

The Outlook for Key Stakeholders

At the end of 2022, the markets were forecasting a cash rate that began with a 3. The latest economic developments and interventions have resulted in the general consensus shifting toward the Reserve Bank landing on a cash rate beginning with a 4. The ongoing uncertainty, despite various sectors experiencing good growth, likely means that Australia's at times two-speed economy will continue for some time. In that context, Australia's restructuring and insolvency regimes continue to undergo reviews and potentially imminent (significant) changes. The High Court's decisions this month are an integral part of the overall landscape. Depending on the viewpoint from which the decisions are assessed, the upside and downside risks vary. Abolition of any statutory right of set-off is welcome news for external administrators but problematic for creditors. In contrast, abolition of the peak indebtedness rule creates greater uncertainty and challenges for external administrators, whereas it is a welcome development from the perspective of commercial counterparties. In fact, organisations such as the Small Business Council would be relieved that its members, many of whom are often the target of claims in challenging trading contexts, now have one less (and particularly complex) issue to consider in their dealings with external administrators.

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