

## May 2021 Communique Insolvency Update

Welcome to our latest bulletin on what's happening at Helm Advisory and in the insolvency industry.

### **CONSEQUENTIAL AMENDMENTS TO SMALL BUSINESS INSOLVENCY REFORMS**

As you may be aware, the Federal Government announced reforms to Australia's insolvency laws which came into effect on 1 January 2021.

The Small Business Restructuring (SBR) regime has been underutilised since its introduction with only 5 companies appointing a SBR practitioner leading to only 3 restructuring plans.

An interesting use of the SBR regime has been in the case of companies, which are in the process of being wound up by the Court. As the SBR is not required to prepare a report similar to an Administrator's major report to creditors, the petitioning creditor does not have the opportunity to question the extent of the investigations and reporting on the same. This has led to the Courts generally allowing the SBR to continue. It remains to be seen as to whether the new regime will be utilised more frequently in these circumstances, as winding-up applications become more frequent.

The simplified liquidations have had slightly better success though numbers are unknown and the lodging of proof of debt by landlords is tipping them back into a creditors' voluntary liquidation.

However, under the draft consequential amendments, a liquidator of a simplified liquidation will be able to use a proposal in order to approve the liquidator to compromise a debt of over \$100,000 under section 477 of the Corporations Act 2001, as a liquidator of a simplified liquidation cannot hold a creditors' meeting.

What is difficult to reconcile is why the Treasury does not allow voting by a proposal to compromise a debt by a liquidator in a creditors' voluntary liquidation instead of requiring the liquidator to convene a meeting of creditors which is both expensive and unnecessary.

The remainder of the law is to deal with the restructuring of Aboriginal and Torres Strait Islander corporations and to fix some unintended consequences in related legislation.

## **FEDERAL BUDGET 11 MAY 2021**

The key performance indicators from the Federal Budget included:

- A fall in unemployment to 4.75% by mid 2023
- GDP growth is forecasted to reach 4.25% in 2021/22
- A deficit of \$161 billion with a net debt expecting to peak at \$980.6 billion by June 2025.

### **What was in the budget for business?**

If you are in Aged Care, then the Government is spending \$17.7 billion over 5 years to improve Aged Care.

The Child Care industry gets a boost of \$1.7 billion over 5 years which will be provided to families with more than one child in childcare whilst women's economic security, health and wellbeing and women's safety share in the remainder of a \$3.4 billion package.

If you are in the Road Construction business then you will gain from the further investment of \$3.3 billion into the Great Western Highway in the Blue Mountains, Princes Highway at Jervis Bay/Sussex Inlet, Mount Ousley Interchange and the M12 motorway.

For business owners in general there were:

- Extensions to the temporary full expensing of eligible depreciable assets
- Extensions of the loss carry back provisions
- Self assessment of the effective life of intangible depreciating assets
- Extension of the JobTrainer Fund
- Expansion of the wage subsidy to boost apprenticeships and traineeships
- Additional support for Job Seekers to expand Local Jobs Program, transition to work programs and new business assistance
- Removal of cessation of employment for taxing employee share schemes
- Tax concessions for Australian medical and biotechnology innovations

## **COMMERCIAL PROPERTY**

Will we see the commercial property market return to pre-COVID 19 levels?

The large conglomerates of Dexu and Brookfield are not buying the working from home future and do not see it as the death of the office. Brookfield chief, Bruce Flatt, told the AFR that investors are underestimating the speed and extent that people will return to work in offices and head back to shopping malls.

Atlassian has told staff that they can work from wherever they like with a new commitment to focus on outcomes, not clock hours. Co-founder Mike Cannon - Brookes has planned new corporate headquarters in Central Sydney and sees office space as important but trying to rationalise this with the new work from home policy.

Investa has estimated that CBD office space could fall by as much as 15 per cent during the next year as more people choose to work from home for more days each week.

Overall, there seems to be a consensus that commercial property will be a tough sector over the next 12 months.

#### **INDUSTRY FOCUSED FORUM NIGHT**

Our travel event scheduled for Thursday 6 May 2021 did not proceed due to the sudden imposition of COVID-19 restrictions announced on the same day by the Premier. We decided to postpone the event until Thursday 27 May 2021 at 5.30pm. If you had already responded then please confirm whether you would like to attend on the new date.

If you are now available to attend the event on the new date then please let Kandyce know on [Kandyce.strickland@helmadvisory.com.au](mailto:Kandyce.strickland@helmadvisory.com.au)

**Canapes and drinks will be served.**

#### **WE CAN HELP YOU NOW**

If you have clients who are experiencing difficulty in paying their debts and/or need to restructure their business, please contact me.

<b>Philip Hosking</b>	0434 407 748	<b>Shijun Chan</b>	0431 986 778	<b>Ross Mottershead</b>	0413 759 242
<b>Yuhan Tan</b>	0430 382 682	<b>Bob Pfaff</b>	0405 506 040	<b>Stephen Hathway</b>	0413 443 224

A photograph of a street scene in Sydney, Australia, featuring the historic Cafe Cathay and Ansett-Ana travel agency. The Cafe Cathay building is ornate with a large dragon sculpture on its facade. The Ansett-Ana sign is prominent, advertising "Lowest Air Fares in Australia". Several vintage cars are parked on the street, and people are walking in the background.

**"ARE WE THERE YET?"**

Your invitation to  
Helm's panel discussion on Travel and Events  
Thursday 27 May, 2021 | 5.30pm to 8.00pm  
The KittyHawk | 16 Phillip Lane, Sydney 2000  
Drinks and canapes are included

*About the speakers:*

## Stephen Turner

Managing Director of Face 2 Face Event Management (F2F) and Medical Meetings (MM) since the year 2000. These dual brands work in specific market segments. F2F is in the corporate arena specialising in incentives and corporate programs. MM has been working in the Healthcare sector since 1988. With over 25 years' experience in the hotel tourism and event industries, Stephen plays a very hands-on role within the company and maintains strong partnerships with clients and suppliers alike. The company's head office is in Sydney and delivers more than 100+ events p.a.

## Peter Hosper

Co-Founder and CEO of The Travel Authority Group, Peter is one of Australia's most respected travel industry figures. Born and educated in Germany, his extensive global industry experience and connections were instrumental to his successful founding of The Travel Authority Group (TTA) with Sarah Bush in 2004. Peter's 'can do' attitude and his unique abilities to build and maintain relationships have been the driving force behind the success of TTA, and right now his focus is on navigating his business through the challenges of the pandemic and preparing TTA for what will be a bright future in travel.

## Penny Lion

Tourism Australia is the Australian Government agency responsible for attracting international visitors to Australia, both for leisure and business events. The organisation is active in 15 key international markets. Penny joined Tourism Australia in 2010 as Head of Business Events, and became Executive General Manager, Events, in August 2016. Her experience in the events sector encompasses strategy, marketing, sales, operations, and stakeholder management and spans more than 20 years working on trade, consumer and corporate events.