

HOTSPOT RECOVERY PACKAGE FOR BUSINESS

JUNE 2021

CCIQ Powering
business
potential



Introduction

CCIQ is Queensland's peak industry representative organisation for small and medium businesses. We represent over 448,000 Queensland small and medium businesses who employ 44% of Queenslanders working in the private sector. CCIQ works with the regional and local chamber network across Queensland to develop and advocate for policies that are in the best interests of Queensland businesses, economy, and community.

CCIQ recognises the importance of controlling the further spread of COVID-19 to prevent further longer-lasting lockdown implications. Unpredictable lockdowns and restricted business activity will inevitably create challenges for many businesses, while preventing further long-term issues.

In response to the March 2021 three-day lockdown, CCIQ put forward to the government the need for a hotspot recovery package for business, reiterating that businesses needed a safety net due to stimulus such as JobKeeper ending as well as the ongoing uncertainty.

Impacts of COVID-19 hotspot declarations on business

Ongoing conversations with business have validated that financial viability is a key concern, alongside the unpredictability and uncertainty around decisions for hotspot declarations. As part of ongoing COVID-19 recovery, the two main concerns requiring urgent response are the ongoing uncertainty and financial viability.

Uncertainty

Queensland businesses have repeatedly cited the challenge of not knowing how the Queensland Government will respond to outbreaks, as well as how states and territories will support businesses in the event of ongoing hotspot lockdowns. This lack of certainty tops the list of issues needing to be resolved as we learn to live with and manage the virus.

CCIQ recommends improved certainty and transparency with a clear framework outlining the state government response to localised outbreaks. Part of this framework must also include a hotspot recovery package for business directly impacted by hotspot declarations and restrictions.

Financial viability

We know that the immediacy of a snap lockdown creates significant operational issues and costs for businesses, including for those needing to trade under restrictions and those forced to close. It can take a significant amount of time for businesses to recoup these losses or in some cases even maintain an ability to stay in business.

In a survey of Queensland businesses conducted during the March 2021 three-day lockdown of Greater Brisbane, data revealed:

- Businesses expected losses of between \$15,000 to \$65,000, with total costs to Queensland's economy estimated at approximately \$604 million.
- Nearly 2 and 3 businesses reported immediate losses from:
 - foregone trading opportunities and cancellations
 - loss of perishable goods
 - staffing costs and stand downs
 - booking cancellations
- More than 1 in 4 expected longer-term implications from weaker consumer confidence

CCIQ is leading the call for a compensation package, with 96% per cent of businesses surveyed since the lockdown announcement on 29 June 2021 so far agreeing that hotspot compensation package is needed.

A selection of feedback from businesses impacted by the June 2021 lockdown so far:

- *"Lockdown doesn't mean we don't have to pay staff or pay bills, it just means we lose our revenue. The impact of even a 3 day lockdown is substantial."*
- *"It is critical for small and medium businesses to be compensated and assisted with getting through and recovery from these constant lockdowns. This is 3 in 6 months for SEQ now. Small and medium business is at breaking point and will go under and cut plenty of jobs shortly."*
- *"The lockdown will result in \$22,000 plus in refunds needing to be issued to customers for events. Small in the grand scheme of all businesses, but substantial for a micro business."*
- *"My business is on the Sunshine Coast - I have 8 staff and today had to cancel \$9000 of services. I can't pay wages or the rent for this period."*
- *"My business is not just effected for the period of the lockdown. It's the week leading into a lockdown when people are nervous/cautious and then it typically takes 2-3 weeks before client numbers pick up after a lockdown. My business and personal expenses including employee wages are not paused when a lockdown is actioned. I'm not sure how many more lockdowns my business can endure. Please help us so we can continue to support our local community."*

Recommendation: Proposed hotspot package

On behalf of Queensland business, CCIQ has advocated for targeted and proportionate support for businesses restricted under a COVID hotspot declaration.

CCIQ is recommending:

- Payments of up to \$25,000 payments be made to affected businesses, depending on the extent to which they are impacted. The compensation would be for the direct financial impacts from the lockdown and/or subsequent partial restrictions.
- Use of an online portal for accepting applications from businesses for a compensation payment.

These figures have been arrived at on the basis of levels of support provided elsewhere and the responses to our survey. The full details of CCIQ's proposal are detailed below.

Proposed implementation

Trigger	Declaration of COVID-19 Hotspot location
Eligibility	<p>To be eligible for assistance your business must be located within a COVID-19 Hotspot declared location and have been forced to close business operations.</p> <p>Direct financial impacts could include, but would not be limited to:</p> <ul style="list-style-type: none"> • Reduced turnover • The loss of perishable goods • Cancellation fees and charges • Booking cancellations • Other costs and losses incurred due to the lockdown and subsequent partial restrictions that could not be reasonably avoided.
Hotspot recovery payments	Payments of up to \$25,000 for eligible affected businesses to cover loss of stock and/or trade and the reinstatement of business operations as a result of restricted business activity due to hotspot declaration and forced business closure.
Timeliness	Considered as an urgent payment similar to disaster recovery assistance.

Other jurisdictions

The Victorian, Western Australian and New South Wales governments have introduced targeted support for hotspot impacted businesses, as summarised below.

Victoria

With safety nets such as JobKeeper no longer available, the Victorian Government has committed more than \$500 million through the Circuit Breaker Business Support Package. This support has included:

- \$379.4 million for the Business Costs Assistance Program Round Two, including top-up payments for businesses in metropolitan Melbourne that remained under restrictions from 11:59pm, 10 June 2021.

Western Australia

The Western Australian Government has established the Small Business Lockdown Assistance Grants program. The grants are intended to offset some of the direct costs of the lockdown and business closure, such as loss of perishable goods or cancellations. This support has included:

- assistance of \$2,000 to small businesses in the Perth and Peel region in industry sectors most severely impacted by the recent three-day lockdown and subsequent restrictions.

Feedback suggests that, while welcomed, businesses in Western Australia have not considered the payment amounts to be sufficient to assist any meaningful recovery.

New South Wales

The New South Wales Government is offering grants to help businesses by alleviating cashflow constraints while trading is restricted. Two streams of grants are available:

- *Small Business COVID-19 Support Grant:* Available to businesses and sole traders with a turnover of more than \$75,000 per annum but below the NSW Government 2020-21 payroll tax threshold of \$1,200,000 as at 1 July 2020.
- *Hospitality and Tourism COVID-19 Support Grant:* Available to tourism or hospitality businesses with a turnover of more than \$75,000 and an annual Australian wages bill of below \$10 million, as at 1 July 2020

Businesses are eligible for \$10,000 payments for a 70 per cent decline in turnover, \$7,000 for a 50 per cent decline and \$5,000 for a 30 per cent decline.