

## Practical resilience measures

As many of us are starting to feel the impact of the coronavirus pandemic, we thought we'd share some practical things your business can do over the weeks ahead to preserve cash. This includes some detail on the Government's announced business support package.

Overall our advice is to maximise your operating horizons by preserving cash at all costs, this includes collecting debtors -and government subsidies- as a priority, reducing outgoings -temporary and permanent- and to protect your balance sheet.

### Thought starters to help preserve cash

At a time of such uncertainty it's important to manage cash as actively as possible to enable you to focus on business continuity. Each industry and business is different, but we thought we'd share some suggestions with you to help manage cash. We'd be happy to hop on a call to discuss how this applies to you.

#### Temporary measures

- Contact your landlord and ask for a rent review or rent holiday;
- Contact your banker and discuss options to extend the term of your loan, or temporarily convert to interest-only repayments;
- Explore reductions in staffing cost such as compulsory stand downs (check employment agreements), reduced hours, enforced leave and salary reductions by mutual agreement;
- Explore reducing stock levels whilst protecting your supply chain, and ask suppliers for more lenient payment terms;
- Consider any options to get cash in by discounting sales;

## Permanent measures

- Explore a cost-out; review all line items and identify cost that can be avoided or deferred;

Lastly a gentle reminder that Directors have the responsibility for staff wellbeing and Health & Safety at their place of work. Our previous email contains some resources on this topic.

## New Zealand's business support package

The \$12 billion package includes:

- \$5.1b in **wage subsidies** for affected businesses in all sectors and regions, available from today.
  - The COVID-19 Wage Subsidy will be paid at a flat rate of \$585.80 for people working 20 hours or more per week, and \$350 for people working less than 20 hours per week.
  - The subsidy is paid as a lump sum and covers 12 weeks per employee.
  - Businesses need to show a 30 percent decline in revenue for any month between January and June 2020 [and applications can be made here](#).
  - The subsidy is no longer capped, and applies to all New Zealand employers, contractors, sole traders, self-employed people, registered charities and incorporated societies.
- \$126 million in COVID-19 **leave and self-isolation support**
  - Available for 8 weeks from 17 March 2020;
  - Covers full-time, part-time and casual employees, and contractors who:
    - Need to self-isolate; have registered for this with Healthline, and cannot work from home;
    - Cannot work because they are caring for dependents that are sick with Covid or have to self-isolate

- The COVID-19 leave payment will be paid at a flat rate of \$585.80 for people working 20 hours or more per week, and \$350 for people working less than 20 hours per week.
- Can be received for 14 days - but employers can apply for this more than once.
- [Applications can be made here.](#)
- \$100 million redeployment package
- \$2.8 billion in **business tax changes** to free up cash flow
  - Depreciation deductions will be reintroduced for new and existing industrial and commercial buildings, including hotels and motels (a Bill containing details will be introduced shortly). The increased deduction will be available as part of normal tax filing processes (no application required).
  - Taxpayers will be able to deduct the full cost of assets up to \$5,000 in the year they purchased them (up from \$500), rather than having to spread the cost over the life of the asset. Applies to the 2020/2021 income year.
  - Threshold for paying provisional tax increases from \$2,500 to \$5,000 - effectively extending the tax payment until 7<sup>th</sup> February 2022.
  - The IRD can waive interest on late tax payments - this is at their discretion (discuss this with your Account Manager)

For more detail on the business support package and Government factsheets, see [here](#).

As always we're here to help. Reach out to Greg, Lee or your Account Manager if you'd like to discuss your circumstances, or would like some help with your resilience plan.