



*June 2023*  
**Communique**

As the end of the financial year beckons, it is time to review the changes to the industrial landscape arising from the effect of the Fair Work Legislation Act 2022 for Secure Jobs, Better Pay and to consider the effects of the continuous rise in the official interest rates.

## RESERVE BANK RAMPS UP ANOTHER INTEREST RATE HIKE



On 6 June 2023, the Governor of the Reserve Bank of Australia announced another interest rate increase of 0.25% bringing the official cash rate to 4.10%. The decision was made due to an increase in the April Consumer Price Index from 6.3% to 6.8% and concerns raised about the effect on inflation from the announcement by the Fair Work Commission of a 5.75% boost to the minimum wage.

It is estimated that 800,000 Australians will be coming off a low fixed rate home loan soon which probably had a 2 in front of it to a variable rate likely to have a 5 in front of it. This results in a large increase in repayments for these mortgage holders and leads to levels of mortgage stress which have not been seen for many years.

We are told that the misery index has risen significantly, productivity grew by only 1.1% and inflation is raging out of control. Housing prices have bucked the trend and surprisingly risen despite the increase in interest rates. Meanwhile Wall Street enters a bull market as the ASX follows with mining stocks and information technology stocks leading the charge.

The CEO of Boral recently commented that inflation will remain high for the next two years as his company, a major supplier of construction materials is pushing up prices of its key products to keep up with inflation. Where companies have an inelastic demand for their products or services, they will continue to raise their prices to keep up with inflation. Clearly, this has a drastic effect on construction companies caught with fixed-price contracts.

## INSOLVENCY STATISTICS



The ATO and companies continue to increase their winding up applications in Court causing a spike in applications close to pre-COVID levels.

There has not been any significant movement in Court recoveries from the major banks however this may change as interest rates bite. Non-bank lenders have also maintained their status quo in relation to Court activity with no major changes this year.

Total insolvencies for the month of May hit 900 for the first time in 2023 and the appointment of a Restructuring Practitioner continued its popularity with over 50 appointments for the month.

The Construction industry continues to represent the largest proportion of total insolvencies (YTD) at about 28% followed by the Accommodation and Food Services sector with approximately 14% of the total. NSW has over 40% of the total appointments (YTD) in Australia.

## SECURE JOBS, BETTER PAY CHANGES TO BE AWARE OF



There are a number of legislative changes that management of companies need to be aware of:

#### Secrecy clauses

On 7 December 2022, any existing pay secrecy clauses ceased to be effective so employees are at liberty to discuss salary, bonus schemes and other incentives with others. From 6 June 2023, these secrecy clauses cannot be included in any new employee contracts.

#### Parental Leave

On 6 June 2023, there will be new obligations for employers to respond to requests from employees for an extension of unpaid parental leave and to consider a request for a flexible work arrangement from pregnant employees. This can include a request for an additional 12 months leave totalling 24 months provided their partner has not already taken 12 months leave.

#### Flexible Working Arrangements

Further, employees with particular personal circumstances such as parents of school-age children or younger, carers, disabled employees and employees over 55 years old may also be eligible to request flexible working arrangements

Employers are required to respond to the employee's request within 21 days otherwise the matter may be referred to Fair Work Commission for conciliation or arbitration. Employers will need to look at any limitations that may exist to flexible working conditions and provide the grounds for refusal such as loss of productivity, impact on customer service and employing new staff may be impractical.

#### Zombie Agreements

In addition, zombie agreements need to be identified in the company. Zombie agreements include collective agreements, workplace agreements and Australian Workplace Agreements made under the Workplace Relations Act 1996. By 7 December 2023, these agreements will cease to operate unless an extension has been sought in the Fair Work Commission.

#### Multi-Enterprise Agreements

Unions can apply to the Fair Work Commission for Multi-Enterprise Agreements from 6 June 2023 which may bind companies with a common interest into an agreement that has already been negotiated between the unions and other employers.

#### Wage Theft

From 1 July 2023, the small claims compensation cap for proceedings under the Fair Work Act will increase from \$20,000 to \$100,000 which will provide access to claims from a much wider number of workers.

#### Fixed Term Contracts

The amendments apply to new fixed-term contracts which will restrict the use of these types of contracts for a period of two years with some exceptions such as the performance of a distinct and identifiable task using specialised skills, a training agreement or high-income earning employees.

## Enterprise Bargaining and Agreements

From 6 June 2023, new powers will commence for the Fair Work Commission to resolve enterprise bargaining disputes and the application of a Better Off Overall Test to enterprise agreement approvals. There will be a greater limitation for the Fair Work Commission to terminate enterprise agreements.

Further industrial law reforms are expected to be introduced to Parliament later in the year.

## BALI CONFERENCE 2023

Our sister company HA-Assist is holding a Bali Conference from 2 August to 4 August 2023. Come join us for a get together and networking in a relaxed part of the world.

Scan the QR Code or click the button below to find out all about our HA Assist Bali Conference.

The graphic features a tropical beach scene with a wooden table holding drinks and fruit, a boat on the water, and a palm tree. It includes the HA-Assist logo, two circular inset images showing a conference room and a cultural performance, and contact information for the event.

**HA Assist**  
responsive insolvency support

**HA-ASSIST**  
**2ND BALI CONFERENCE 2023**

Dates: 1st\* - 4th August  
Location: Mercure Bali Sanur Resort

\*JetStar, Virgin and Qantas arrive at 10.30PM or later local time.

**Contact Us**  
E. [office@ha-assist.id](mailto:office@ha-assist.id)  
[www.ha-assist.id](http://www.ha-assist.id)



**RSVP NOW!**

RSVP

# 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.



Stephen Hathway

[0413 443 224](tel:0413443224)



Philip Hosking

[0434 407 748](tel:0434407748)



Bob Pfaff

[0405 506 040](tel:0405506040)



Bruce Huynh

[0402 662 982](tel:0402662982)



Shijun Chan

[0431 986 778](tel:0431986778)



Felix Sudarto

[0407 419 820](tel:0407419820)

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Helm Advisory

Suite 3 Level 6, 75 Castlereagh Street, Sydney



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