

Wellbeing Budget 2020: Rebuilding Together

This must have been one of the most momentous Budgets in New Zealand's history, delivered in the most unusual circumstances. Yet in many ways, the Wellbeing Budget 2020: Rebuilding Together was a 'no surprises' Budget.

For business it hit most of the right notes. It delivered on the Government's promises to see businesses back to work and keep people in employment. The next stage – rebuilding our economy – is still a work in progress, and the Finance Minister has warned this process is likely to take more than a single Budget.

Key elements of the 2020 Budget will have been particularly well-received by New Zealand's SMEs. These included the targeted extension of the Wage Subsidy Scheme for businesses that have taken a significant revenue hit, more investment in training and infrastructure, support for e-commerce and a fund to encourage entrepreneurship and R&D.

However, in the longer term we'd like to see the Government consider further opportunities to ensure SMEs are better positioned to participate in the recovery. These could include opening up opportunities for SMEs to provide planning, delivery and support on the 'shovel ready projects' chosen to kickstart infrastructure and

economic efforts, targeted mental health support specifically geared towards helping SME owners and operators, and more digital training and support.

The focus on physical infrastructure is very good news. If we continue building out digital and e-commerce channels, SMEs need to be able to move their products securely and quickly to meet demand. But the same level of focus needs to be given to our digital infrastructure. SMEs across the country need access to reliable, high-speed broadband and cellular connections. This has a huge impact on business productivity and is particularly critical for SMEs operating in remote or regional areas. A financial boost to increase the pace of the network roll-out by the Rural Connectivity Group will help achieve this goal faster.

Ultimately, we think the 2020 Budget made a good start on our road to recovery. However, there is a real opportunity to ensure our SME sector is better integrated into our economy. More emphasis on SME-targeted finance and investment, a greater focus on supporting the use of technology and better understanding of the pressures faced by SME owners could all make a difference in the long term.

Support for the Government

Satisfaction with the Government's performance climbed from 21% to 30% in the final two weeks of March.



Handling the COVID-19 crisis has been a real test of this Government and as this year's Budget has shown, the work doesn't stop with the lifting of the lockdown. In the early stages of the crisis, support for the Government was lifting amongst New Zealand's SMEs.



Ingrid Cronin-Knight
MYOB NZ Country Manager

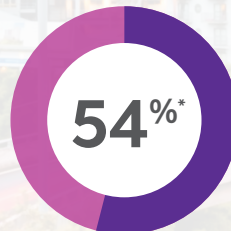
YOU WANTED:

Government policy 2020

In our March MYOB Business Monitor, we asked for policy priorities for the year ahead.

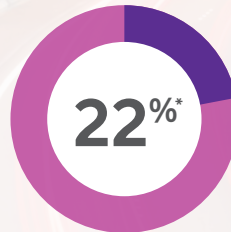
SMEs wanted:

Tax reform



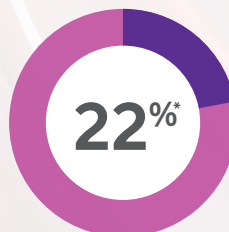
of SMEs would like to see the business tax rate reduced to 25%

R&D tax credits



of SMEs would like easier access to the R&D tax credits (lowering of the \$50,000 minimum expenditure)

Increased investment on roads



of SMEs would like to see increased road investment to increase productivity (less time in traffic, quicker deliveries)

*The MYOB Business Monitor surveyed 1,000 SME operators from across the country and was conducted from the end of February to 24th March 2020.

YOU GOT:

2020 Budget: SME package

In the 2020 Budget, the Government announced:



Extension to the wage subsidy scheme

\$3.2
BILLION

For businesses that have experienced a 50% drop in revenue in the 30 days before their application

- Available from 10 June-1 September 2020
- Eight weeks of subsidy – paid as a lump sum
- \$4686 per full-time worker and \$2800 per part time worker
- R&D pre-income start-ups now also qualify
- Businesses can't receive more than one COVID-19 payment for the same employee at the same time

Applications can be made through
workandincome.govt.nz/covid-19/wage-subsidy



Infrastructure investment

\$3.0
BILLION

Including building 8000 new homes, (good news for the construction industry) with more to come on the allocation of 'shovel-ready' projects.



R&D incentives

\$230
MILLION

New fund to encourage entrepreneurialism

- \$150 million for loans to cover up to 50% of a business' R&D investment
- \$80 million in tax deductions for unsuccessful or abandoned assets created as part of product development

No changes to tax

The Minister of Finance says the time wasn't right for a tax cut for businesses

Additionally:



Digitisation fund

\$10
MILLION

For SMEs to improve their e-commerce offerings



Trades training and apprenticeships

\$1.6
BILLION

Including \$320 million for free trades training and \$412 million to help employers retain apprentices



Tourism industry

\$400
MILLION

Including funding for a domestic marketing campaign



Exporters

\$216
MILLION

Including \$120 million to help businesses reconnect with their international supply chain



Expanding the agri-tech sector

\$11.4
MILLION

To help commercialise new technology and boost productivity



Māori economy

\$65
MILLION

For investment in forestry, food and digital sectors

The Government is also looking to provide more advice and support to SMEs to help recover from COVID-19, with \$3 million invested in its Business Connect platform and \$2.3 million to help tailor recovery guidance.

To access the Kiwi Business Boost, go to:

[Business.govt.nz](https://business.govt.nz)

For more information on the 2020 Budget visit:

[Budget.govt.nz](https://budget.govt.nz)

For more advice and support go to the **MYOB COVID-19 Resource Centre** at **myob.com**.

