChristchurchNZ

CANTERBURY EMPLOYERS' CHAMBER OF COMMERCE

COVID-19 impact on local businesses

17 April 2020

Over 81 per cent of respondents to a recent survey of Canterbury businesses are reporting significant financial impacts from COVID-19.

The data was gathered as part of a survey distributed to local businesses in early April by ChristchurchNZ and The Canterbury Employers' Chamber of Commerce, alongside Regional Business Partners Enterprise North Canterbury, and South Canterbury Chamber of Commerce.

The survey was sent to more than 4000 businesses and received more than 400 responses.

Cashflow and finance were the most challenging areas for respondents, with 81 per cent citing significant negative impact.

One respondent wrote, ''We have no income but continue to pay our overheads and our staff as best we can. We will have to wait and see how many customers we lose due to this, and how many are unable to pay us for work previously completed.''

The next most significantly impacted areas were the domestic market and domestic customers (71 per cent) followed by staffing (61 per cent), and production levels (57 per cent).

While respondents thought pressures on these areas would ease slightly once lockdown was over, challenges would remain for many over the next three months.

One respondent wrote: ''Our main problem is supply chain of customers. We are 80 per cent reliant on international markets and 20 per cent domestic. We will have to shift that focus to 100 per cent domestic in the coming months.''

As lock-down enters the third week, nearly half of all respondents stated their employees were unable to work. Only four per cent had all staff working as an essential service.

If lock-down were to continue past four weeks, respondents expecting significant negative financial impact rose to 87 per cent, with further negative impact expected on employee wellbeing (67 per cent, up from current 30 per cent of respondents citing it to date).

The bulk of businesses asked for further financial support: wage support/subsidies, cashflow support, lease holidays or other rent support.

Other support asked for included business advice, tax relief, marketing support, and funding for R&D.

One respondent said: ''If the Government can unlock funding initiatives for R&D projects we can be fully utilised on productive work. This would better prepare us for when we exit the lockdown as we might have new products to present to the market.''

The bulk of the 447 respondents came from manufacturing (16 per cent), other, accommodation and food, and tourism and travel industries. Nearly half were focused on domestic markets only, with 34 per cent focused only on the Canterbury market.

The survey was commissioned in order to better understand the regional impact of the pandemic and subsequent lockdown, across different industries, and ensure support was focused appropriately.

Leeann Watson, Canterbury Employers' Chamber of Commerce chief executive, said they had engaged with thousands of businesses over the last three weeks through their COVID-19 advice line, webinars and over email.

Watson said the survey results support the sentiment of the businesses they have been supporting and offering advice to.

"The need for ongoing financial support and advice for businesses is essential. Moving to Alert Level 3, where we can increase our economic activity in a safe environment, will certainly help those businesses who have been unable to bring in any income over the lockdown period," Watson said.

"Of course, there are still many businesses who are not able to operate to full capacity, if at all, in Alert Level 3 who will require further Government support and intervention to ensure their long-term survival."

Joanna Norris, ChristchurchNZ Chief Executive, said the results of the survey illustrated "the importance of supporting local businesses".

"These are extraordinary times and public health must come first. ChristchurchNZ is committed to supporting local businesses through tangible actions," Norris said.

Details of progress towards a Christchurch economic recovery package were outlined to Christchurch City Council last week.

As part of the package, the Chamber and ChristchurchNZ are working jointly with partners to deliver urgent support for businesses affected by COVID-19. Those measures include additional business advisors, capability and advisory workshops (delivered remotely), and business mentors.

ChristchurchNZ is also funding a new Business Support Subsidy package worth $200,000 to help businesses impacted by COVID-19.

Nearly two-thirds (64 per cent) of the survey respondents were from Christchurch city, 20 per cent from Selwyn, and the remainder from the rest of the Canterbury region.

Most businesses that responded had less than 20 employees.

An earlier survey sent out in March before the lockdown was in place showed 35 per cent of 600 respondents were feeling significant negative impact in finance and cashflow at that time. It is not possible however to match respondents between the two surveys, but this does demonstrate the significant rise in impact over the last three weeks.

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For more information or interviews, contact keith.lynch@christchurchnz.com or kirstenw@cecc.org.nz

Headline Survey Results

Respondent industry

ANSWER CHOICES	RESPONSES	
Agriculture, Forestry and Fishing	3.35%	16
Mining	0.00%	0
Manufacturing	15.93%	76
Electricity, Gas, Water and Waste Services	1.26%	6
Construction	6.29%	30
Wholesale Trade	1.89%	9
Retail Trade	7.34%	35
Accommodation and Food Services	10.48%	50
Transport, Postal and Warehousing	1.68%	8
Not for Profit	2.10%	10
Information Media and Telecommunications	2.31%	11
Financial and Insurance Services	2.10%	10
Rental, Hiring and Real Estate Services	0.84%	4
Professional, Scientific and Technical Services	9.22%	44
Administrative and Support Services	0.21%	1
Public Administration and Safety	0.42%	2
Education and Training	2.73%	13
Health Care and Social Assistance	3.77%	18
Arts and Recreation Services	2.94%	14
Information and Communication Technology	2.52%	12
Tourism and Travel	10.69%	51
Screen, Film and Gaming	0.42%	2
Other (please specify)	11.53%	55
TOTAL		477

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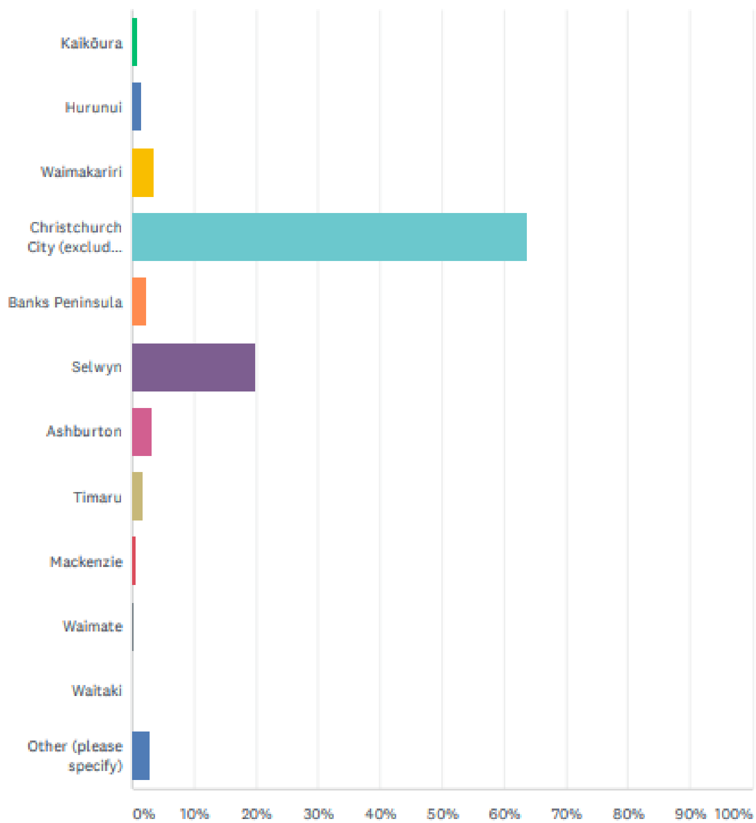
Q2 Within which Council district is your main business location?

Answered: 477 Skipped: 0



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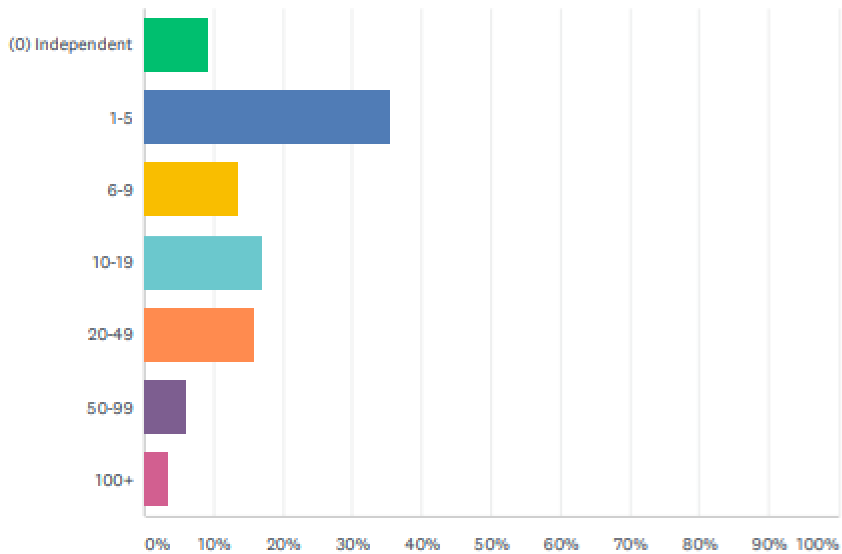
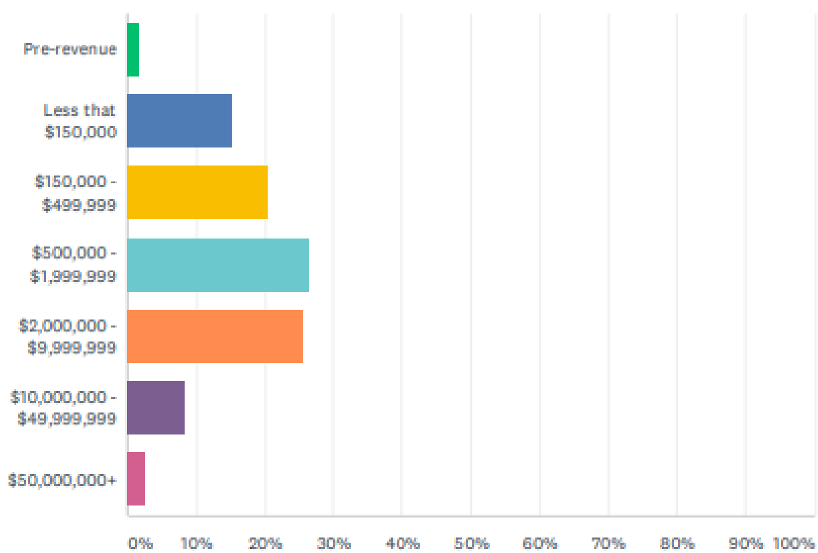
Q3 How many employees do you have? (FTE)?

Answered: 477 Skipped: 0



Q4 What is your current annual revenue / annual income?

Answered: 472 Skipped: 5



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What impact is COVID-19 currently having on the following areas of your organisation?

	POSITIVE IMPACT	NO IMPACT	MINOR NEGATIVE IMPACT (<5%)	MODERATE NEGATIVE IMPACT (5-10%)	SIGNIFICANT NEGATIVE IMPACT (>25%)	TOTAL
Staffing (change to employee numbers/hours and/or conditions of employment)	1.05% 5	13.05% 62	9.68% 46	15.37% 73	60.84% 289	475
Financial/Cashflow	1.68% 8	3.14% 15	5.03% 24	9.43% 45	80.71% 385	477
Employer/Employee wellbeing	2.32% 11	9.68% 46	26.32% 125	31.16% 148	30.53% 145	475
Export market/customers	0.64% 3	56.17% 264	3.19% 15	6.17% 29	33.83% 159	470
Domestic market/customers	1.05% 5	6.92% 33	6.92% 33	13.84% 66	71.28% 340	477
Supply chain	0.84% 4	25.84% 123	15.97% 76	18.70% 89	38.66% 184	476
Production levels	1.28% 6	22.01% 103	7.91% 37	11.75% 55	57.05% 267	468
Other costs or impact (please specify below)	1.93% 7	30.66% 111	9.12% 33	10.22% 37	48.07% 174	362

What impact do you expect COVID-19 to have on your organisation over the next three months if lockdown ends after four weeks?

	POSITIVE IMPACT	NO IMPACT	MINOR NEGATIVE IMPACT (<5%)	MODERATE NEGATIVE IMPACT (5-10%)	SIGNIFICANT NEGATIVE IMPACT (>25%)	TOTAL	WEIGHTED AVERAGE
Staffing (change to employee numbers/hours and/or conditions of employment)	2.73% 13	15.30% 73	15.09% 72	25.79% 123	41.09% 196	477	3.87
Financial/Cashflow	3.98% 19	3.14% 15	6.50% 31	22.01% 105	64.36% 307	477	4.40
Employer/Employee wellbeing	5.26% 25	9.47% 45	26.32% 125	32.84% 156	26.11% 124	475	3.65
Export market/customers	1.49% 7	55.53% 261	4.89% 23	10.00% 47	28.09% 132	470	3.08
Domestic market/customers	3.77% 18	8.81% 42	13.00% 62	27.04% 129	47.38% 226	477	4.05
Supply chain	2.73% 13	30.25% 144	21.85% 104	26.05% 124	19.12% 91	476	3.29
Production levels	4.64% 22	24.05% 114	18.14% 86	23.63% 112	29.54% 140	474	3.49
Other costs or impact (please specify below)	2.99% 10	37.91% 127	11.64% 39	13.43% 45	34.03% 114	335	3.38

What impact do you expect COVID-19 to have on your organisation over the next three months if the lockdown continues beyond the initial four weeks?

	POSITIVE IMPACT	NO IMPACT	MINOR NEGATIVE IMPACT (<5%)	MODERATE NEGATIVE IMPACT (5-10%)	SIGNIFICANT NEGATIVE IMPACT (>25%)	TOTAL	WEIGHTED AVERAGE
Staffing (change to employee numbers/hours and/or conditions of employment)	1.05% 5	7.13% 34	3.98% 19	12.16% 58	75.68% 361	477	4.54
Financial/Cashflow	1.05% 5	2.10% 10	1.26% 6	8.60% 41	87.00% 415	477	4.78
Employer/Employee wellbeing	0.84% 4	3.14% 15	6.71% 32	24.11% 115	65.20% 311	477	4.50
Export market/customers	0.43% 2	52.98% 249	2.34% 11	6.38% 30	37.87% 178	470	3.28
Domestic market/customers	0.84% 4	6.29% 30	2.94% 14	13.00% 62	76.94% 367	477	4.59
Supply chain	0.84% 4	23.90% 114	9.22% 44	17.19% 82	48.85% 233	477	3.89
Production levels	0.84% 4	17.47% 83	5.05% 24	13.47% 64	63.16% 300	475	4.21
Other costs or impact (please specify below)	2.01% 7	28.94% 101	6.02% 21	7.74% 27	55.30% 193	349	3.85

What are your staff doing during the lockdown period?

ANSWER CHOICES	RESPONSES	
All staff working as part of an essential service	4.40%	21
Working as part of an essential service, but with reduced hours or staff numbers	15.51%	74
All staff undertaking usual work, but working remotely	12.79%	61
Undertaking usual work remotely, but with reduced hours or staff numbers	23.48%	112
Unable to work	46.96%	224
Undertaking different work (please specify in 'other' below)	6.29%	30
Other (please specify)	19.29%	92
Total Respondents: 477		

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Q10 Which areas do you trade with?

Answered: 477   Skipped: 0