

November 2023
Communique

Welcome to our November newsletter for 2023 which is full of news on insolvency statistics, interest rates and the Australian economy.

A reminder that Helm is holding its Annual Gala soon on 7 December 2023. If you have not registered yet, there is still time. Think of it as pre-Christmas festivities. Further details below.

KEY INSOLVENCY STATISTICS

Insolvencies in October continued to remain above pre-COVID levels at about 900 appointments. Overall court activity has caught up to pre-COVID levels with both winding up applications and bankruptcy petitions reaching their highest levels since 2019. The number of small business restructuring appointments continues to increase in popularity achieving its highest level since the new regime commenced.

RBA INCREASES INTEREST RATES ON MELBOURNE CUP DAY



In line with our commentary in last month's newsletter, the RBA increased interest rates a further 25 basis points to 4.35% amid some economists calling for larger increases in order to curb inflation and others warning of tipping the Australian economy into a recession.

Only time will tell whether the RBA has balanced its monetary policy correctly. A healthy population growth may just be the remedy to avoid a recession, however, interest rate increases cannot be ruled out whilst inflation remains high at 5.4%.

THE AUSTRALIAN ECONOMY



Business owners are blaming deteriorating economic conditions for declines in profitability. Productivity, a key driver of prosperity in the economy, is also falling making it harder to drive down inflation.

Inflation remains sticky and well above the band of 2-3% which the RBA aims for. This led to the recent increase in the official interest rates which will put further pressure on businesses and mortgage holders. Housing affordability has fallen to levels not seen since the 1980s. Housing price growth is expected to slow as affordability continues to be stretched.

The labour market is also expected to slow as consumers tighten spending reducing demand for products and services. Obtaining new talent and retaining current staff will continue to be difficult for some time.

Following the increase in interest rates announced by the RBA governor, the Aussie dollar increased to USD 0.65 but is still well below its median of around USD 0.75.

IS THE DIRECTOR IDENTIFICATION NUMBER (DIN) A FARCE?



The Federal Government required all existing and new directors to go through a detailed identification process to register for a DIN. Elderly directors and those without passports had to jump through hoops to obtain sufficient identification documents which often meant obtaining birth certificates.

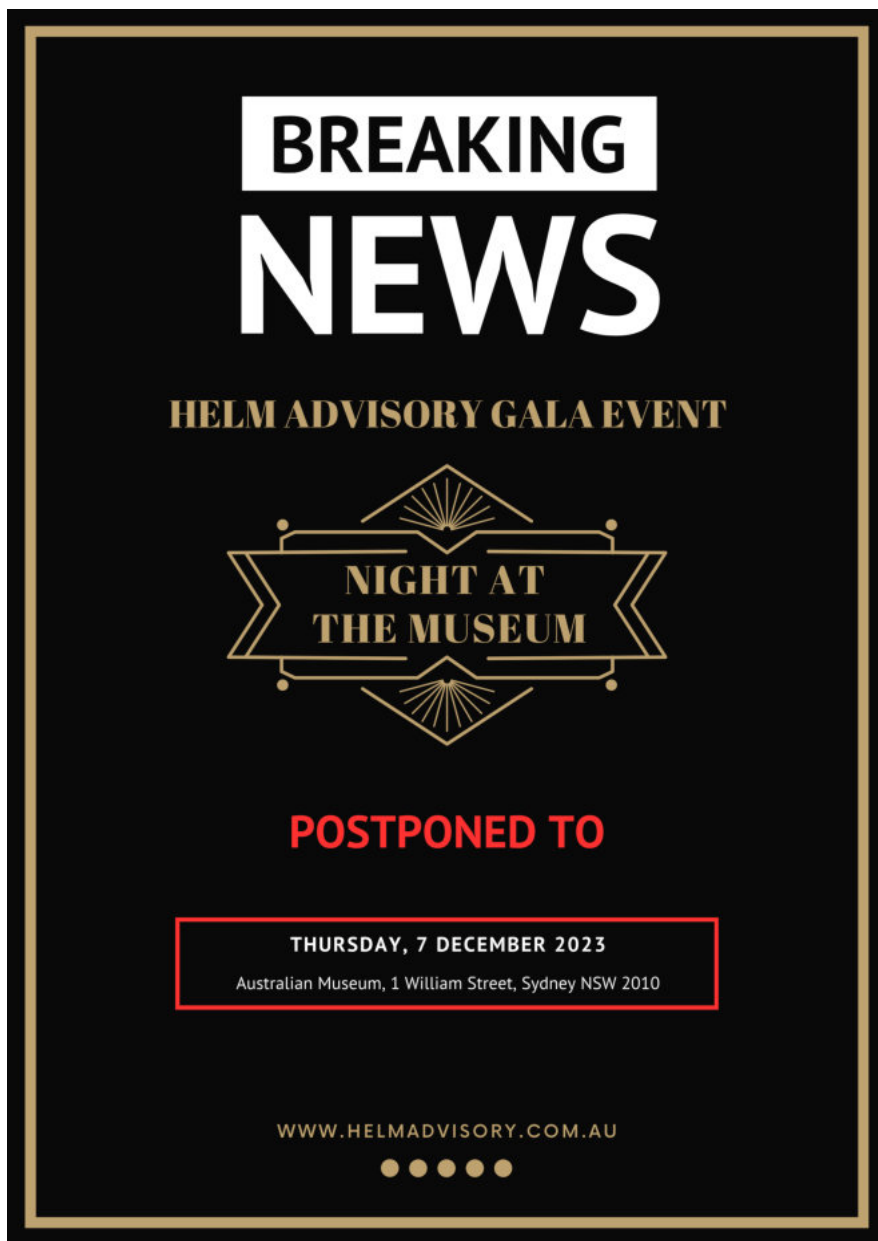
The insolvency profession saw it as a step in the right direction towards identifying directors and stamping out straw directors. The DIN was to be included in the modernisation of the Company registers which was being undertaken by the ATO and other government agencies. Was it a matter of being the cart before the horse? It would appear so.

Following an independent review of the program for modernising business registers, it was found that the program was off course and could now cost up to \$2.8 billion more than the original estimate of \$480.5m. The Federal Government has halted the program so the value of a DIN has been very much diminished as there is currently no register to check a DIN against.

MUSEUM POSTPONED TO 7 DECEMBER 2023

Helm has moved its annual black tie event to 7 December 2023 at the Australian Museum.

If you were unable to attend the earlier date on 30 November 2023 and would like to attend, please let us know. Please email us on events@helmadvisory.com.au



If you had planned to come along to our party on 30 November 2023, there's a change of date to the following week. If you previously could not make it, perhaps the new date will suit you.

Join us for a night of fun and frivolity.

As you may recall, the theme of the Gala is *A Night at the Museum - Dress as your favourite historical figure or hero*. We are looking forward to seeing your creative costumes and learning more about the people who inspire you. Whether you choose to dress as Cleopatra, Lone Ranger, or a Gladiator, we are sure you will make a lasting impression!

Please re-confirm your attendance by replying to this new date as soon as possible. We appreciate your understanding and support.

CONFIRMATION OF ATTENDANCE

Place: Australian Museum, 1 William Street, SYDNEY

Time: 6 pm until 11 pm

NEW Date:

Any queries, please email toevents@helmadvisory.com.au or michael.chin@helmadvisory.com.au

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.



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