COVID-19’s impact on West Coast businesses

An earlier survey, sent out just as New Zealand entered Alert Level 4 lockdown, showed 50 percent of respondents reporting significant financial impacts from COVID-19 in comparison to 62 percent now.

Mr Milne said the results of the surveys demonstrate the changing impact on businesses during the pandemic.

“All sectors in our economy have been affected. However, businesses in tourism and travel have understandably been the hardest hit.”

96 percent of tourism and travel businesses reported a major negative impact on their sales/revenue compared to 48 percent for the rest of respondents. 45 percent of tourism and travel businesses have reported reducing staffing levels in comparison to 18 percent of other businesses.

Of businesses in tourism and travel who are heavily reliant on international visitors, 47 percent feel they can adapt to meet the domestic market, while 42 percent are unsure if they can.

The survey highlighted how businesses have responded to the current crisis by utilising different forms of support and advice.

86 percent of businesses had used the Government’s wage subsidy and leave schemes. 37 percent utilised free business webinars, 23 percent accessed the Government’s small business cashflow loan scheme and 23 percent have received advice and support from DWC.

Businesses were asked which further areas of support and/or advice would best help them manage the impact of the pandemic. 64 percent cited the wage subsidy extension programme, 44 percent marketing support and 19 percent financial advice / cashflow management.

Mr Milne said: “At DWC, our team has directly engaged with around 360 businesses over the last two months, and the survey results reinforce much of what we are seeing on the ground. “As businesses are demonstrating a lot of resilience, but there is a very real need for continued targeted financial assistance and support services to help them adapt to, and cope with, the challenges that are being presented.”

DWC during COVID-19

Snapshot of DWC’s activities since NZ entered lockdown (25 March)

Small Business Cashflow Loan Scheme

Inland Revenue will provide interest-free loans for a year to small businesses impacted by the COVID-19 economic shock.

The Small Business Cashflow Loan Scheme will provide assistance of up to $100,000 to firms employing 50 or fewer full-time equivalent employees.

Loans will be interest free if they are paid back within a year. The interest rate will be 3% for a maximum term of five years. Repayments are not required for the first two years.

The maximum amount you can borrow depends on the number of full-time and part-time employees you have.

If you are a business without employees, is sole trader or self-employed, you can receive a loan of up to $11,800. Applications now close on 24 July 2020.

If your business does not meet the above criteria, but has a viable future, please contact DWC as we may be able to provide assistance.