

22 July 2020

COSBOA COMMUNIQUE

Managing an SME in the face of a second COVID-19 outbreak

SYNOPSIS

COSBOA's COVID-19 Roundtable has been re-tasked to focus on the nature of specific initiatives that could aid economic recovery and support job creation from an SME perspective. The first of these re-tasked meetings was convened on Friday 22 May 2020 and successive meetings continue to canvass the nature of specific policy and legislative opportunities in this regard.

This latest roundtable meeting was held on **Friday, 17 July 2020**. The meeting opened with a discussion of the launch of the Go Local First Campaign. Funded by the Australian Government and delivered by COSBOA, this national program seeks to encourage greater patronage of local businesses in Australia in the wake of the COVID-19 economic downturn.

Much of the discussion during this roundtable canvassed issues relating to the challenges being faced by SMEs in Victoria as they seek to deal with the impacts (both financial and emotional) of a second lockdown on their business, their employees and their own mental well-being. This discussion gave rise to the key themes summarised below.

KEY THEMES

The following key themes were discussed at this latest meeting:

1. Time to get engaged with the national *Go Local First* campaign.

- The *Go Local First* Campaign is up and running with strong engagement and media exposure during the first week. During the past week, there were 11.5M social media impressions, 11,700 website views and 150 website inquiries.
- SMEs are encouraged to contact the campaign team to arrange for their business to be featured on the website and to leverage the digital assets that have been provided to encourage their communities to support small business. The Campaign Team is also reaching out to local MPs and councillors to raise awareness of the campaign.
- The success of this campaign is directly dependant on the active engagement of COSBOA member and partner organisations through their members to promote participation and utilisation of the digital resources that are available. To support this process, COSBOA will organise an information session for interested organisations as soon as practicable.

2. Victorian SMEs are reporting a level of despair in the wake of the second lockdown, indicating a need for a renewed focus on the mental well-being of SME owners.

- Member organisations reported that the level of anxiety (and in some cases, anger) being experienced by SME owners appears to be significantly higher than occurred during the first lockdown, with potential consequent impact on the capacity of business owners to successfully steer their business through a second lockdown.
- It was estimated that there are around 200,000 businesses nationwide that are experiencing significant financial distress. Past academic research suggests that there will be a strong correlation between this number and the number of business owners experiencing mental distress.
- Roundtable participants noted that there were several programs, particularly at state/territory level, targeting workplace well-being. It was noted, however, that very few of these programs provide meaningful support to the business owner. This deficiency is seen as a major oversight in that the longevity of the business and its resilience in the face of current challenges is likely to be greatly diminished if the business owner is experiencing mental stress and despair.
- It was suggested that all Australian governments should seek to redress the current deficiency in mental health support via the urgent design and implementation of programs that support SME owners – possibly by focussing initially on those participating in the JobKeeper program.
- It was also strongly suggested that there is an overdue need (i.e. pre COVID-19) to enhance mental well-being data collection from the national workforce, with SME owners to be incorporated as a discrete collection sub-set. This information could then be utilised by policy makers and service providers to assist with improved targeting of assistance and ongoing assessment of the efficacy of investment in mental well-being programs for SMEs.

3. All Australian governments need to work more closely with business and industry in planning for lockdowns and border closures in the future.

- Roundtable participants reported a degree of confusion in respect of the lockdown measures in Victoria and how these related to management of their foot traffic. Of particular concern was a measure requiring businesses located outside of the lockdown areas to vet their customers and deny service to those who were residents of the lockdown areas. Concerns were also expressed in relation to the early experiences with the management of the border restrictions (NSW/VIC). It was suggested that state/territory governments could share border crossing procedures with a view to creating national consistency in the future implementation of border restrictions
- Considerable concern and confusion was expressed in respect of the nature of stage 4 lockdown restrictions, as foreshadowed in various media reports. Given that such restrictions have not been introduced in Australia to date, it is suggested that the Australian Cabinet (or at least the Victorian Government) should consult with business and industry in respect of the scope stage 4 restrictions in advance of any implementation of the same.

4. Any national virus containment measures must be supported by sustained actions that are advanced by all Australian governments in a consistent manner, to minimise the adverse economic and health consequences of repeated lockdowns.

- Roundtable participants noted that there is a national discussion, largely in the media, about the benefits and costs of a national response to COVID-19 that seeks to contain the virus, as opposed to overall eradication of the virus. Analysis of this discussion, however, suggests that there has not been any meaningful assessment of these two strategies relative to the requirement to balance the health impact with the economic impact.
- Within this context, participants noted that the economic costs of an eradication strategy are likely to be severe over a defined period, but may deliver a “back to normal” for all SMEs that are not involved in inbound and outbound tourism as has been evidenced in New Zealand. Conversely, a containment strategy has the potential to cause a lesser economic impact so long as the risk of repeated lockdowns over a prolonged period can be minimised. Consequently, there appears to be some merit in understanding the actions required to enable the Australian economy to live with the virus – and ensure that such actions are implemented uniformly across all Australian jurisdictions.

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