



September 2023
Communique

Welcome to our first newsletter for Spring 2023.

INSOLVENCY APPOINTMENTS CONTINUE TO CLIMB



The total number of insolvency appointments for the month of August was 898 which were broken down to 229 Court Liquidations, 563 Creditors or Members Voluntary Liquidations and 106 Voluntary Administrations.

Winding-up applications continued to increase to 317 for August, with Victoria leading the country at 49% of total court winding-up applications. Rather than a reflection of the Victorian economy, it is more a consequence of the cheaper filing fees.

Small Business Restructure appointments have also hit a peak in August to over 80 appointments with the regime becoming more popular for SMEs.

Should you have a client interested in Small Business Restructuring then please contact our office to discuss as there are strict eligibility requirements.

ARE WE IN A PER CAPITA RECESSION?

The Reserve Bank's ramping up of interest rates which only recently have been put on hold, have resulted in a per capita recession. If it wasn't for the increase in Australia's population due to stronger immigration, it is likely that Australia would be in recession now.

Unemployment is starting to rise as the rate of unemployment increased from 3.5% to 3.7% in July 2023 and employers have indicated that further layoffs are on the cards.

GDP growth was only 0.4% for the June quarter of which all was accounted for by the increase in population of 0.7%. This is why we talk of a per capita recession.

Consumers have cut spending as the interest rates force them to tighten their belts as it slowed from increases of 0.3% in previous quarters to only 0.1% in the June quarter. Households' disposable income has fallen again in the June quarter by 0.2% as consumer prices rise quicker than wage rates.

Of course, it is businesses that raise their prices in order to protect their profitability and in some cases, increase their profitability by limiting the wages of employees. Perhaps more competition is what is required to protect consumers from large price increases.

AI – A DOUBLE-EDGED SWORD



Artificial Intelligence, or AI for short, refers to the simulation of human intelligence in machines that are programmed to think and learn like humans. AI systems can perform tasks that require human-like intelligence, such as visual perception, speech recognition, decision-making, and language translation. The development of AI algorithms has the potential to revolutionize various industries and transform our daily lives.

AI technology has already been integrated into many aspects of our lives, including virtual assistants, personalized advertising, and recommendation systems. While there are numerous benefits to AI, there are also concerns regarding its ethical implications and impact on employment. It is crucial to consider both the advantages and potential drawbacks of AI as we continue to develop and integrate this technology.

Advantages of AI

Artificial intelligence has brought several advantages to our lives. It has enabled us to automate repetitive tasks and make them more efficient. AI has also helped us to analyze data more accurately and make better decisions based on the insights we gather.

Additionally, AI has made it possible for us to create intelligent machines that can perform complex tasks with ease.

One of the most significant advantages of AI is its ability to learn and adapt. With machine learning algorithms, AI systems can improve their performance over time by analyzing data and making adjustments accordingly. This allows them to become more accurate and effective in their tasks, which can lead to increased productivity and cost savings for businesses.

Disadvantages of AI

One of the main disadvantages of AI is that it can lead to job displacement as machines become more efficient and capable of replacing human labour. This can create economic and social issues as people lose their livelihoods and struggle to adapt to new industries.

Another disadvantage of AI is the potential for bias and discrimination in decision-making algorithms. If these algorithms are trained on biased data, they may perpetuate and even amplify existing inequalities in society.

Additionally, there is a risk that AI could be used for malicious purposes, such as cyber-attacks or surveillance.

Regulating AI Including Facial Recognition

As artificial intelligence continues to advance, many concerns have arisen regarding the use of facial recognition technology. While it can be incredibly useful in certain situations, such as identifying suspects in criminal investigations, it also has the potential to be abused and violate privacy rights. As a result, there is a growing need for regulations around the use of facial recognition technology.

One potential solution is to require companies and organisations to obtain explicit consent from individuals before collecting or using their facial data. Additionally, there should be limits on how long this data can be stored and who has access to it. It will take careful consideration and collaboration between government agencies, tech companies, and privacy advocates to develop effective regulations that balance the benefits and risks of facial recognition technology.

Uses of AI for the Accounting Profession

Artificial Intelligence has revolutionised the accounting profession by automating repetitive tasks and making it easier to analyse large amounts of financial data. One of the most significant uses of AI in accounting is in auditing, where it can quickly identify inconsistencies and errors that may have been missed by human auditors. Additionally, AI-powered tools can help accountants with tasks such as tax preparation, financial forecasting, and risk management.

AI also has the potential to improve the accuracy and speed of financial reporting. By automating data entry and analysis, accountants can spend more time on value-added activities such as strategic planning and decision-making. Furthermore, AI can help identify patterns and trends in financial data, which can be used to make more informed business decisions.

THE FAIR WORK (CLOSING LOOPHOLES) BILL 2023



This Bill, if passed, will be the biggest change to Australian industrial relations since the Fair Work Act commenced back in 2009.

It will potentially affect every worker and every business in Australia as it includes the following topics:

- Same job same pay measures for labour-hire workers;
- Redefines casual employment;
- Criminalises wages theft;
- Regulates employee like arrangements;
- Re-establishes the multi-factorial test for determining whether a person is an employee or a contractor; and
- Introduces new rights for workplace delegates.

Further comment on some of the above points is provided below.

New definition of casual employee

An employee will only be a casual employee where:

1. There is an absence of a firm advance commitment to continuing and indefinite work; and
2. The employee is entitled to a casual loading or rate of pay for casual employees under a fair work instrument or contract of employment.

Employees will be able to initiate a conversion notification with their employer to initiate the change in their employment status where the employee believes they no longer meet the definition of a casual employee and the employer is required to respond in writing within 21 days after a consultation with the employee.

What is the Multi Factorial Test?

Under the multi-factorial test, the correct characterisation of the relationship between the parties is determined by an assessment of various indicia, including but not limited to:

- the extent of control of, or the right to control, the worker:
whether the worker is provided with tools and equipment;

- whether uniforms were provided and/or required by the principal;
- whether the worker is permitted to delegate or subcontract work;
- the remuneration structure - specifically whether the worker receives payment of a periodic wage or salary or compensation by reference to the completion of a task or project;
- whether the worker is entitled to paid annual leave or sick leave; and
- the express terms of the contract between the parties.

Increased penalties and Introduction of a new Criminal Offence

The maximum penalty for an individual is 10 years imprisonment as well as a fine for three times the underpayment amount or 5,000 penalty units (\$1,565,000).

The maximum penalty for a company is the greater of three times the underpayment amount of 25,000 penalty units (\$7,825,000).

Civil penalties are also increasing exponentially.

The Bill proposes a new criminal offence for wage theft commencing from 1 January 2025 and applying only to intentional conduct.

The offence will occur if an employer:

- is required to pay an amount to, on behalf of or for the benefit of an employee under the Fair Work Act (FW Act) or a specified instrument;
- engages in conduct (whether by act or omission) whereby an employer intentionally fails to pay wages or provide benefits owed to an employee;
- the conduct results in a failure to pay the required amount in full on or before the day the amount is due for payment.

Under the Bill, Unions are provided with expanded rights of entry into workplaces where they suspect employees have been underpaid.

A NIGHT AT THE MUSEUM



Helm is organising its annual black tie event on 30 November 2023 at the Australian Museum. Put a note in your diary now to save the date. More information to follow.

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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