



Regional Business Partners
Putting Your Best Foot Forward
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Putting Your Best Foot Forward

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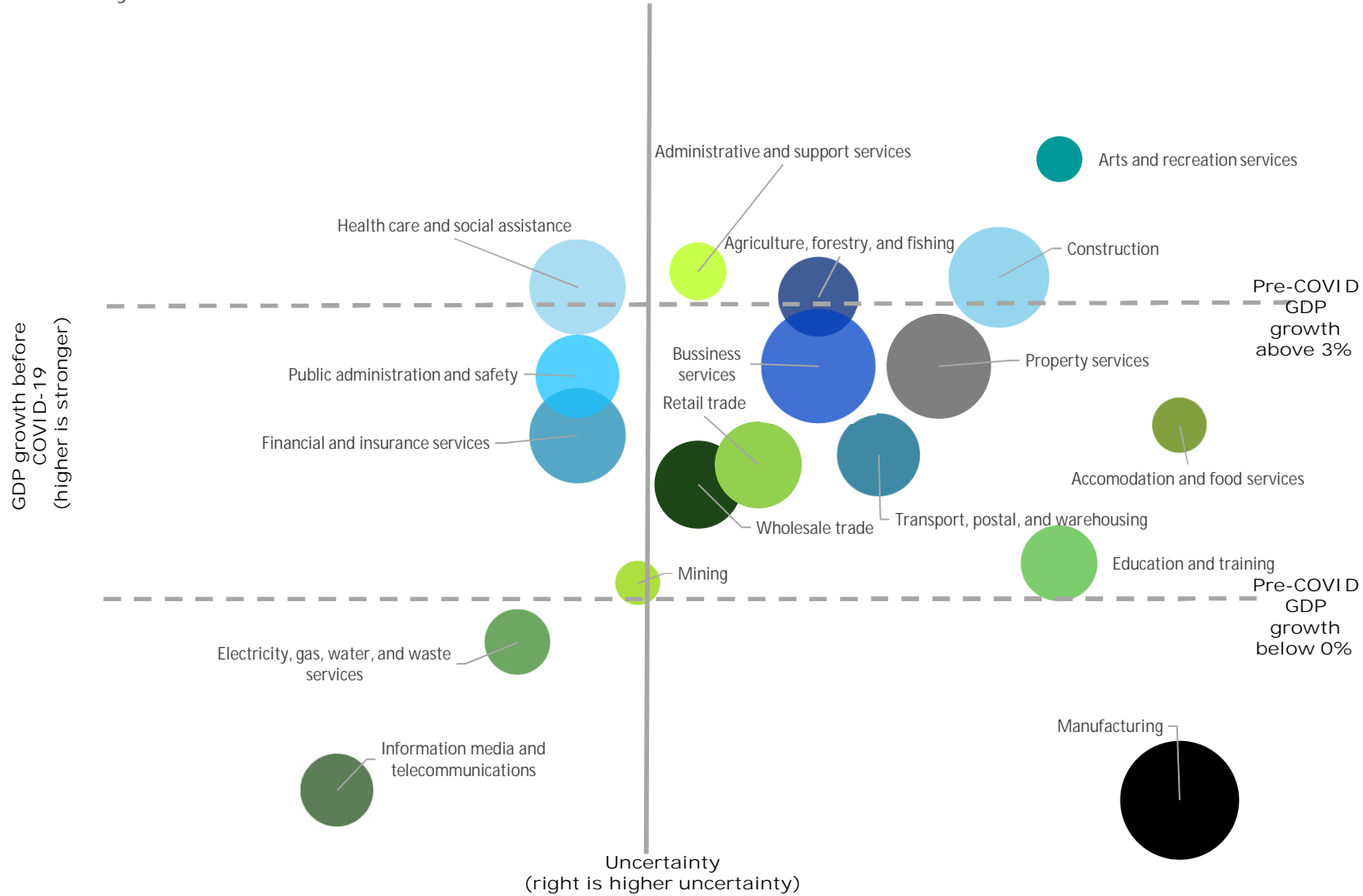
Economic Background and Outlook

COVID-19 Impacts

- Pre-COVID GDP
- Sector Impact

Sector impact map

Preliminary views on some of the hardest hit sectors over the short term



The sectors are based on Statistics NZ MS-16 classification. Accommodation and food services is the best proxy for the Tourism sector on this map.

We are planning to update this sectoral map as more information becomes available, and we can assess the impact of COVID-19 on our sectors in the near future.

COVID 19 | A local perspective on some key sectors

Preliminary views on the COVID shock waves through our domestic sectors- a short term and long term view

Short term	Impact over the next four to six weeks	H	High impact	N	Neutral or low impact
Long term	Impact through 2020, assume the Governments' response is effective	M	Medium impact	O	High demand/opportunity

Sector			Influencing Factors							Current employment in SMEs (%)	Current number of enterprises in SMEs (%)
	Short term	Long term	Travel Restriction / Reduced travel/ Lockdown in NZ	Government support/ announced infrastructure plans	Supply Chain Interruption	Reduced Consumption/ Interruption to Retail Operation	Working Capital Pressure				
Retail trade	M	N	x		x	x			28%	95%	
Construction	H	M	x	x	x	x	x		51%	97%	
Forestry	H	M	x		x	x	x		54%	98%	
Agriculture & fishing	M	M	x		x	x	x		54%	98%	
Air travel	H	H	x	x		x	x		n/a	n/a	
Wholesale trade	M	M	x	x	x	x			31%	94%	
Tourism	H	H	x						46%	98%	
Manufacturing	H	M			x	x	x		21%	92%	
Telecommunications	O	O				Increase			15%	97%	
Electricity, gas, water & waste	M	N	x			x			10%	89%	
Transport, postal & warehousing	H	M	x		x				19%	96%	
Consumer goods (luxury goods)	H	M			x	x	x		n/a	n/a	
Rental and real estate services	H	N	x			x	x		52%	99%	

Business Finance Guarantee Scheme (BFGS)

COVID-19 Banking & Finance

- Details
- Eligibility
- Criteria
- Guarantee & security
- What you need to provide

Business Finance Guarantee Scheme (BFGS)

Details

On 1 April, the Minister of Finance, Hon Grant Robertson, released further details of the Business Finance Guarantee Scheme (BFGS) which forms part of the package of reforms to support the New Zealand economy during the COVID-19 pandemic.

The purpose of the BFGS is to get vital funding through to businesses, while leveraging the strength of the Government balance sheet as guarantor.

80% guaranteed by Government and 20% guaranteed by the participating banks

The scheme is expected to result in loans of NZ\$6.25 billion to New Zealand businesses.

Participating banks:

ANZ	Kiwibank
ASB	SBS
BNZ	TSB
Heartland Bank	Westpac
HSBC	

Business Finance Guarantee Scheme (BFGS)

Eligibility

The eligibility criteria for the BFGS is:

- Business impacted by COVID-19
- Business with annual revenue between NZ\$250,000 and NZ\$80 million
- Apply to banks for loans of up to NZ\$500,000
- Period of up to 3 years
- Each business can apply once
- Available to drawdown from 2 April until 30 September 2020 (or until scheme funds have been allocated)

Business Finance Guarantee Scheme (BFGS)

Exclusions

The exclusions are:

- property development and property investment
- agriculture (this does not include horticulture, viticulture, aquaculture, or services to agriculture)
- a local authority, a council-controlled organisation or a council organisation for the purposes of the Local Government Act 2002
- recreational cannabis
- the processing of whale meat
- the manufacture of cluster munitions, nuclear explosive devices, anti-personnel mines, tobacco, and civilian automatic and semi-automatic firearms, magazines or parts
- any other activity the Crown notifies us of in writing, with effect from the date of that notification.

In addition, loans cannot be used to fund:

- dividends or on-lending outside your borrower guaranteeing group
- refinancing existing debt, except for loans advanced on or after 16 March 2020 that meet other criteria (including the other criteria for BFGS loans)
- loans of less than 90 days.

Business Finance Guarantee Scheme (BFGS)

Criteria

The criteria for the BFGS loans:

- Purpose of the loan must be to primarily support operating expenses and working capital while a business deals with disruption caused by COVID-19
- Capital expenditure can only be up to a maximum of 5% of the loan principal drawn
- It appears from most of the banks that you need to be an existing bank customer to access these funds.
- Existing facilities must be drawn down before getting access to the BFGS funds

Business Finance Guarantee Scheme (BFGS)

Guarantee & Security

Government takes 80% of the risk and the bank 20%:

- Each bank is likely to require the usual security arrangements
 - General Security Agreement (GSA)
 - Guarantees where applicable

Business Finance Guarantee Scheme (BFGS)

What you will need to provide

Bank will be assessing on normal lending criteria and therefore the following information should be provided:

- Latest year end financial statements
- Latest management reports
- Debtors and Creditors detail
- Forecast cash flow next 3 months
- Forecast of what the business will be like post COVID-19
- IRD tax summaries

Business Finance Guarantee Scheme (BFGS)

Forecast Cash flow

The Banks will have a focus on short - medium term cash flow when assessing the loans. Focus on assumptions and making these realistic.

Key areas to be across in the cash flow forecast:

- Revenue
 - How and when are you getting paid?
 - Is this realistic given the economic conditions and industry
 - What is your exposure to the international tourism market? Australia? Domestic?
- Expenses
 - How has your expense profile changed?
 - When business recovers what working capital is required
- Capital expenditure
 - Do you have any capital expenditure programmed/required
 - Does this fit inside the BFGS funding criteria <5%
- Tax payments
 - What tax payments are you planning on making?
 - Have you factored in GST/PAYE/FBT/INC?
 - Are there any IRD payment plans or tax pooling commitments?
- Debt retirement
 - How are you going to service the required debt repayments?



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