

# VCCI ESP Update – July 2020

Wednesday, July 08, 2020



# OBJECTIVES OF SURVEY

1. To collect data on number of ESP payments received and to understand its effects on continuous employment for Ni Vanuatu workers, and
2. To be able to make informed recommendations to support Government decision making.

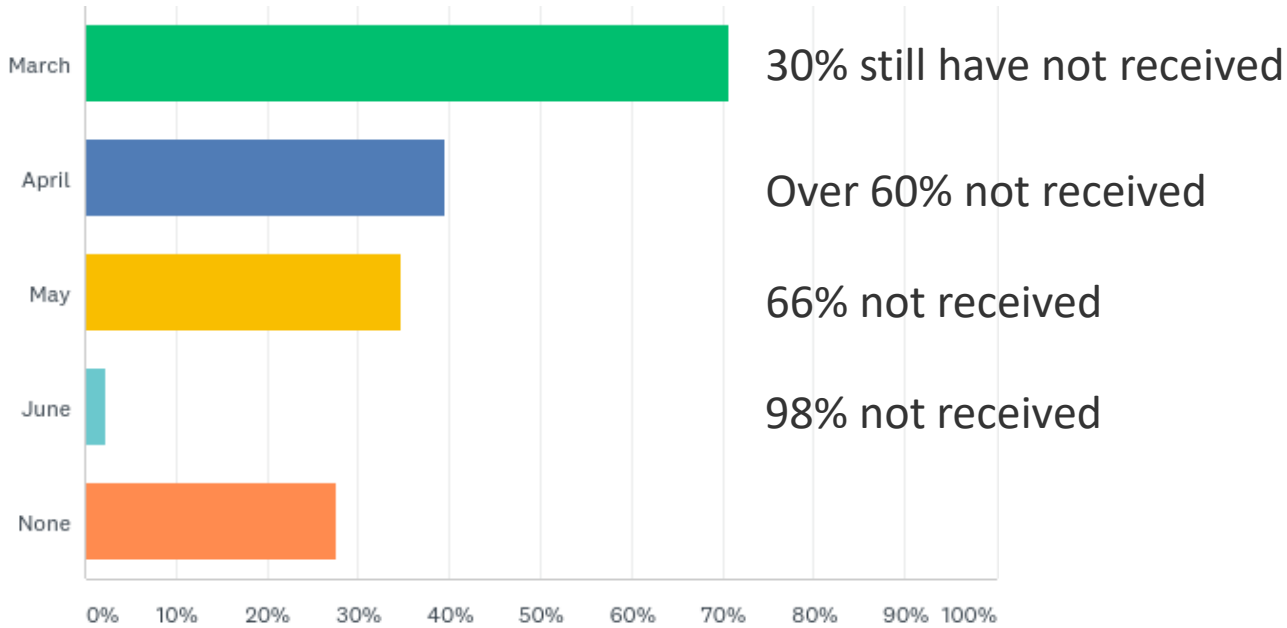
# 167

**Total Businesses Responded**

Date Created: 9am Monday 06 July, 2020

Complete responses only accepted from current Business License Holders who have successfully applied for ESP for March 2020

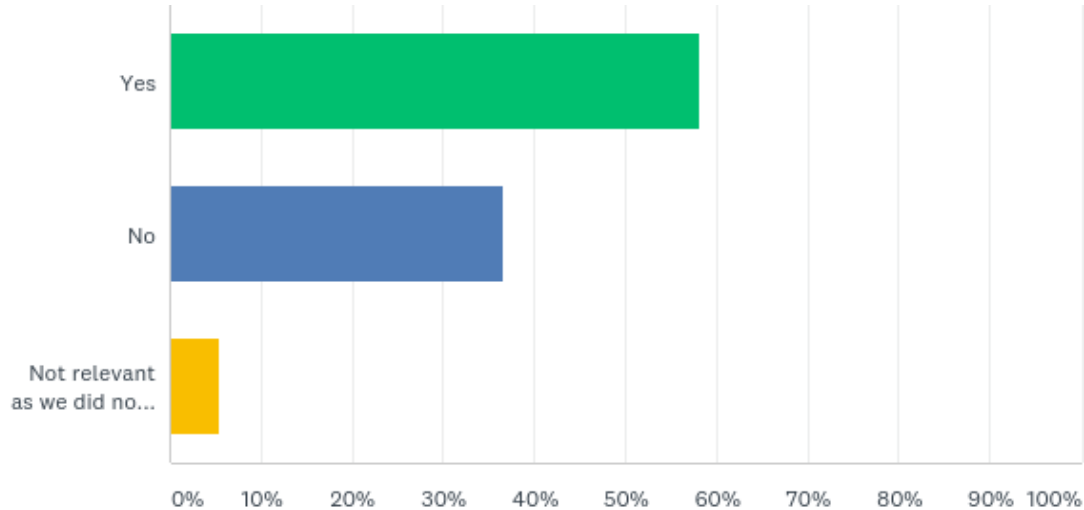
### Q3: Please select which months you have received an ESP payment



Major delays in payments to businesses.

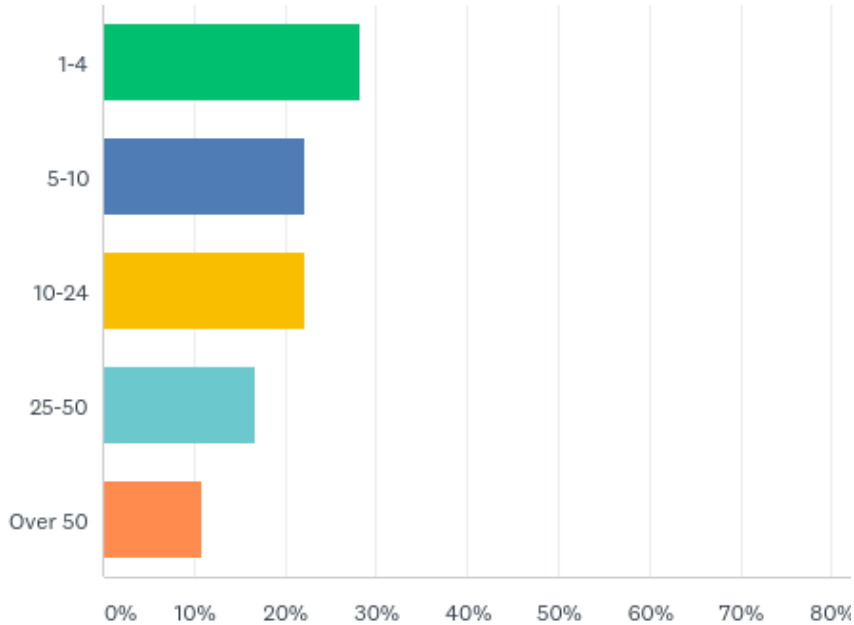
## Q4: Will you be making staff redundant BECAUSE of the ESP ending in June?

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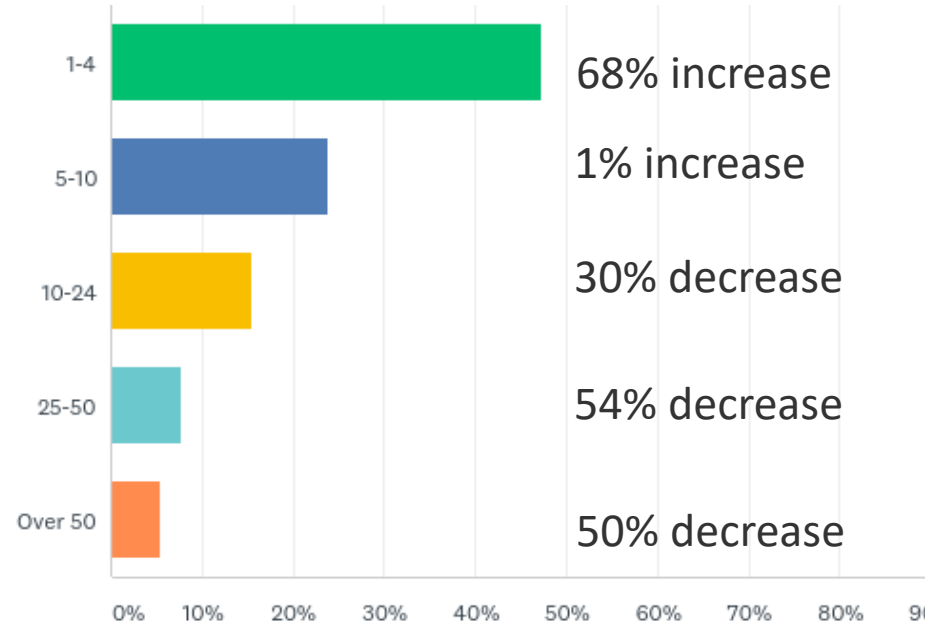


58% of businesses will make further staff redundant if no further ESP is received.

## Q5: How many staff did you have in January 2020 (before COVID-19)



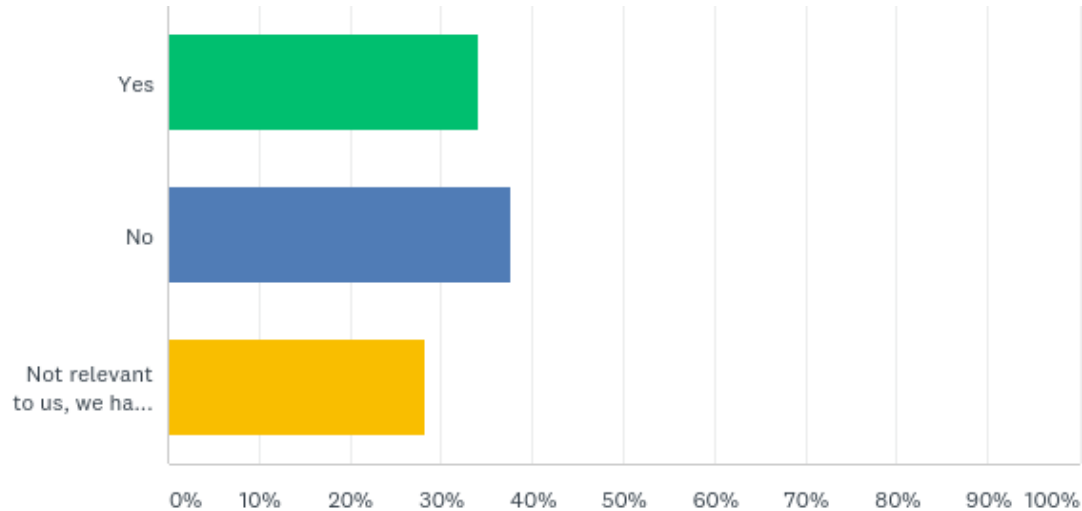
## Q6: How many staff do you expect to have by end of August 2020



Staff numbers reduced significantly, causing an increase of small businesses (less than 4 staff).

## Q7: Do you have sufficient funds to pay full severance when making staff redundant?

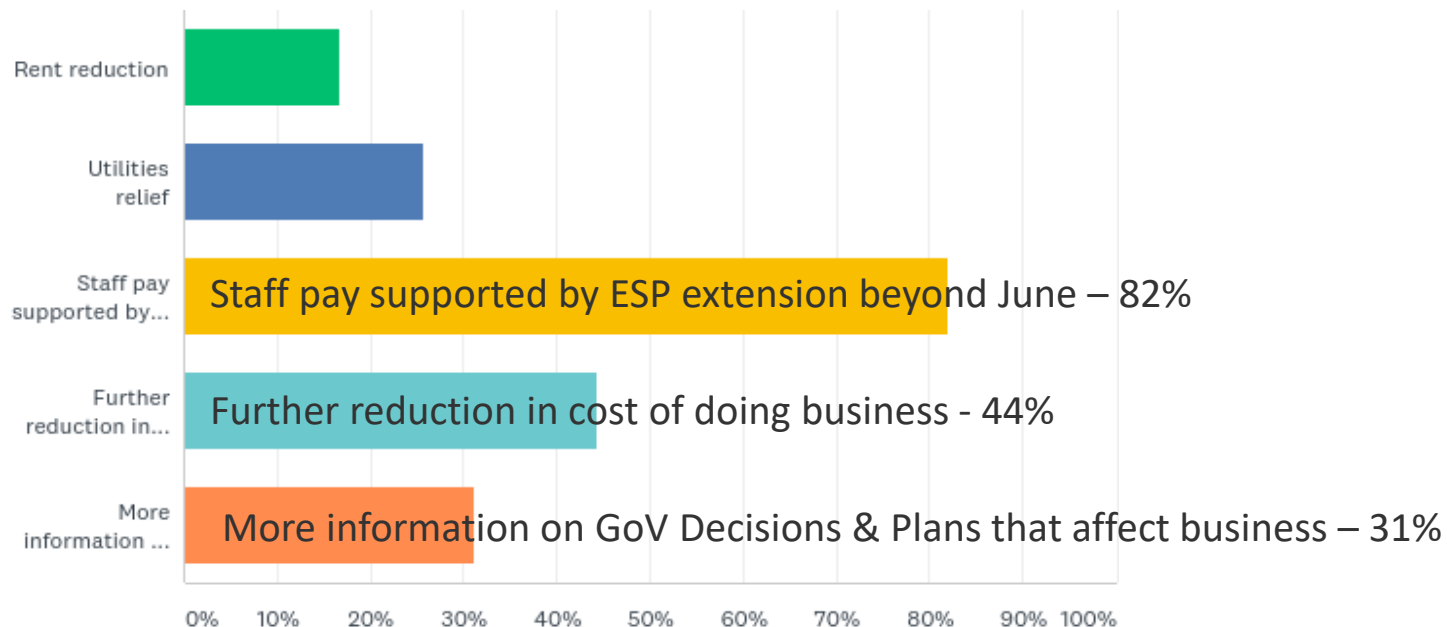
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37% of businesses can not afford to pay severance obligations.

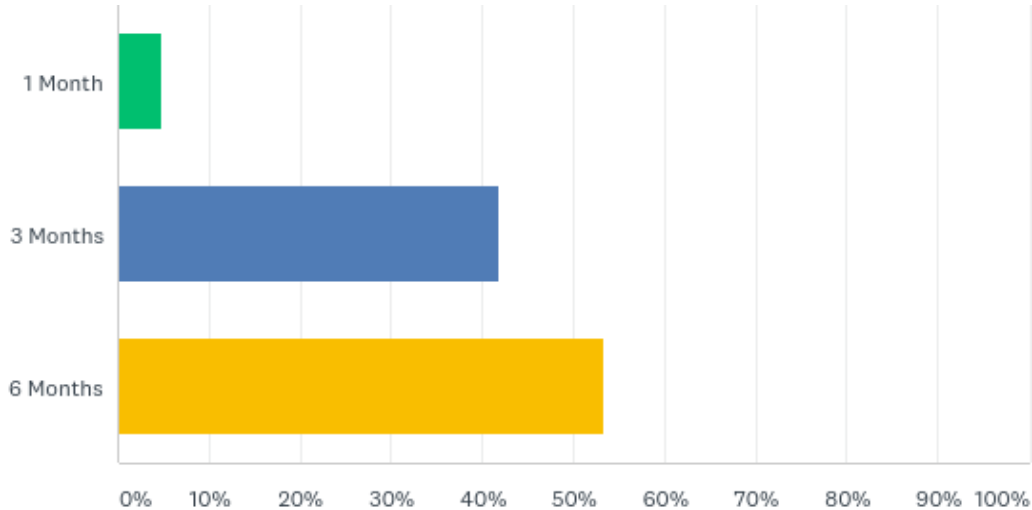
# Q11: What **2 things** below would be most significantly impact your ability to continue to keep your business operating?

Answered: 167 Skipped: 0



Clearly ESP is most desired support mechanism. Businesses are seeking reduction in costs and more information and engagement from Government

## Q9: If the ESP was able to be extended, what do you think is a reasonable extension period that will enable you to make required adjustments to your business?

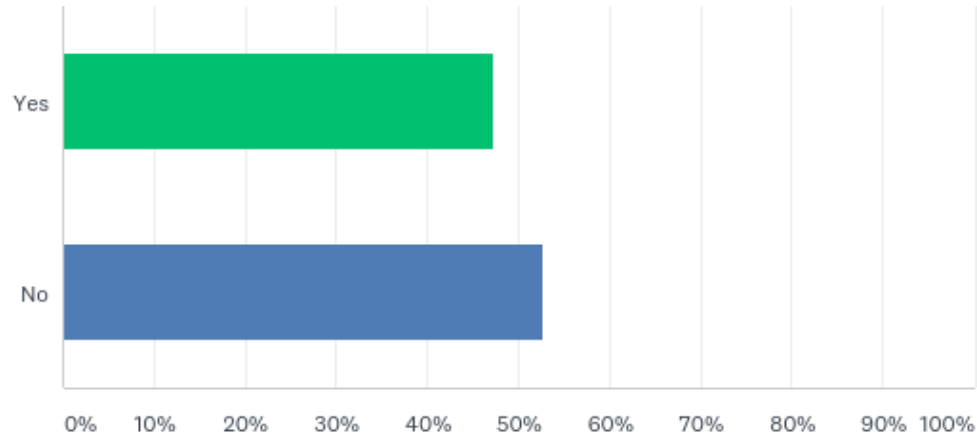


Businesses are requesting an extension to the ESP - 1 month extension was deemed reasonable by less than 5% of businesses



## Q10: Have you been able to make changes to your business model to extend your business life, that has resulted in satisfactory results?

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While there clearly has been an attempt to diversify, it's not always feasible

## Key Findings & Recommendations

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The Employment Stabilization Payment was designed to support employees to remain employed during the COVID-19 crisis period. Majority of eligible businesses have not received their payments for April, May and June, with some still waiting on March payment. As a consequence, the private sector are supporting their staff financially, not the Vanuatu government.

### **Recommendation**

We request that a review is done on the internal processing on making payments so that businesses can more rapidly receive their ESP outstanding payments.

## Key Findings & Recommendations

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The majority of businesses surveyed have reduced staffing numbers to 4 staff and under. This directly links to an increase of unemployed Ni Vanuatu workers.

If the ESP is not extended 58% of businesses surveyed will be making staff redundant.

### **Recommendation**

Consider publicly announcing as soon as possible an extension to the ESP beyond June to ensure Ni Vanuatu staff do not lose their jobs due to employers lack of confidence.

## Key Findings & Recommendations

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38% of businesses surveyed will be putting staff on leave without pay or benefits – it is assumed that this is done due to not being able to afford to pay out severance.

### **Recommendation**

Review severance legislation, as already recommended in the Employment Act review commissioned by VCCI in April and presented to the Department of Labour.

## Observations

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This survey does not include the numerous businesses that have already closed their doors.

The relaxing of the eligible and not eligible business categories was intended to extend the number of businesses benefiting from the ESP. There is not information to date to demonstrate that this has been implemented.

VCCI has assisted over 2,000 businesses across Vanuatu (Tafea, Shefa, Sanma & Malampa) to access government support via the Economic Stimulus Package since April. This demonstrates an engaged and active partner and a strong desire to work in support of, and collaboration with the Government of Vanuatu.