

COVID-19 Impact Pulse Check #4 – July 16 '20

Introduction

The BC Chamber of Commerce, Greater Vancouver Board of Trade and the Business Council of British Columbia (with assistance by Mustel Group) have collaborated with business associations across the province to collect and provide information to government, from businesses of all sizes, sectors and regions across British Columbia. Information gathered will inform a holistic approach between government and society in acting on the COVID-19 pandemic.

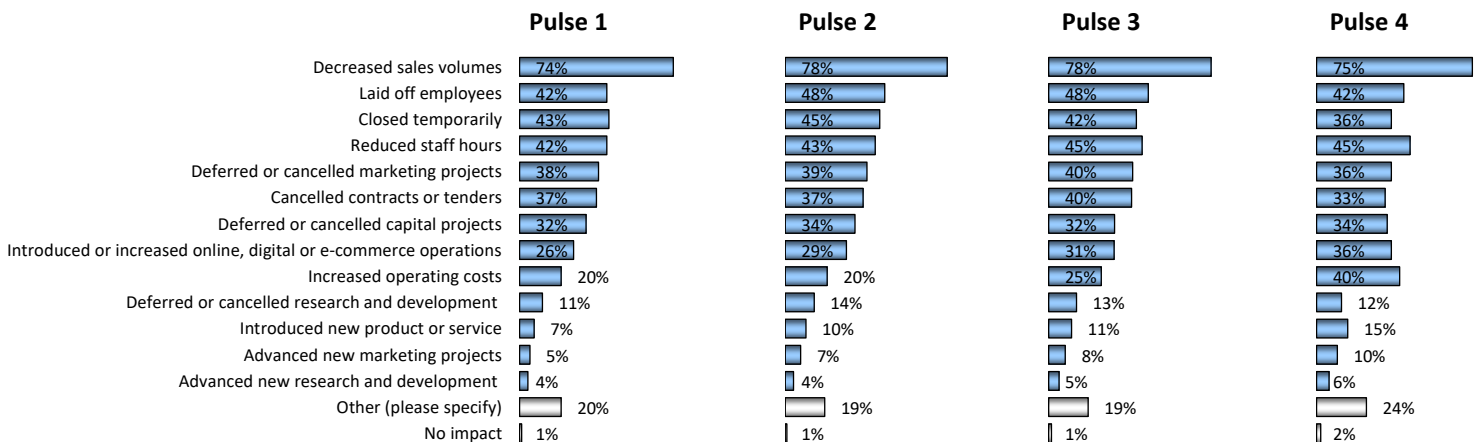
This report provides the key findings from the fourth survey taken by 1,401 business leaders from July 6th to 13th, 2020.

Key Findings

Impacts on Businesses

- Impacts on businesses from the COVID-19 pandemic are similar to those reported in previous Pulse Check surveys, but **now we see a higher proportion than in the past, 40%, also report increasing operating costs**, likely due to reopening or expanding operations. This level increases to over 50% of medium and large business.
- The most common impact continues to be decreased sales volume, reported by 75% of businesses (no change from previous survey). And again, over four-in-ten report reducing staff hours (45% no change from last survey), laying off employees (42% down slightly from 48% in the last survey), and/or closing temporarily (36% down from 42%).
- Between 33% to 36% have had capital projects, contracts/tenders and/or marketing projects either cancelled or deferred (similar to previous surveys).
- On the positive side, 36% (up from 31%) have increased their digital or e-commerce presence, and small groups have introduced new products or services (15%), advanced new marketing projects (10%) or advanced new research and development (6%).

How COVID-19 Has Impacted Business

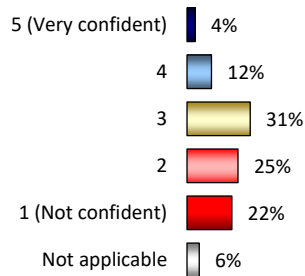


- Businesses that are completely or partially closed, **three-quarters (74%) have less than 60% of normal revenue in the last 30 days** (87% have less than 80% of normal revenue).

BC Government Recovery Plan and Government Support

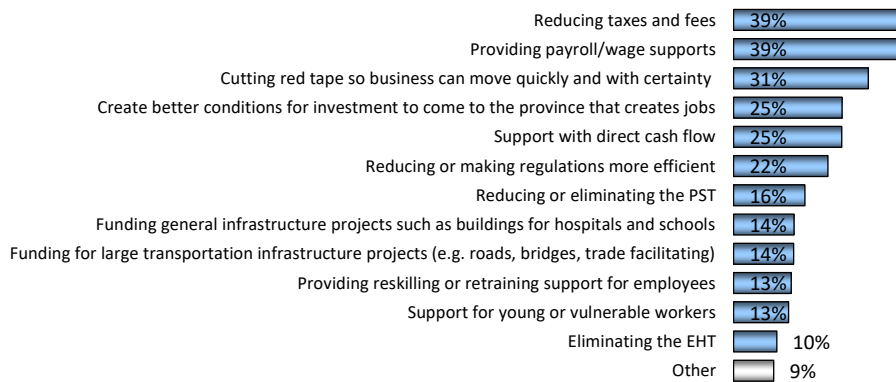
- Businesses are not particularly confident that when the province launches a recovery/rebuilding plan, the provincial government's plan will help their business succeed through the COVID period.

Confident BC Government Plan Will Help You Succeed



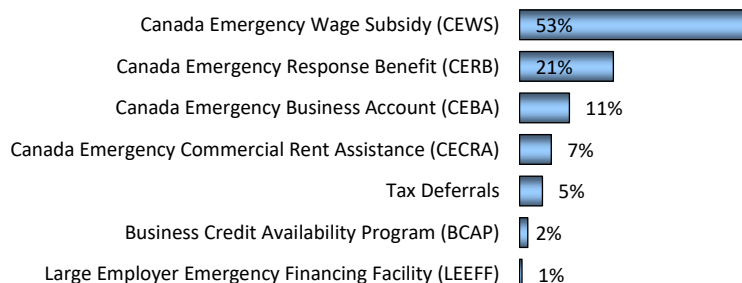
- The most important components of the recovery/rebuilding plan are providing payroll or wage supports, and reducing taxes and fees. Cutting red tape, creating better conditions for investment, direct cash flow support, and reducing/making regulations more efficient are other suggestions.

Most Important Components of Plan



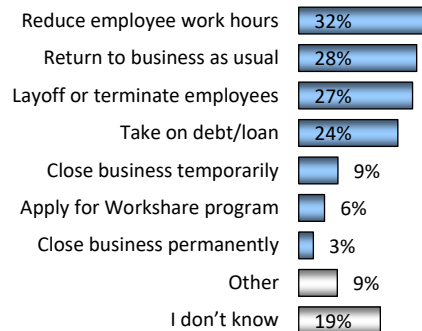
- Two-thirds (65%) of businesses are using some form of government support program to assist during COVID.
- The **most useful program has been the Canada Emergency Wage Subsidy (CEWS)**, followed by the Canada Emergency Response Benefit (CERB) and the Canada Emergency Business Account (CEBA).

Most Useful Government Program



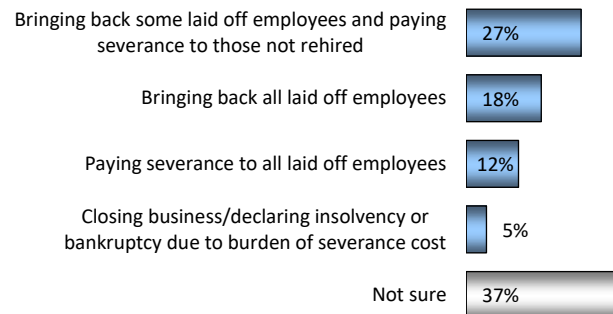
- **Only about three-in-ten businesses (28%) on government support expect to return to normal** once the government support programs end. Of the remainder, 32% expect to reduce employee hours, 27% expect to layoff or terminate employees, and 24% anticipate taking on debt. One-in-ten expect to close either temporarily or permanently.

Plan After Supports End



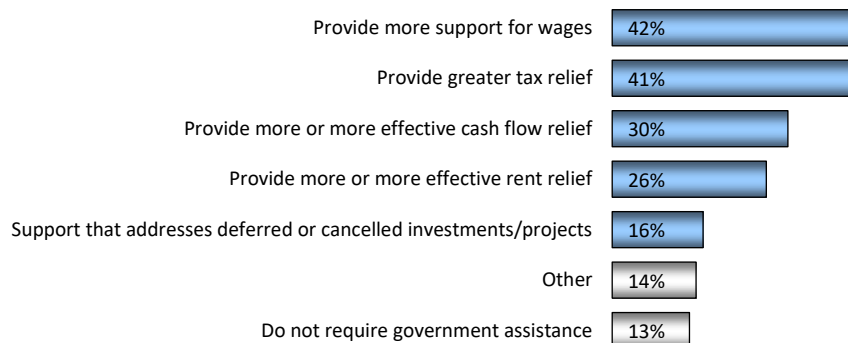
- Among businesses that have laid off employees, **close to four-in-ten (37%) are not sure what they are going to do when the temporary lay-off period ends**. Only one-in-five expect to bring back *all* employees (18%), and the remainder expect to pay severance to *all* laid off employees (12%), or bring some staff back and paying severance to others (27%). 5% expect to declare insolvency or bankruptcy (the level is likely higher as businesses that have already done so are unlikely to have completed the survey).

Plan When Temporary Layoffs Period Ends



- Providing more support for wages, and tax relief are the two key continued measures needed by businesses, followed by cash flow and rent relief.

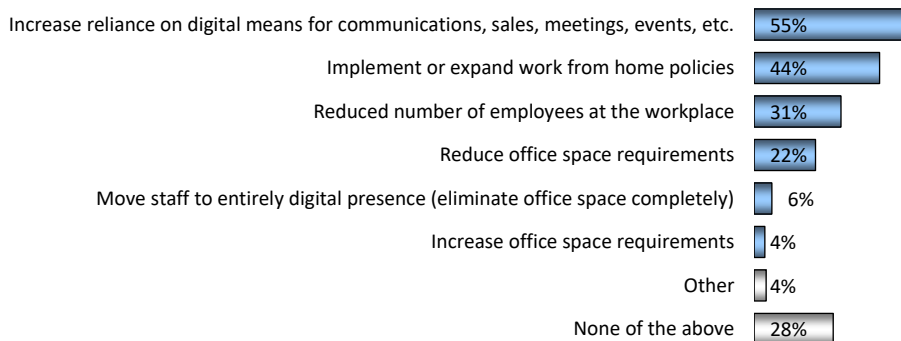
Additional Government Programs that Would be Helpful



Workplace Changes/ Remote Working

- Of businesses that work in an office setting, **43% are currently working in an office**, with the remainder working remotely (42%) or some other way.
- Over half see employees returning to the office by the end of the year (58% for whom the question is applicable), but note that 29% do not expect a return until 2021 and 15% do not ever see a return to pre-COVID levels.
- The **key barriers to getting employees back to the office or workplace are social distancing requirements (38%) employees' reluctance to return to the workplace due to safety concerns at the workplace (35%)** and to a slightly lesser extent from getting to and from work (22%). Over 50% of large business report these challenges. The complexity and cost of safety measures are other issues.
- There is some **concern among businesses regarding the clarity and simplicity/complexity of health and safety requirements to reopen**, each being rated an average of approximately '3' or lower ('5' means 'very easy') by 40-50%. In terms of the cost of implementing the measures, 55% rate the cost '3' or less where '5' means minimal cost.
- In terms of lasting changes to their workplace anticipated as a result of COVID-19, the most common are increased reliance on digital means for communications, meetings, etc., and expanding or implementing work at home policies. Considerable proportions also expect to reduce the number of employees at the workplace, and reduce their office space needs.

Lasting Changes



- Among businesses who travel, the majority do not expect to return to business travel until 2021 or when a vaccine is found. In fact, just over half do not expect to return to pre-COVID levels until after a vaccine has been found (35%) or ever (16%).