

Dear Members,

This is a very difficult and straining time for us all as we go through these unprecedented (in modern history) events.

These concerning times are best dealt with together and this is part of the reason to be in a professional body like HIANZ, EWPA and NZFIA.

I know there is a lot of information circulating and trying to guide you through the process. We have put together some scenarios and options specific to Hire that you may wish to consider.

I have put them under topics for easy reference. It's important that you look at every possible action you can take.

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Working with competing companies

Kris Faafoi – Minister of Commerce and consumer affairs, has instructed ComCom to forget the rules around anti-competitive behaviour whilst in Pandemic alert levels.

Though this doesn't allow us to start price fixing and gouging, it allows us as businesses to work together to support each other and our clients.

Options available here are:

- Sharing staff and resources to manage what business is there where needed, dropping the cost of operation right down and sharing it across the businesses
- Work together to continue security of supply to the market.
- Competing companies should be looking to operate at different opening times where possible to provide supply to the market.
- Agree on support for receiving back items from competitor's clients when the competing business is closed. Look to be them when they can't be.
- Look to support and use staff across all hire businesses in town. Support each other in any way possible.

Wage and Leave subsidy

I also wanted to remind you all, to make contact (either via your accountant or directly) with Work and Income to apply for and receive the wage and/or leave subsidy: Literally everyone will be eligible for this now. This includes all wage and salary staff that work over 20 hours per week. Make sure you apply for everyone to get this valuable subsidy.

The subsidy is offered under a high trust model and though there will not be too much scrutiny around this right now, there will be reviews and audits at some stage, of which you need to make sure you have evidence to support your claim.

Evidence to get together for making the application and holding:

- Revenue measurement between the months applying for and months last year, showing actual drop in revenue. (Don't worry if your reports don't show this as the next item supports it)
- Evidence (photo of your bookings board in January and a photo now is enough – even recreate it if you must) showing bookings prior to COVID-19 outbreak (January 2020) over the period claiming for (currently June 2020). Document all your “potential” forward workload you thought you may have got as part of your Bookings prior to and then copy with them all crossed out. It would be good to show a few that have continued, especially in January and February.
- Keep a few copies of discussion emails with your bank and accountant about financial steps you can be taking. (It is very important you are talking to your accountant and bank right now. Be prepared to talk to the bank multiple times over the next few weeks as things change as their position will too. They are going to be the ones who will financially get you through this.
- Send an email to ceo@hianz.net.nz with the subject title “ Our Hire business needs assistance from COVID-19 outbreak”. Copy and paste the following: “ Hi, as the peak body association for the hire industry, we approach you for support and assistance to put an emergency action plan in place as our business is in dire trouble through the effects of COVID-19 restrictions. Do you have any available support packages or offerings to assist us? Kind Regards.....”. I will reply with a message like this letter.
- The chamber of commerce or other business groups that you may belong to, would have sent out similar emails/publications of what you should be doing. Keep copies of these as evidence you used them for assistance.
- If you have staff in isolation, record it as special leave on your payroll and keep copies for these pay runs.

To apply (straight from Work and Income website):

1. Your situation is either:
 - your staff are in self-isolation (or caring for others), or
 - your business's revenue has dropped due to COVID-19.
2. You can apply online at https://services.workandincome.govt.nz/ess/employer_applications/new and you will need:
 - your IRD number

- your business name
 - business address
 - the names of your employees
 - your employee IRD numbers
 - contact details for your business and your employees.
3. We will then check if you qualify.
 4. We may contact you if we need further information regarding your application. We'll do this by phone.
 5. If it's:

approved:

- we'll email and text to confirm that we have approved the application and made a payment
- you receive the payment

declined:

- We will contact you

Bank and Lending providers

It is very important that you are in constant communication with all financial providers to your business.

- If you don't have a contact in the bank already, get on the phone as soon as possible and get a relationship going with someone in there who can be your main point of contact. You are going to need a person who will work with you (literally, for you) with the dealings with the bank
- If you have finance with other companies, it's important to keep them in the picture always.

Your bank and finance companies are feeling the pain as much as you. They have a bigger risk profile and have little control on it right now. They need you just as much as you need them.

It may be prudent to look at consolidating into one or two providers to reduce your exposure to risk reduction tactics by finance providers. Providers may get worried about their exposure and look to call in on some lending, especially if they are highly leveraged also. You are in a better position to refinance now before you are forced to. Your main banker maybe open to holding your full risk as a way of understanding their exposure and reducing the chance of someone else getting the last of the pie if it all goes south.

If you have money put away for a contingency or "rainy day", that time is here. However, talk to your accountant about the best use of these funds and the implications of using it.

Opportunities

Look at all avenues for opportunities. You need to extract every revenue opportunity there is for your business.

As an association we are touching base with numerous agencies, offering first point of call for emergency supply co-ordination. We will keep you informed on how we get on there.

Things to consider doing yourself:

- Local DHB to provide temporary structures for weather protection at testing areas, ED entries and temporary holding areas. Promote tables, chairs, catering equipment.
- Local Councils for portable toilets and traffic management around hospitals etc. Promote a very regular servicing and cleaning program for the toilets, including stock replenishments.
- Civil Defence to provide a first point of call for emergency supply of equipment. Get you name and number on the list of things you can supply – Tarps, power generation, catering equipment, tables, chairs etc.
- Large infrastructure projects you are supplying – increased servicing of portable toilets and extra equipment to help them push through. There is a possibility that these projects will continue through the epidemic and may grow in numbers of workers (where space allows). Keep in touch with them about it.
- Horticulture industry is going to call heavily on locals for picking this season's crops as the usual import workers are not available. A multitude of opportunities are here – vehicles,

portable toilets, shelters (marquees), catering equipment and then the servicing and support around it all.

Staff

- Keep the communication with the staff open and honest. This is not a time for us and them but a time to get them to understand your position and get their support.
- Give them a run down on the shape of the business financially, as much as you can and as much as they can take in.
- Point out that the hire company is asset rich, not cash rich. Take them through the percentages against revenue for the 3 main costs on business – cost of sales (fuel, servicing, R&M), Wages (explain your wage bill is “25%”?? of sales) and fixed costs such as Building lease, finance and interest charges and other costs to keep the business going. Keep it light so its not too confusing. If you start with your total revenue as and remove the percentages to show the final number (in a %) drop out the bottom. This will help them understand. Then explain what zero \$\$ in revenue is and what still are fixed costs and wages, to show how much you will be hurting.
- Take the team through the “coronavirus management plan” that is on our website. Look to have their involvement in the editing and settling of it’s details. Put it in action (If you are staying open in some sort of capacity)
- As a team, structure a plan to get everyone through this. Discuss regular phone hook ups, discussion page on social media or something. Stay involved with them in some way or rather.
- Keep in mind, the wage subsidy you are applying for, requires you to top these people on for 80% of their normal rostered hours. This includes the \$585 subsidy.
- Explain the need for their support in being rostered on so all staff take turns at being on call out. This is covered by their subsidy and your top up.

As we move into forced shutdowns, carry out a staff meeting and explain the position the business has been put in.

Discuss the need for staff to take annual leave entitlements and when that runs out, leave without pay.

If the employment subsidy can be successfully applied for, work together how this should be used –

- Paid fully to employees
- Partially paid to employees and partially to assist business to survive
- Paid fully to business so that jobs will be available with restrictions come off.

There is a case that everyone has to take a level of burden and, that as the business owner, you are seeking support from your staff to help you through it.

Talk to all staff together about the re-start, keep them focussed on the future (bright) so that they don’t get too negative.

This is a state of life that everyone will carry burden for and the only way to get through it, is with everyone sharing a bit of that burden. Therefore it is important you share the financial position of the business and show them the fixed costs of the business so they can understand the strain on the company.

With staff that have no/low levels of annual level, meet with them separately to discuss options. These people will be the hardest to deal with as they will feel pain before others.

If you consider that the best way forward is redundancy through restructure, the current situation is that existing laws apply –

- Consult with affected staff
- Give reasonable time for them to submit ideas and feedback on restructure
- Consider this feedback
- Make your decision (at least overnight after receiving feedback)
- Communicate your decision and have letters drawn up.

I have available templates for this if required.

The current terms and conditions in their employment contract stand. If Notice period for redundancy is 2 weeks, you have to pay them (subsidy + top up) for the two weeks.

Make sure you are not receiving a subsidy for anyone that you make redundant or leaves your employment through this period. I am certain that the Government will be looking far and wide after this is all over to find fraudulent activities around the wage subsidy. You do not want to be that company in the paper....

Business operation

During the current situation, you need to keep going with your head up and look to work the business as hard as possible, ready for the new future.

It is strongly recommended that you do shut down for these four weeks. We speculate, but if the country cannot contain the virus through these first four weeks, we can see the potential of Government extending this period. The wage subsidy is being provided for a 12-week window. Read into that what you want.

Making it just through 4 weeks is going to be a lot less painful than a period any longer than that.

Have a clear communication plan and action plan as to how you are going to work under the current situation (if at all).

- Use the forms and templates we have put on the HIANZ website for use in your business
- Send out the “Coronavirus and potential business disruption” letter to every account holder.
- If you are going to open - Edit, print and put up out front the “Coronavirus door entry sign”
- If you are going to open - Use the following information to put out to all clients, print and have on the counter or entry window. Email to account holders.

*“As of **(enter date of execution)** we are implementing a number of changes to help ensure both your and our work sites are safe for us all. We will be putting steps in place to restrict any potential for spread and contact:*

- *We will operate a reduced and changing staff level in our premises, on an on-call and pre planned basis only.*
- *We are asking our staff to maintain and respect physical distancing from clients. Please do the same in return.*
- *We be using extra protective equipment and hygiene procedures, with all equipment being disinfectant wiped and cleaned properly prior to hire.*

- *We ask that you please make sure all equipment coming back for return is cleaned down by you with disinfectant on all hand controls and “touch” surfaces.”*

Time to Reduce Operations

- Communicate effectively to all your clients as to what you are doing. Get staff calling account holders and explaining what your operational times will be, so they know. No one is going to be upset; they are all in the same vote remember.
- As workloads decrease, get busy preparing for hibernating the business. Start packing up items as best as possible for storage. Get your records correct. Gather and input current hours/km's, last service, next service, condition and book value. Doing this now may well help if the worst happens.
- Get your accounting up to date and correct. You are going to need to use evidence of your position regularly going forward. Having excellent records is going to make processes a lot easier for you.
- Look to reduce your stock holding on everything. Go through stock on the shelves and negotiate with suppliers to return it for as little restocking fee as possible.
- Stop automatic fuel deliveries to bulk fuel tanks in an effort reduce spend there.
- You want to hold as much cash back into the business as possible.
- Stop purchases of RUC's for diesel vehicles and allow to run to as low as possible (within 100km) and purchase as small amount as possible (100okm). RUC's are cash sitting on windscreens.
- Stop all discretionary subscriptions for Marketing, SEO, web development etc, these need to be put on hold for the time being.
- If you have software subscriptions, look to consolidate users to reduce spend where the subscription is based on a per user system.
- Keep connected to HIANZ to get the latest and best information directly related to Hire businesses. We are here to help.

Re Start Preparation

The last few topics are about reducing cost in your business. You also need to consider getting prepared to re-start. This means developing a marketing plan, working out how you are going to restart, in what order will you and what are your targets going to be.

Get the team involved in this, use your social media team discussion page for ideas and ways to keep their mind in the game.

Don't be too critical of the ideas floated as your mindset will be negative right now. Instead, look to help them right it into a good plan going forward. We are available to assist here too.

Having a resurgence plan is as important as having a cost reduction plan. It will show your backers that there is light at the end, and you are prepared to take full advantage of it. This will give them more confidence in you as a business.

We will get more assistance information up for you on the website as soon as we can.