

Small business or all business?

Since publishing this article, extra support has been announced by the government, removing the \$150,000 limit. For up-to-date commentary, please visit bakertillysr.nz/news-hub/covid-19/



STORY
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We were pleased to see the government move quickly with relief measures for the COVID-19 pandemic.

Globally New Zealand's \$12.1 billion package is one of the largest as a percentage of GDP, and for this the government is to be commended.

At first glance, this looks like a very generous package, with each employee covered by \$585 per week.

The wage subsidy package as it stands gives businesses up to a maximum of \$150,000 for up to 12 weeks. This equates to 21 employees. According to Statistics New Zealand 97% of New Zealand businesses have nineteen or fewer employees. For them, this package fits.

When you start diving into the numbers, the wheels start to come off. The 3% of businesses employing 20 or more people are responsible for almost 72% of all employees in New Zealand.

For a business with 100 or more employees (less than 0.5%), \$150,000 is a drop in the bucket and those businesses are responsible for employing over 48% of New Zealanders.

As the National Chairperson for New Zealand's sixth largest accounting firm, businesses employing twenty or more people are our main clients. They are understandably concerned.

While the New Zealand economy will be affected by the collapse of small to medium businesses, it is the medium to large businesses that will have the greatest impact on the economy and employees, if they find themselves in trouble. Already we are seeing hiring freezes and cutting back of non-essential and uncommitted spend.

With Tuesday's announcement, the government stated that further packages for the aviation sector and large employers will be announced in coming weeks.

This pandemic does not discriminate and will impact everyone. Therefore, government support needs to be relevant to all businesses, big or small, should they need it.

Although the headline figure of \$12.1 billion is significant, 72% of employees are being left unsupported. The large employers that the government has alluded to need to know the details of their support package before it is too late. The sooner that we can start helping these businesses, the more confidence we can give them to ensure that the New Zealand economy does not come to a grinding halt.

The UK's package, while loan-based, supports all businesses and we need to follow suit.

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