

## March 2022 Newsletter

### Taking a practical approach to costing in a high inflation environment is proving challenging

Forest managers might be comfortable sticking to Forme costings, plus perhaps an adjustment for fuel increases (movements in fuel are easily visible driving past the pump). But the Forme figures are already historic and don't allow for the increases being experienced now in materials, labour and capital costs associated with running a logging crew. Increases in machine and labour rates generally require more convincing on behalf of the contractor to the forest manager.

Many harvesting agreements will contain fuel adjustment clauses. These allow the harvesting rate to change based on a pre-defined movement in fuel price (both up and down). Some fuel price movement escalation clauses are more effective than others, but any adjustment is better than nothing. To understand the effectiveness of the fuel escalation clause, for us it's simply a matter of entering the new fuel price into the costing model, then comparing the movement in day cost. This can be compared back to the revised harvesting rate after applying the fuel escalation clause.

When pricing for a longer term contract, we typically try to allow for price increases over the contract period. Over the next 12 months, there's a real risk of under-pricing based on the cost increases currently being experienced by contractors. There's always pressure to maintain competitive harvesting rates, so careful attention is required to ensuring sufficient (but not excessive) margin is available based on the forecasted cash surplus.

Putting this into practice means costing on:

- Current new machine pricing
- Current diesel price (while ensuring there is the ability to re-price for fuel price movements)
- Increased R&M allowance – a 10% increase on current levels appears reasonable based on current feedback
- Current actual labour rates – possibly adjusted for a 5% increase. We have a calculator available to work out your current actual labour day cost.

Successful rate negotiations will depend on the contractor's confidence in their pricing. We are happy to assist with any aspect of this process.

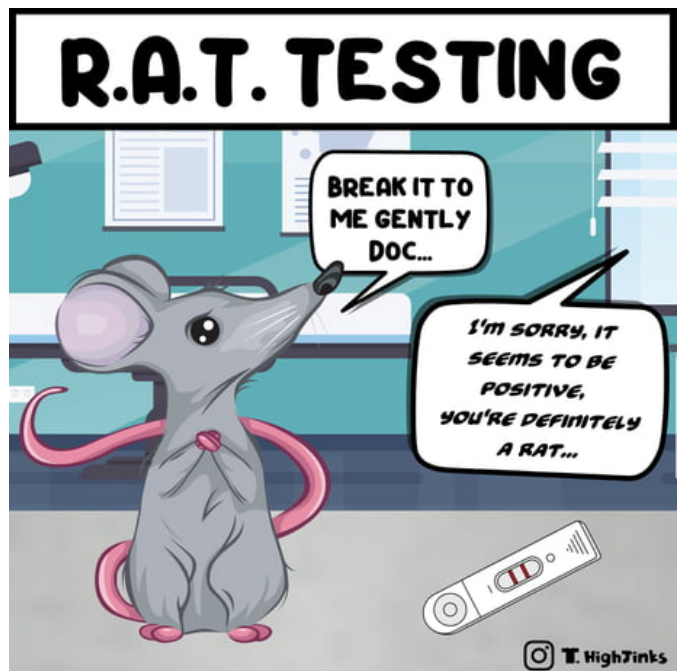
Contact Craig on 07 3760092 ext 807



## Rapid antigen tests (RATs)

### Key points:

- RATs can now be used by people who have symptoms or are a household contact. They are being rolled out to community testing centers around the country
- If you get a positive result, it does not need to be confirmed with a PCR test unless advised
- From 1 March, you will be able to order a RAT home testing kit online or over the phone



## Payroll update from Kath and Katya

Phone the office 07 3760092 extn 816

mobile 027 237 6675

The Government has just announced that the minimum wage will increase a further 6% to \$21.20 from the 1st April 2022 (a 20% increase since we started the first lockdown)

Matariki as an additional Public holiday has passed the first reading, and is currently at Select Committee stage. ie this is not yet legislation, and may yet fail at the second or third reading, however, the anticipation is that this will pass.

So, all in all, 2022 is going to be another rollercoaster ride for employers.

## Family Trust Updates

The Taxation Act 2020 has considerably widened the scope of information that must be provided to IRD by the trustees of a family trust on an annual basis from the 2021/2022 income year.

The types of information that needs to be now reported on includes both financial and non-financial, such as financial statements, personal details of settlors, beneficiaries and appointers or controllers.

Details of all settlements need to be disclosed, including non-cash settlements, with the amount, the nature of the settlement, name of the settlor, their date of birth, tax residency and tax IRD number. There are similar requirements for information on distributions to beneficiaries, and a line-by-line reconciliation needs to be provided for movements during the year for each beneficiary current account.

So please be warned, we are not being nosy when we ask you questions, we are asking on behalf of the IRD!



A holiday that reflects who we are

**Matariki**

24 June 2022



## SOURCE DOCUMENT COLLATION for end of year annual accounts

In late March we will as usual mail out our Annual Accounts 2022 reminder letter with the work permission page for signature. We would love you to return the signed permission page immediately for our files.

A way to simplify this yearly process would be to make a folder for the 2022 accounts and dump everything as you go in the one place. A personalized list will be sent out to you during the year depending on scheduling but this would pre-empt a chunk of the work to collate everything.

Despite bank feeds, it is best practice for us to confirm closing balances of bank accounts from another source and with almost everyone banking online the banks no longer provide assistance for this. So can we suggest that shortly after your balance date – be it 31 March, 31 May or other, you print/save that days transactions and closing balance.

The general items we request from everyone as well as the bank balances are:-

- A copy of any Interest Certificates issued by the bank for the financial year in question.
- A copy of all new loan documents for loans drawn down during the year.
- A copy of Sale and Purchase agreements and lawyer's settlement statements for any property that you may have bought or sold.
- A list of the outstanding debtors (aged receivables) and creditors (aged payables) as at balance date.
- End of Year Payroll Trial Balance/Summary Report if you have employees.
- Copies of your business insurance invoices particularly when paid by instalment.
- Stock Take if your business has a retail element.

If you have any queries at all on source documents please email Dru on [dru@blackburnegroup.co.nz](mailto:dru@blackburnegroup.co.nz)



### Terminal and Provisional Tax payment reminders

All tax reminders are now emailed and will be sent to you around 3-4 weeks before the tax is due to be paid to Inland Revenue. (check your junk/spam email if you don't have in your inbox)

The tax reminder email will advise how much the tax is, the tax type and when payment is due. This email merely reflects the information you've already received when your annual accounts were prepared and you received a green laminated sheet with detailed dates and tax amounts.

If you want to double check any tax amount please contact Diana on phone 07 376 0092 ext 811 and she'll help you out.



You may not be aware but writing a bank account in free email script is an unnecessary risk, and exposure to potential cybercrime.

Your email will bounce around the world multiple times before it gets to the intended recipient and on each occasion, there is possibility of the bank account number being intentionally changed.

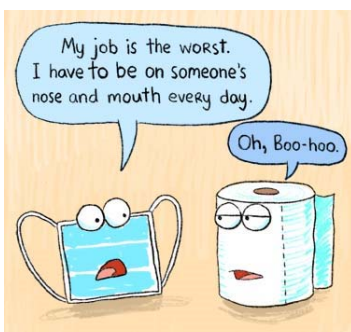
If you must add a bank account in your message the following are a great way to mitigate this exposure:

"To minimize the risk of cybercrime, we have intentionally placed our bank account details on an attachment (PDF) to this email" (compared to free script, a PDF is almost impossible to alter).

"To minimize the risk of cybercrime please email either your bank deposit slip, or your bank account in two separate emails -

Email 1 03-0428-12XXXXX-XXX

Email 2 XX-XXXX-XX34567-890"





## Reconciling Mistakes in Xero

Creating a new spend or receive money transaction instead of matching a payment in the bank feed to the Bill or invoice.

This will result in the expense or sale being recorded twice while the Bill or invoice sits in Accounts Payables or

Receivables as an unpaid invoice. Click 'Match' instead of 'Create' and then match the bill to the payment. Further to this you might know the Bill or Invoice has been paid and say so, this creates an extra Account transaction in the Bank Transactions and your bank will not reconcile correctly, and if your GST is on payments basis, you could end up paying or claiming too much.

Commonly this is caused by the transaction amount paid, not being exactly the same \$ amount as the invoice in the system. Too often people rely on Xero matching the payment to the invoice automatically or Xero coding the payment automatically if it can't find an invoice to match exactly. If you are using xero Invoices or Bills, always try to "Match" the bank .

**Need help fixing Xero bookkeeping mistakes?** Don't feel embarrassed about contacting us for assistance. We see this day in, day out. We are more than happy to help! Phone Jolene on 07 3760092 ext 810 for assistance

"So why did you get fired?"



## COVID19 UPDATE

(below is current as at 1 March 2022)

### Short-Term Absence Payment

The Short-Term Absence Payment is available to employers to pay workers who follow public health guidance and stay home while waiting for a COVID-19 test result. It's also available to eligible self-employed workers. To be eligible, workers need to be unable to work from home and need to miss work while waiting for their test results.

There's a one-off payment of \$359 payment for each eligible worker. Employers or the self-employed can apply for any worker once in any 30-day period, unless a health official or doctor tells the worker to get another test.

### Leave Support Scheme

The COVID-19 Leave Support Scheme is available to employers to help pay employees who have been advised to self-isolate (for more than four consecutive days) because of COVID-19 and can't work from home. It's also available to eligible self-employed workers. You must have Covid 19 or are a close contact. \$600 per week for full-time workers and \$359 per week for part-time workers.

To apply for the schemes go to Work and Income [www.workandincome.govt.nz](http://www.workandincome.govt.nz)

### First Covid Support Payment (applications are now open) Payment must be used to cover business expenses

Three fortnightly COVID-19 Support Payments (CSP) will be available with applications opening for the first payment at 8am on 28 February 2022 for the period starting from 16 February 2022. CSP is to help support businesses which have experienced a 40% or more drop in revenue as a result in Covid.

To work out the drop in revenue, you compare the revenue in an affected revenue period to the revenue earned in the comparison period which is either 5 Jan 22—15 Feb 22 OR the year prior 5 Jan 21—15 Feb 21.

Each CSP will be \$4,000 per business plus \$400 per full-time employee (FTE), capped at 50 FTEs or \$24,000

Applications for this first payment will be open for at least 6 weeks. If you require assistance on calculating any drop in revenue figures contact your manager.

### Small Business Cashflow Scheme (SBCS) changes - Base loan amount increased

The SBCS base loan will be increased to \$20,000 (from \$10,000). This means the amount that can be borrowed will be \$20,000, plus \$1,800 per full-time equivalent employee (up to 50 employees). The loan repayment period remains 5 years (60 months). First 2 year's is interest free. Eligibility is a 30% decline in revenue over a 14 day period in 6 months before application compared to same period either 1 or 2 year's ago.

Existing borrowers who already have a loan (and have not defaulted on this loan) will be able to apply for a top-up loan. They can borrow an additional \$10,000 plus any amount they did not borrow in their initial loan. The top up loan can be drawn down as a lump-sum or as up to 4 smaller instalments over time before the end of the scheme on 31 December 2023.

### For the latest updates on anything Covid visit

[www.covid19.govt.nz](http://www.covid19.govt.nz)

[Unite against COVID-19 \(covid19.govt.nz\)](https://www.uniteagainstcovid19.co.nz/)

[www.business.govt.nz](http://www.business.govt.nz)

[Financial support for businesses — business.govt.nz](https://www.financialsupportforbusiness.co.nz/)

[www.ird.govt.nz/csp](http://www.ird.govt.nz/csp)

[COVID-19 Support Payment \(CSP\) \(ird.govt.nz\)](https://www.ird.govt.nz/csp/)

[www.ird.govt.nz/sbcs](http://www.ird.govt.nz/sbcs)

[COVID-19 Small Business Cashflow Scheme \(SBCS\) \(ird.govt.nz\)](https://www.ird.govt.nz/sbcs/)

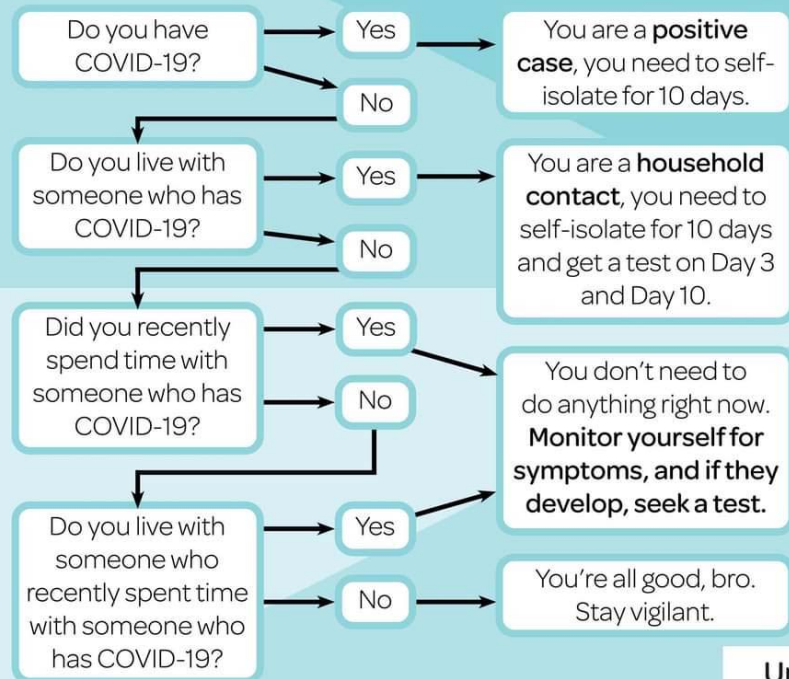
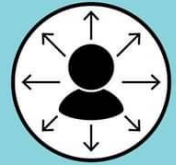
Unite  
against  
COVID-19

### Disclaimer

*This publication has been carefully prepared, but it has been written in general terms only. The publication should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.*

# Omicron Phase 3 Update

## What type of contact are you?



Te Kāwanatanga o Aotearoa  
New Zealand Government

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## Updated guide to self-isolation



*You will need to self-isolate from others if you:*

are positive for COVID-19

live with a positive case

You must isolate at home or in suitable alternative accommodation. If you test positive for COVID-19, a health professional will help you decide if managed isolation is suitable for you.

Isolate for 10 days from when you test positive

Isolate for 10 days

No further tests required unless directed to

Tests on Day 3 and Day 10

Financial support may be available - check our website to find out what you may be eligible for: [Covid19.govt.nz/financial-support/](https://www.Covid19.govt.nz/financial-support/)

This information is accurate as at 24 February 2022. However, it may be updated if phases of the Omicron response change. For the most up to date information, please visit our website at [www.Covid19.govt.nz](https://www.Covid19.govt.nz)

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