



cutting through complexity™

Assisting the recovery of Christchurch business



The effects of Christchurch's 22 February 2011 earthquake will be felt by the Canterbury economy for years to come. While businesses will, in most instances, have dealt with their immediate safety and security concerns, many will now be beginning to focus on the impact of the earthquake on their future trading prospects. In many ways, this recovery phase will be more complex and longer than anticipated.

KPMG Business Advisory has been working closely with clients to assist them to rebuild and begin trading again. It is also helping clients look to the future and determine how to stay profitable and whether their businesses will need to change in order to thrive in Canterbury's post earthquake economy.

KPMG Business Advisory has outlined below some of the short and long term factors businesses will need to consider when they are getting back up and running and to ensure their long term survival. We have also noted some sources of government support for businesses affected by the earthquake.

Getting back up and running (short-term recovery)

Here are some things to think about when assessing whether it is possible to return your business to its pre-earthquake state and determining what it may look like in the future:

- **Location** If you can return to your existing premises, how long will it take and what will it cost? If you can't return to your existing site, are there alternatives in the same area? If there isn't, what impact will that have on your business?
- **Premises** If you are forced into new premises, consider options to purchase or lease. What are the costs associated with each option? If leasing, what term is appropriate/available? Long term leases will have long term implications.
- **Fit-out** What furniture and fittings do you need to operate your business – telephone and IT systems for communication and record keeping, EFTPOS for financial transactions.
- **Staff** Are your staff physically, psychologically and emotionally ready to return to work? Can you assure them that the business will operate and you can pay salary and wages? Remember, you may qualify for government assistance (see below). You may need to assess staff roles and responsibilities. Have you assessed staff numbers in light of expected trading conditions? Would flexible work arrangements better meet your business needs?
- **Finances** What is your current cashflow position? Do you have money coming into the business? Are you continuing to meet legal and contractual obligations – staff salary and wages, taxes, mortgage, etc? What expenses can be curtailed during this period? Do you need additional finance to cover short term business needs? You might also want to talk to your accountant, lawyer and/or bank for help.

- **Insurance** Do you understand the nature of your insurance arrangements – property and contents, business interruption insurance, etc? For example, many business interruption policies will allow businesses to get their accountants help in preparing reports to support their claims for lost profits. Have you contacted your insurer and the EQC? The deadline for lodging a claim with the EQC for the 22 February 2011 earthquake is 23 May 2011. If you would like further assistance, [click here](#) for KPMG's Insurance Claims Team who can assist.
- **Suppliers** Are your existing suppliers able to provide the goods and services you need in the timeframes you require? Are there alternative sources of supply at reasonable cost?
- **Records, data and IT systems** Do you have access to the records you require to get your business up and running? Can you restore physical records and information from your computers? Are back-ups stored offsite? Can the back-ups be accessed?
- **Products and services** Have you reviewed your products and services to determine which ones should be temporarily or permanently reduced or ceased?
- **Customers** Can you contact your existing customers to let them know that your business is back up and running? What services will they require? What volumes can you expect?

Long-term outlook for your business (long-term recovery)

In the next six to 12 months you may need to consider the long-term viability of your business. This decision will be affected by a number of factors including:

- How well is your business performing?
- What are the economic, financial and social impacts of the event on the city and region?
- Has your business returned to pre-earthquake trading levels? If not, is it likely to? If not, can your business survive long term?

This will be the time to make decisions about the future of your business.

Available assistance

A number of assistance schemes have been established to help Canterbury business. [Click here](#) for a summary of these on our website. Our Business Advisory team has been helping a variety of businesses access this support. Please contact them if you would like to discuss how these schemes can assist to get your business back up and running.

Contact us

For further information or if you wish to discuss any of these issues, please contact the KPMG staff below:

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