



COVID-19 Industry Insights **Issue 1, April 2020**

OVERVIEW

The **Victorian Transport Association** and the **Victorian Waste Management Association** have actively engaged with members and the broader freight and logistics industry about how coronavirus has impacted their businesses and the transport industry in general. As part of this engagement we have conducted focussed interviews with dozens of members to establish baseline information about the effects of COVID-19 on their operations in terms of customer retention, relations and revenue, human resources, future investment intentions, and trade expectations.

This information is being published in this first VTA/VWMA *Covid-19 Industry Insights* which canvasses members on key issues and provides commentary from the Association in its capacity as the peak transport industry representative nationally and in Victoria. It will be updated regularly and provided to members and government and regulatory stakeholders to inform the national and Victorian response to the COVID-19 pandemic.

HIGHLIGHTS

Foreign & Domestic Trade

- Despite the downturn in global manufacturing and production, almost half (46%) of members maintain there will be an increase in international trade over the next four months compared to one-third (36%) who anticipate a reduction in trade
- Of those interviewed, two-thirds (64%) rely on international trade for at least half of their business activities
- Well over three-quarters of those interviewed (86%) have developed and/or activated contingency plans to manage an anticipated revenue reduction over the coming four months

Human Resources

- Just one-third of respondents (32%) indicated their staffing levels had changed due to the COVID-19 over the last three months
- Encouragingly, almost three-quarters (68%) of respondents do not anticipate reducing staffing levels over the next three months.

Customer Retention & Relations

- Three-quarters of respondents (77%) have not lost any customers since over the past three months. An overwhelming 95% of respondents indicated their relationships with customers have remained positive over this period

Future Investment Intentions

- Despite softer overall trading conditions, almost two-thirds of respondents (63%) indicated they would be investing in new capital equipment before the end of the year. More than half of those (55%) would be investing in prime movers followed by trailers (36%), technology (27%) and property and machinery (18%)
- Based upon an increase in communication more than 95% of respondents have an improved relationship with their customers



ANALYSIS

The coronavirus pandemic and government intervention to halt its spread has upended virtually every aspect of the Australian economy. Industries have been all but shut down as state and federal governments have adopted disruptive measures to contain the virus and protect our health systems from being overwhelmed. It is encouraging that these measures appear to be working with positive signs that the “curve” is indeed flattening, as evidenced by a dramatic decline in day-on-day infection rates across the country.

The transport industry entered this crisis from a general position of strength because transport early on was rightly not identified as a non-essential industry and therefore largely spared from the unprecedented compulsory shutdowns imposed across vast swaths of the economy. In fact, demand spikes from consumers saw an even greater need for the industry with supermarkets struggling to keep pace with panic buying. The industry responded magnificently to this challenge and we are starting to see a return to normalcy in terms of supermarket supply and demand.

The crisis has, however, disrupted customers of transport operators prompting the VTA/VWMA to canvass its membership on the impacts of coronavirus and how they have responded to keep their businesses sustainable and their workers employed. While some sectors have remained strong other sectors that rely on specific commodities and products have not fared so well. Food, export goods and hardware products are moving in increased volumes while milk, steel and cash in transit have slowed markedly.

Three-quarters said they have not lost any customers since over the past three months since COVID-19 started to take hold and an overwhelming majority of members indicated their relationships with customers had remained positive over this period. This underscores the importance of keeping close to and regularly engaging with your customers to help them navigate this difficult time.

Looking at trading conditions, almost half the members we interviewed expected an increase in international trade and exports over the months ahead and we are encouraged that another two-thirds said they planned to invest in new capital equipment before the end of the year.

This is a positive sign that business is still working, with the government’s [expansion of the instant asset write-down program](#) a possible factor as well. We encourage industry participants to take advantage of this and other measures to support the industry and economy.

This ‘glass half full’ outlook from members on international trading conditions is especially encouraging given that most we talked to rely on global trade for at least half of their business activities.

When it comes to staffing, our sector remains strong and has thankfully been spared the mass levels of unemployment experienced elsewhere in the economy. Only a third of the members we talked to said coronavirus had impacted their staffing levels in recent months and it is particularly encouraging that almost three-quarters expected they would not have to reduce their headcount to mitigate the impacts of coronavirus on their operation.

The VTA and VWMA are fully staffed to help members with advice and support, and has prepared an [online resource](#) to keep the industry informed with support available from state and federal governments. Please contact us for assistance on 03 9646 8590.

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