

News release

For Immediate Release
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Almost half of B.C. businesses now closed not confident in ability to reopen

Vancouver, BC - The COVID-19 crisis is deepening for British Columbia businesses with four-in-ten (43%) of those surveyed stating they can only continue to operate for up to three months under current restrictions. For businesses temporarily closed, the future is similarly dire, with only half (53%) expecting to reopen once the restrictions are eased on workplace operations, while 38% are unsure, and 8% will not reopen.

This is according to a survey of 1,284 member-businesses of the BC Chamber of Commerce, the Greater Vancouver Board of Trade, the Business Council of British Columbia, and other partners, with the assistance of the Mustel Group. This is the second in a series of pulse checks using the BCMindReader.com platform.

Other Key Findings

Revenue declines put wages, rent, and other operational expenses in focus

The pandemic caused immediate steep revenue declines but conditions continue to worsen, as respondents monitor their cash flows and operational expenses.

- Approximately half of all businesses (54% up from 48% in the first survey) state they have experienced revenue decreases of 75% or more while two-thirds (66%) have had revenues drop by 50% or more.
- The top operating cost or expenses were wages (64%) followed by rent (54%), taxes (34%), and goods and supplies (32%).
- The majority of businesses (58%) are spending 10% or more of operating expenses on rent, with 42% spending 20% or more. The proportion of wages or rent as a function of overall costs vary depending on firm size, sector, geography, and other factors.

Government programs have provided some relief, but many still left out

While businesses surveyed are positive about government measures for employees and ensuring supply chains remain open, they are concerned about the speed and scope of programs that support cash flow.

- Just over half of businesses believe the federal government programs announced to date will be helpful once implemented, but they are not helpful for 33% of businesses, primarily because they do not qualify for any programs or provide enough/timely cash flow relief.
- Similarly, one-third of businesses (35%) do not find the provincial programs helpful, for the same reasons as federal programs.
- Businesses with under five employees are least likely (49%) to find federal programs helpful, primarily because they do not qualify.
- Only one-third of businesses (34%) are confident they will qualify for the 75% wage subsidy program, while 21% are unsure.
- Reasons for not qualifying include: do not have employees on payroll (46%), revenue has not declined enough (28%), employees laid off (13%), business shut down (11%), seasonal revenue (11%) and start-up or pre-revenue company (10%).

Recovery

Many businesses are not confident in their ability to restart or whether consumers will return.

- Key challenges to recovery identified are attracting customers/revenue (79%), having enough operating cash (55%), and rehiring staff (28%).
- If revenue is the key challenge, half of businesses are unsure what percentage of typical sales or revenues will be required to restart their business, with estimates ranging from less than 30% to more than 70%.

"Government programs are helping businesses but more supports are still needed. Entrepreneurs are saying 'there's a survival runway here' and 'this is exactly what I need to get through this crisis'. How government listens and responds to the business community in the coming weeks will be the game-changer in terms of economic recovery" Val Litwin, President & CEO, BC Chamber of Commerce

"Businesses are doing everything possible to remain viable, but an increasing number are reaching the point of no return. There is a small window to support the survival and eventual recovery of a significant number of businesses and it is, to a great extent, reliant on the scale and speed of government support, including the recently announced Canada Emergency Commercial Rent Assistance program." Bridgitte Anderson, President & CEO, Greater Vancouver Board of Trade

"Larger businesses remain concerned about their liquidity generally and the speed and scope of support measures for employee wages. While governments and the Bank of Canada have done much in the face of the COVID-19 crisis on these two measures to date, the announced programs have not reached the scale necessary to adequately mitigate the impacts of reduced sales and revenue volumes, operating cost increases or cancelled and deferred capital projects. One of the biggest challenges with these gaps in federal and provincial programs is that larger firms indicate they do not qualify for them." Greg D'Avignon, President & CEO, Business Council of British Columbia

About the BC Chamber:

The BC Chamber of Commerce is BC's largest and most broadly-based business organization—representing more than 125 Chambers of Commerce and Boards of Trade with a network comprising 36,000 businesses of every size, and from every sector and region of the province.

About the Greater Vancouver Board of Trade:

Since its inception in 1887, the Greater Vancouver Board of Trade has been recognized as Pacific Canada's leading business association, engaging members to impact public policy at all levels of government and to succeed and prosper in the global economy. With a Membership whose employees comprise one-third of B.C.'s workforce, we are the largest business association between Victoria and Toronto. We leverage this collective strength, facilitating networking opportunities, and providing professional development through four unique Signature Programs. In addition, we operate one of the largest events programs in the country, providing a platform for national and international thought leaders to enlighten B.C.'s business leaders.

About the Business Council of British Columbia

Now in its 54th year as the premier business organization in British Columbia, the Business Council of B.C. is a non-partisan organization made up of 250 leading and largest companies, post-secondary institutions and industry organizations from across B.C.'s diverse economy. The Council produces exceptional public policy research and advocacy in support of creating a competitive economy for the benefit of all British Columbians.

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