BUSINESS SA VIRTUAL SUMMIT REPORT (COVID-19)

April 2020

Business SA
Chamber of Commerce and Industry South Australia

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INTRODUCTION

Business SA, South Australia's Chamber of Commerce and Industry, was formed in 1839 and has more than 3,000 members and several thousand clients across every industry sector, from micro businesses through to listed companies. We are a not-for-profit business membership organisation working on behalf of members and the broader business community in pursuit of economic prosperity for both South Australia and the nation.

As the impacts of COVID-19 were beginning to signal serious ramifications for South Australia, Business SA instigated an industry summit to bring together representatives of a broad range of associations and community organisations to discuss a path through the crisis. While subsequent social distancing controls thwarted our original plan to host the summit in person, we recognised a need remained to bring people together and changed tack to organise a Virtual Summit. This was conducted over four meetings, the first three a mix of various industry and community groups and the final one covering Regional Chambers of Commerce.

As South Australia's peak employer organisation, and an umbrella body to industry associations more broadly, Business SA's aim from the Virtual Summit was to canvass as broad a range of perspectives as possible to both better understand the impacts of COVID-19, and to solicit ideas to ensure the local economy is optimally poised for recovery. We also sought to encourage diverse sectors to work together to overcome the challenges of COVID-19, and to look beyond what Governments alone can do to realise outcomes.

This report will be tabled at the Premier's Industry Response and Recovery Council. It summarises the key threads of discussion from each of the four group meetings which comprised our Virtual Summit, including ideas raised by each group to support the economic recovery. Business SA has also presented a short list of 12 key ideas raised by the various industry bodies and regional chambers that can be enacted with collaboration between Industry, Community Sectors and Governments. We are all in this together and we all have a role to play. Business SA remains optimistic that South Australians will get through this crisis and that brighter days lie ahead, and perhaps we can achieve much more than we ever imagined working across society.

EXECUTIVE SUMMARY

The Virtual Summit brought home the significant impacts of COVID-19 across all regions and industries, particularly where restrictions had almost entirely ground sectors like hospitality and tourism to a halt, bringing with it secondary impacts to other related sectors from coach operators to produce suppliers and many more. From all the discussions, it became clear that 'one size' fits all policies and responses while expedient, are alone insufficient. The need for cashflow now is critical across many sectors, with several industry representatives arguing businesses in their sectors can probably only withstand three months of the effective shutdown restrictions. Some industries like transport, are also very low margin, and while not all segments of that industry are acutely impacted, those which are will be unlikely to even remain afloat before reaching anything like a 30% revenue reduction.

Many industries that remain operational commented about the costs and challenges of maintaining social distancing, including access to sanitiser and PPE, and the confidence issues amongst their customers when it came to examples like having a tradesperson on site. However, businesses were working hard to build public confidence in their ability to meet the C19 restrictions and to protect their own employees' safety.

Some of the most acutely impacted sectors like events, racing and the international student sector relayed the significant supply chains they supported and the need to ensure they could be best placed to capture demand as soon as conditions improve, which in the case of international students included financial support to local students reliant on part-time work.

Most sectors recognised the need for businesses to digitise services and operations and there are many great examples of this already happening, noting the recovery may rely on more systemic support to businesses alongside further digitisation of Government services. Businesses were also looking for tax breaks on the other side from FBT exemptions to increased depreciation allowances, and broader economic stimulus including infrastructure projects across all regions combined with home buyer and maintenance incentives.

The four Virtual Summit meetings brought out a strong willingness of diverse industry sectors and regions seeking to work together to help one another out of the current crisis. There was also a sense of wanting to see South Australia focus on supporting its own businesses and do more to promote local manufacturing. However, it was not all about just what Government could do, with industries wanting to better connect with each other to understand where they could find business opportunities. Following one Summit meeting, a regional business association has already commenced discussions with an aged care provider to explore options for closed restaurants to supply frozen meals.

The mental health of business owners, and their employees, also came out strongly as a major worry across industries and boosting morale was seen as important, particularly in the regions. The uncertainty associated with C19 and how long restrictions would last seemed to be playing a significant role in this, while many small businesses were overwhelmed with all the C19 related information they were having to digest.

KEY CROSS INDUSTRY/REGION RECOMMENDATIONS

TO FURTHER ASSIST BUSINESS NOW AND ENABLE A POST COVID-19 ECONOMIC RECOVERY

1. ***Provide a Fringe Benefits Tax Exemption*** for at least 12 months to aid recovery in the hospitality sector.

2. ***Instigate a "made in SA' campaign*** to enable a manufacturing led recovery, including support for re-tooling and re-purposing of existing manufacturers, increased awareness of locally made across the community, and a permanent increase in the instant asset write-off threshold for purchasing Australian manufactured goods.

3. ***Relax the eligibility criteria for the Federal apprentice and trainee wage subsidy and consider a payroll tax exemption*** to ensure employers are best placed to maintain or hire apprentices and trainees throughout the COVID-19 crisis.

4. ***Providing additional funding support to fast-track maintenance projects*** across all Government funded institutions during COVID-19, including institutions such as TAFE. This should also extend to local Councils and Schools which can focus on projects like pool upgrades.

5. ***Provide additional relief to assist both tenants and landlords*** through COVID-19, including a waiver (not deferral) on council rates, land tax and the emergency service levy (ESL) and where practicable, from 1 January 2020 to support compromised business cash flows.

6. ***Establish a fund to complete main street and activity centre beautification projects*** to aid the retail and hospitality sector recovery, including as a compliment to supporting a tourism led recovery.

7. ***Fast track the digitisation of Government services***, and provide additional support for businesses most significantly impacted by COVID-19 to digitise their own business operations.

8. ***Implement a boosted first home-buyers grant and a home-renovators grant*** to stimulate post COVID-19 demand in the construction sector.

9. ***Fast-track feasibility studies*** to ensure optimum available shovel ready infrastructure projects post COVID-19, and consider projects which may now be more achievable with reduced traffic flows, including concreting of the South-Eastern Freeway.

10. ***Develop a multi-faceted tourism campaign*** to assist the economy to rebound from COVID-19, including a focus on major leisure and business events from horse racing to conferences and waive associated Government charges, including for policing.

11. ***Encourage Councils to provide more direct financial relief*** to assist businesses through COVID-19, and to support Regional Chambers of Commerce to carry out their work assisting business directly.

12. ***Ensure all regions benefit from Government funded infrastructure projects*** to assist the entire State's economic recovery.

13. ***Provide some targeted support for South Australia's international students*** reliant on local part-time employment but ineligible for JobKeeper, recognising this as the State's largest single export sector.

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SOUTH AUSTRALIAN INDUSTRY VIRTUAL SUMMIT MEETINGS

GROUP 1, 7 APRIL 2020

PARTICIPANTS

- Real Estate Institute of South Australia
- Regional Development Australia (Yorke and Mid-North)
- Adelaide Convention Bureau
- Small Business Commissioner of South Australia
- South Australian Freight Council
- Committee for Adelaide
- SA Baptist
- Uniting Communities SA
- Australian Industry Group
- Port Noarlunga Business & Tourism Association
- Global Maintenance Upper Spencer Golf

SUMMARY OF COVID-19 IMPACTS FOR GROUP 1

After a strong start to 2020, the real estate sector has been significantly impacted by C19, particularly with all auctions now moving online. While agents are still working through listings prior to the crisis, a lack of new listings is fast becoming evident. The economic impact to tenants is also reverberating through the broader property sector with payments in some instances down 30 to 50%, impacting both property management companies and landlords. There is also concern about tenants' ability to pay for deferrals after the pandemic.

The business events sector has been hit particularly hard with social distancing restrictions resulting in 2020 being viewed almost as an entire write-off with the key focus being on shifting 2020 events into 2021. The supply chain of this sector has a broad reach from catering to technical assistance, all of which is in survival mode. Of the major business events in Adelaide, 90% have been shifted to 2021 which has provided some confidence to the sector of a demand led recovery.

The freight sector is at least fortunate to have been deemed essential, however issues remain across the supply chain with airfreight seen as a particular worry. Further to this, there is concern that the Federal Government's welcome international flight mechanism for essential high-value agri cargo is yet to enable flights out of Adelaide, at this stage focussed on Perth and the Eastern Seaboard.

The manufacturing sector is primarily focused on remaining open, with employer groups and unions working together, and while in many areas it has slowed, businesses are commenting that support will be difficult to come by under the existing 30% revenue reduction policies. The issue of keeping apprentices in work is also presenting many challenges, particularly for the Group Training Schemes who are faced with suspending large numbers of apprentices.

The impacts across the regions are also quite diverse. In the Upper Spencer Gulf, businesses were feeling cautious but optimistic and also looking for opportunities to re-tool and re-purpose. However, not-for-profit industry associations commented on the need for support. In the Mid-North, while food production is faring well, many other sectors are struggling, particularly tourism. Interestingly, some less affected employers are actually not putting up job advertisements due to being inundated.

SOUTH AUSTRALIAN INDUSTRY VIRTUAL SUMMIT MEETINGS

Local Councils have also begun a program to match job applicants with employers. The local roads maintenance package has been very well received although many businesses are still confused about other aspects of Government support, particularly JobKeeper. Closer to Adelaide, with only a handful of hospitality businesses operating around Port Noarlunga, the business community is considering all options to support locals including turning restaurants into kitchens for home delivery services. A lack of expertise in getting local businesses online though is proving a barrier to diversification.

The church sector is having to rapidly move to meet the needs of both their parishioners and the broader vulnerable within the community. While financial support is harder to garner with church services being shifted online, the church community is struggling with providing the care needed with social distancing measures. From a broader community service aspect, Uniting Communities has established a new mental health helpline while second-hand stores are closing due to lack of business. The crisis is forcing charities to look laterally though, particularly for partnership opportunities with relation to food delivery to meet needs of isolated elderly. Charities are also concerned about how they will satisfy JobKeeper requirements, even with the 15% concession.

SUMMARY OF GROUP 1 IDEAS TO ENABLE POST COVID-19 RECOVERY

With a concern about future business generation, the real estate sector is seeking incentives to kickstart demand which may come in form of stamp duty exemptions or a refashioned first-home-buyers-grant.

The sector is also looking for a mechanism to ensure that tenants continue to pay rent when they can.

To assist with reinvigorating business events, a specific economic stimulus is required to drive outcomes across all regions of South Australia. This could be achieved through the existing Event Bid Fund which has already proven to be an effective tool. While open borders will facilitate growth, the Asia Pacific should be a primary area of focus.

There is a significant opportunity to reshape the narrative of South Australian tourism to drive post-C19 activity, which could run alongside a dedicated program to bring back main street vibrancy, including beautification projects. This would be particularly helpful to support retailers post C19. The State Government could also enhance support to local accommodation providers to take direct bookings and avoid the major multi-nationals like AirBnB and Stayz undercutting local providers and taking profits offshore.

Getting money straight to Councils to support road maintenance projects was seen as a direct way to facilitate much needed spending to support the transport sector, particularly in the regions, as was ensuring Adelaide has direct flights through the Federal Government's airfreight mechanism. However, Councils themselves were also seen as being able to play a role in future economic development by fast-tracking approvals.

With many commercial tenants facing strong headwinds, and in many cases their landlords too if they don't survive, now may be an opportune time for Government to consider strategic land aggregation to facilitate projects of greater public good.

SOUTH AUSTRALIAN INDUSTRY VIRTUAL SUMMIT MEETINGS

There should be a Government led campaign to reinforce the need for the public to support local businesses, particularly those engaging local producers and manufacturers. This could run parallel to a local manufacturing drive, providing funding for existing businesses to re-tool and adapt to new market challenges.

The community sector is seeking opportunities to attract workers from shutdown sectors, particularly in areas of their outreach where demand has increased significantly. A facilitating organisation would be helpful to achieve this. There was also a recognition that charities need to work better together to get through to the other side.

SOUTH AUSTRALIAN INDUSTRY VIRTUAL SUMMIT MEETINGS

GROUP 2, 7 APRIL 2020

PARTICIPANTS

- Bus and Coach Association SA
- Air Conditioning & Mechanical Contractors' Association of SA
- Urban Development Institute of Australia (SA Division)
- Cement Concrete & Aggregates Australia
- Window Coverings Association of Australia Incorporated SA/NT
- Swimming Pool & Spa Association of South Australia
- Thoroughbred Racing SA Limited
- South Australian Road Transport Association
- Chauffeured Vehicles Association of South Australia (apology - sent written feedback)

SUMMARY OF COVID-19 IMPACTS FOR GROUP 2

For the bus industry, while the regulated side is still operating with Government contracts in place, a number of buses are running empty. Further, many bus companies reliant on school trips and charters have seen their business disappear due to social distancing restrictions and border controls. This sector is also heavily dependent on the tourism market, particularly for wine and other visitor tours. While buses may be considered an essential service, the industry more broadly still needs to remain viable when most avenues of demand have dried up. The chauffeured vehicle industry is in a similar predicament, with many operators facing significant issues gaining assistance from banks, including being requested to pay vehicle loans concurrent with bookings drying up.

For trade related service businesses from air-conditioning technicians to window covering and spa installers, businesses are struggling with getting trades people into homes with social distancing restrictions. In the case of the pool and spa servicing sector alone, winter work is already down 20%. These sectors are also being impacted by delays in the private construction sector which is being realised through a significant reduction in leads, heightening concerns about work going into 2021. The sourcing of sanitiser and personal protective equipment (PPE) is also creating concerns. Some stock is stuck overseas due to foreign lockdowns, and there are shortages in various parts driving up prices. The eligibility of apprentice subsidies being limited to businesses with less than 20 employees was further highlighted as a challenge.

For retail businesses in home improvement related sectors, the general lack of consumer confidence was noted as a major concern. Furthermore, just the costs of cleaning to keep doors open was proving a real labour and financial burden, particularly when trade is otherwise down.

The cement and aggregates sector remains operational but mindful that if construction stops, along goes with it 90% of their production. These types of businesses simply can't operate at 50%, for example quarries.

This would be a particular concern if the Government expected quarries and associated businesses to be available for essential needs, for example to enable the repair of a burst water main.

SOUTH AUSTRALIAN INDUSTRY VIRTUAL SUMMIT MEETINGS

This sector is also concerned about the decline in new housing and delays to commercial projects.

While the trucking industry services a range of end users, not all are equally impacted. The line-haul businesses are tracking okay with demand from supermarkets up, but wharf focussed companies are struggling with less containers needing to be moved. The trucking industry is facing an array of challenges, not least of which is uncertainty in its own supply chain. For example, some mechanics are not releasing trucks to owners without full payment. Businesses are also struggling to negotiate better fuel payment terms with multi-national corporations while rising wharf fees are hurting. On a practical level, the work, health and safety needs of drivers are being compromised by difficulties in accessing required sanitiser and cleaning equipment needed for trucks and associated vehicles including forklifts. The closure of facilities along highways that support fatigue management is also leaving drivers unable to eat and shower. Constantly changing rules for this industry, particularly across State borders, is difficult to communicate with drivers when in many cases they do not have adequate phone reception.

The thoroughbred racing industry is very concerned about its loss of revenue, particularly through betting operations. The local TAB is down 70% while interstate betting operations are down 15%. This is resulting in a significant reduction in prize money being offered at local race meets, which flows through to trainers and owners. There are already examples of some trainers not being paid and there is concern that an industry collapse could result in a major need to meet animal welfare requirements. From a regional perspective, many towns rely on an annual racing meet to ensure their club's survival and this is particularly worrying for country communities, for example Quorn, Hawker, Roxby Downs to name just a few. The costs of keeping the industry alive during C19 are also increasing, including the need for temperature tests at the track, concurrent with associated hospitality revenues being hit hard. Overall the industry is concerned that if enough trainers do not make it through to the other side, it will not recover.

SUMMARY OF GROUP 2 IDEAS TO ENABLE POST COVID-19 RECOVERY

Many sectors are looking for a strong focus on tourism following the shutdown, particularly to get people back out into the regions. In the example of the racing industry, a strong Spring Racing plan is needed to help it come out the other end. There is also a recognition that major public events more broadly would benefit from a waiver of any associated policing costs to improve their financial viability. As for any hospitality that revolves around tourism, industries acknowledged the burden of weekend penalty rates being an impost which should be considered for.

For trade related industries, there was a call to get essential servicing and maintenance done now, particularly if Government funded institutions like TAFE and the universities were otherwise in a full or partial shutdown. For example, a program to repair public and school pools over winter is work that would require little contact with people. Reducing red-tape associated with pool approvals should also be a focus to enable recovery work.

A focus on incentivising home improvement would further assist, with a scheme similar to that recently introduced by the Northern Territory which provides up to $10,000 for home renovations if spent through local businesses.

SOUTH AUSTRALIAN INDUSTRY VIRTUAL SUMMIT MEETINGS

Additional support to help businesses keep apprentices was raised by many sectors, particularly given they are likely to be shed first but most in need to enable an economic recovery. A payroll tax exemption was noted as one mechanism to achieve this. There were also sectors like the bus industry looking for support to assist with redeploying workers of all ages while demand was down during C19.

For the cement and aggregates sector, which is heavily reliant on construction, there is a need to ensure hours of operation on construction sites are extended to offset against productivity losses from social distancing restrictions. Faster development approvals post C19 would also assist greatly with the economic recovery, as would a new home stimulus package. A focus on infrastructure spending is necessary too, for example duplicating the Dukes Highway to Victoria, and concreting the South Eastern Freeway to lower long-run maintenance costs which could be more easily achieved with reduced traffic flows during C19. For their specific sector too, a deferment of royalties on raw materials would provide direct support to challenged cash flows.

There was a general push for a campaign to support online sales from local businesses, and to increase people's knowledge of where things were manufactured. The drive to strengthen local manufacturing could be enhanced by specific depreciation allowances which provided more benefit if equipment purchases were Australian made.

The trucking industry acknowledged that of the support packages to date, there was little recognition that many businesses in this sector may have high turnover but their margins are very tight and as such, the significant impact of C19 will be realised much more quickly than in some other industries. This sector also argued for support to deal with wharf cost increases, and for any other holidays on charges or payments to be slowly introduced to aid economic recovery. Notwithstanding, the industry acknowledged concern about growing Government debt and how it would be ultimately paid for, including with respect to the GST.

SOUTH AUSTRALIAN INDUSTRY VIRTUAL SUMMIT MEETINGS

GROUP 3, 9 APRIL 2020

PARTICIPANTS

- Institute of Public Accountants
- South Australian Produce Markets
- McLaren Vale Grape, Wine & Tourism Association
- Livestock & Rural Transporters Association of SA Inc
- Stock Feed Manufacturers' Association of South Australia
- Australian Dental Association SA Branch
- Langhorne Creek Grape and Wine Association
- Study Adelaide
- Dairy SA
- Apple & Pear Growers Association of SA
- Property Council of Australia
- South Australian Economic Advisory Council – (represented by Bank SA as member)
- Southern Business Mentoring Program (represented by mentor Amanda Wood)
- Australian Institute of Conveyancers (SA Division)

SUMMARY OF COVID-19 IMPACTS FOR GROUP 3

For the accounting sector, C19 is presenting major challenges navigating through a range of Government support measures to assist clients, particularly considering the need to quickly synthesize information evolving at a rapid pace. Practitioners are also struggling with obtaining access to timely and relevant information from their own clients, recognising those utilising cloud-based software are much better placed to support themselves. Many businesses in this sector have experienced their own cash flow challenges too, with clients under extreme financial pressure. This is causing industry leaders to worry about the mental health issues of accounting professionals.

The wholesale produce industry is experiencing some pockets of growth but areas of stark decline too, with overall revenue down 20-30%. They are also dealing with cost increases from having to deal with a heightened need for sanitation. For the Adelaide Produce Markets, hospitality sector demand typically represents 19% of total revenue but many businesses in this sector have closed and left substantive debts owing down the supply chain. Landlords in this sector are also concerned that the new commercial leasing code goes too far in the tenant's favour, leaving them with the burden of land tax, council rates, emergency services levy (ESL) and banks still needing to be paid.

With the wine industry only just coming through vintage, many businesses are now turning their minds to the impacts of C19. A stop to cellar door sales is a substantive concern, particularly when options to diversify are limited with other restrictions in place, for example not necessarily being able to sell other produce with your own label's wine. While some wineries have well established e-commerce platforms, many are not currently positioned for on-line sales. For wineries already impacted by bushfires, the lack of tourism is another difficult blow to absorb and again, mental health was raised a key concern for businesses in this sector.

SOUTH AUSTRALIAN INDUSTRY VIRTUAL SUMMIT MEETINGS

The rural transport sector is noticing a range of impacts from C19, from wharfs at a standstill to demand for food and beverage transport accelerating. Many businesses in this sector are struggling with information regarding matters such as border crossing changes and would prefer uniformity across the country. While there is some increased demand in certain areas, payment terms are deteriorating. The sector is also concerned that it won't be able to take advantage of an increased instant-asset-write off threshold until June 30 given the lag in getting new equipment made. Access to PPE equipment is presenting challenges, as is access to hand washing facilities and toilets at customer sites.

The stock feed industry, critically important to the whole food supply chain, is yet to be significantly impacted by C19 but they are concerned about any future import restrictions reducing access to key imported vitamins and trace minerals. They are also worried about biosecurity, particularly the potential for African Swine Fever to devastate Australia's pork industry.

The dental sector has been significantly impacted by C19 restrictions with many practices choosing to close, unable to support their patients and also facing overheads including rent and other fees and charges which typically comprise 50-70% of revenues. Staff have been stood down with no idea of how long the restrictions will last. Dentists are also quite concerned for patients with complicated health issues, acknowledging the lack of any plan to get through to the other side.

The international student sector is facing monumental challenges, which is very concerning for South Australia's single largest export sector after wine, worth $1.9 billion and responsible for 11,000 direct jobs. As at the 22nd of March, South Australia had 36,000 study visa holders, with 15% offshore and there are now genuine concerns about what will occur next semester. Some students who have been here since January are being supported by hardship packages and mental health support. Many of those who have lost their jobs in hospitality and the like have not being eligible for any Government support. The local tertiary sector wants to show international students that South Australia is a welcoming place to come and study but they need support. While students may have been able to support themselves for the first year of a course, many are here for several years and also take on local jobs to gain employability skills. Others reliant on income from their home countries are also finding that is at risk. For those students unable to reach Adelaide, they are often dealing with issues in their own country and trying to utilise online learning platforms.

The South Australian dairy sector, comprising 220 farms, is pleased not to have been significantly impacted by C19 to date, although they are forward planning to ensure alternative pathways for product should any cases close upstream processing facilities. In general, increased sales and higher prices have been welcomed, although there is some concern that the market may drop off in 2021.

The local Apple industry is in full swing with harvest still a month away from completion. Meeting social distancing requirements has been a significant challenge, particularly with a heavy reliance on seasonal migrant workers, although growers are now seeing increased local demand for picking jobs.

SOUTH AUSTRALIAN INDUSTRY VIRTUAL SUMMIT MEETINGS

Packing sheds have also had to split shifts to accommodate C19 related contingency plans and are facing increased costs from sanitisation requirements. While the lower dollar is helping in some respects, it has also raised some input costs so not as clear a benefit to their sector as might be presumed.

The property sector is feeling the impacts of C19 with a broad shutdown of restaurants, cafes and many retail outlets. There is concern that a new national commercial leasing code is too inflexible, providing no allowance for different sized landlords and differences between the states and territories. For example, small landlords leveraging their superannuation funds or those which are elderly. The other worry is that agreements recently reached may now be in jeopardy.

The banking sector has been focused on the provision of essential services, noting the challenges with reduced foot traffic into some branches has caused closures. Banks are also dealing with an extraordinary volume of queries with Westpac alone taking 50,000 calls daily. Westpac has also provided relief packages for both home loan payments and small businesses, and increased authority to staff to resolve issues more quickly for customers. While they are looking at the new commercial leasing code to see where they can assist tenants and landlords, they agree it should not be a one-size-fits-all. Their message was also to encourage customers to utilise online platforms for faster response times.

SUMMARY OF GROUP 3 IDEAS TO ENABLE POST COVID-19 RECOVERY

For the accounting sector, the digitisation of Government services was viewed as a key enabler of the post C19 economic recovery. Tax reform, with a focus on improving the efficiency of existing tax settings, would further help position Australia for a sustainable post-C19 recovery. Having regard to the exponential growth in working remotely, a campaign to ensure Australia is cyber-prepared might also be timely.

For the wholesale produce sector, it too recognised that digitisation was the key to enabling economic recovery. However, there was recognition that the economy will not magically return to its former state and that only a comprehensive waiver of taxes, rates and other Government charges would ensure businesses are not concerned with having to deal with deferred payments during a post-C19 recovery phase.

The rural transport sector warned of ensuing problems should businesses be left with too much debt to repay post the C19 crisis period. It also argued that existing mechanisms to support businesses more broadly based on 30% revenue reduction would not be appropriate for many transport operators, with most being bankrupted by that stage, and that sectorial approaches to support were going to be necessary.

The wine sector raised the need to consider other societal challenges in how Governments sought to facilitate a C19 recovery, including climate change.

SOUTH AUSTRALIAN INDUSTRY VIRTUAL SUMMIT MEETINGS

The international student sector advised Australia's reputation needs to be front and centre in shaping our C19 economic recovery, and that we must continue to view a migration program as a key enabler of future population growth, particularly in the regions.

While the dairy sector is tracking along well, they still want to ensure that export pathways are not restricted as a result of any future policies to facilitate a post C19 economic recovery. The horticulture sector raised the need for incentives to farmers to invest now, acknowledging that a Federal Government netting program announced last year was yet to become active which served as a warning of the need for good intentions not to be derailed by red-tape. Shovel-ready infrastructure projects were also seen as been critical to economic recovery.

From a property sector perspective, the key to recovery is to ensure the burden of C19 is shared and that relief is extended to council rates and the ESL. There was also a recognition that utility companies could do more to help. To stimulate demand for hospitality related tenants, a fringe benefits tax (FBT) exemption would be very helpful.

If restrictions on South Australia are lifted first, the banking sector called to ensure that South Australia is prepared to leverage from that advantage, which in turn would aid the State's broader recovery from C19. There was also a call to ensure that businesses had more cash put back in their pocket, with one option to enable businesses to retain GST collections for 90 days following the end of the C19 crisis period.

SOUTH AUSTRALIAN INDUSTRY VIRTUAL SUMMIT MEETINGS

GROUP 4, 14 APRIL 2020

PARTICIPANTS

- Tatiara Business Association
- Mount Gambier Chamber of Commerce and Industry
- Whyalla Chamber of Commerce and Industry
- Port Lincoln Chamber of Commerce and Tourism
- Business Port Augusta
- Kangaroo Island Business and Brand Alliance
- Riverland West Chamber
- Business Victor Harbor
- Kadina CBD Chamber of Commerce

SUMMARY OF COVID-19 IMPACTS FOR GROUP 4

Starting down in Mt Gambier, businesses have been hit particularly hard by C19 restrictions on the hospitality sector, including many event venues which would have otherwise accommodated weddings at this time of year. There has also been a significant amount of confusion about cross-border movements, with several businesses having staff that reside in Victoria. The local Chamber has been actively calling all members to offer support, recognising one of the biggest challenges for small businesses is comprehending the significant volume of information about C19. The Chamber is also encouraging members to start conversations with their landlords early and acknowledged a desire to see more on rent relief from the State Government.

In the Upper South East, the economy of regional centre Bordertown has benefited from a strong reliance on major agri players including Blue Lake Milling and JBS. That said, the main street has still been heavily impacted and the local business association has been actively promoting a 'Tatiara Open for Business' campaign through social media with a focus on connecting Bordertown locals with their businesses and advertising what remains open. While trade related businesses in the area are doing well, they are also having to make significant adjustments to protect the safety of workers and in one example provided, no more than two staff were allowed to work with each other and apprentices were to stick with one tradesperson.

Moving up to the Riverland, again, hospitality and tourism businesses have been devastated by C19, with questions marks over whether they will all reopen. Several major local events have also been cancelled, including the Rock N Roll Festival in its 27th year. While this has resulted in a large volume of cancelled bookings, some accommodation providers have been able to agree to shift bookings to the following year for festival regulars. Again, the local Chamber has been actively promoting 'buy local', including through their own posters displayed around the district.

Across to the Yorke Peninsula, another agri-dominated economy, the broader impact of C19 has been less pronounced despite hospitality and tourism businesses having been hard hit, particularly over Easter. Fortunately for Kadina, only a handful of retail stores have closed with most remaining open albeit some having reduced hours. The local Chamber has been encouraging local purchases through a hub voucher program which can only be spent locally.

SOUTH AUSTRALIAN INDUSTRY VIRTUAL SUMMIT MEETINGS

They have also been working hard to try and distil the range of information about C19 into a form which is more readily understood by their members.

Up in Whyalla, while heavy industry is helping to protect the local economy, hospitality businesses cannot escape the impact of C19 and many employees have lost work. Other businesses are still quieter, and some owners have focused on repairs, painting and maintenance where possible to keep staff engaged. Trades in general are doing okay and if anything, there remains a shortage in some skills. The local Chamber commented on the apprentice subsidy being most welcome because of the direct nature of payment

Further north, Pt Augusta's hospitality sector is suffering a similar fate and the local Chamber is unsure whether JobKeeper will pull many businesses back out, particularly given it is viewed as quite difficult for many small businesses to comprehend. Retail has also slowed quite considerably, with many shops now closed and unsure as to when they will re-open but the Chamber is using social media to promote those still trading. While trade related businesses are going okay, real estate activity is down and the Chamber commented about the two sides of the coin that needed to be considered for in lease negotiations impacted by C19. A significant focus for the Chamber is actually boosting morale in the town, with Easter Bunny appearances one example of their effort to keep people in a more positive mental state.

Down to Pt Lincoln, fishing, hospitality and tourism have all been decimated with agriculture providing some steading force. Despite the challenges, the local Chamber is remaining positive and proactive in their approach, including through a promotion on shopping local and trying to develop new domestic markets for local fishers. The Chamber has also joined forces with a range of health, Government and community organisations to map out a recovery path. This broad partnership is currently in midst of drafting a C19 response strategy document. In terms of how Government support is impacting, the Council has been praised for initiatives including a hardship clause for commercial rate payers but a number of local employers over 20 staff are crying out for the Federal Government's apprentice wage subsidy threshold to be lifted.

Across the water to Kangaroo Island, the impacts of C19 have unfortunately extended the significant hit the local economy already took from the bushfires, particularly for tourism and hospitality operators. While many trade related businesses are busy with the rebuild, the Island's economy more broadly remains extremely challenging. Despite the adversity, the local Chamber is running a made in KI campaign to support local businesses, just buy KI, and has created an online directory to promote interaction between locals and businesses. For many, the uncertainty for businesses on the island is perhaps one of the hardest things to deal with at present.

Back on the mainland in Victor Harbor, another tourism dependent area has been decimated by the C19 restrictions. In a recent survey by the local Chamber, 83% of businesses experienced a loss in customers while 70% had either reduced staff hours or stood staff down.

SOUTH AUSTRALIAN INDUSTRY VIRTUAL SUMMIT MEETINGS

The Chamber has also been concerned about social problems, including rising homelessness, domestic violence and reduced community services like 'meals on wheels' caused by a lack of volunteers. In an effort to support local commerce, the Chamber has innovated with its own mobile phone app.

SUMMARY OF GROUP 4 IDEAS TO ENABLE POST COVID-19 RECOVERY

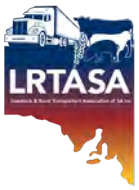
Across the regional Chambers of Commerce, there were fairly consistent themes pertaining to how to assist the entire State's economy recover from C19. Businesses were very strong on supporting local commerce and also interested in how intra-state and potentially interstate tourism promotion, depending on how the C19 restrictions were lifted, could be deployed to reinvigorate regional South Australia. The regions want to see the State Government promote their unique attractions to city dwellers, particularly if South Australia is alone in any preliminary ease in restrictions with some towns entertaining the idea of being guinea pigs to achieve that.

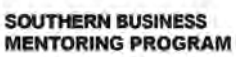
Across the regions, Chambers also argued for major infrastructure projects to stimulate confidence in the broader economy with the new high school in Whyalla and pending Joy Baluch Bridge in Port Augusta being provided as two examples of how important this is in the current context.

Regional Chambers also recommended more shovel ready projects at a local Council level, and for Councils in general to do more to assist businesses through C19 including relief on commercial rates and charges. This extended to support for local Chambers themselves, which are almost entirely run by volunteers but are now more than ever required to assist businesses across the entire State. For example, funding for executive officers to support local Chambers would be of great assistance with disseminating the wide and often complex range of information related to C19. Mental health support was also seen as a real necessity across regional South Australia, and with so many business people in grave financial situations, no time can be spared to ensure adequate services are available.

Industry diversification was another theme, particularly in Pt Lincoln, where the local Chamber was seeking support to assist the fishing industry with a strategy to cope with international market challenges.

BUSINESS SA WOULD LIKE TO THANK OUR VIRTUAL SUMMIT PARTICIPANTS





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ABOUT OUR POLICY TEAM

Fiercely independent and unashamedly pro-commerce, we are the voice of business in SA.

We exist for our members. As the peak chamber of commerce and industry in South Australia, established in 1839, we campaign on a range of policy and financial platforms to create an environment in which businesses can grow, create jobs and contribute to the state's prosperity.

Our experienced team of policy advisors works with members, government, education facilitators and industry to ensure South Australia is one of the most globally-competitive places in the world to do business.

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