



THE CORONA HANGOVER

With the easing of restrictions, it would be easy to think that the difficult times are over, but the hard work really starts now!

Following the Federal Government's announcement of a roadmap to normalcy on Friday and the WA Government's roadmap to the easing of restrictions on Sunday, it looks like there is finally a light at the end of the COVID-19 tunnel.

Flashback a few weeks ago to the beginning of March 2020 when in WA we were recording between 20-30 new cases of COVID-19 per day. Since then, we have all suffered through fear and uncertainty, a decrease in revenue and the hope that one of the government stimulus packages would assist us through our pandemic induced financial woes. It was (and still is) a scary time that left many of us worrying how to pay staff wages and how our businesses would survive let alone thrive in the future.

Back to the present and in WA we have only recorded 1 new case of COVID-19 in the last 9 days and we only have about 7 active cases in the whole state. As of next Monday 18 May 2020, we can gather in groups of 20 people and start doing a number of activities that have been restricted over the last couple of months. This is great news but what does it mean for your business?

Like any big hangover, in the light of day we start to question our decision making, how we can fix the bad decisions and stand by the good decisions we made with the little bit of courage you only get while under the influence. Some of the things you will need to consider over the next couple of weeks and/or months, will include:

- Reintegrating staff back into the workplace if they have been working from home. Sounds easy, but even those that have been chomping at the bit to get back to the office and work without the distractions of home schooling and the dog barking in the background of the zoom meeting, will likely be experiencing some level of anxiety

around returning to work and larger groups of people. Managing culture around returning to the office is going to require awareness and understanding.

- Will your flexible working arrangements policy need to change moving forward?
- How has your brand survived during restrictions? Have you been completely “MIA” and have to reintroduce yourself to the market? Have you taken your business online and don’t intend to change even once all restrictions have been lifted? Have you “pivoted” your business and have to figure out how to “pivot” back? Either way you are going to need to look at how your customers or clients are viewing your business in the clear light of day and consider whether changes are necessary.
- How is your relationship with your creditors? Have you been paying within terms or have you now got a buildup of creditors that you are unsure how you will work through? Also, how about the landlord? Have you been negotiating a reduction of rent? How have those negotiations been going? Have you properly documented agreements to increased payment terms or reduced rent?
- Does anyone owe you money? How are you going to get paid and what happens if your debtors don’t have the capacity to pay you?
- Did you qualify for JobKeeper? If so, did you manage to pay wages and has your first payment arrived yet?
- How big is your ATO debt? Did the credit on your BAS help or have you deferred payment until September 2020 and have to figure out how you will deal with the debt in the future?
- Were you eligible for the payroll tax concessions? Do you have a deferred debt that will need to be paid?
- Did you have to stand staff down or make any positions redundant? Do you need to bring the stood down staff back to work? Did you manage to pay out the redundancies? Did you make a position redundant, but it turns out the role is vital to the business?
- What do your cashflow and forecasts look like? Is there a pipeline of work and funds or do you need to consider further cutbacks on expenses and funding options? Did you take advantage of the bank’s repayment holiday and now need to figure out how and when you will be able to start making repayments again?
- Did some of the decisions you made leave you open to claims being made against you by employees, creditors, the landlord, the bank, shareholders or other stakeholders?
- Have the last few months shined a light on the fact that your business has been struggling for a while and you have been in denial?

The moratoriums on insolvent trading and enforcement of debts via statutory demands and bankruptcy notices will remain in place until late September 2020, so now is the time to get

advice from reputable employment, commercial and insolvency lawyers and deal with the hangover.

Unlike a normal hangover the Corona Hangover is likely to last for months, the key will be early intervention and advice. If you wallow in the headache and queasiness of the corona hangover it will likely get worse and harder to deal with.

For further information or assistance contact Murfett Legal on [+61 8 9388 3100](tel:+61893883100).

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