HELM ADVISORY

December 2022

Communique

Welcome to our final newsletter for 2022 as we revel in the festive activities and look forward to a well earned break over Christmas and the New Year. We take this opportunity to wish you and your families a Merry Christmas and a Happy and Prosperous New Year.

RESERVE BANK SPOILS THE CHRISTMAS PARTY

On 6 December 2022, the Reserve Bank announced its eighth consecutive interest rate rise of 0.25% which raised the official interest rate to 3.1%. This was despite evidence of falling house prices in the Capital cities and a lower inflation rate of 6.9%.

The effects of these increases are going to be felt by the young people who have fixed for a couple of years at very low-interest rates which probably started with a 2 in front of them to one likely to have a 4 in front of them. This will add thousands to their mortgage repayments at a time when the market value of their home is likely to have slid as well.

However, there will be some reprieve as the Reserve Bank Board does not meet in January so there will be no further increases decided upon until February. Not everyone is a loser under the interest rate increases as it benefits retirees who earn interest on their savings and young people who are trying to save for a deposit.

The belt-tightening will probably not begin until the first or second quarter of 2023 when household spending is predicted to fall.

NOW MIGHT BE THE TIME TO RESTRUCTURE YOUR BUSINESS

As the end of the year draws closer, now might be the time to look at restructuring your business. This may be a matter of looking at your expenses over the past 12 months and finding ways to reduce them or looking at one of the more formal administrations such as a Small Business Restructure(SBR) or Voluntary Administration(VA).

Both of these formal administrations can provide you with enough breathing space to overcome the difficult January period and focus on the year ahead with renewed vigour.

One of the major differences between the two regimes is that in an SBR, the director maintains control of the company and continues to trade the business. In a VA, the voluntary administrator takes control of the company and decides whether to trade the business.

Alternatively, you may want to close the doors and do a simple members' voluntary liquidation where the company is still solvent. If it is insolvent, then a creditor's voluntary liquidation may be the best approach.

If you would like to discuss the alternatives available to you then please contact us.

UPDATE ON DIRECTOR ID

Although the official deadline of November 30 has passed, the ATO has advised that it will not take compliance action against directors who register before December 14. After that date, the ATO will consider penalising directors who are deliberately not meeting their director's obligations. As mentioned in our previous newsletter, there are substantial penalties set out in the *Corporations Act 2001* that may apply.

According to the ATO, there are approximately 600,000 directors who have not applied for their director ID. If you have clients in this pool then it would be best to advise them to apply quickly to avoid being penalised.

SECURE JOBS, BETTER PAY BILL

As you may be aware, the Parliament passed the Fair Work Legislation Amendment (Secure Jobs, Better Pay) Bill on 2 December 2022. These are the most significant changes since the introduction of the Fair Work Act 2009 (the Act).

The most controversial part of the Bill is the changes to multi-employer bargaining and multi–enterprise agreement. Multiple employers which have a common interest can now be amalgamated into one enterprise bargaining agreement. Employees can now initiate enterprise bargaining in certain circumstances whereas previously you required a majority of employees.

There are also changes to the procedures for enterprise agreement-making and in the application of the better off overall test in approval of enterprise agreements.

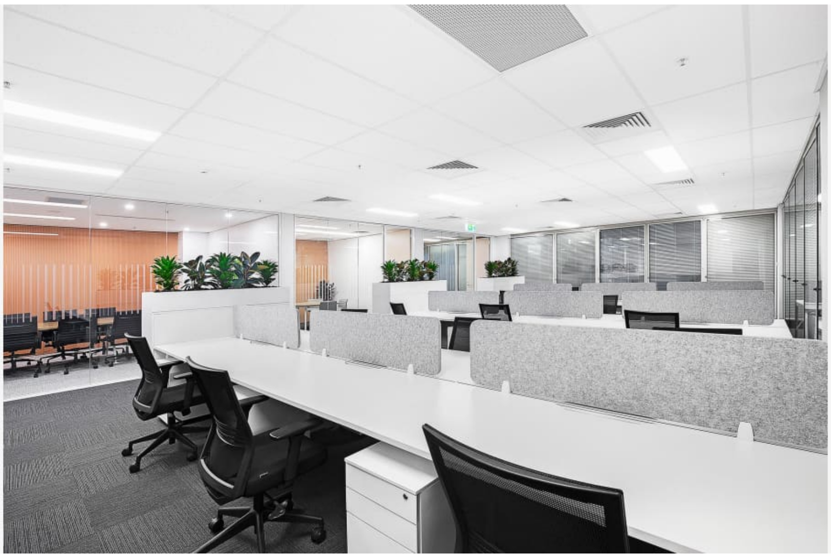
Further changes include new powers for the Fair Work Commission to resolve enterprising bargaining disputes and greater limits on the termination of enterprise agreements. Old agreements which date back to before the Fair Work Act will now have a sunset clause of 12 months and employers are required to give notice to affected employees.

The amended Act now prohibits clauses in employee contracts that prevent employees from discussing remuneration or terms and conditions of their employment

In addition, fixed term contracts can not be for longer than two years which includes any clauses for extensions. There are some exclusions to this rule which include high income employees.

Protection for employees from sexual harassment and discrimination has also been strengthened together with flexible work arrangements particularly in the case of domestic violence. Take particular notice that the maximum compensation for small claims has increased from $20,000 to $100,000.

HELM ADVISORY IS MOVING OFFICES



Our team is being relocated to brand new office space in level 6 of the OCBC Building, 75 Castlereagh Street Sydney. You will still be able to contact us on the usual emails and telephone numbers but drop in and check them out anytime after 16 January 2023. We are closer to the Courts and right near Centrepoint.

CHRISTMAS CHEER

We all have had a very challenging 2022, so if there is an opportunity to put a positive punctionation to it why not? Helm Advisory are inviting you to join us at Royal Automobile Club of Australia to celebrate a caberet event.

Clubhouse Cabaret

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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