



## **Polson Higgs Client Newsletter XVII – All this is not new!**

The current environment has a certain surreal feel about it. On the face of it, life is back to normal, with sport being played and we are all able to eat out again. However, if you turn on the TV and watch what is happening in other parts of the world, it is apparent this could all change at any moment. When talking with clients, for many, the common theme is that the impact of COVID-19 has not been as bad as they feared, but (and it is a big but), they do not feel confident. “Things are okay, but I am not sure about next week/month”.

The feeling that “the other shoe is yet to drop” is understandable when you consider the news that our nearest neighbour, Australia, is still struggling to contain the virus with Victoria back in Lockdown.

Unfortunately, this means that business confidence will remain low for some time to come.

In this newsletter we will cover:

- All this is not new, lessons from the GFC
- Changes for Landlords
- Changes for Parental Leave
- Your BCP – did it work?
- Reminder about Level 1

### **All this is not new...**

For most us, whilst a global pandemic is a new experience, a recession is not. The trigger maybe different, but the social and economic impacts are the same.

With that thought in mind (that a recession is not new), we canvassed the Polson Higgs Partners for the key lessons they learnt from the GFC (Global Financial Crisis of 2007). So, in no particular order:

**Henry...”Trim your costs”**, trim every cost that is not core to your business. Undertake a line-by-line analysis of your expenses and trim the excess. As this may include staff costs, it is important that you avoid the morale-sapping experience of a series of cuts.

**Mike...** “**Communicate**”, talk to your team, your banker, and your creditors. If you want them to support you, then explain to them what is happening. No one likes surprises, (least of all your bank or creditors) so be proactive in your communication.

**Carole...** “**Focus on one thing**”, when faced with a need to make a lot of changes, it is easy to fall into the trap of starting all of them and finishing none.

**Steve...** “**Cash is king**”, prepare a weekly cash flow forecast for the next three month period. Each week review and update the cashflow by amending the opening balance, making any necessary changes, and adding a further week at the end. This will enable you to identify problems early and react.

**Ryan...** “**Go to University and get the Government to pay you**”, Ryan (with more than a certain smugness) claimed that he is too young, as he was at University during the GFC to provide a lesson. However, his comment did provide two lessons. First, training / education are still important to your businesses. Training / education is a tempting expense to trim, but you need to carefully weigh the short-term benefit against the long-term cost. Secondly, take advantage of any Government assistance that is on offer.

**Jamie...** “**Look after yourself**”, it is not easy running a business when things are good and in the current environment it is even harder. Get some physical activity (go for a “walk”), make sure you get enough sleep and talk to your friends and advisors.

**Tim...** “**this too shall pass**”, things will improve, recessions end. That means opportunities will present themselves, the key is to position your business to take advantage of these opportunities and to back yourself in taking a calculated risk.

All the Partners and Team at Polson Higgs are always ready to help, don't hesitate to **contact us**.

### **Changes for Landlords**

As part of the government's COVID-19 response there was a restriction on landlords' ability to end tenancy agreements.

Starting on 26 March landlords were unable to terminate tenancies (except for a few exceptional circumstances) even if a tenant had not paid rent for up to 60 days.

The restriction was lifted on 25 June. Landlords are now able to exercise all of their rights/powers under the Residential Tenancies Act 1986 and their Deed of Lease.

If you gave a termination notice prior to Lockdown that was to come into effect after 26 March, that notice is of no effect and you will have to restart the termination process. Though this

change will help alleviate the stressful situations many rental property owners have found themselves in, landlords still cannot increase rent for their rental properties until 25 September.

If you have any questions about how these changes affect you, our team is happy to help [email us](#) for assistance.

### **Changes to Parental Leave**

Law changes to paid parental leave – Some changes affecting the minimum paid parental leave came into effect on 1 July. Paid parental leave for employees has increased from 22 weeks to 26 weeks if the employee meets the 6-month employment test (if the employee has worked for you at least an average of 10 hours a week for six months or more).

The "keeping in touch" allowance has also increased to 64 hours. This allowance enables employees who are on paid parental leave to work a limited number of hours without losing their entitlement for payments. This arrangement must be agreed to by both the employer and employee.

If you need any help or have any questions about how these changes affect you, or about the application and approval process in general, our HR experts are happy to help – you can [email them](#) for advice.

### **Your BCP – did it work?**

At 11:59 pm on 25 March 2020, New Zealand entered Level 4 Lockdown. Which meant you had to answer the question “how do we continue to trade / operate our business from our homes?”.

Luckily, we had some notice, and with it the opportunity to prepare. But what if you didn't have those extra days to prepare, what would you have done?

Because of the possibility of an event such as the Lockdown, every business should have a BCP (Business Continuity Plan). The plan sets out how the business can continue to operate in the event of an emergency.

If you don't have a BCP, now is the time to create one (whilst the lessons from Lockdown are still fresh). Take some time, and note down all the steps, processes, decisions that you made because of the requirements of Lockdown. That information can form the basis of your BCP. There are numerous templates available online that you can use to create your plan but be careful that you use a template that is suitable for the requirements of your business.

If you have an existing BCP, then you should **review it**, following the lessons from Lockdown. Consider what did or didn't work and update your plan accordingly.

We have worked with a number of clients recently on both reviewing and creating their BCPs and the common theme for all of them has been “**IT Infrastructure**”. Working on their BCPs has crystallised the importance of their IT infrastructure to their ability to operate under any circumstances.

If you would like to talk about your BCP or your IT infrastructure please don't hesitate to [contact us](#).

### **Rules for Level One**

With the Lockdown in Victoria, it is worth remembering we are still at Level One and that means...

- Stay at home if you're sick
- Practice good hygiene
- Keep track of where you've been

**New Webpage** - we have added a new page to our website and are gathering different resources for you to use. Check out [\*\*Polson Higgs Covid-19\*\*](#)

If you have a question about anything please don't hesitate to ask on [\*\*covid19@ph.co.nz\*\*](mailto:covid19@ph.co.nz).

Stay safe and keep in touch.

Kind regards

**Polson Higgs Team**