

# 2023 Budget and launch of LightYear Training Group



**With Grant Abbott, Mark Hamawi and Michael Jeffriess – trainers LightYear Training Group**

## Professional development and training reimagined.

Ditch the boring webinars; we provide dynamic sessions that will cover every area required for CPD/TPB. We've handpicked a panel of world-class, accredited trainers who specialise in various fields with extensive experience to accelerate you to your best.

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# Signal not Noise – the real deal

## **‘Alarming’: Core inflation rising ‘faster than anyone expected’**

1 hours ago  sky news .COM.AU

Judo Bank Economic Advisor Warren Hogan says Australia’s latest inflation figures are “alarming,” with annual inflation rising to 7.3 from 6.1 per cent in the September quarter.

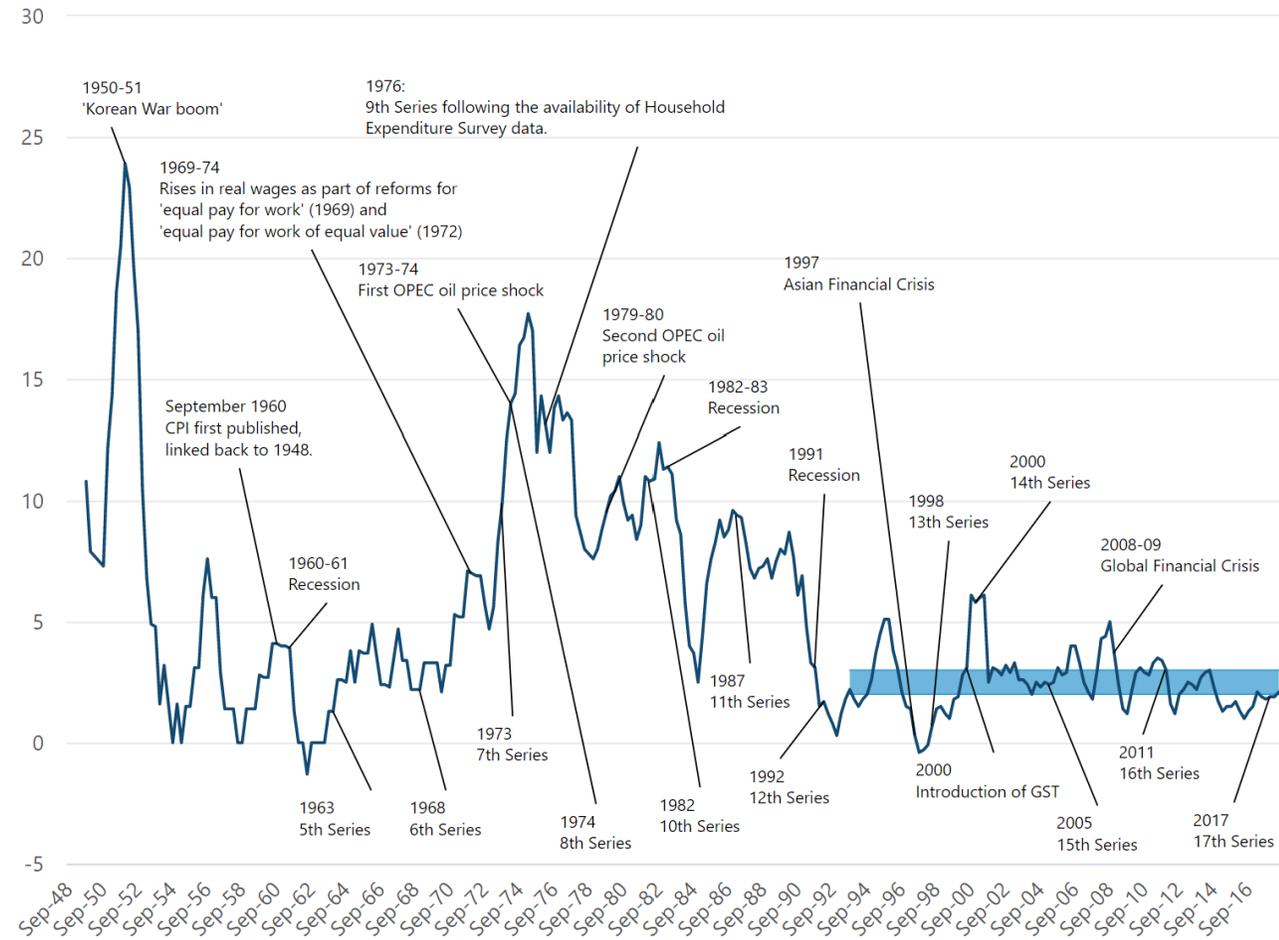
“The thing for me is the core inflation, rising much faster than anyone expected,” he told Sky News Australia.

“This is a sort of stripping away of the noise and gives us a read on the underlying trajectory. Most importantly it tells us Australia doesn’t have a different situation with inflation to the rest of the world.

“We are in the same boat as everyone else, we are a little bit behind. And of course, this is now showing to be a genuine problem for this economy and a problem that is going to be plaguing us for some years to come.”

# Energy price shock not built in yet

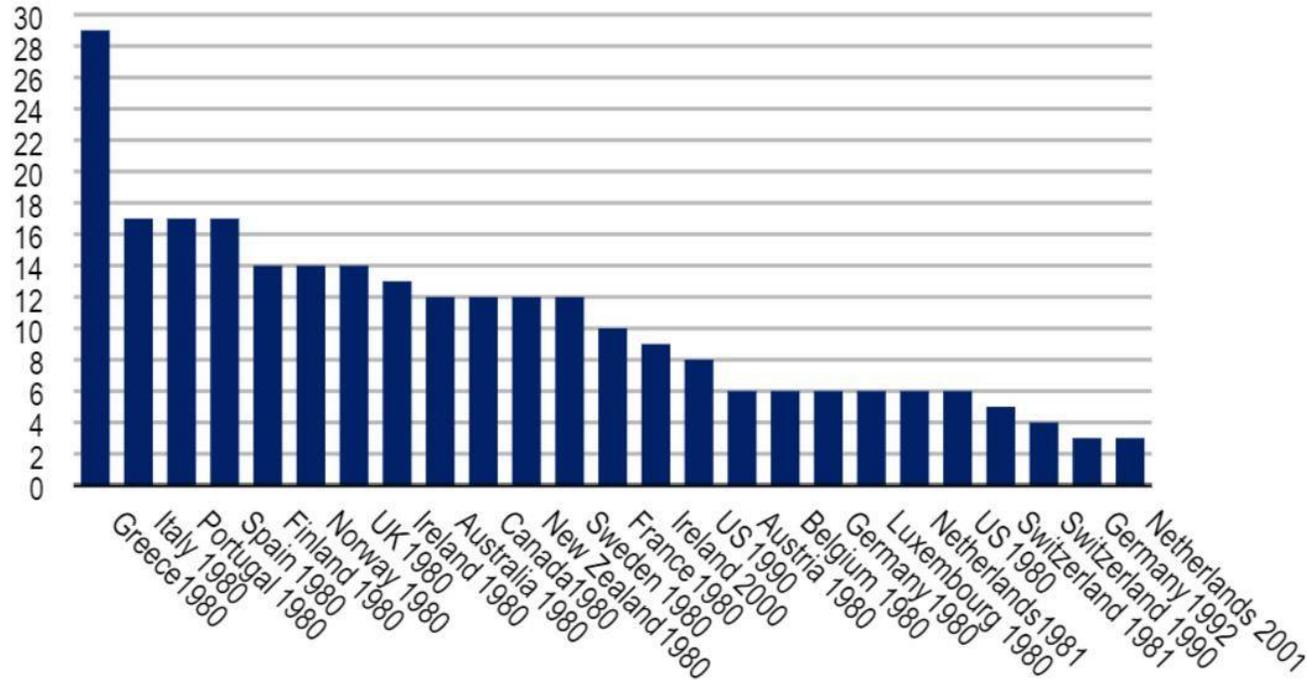
Figure 1: Annual CPI movement (%)



# Treasury states inflation to 3% in 2024????

**Exhibit 1: Cases of inflation above 5% in advanced economies 1980-2020, years to decline to 2%**

Once inflation is above 5% in advanced economies, it takes on average 10 years to drop to 2%

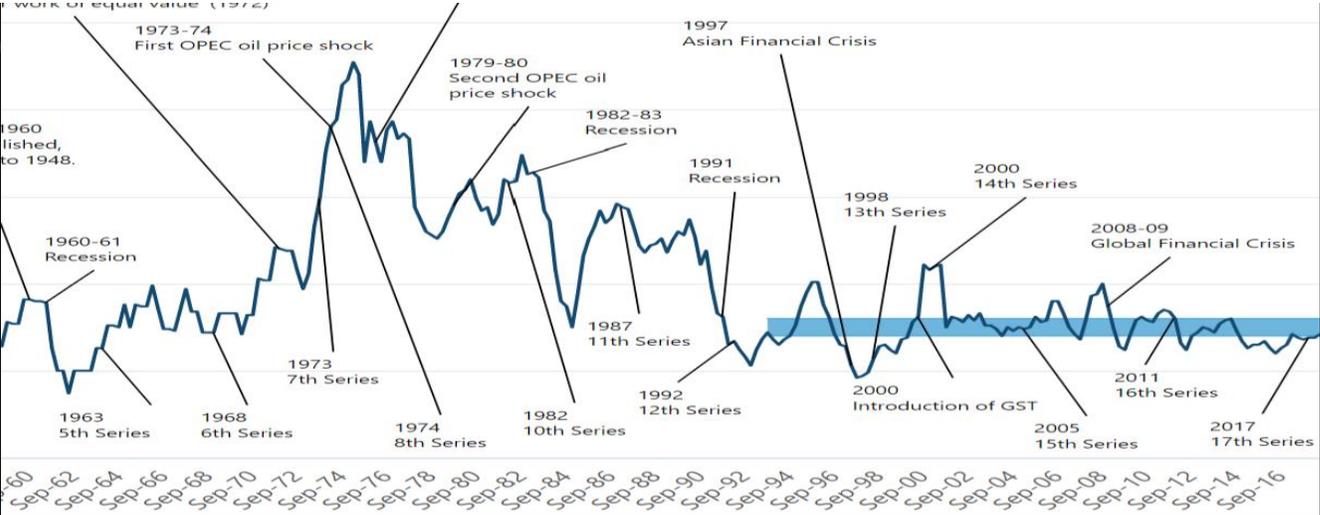
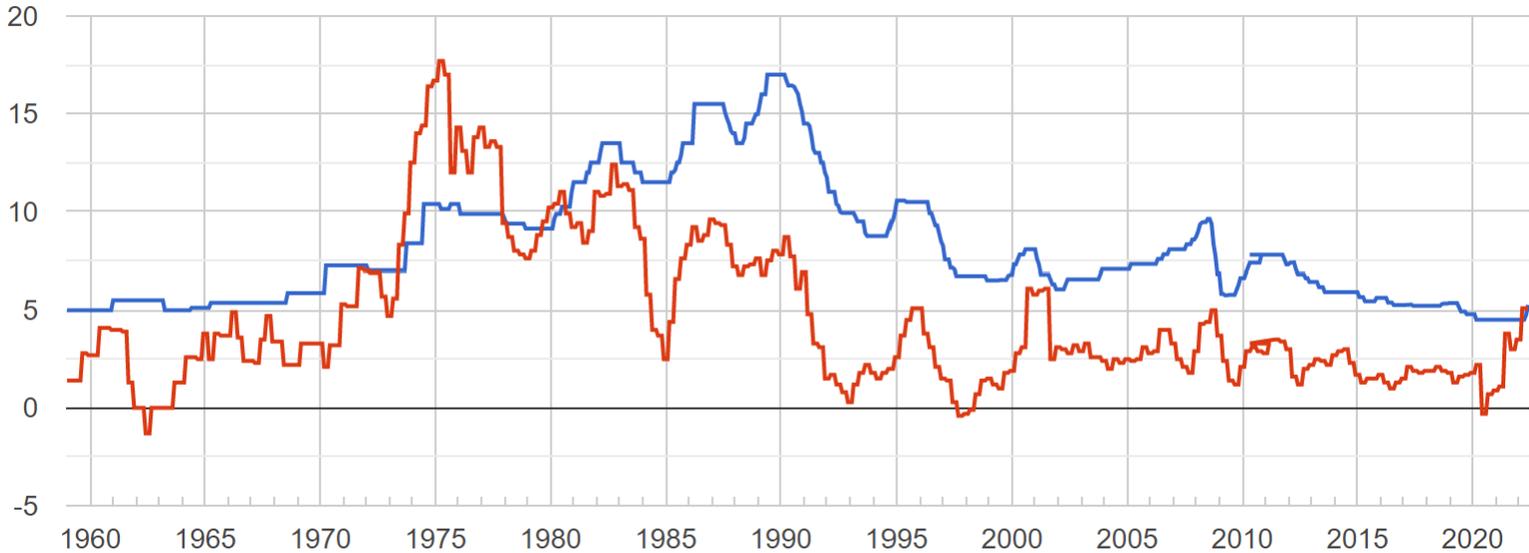


Source: IMF and BofA Global Research.

BofA GLOBAL RESEARCH

# Interest rates v inflation

Historical Interest Rates Australia and Historical Inflation Rates Australia since 1959



# Inflation = Public Enemy No 1 - Treasurer

- Inflation is driving down discretionary spending, driving up wages and energy costs

## An urgent policy problem

Higher energy costs are also [one of the main drivers of inflation](#), pushing up prices across the economy. According to the budget, higher electricity and gas prices will contribute 0.75 per cent to inflation this financial year and 1 per cent in 2023-24. Without this pressure from power prices, inflation would be considerably lower. Real wage growth would kick in earlier.

And yet, the notion of an energy exporting super-power like Australia being unable to provide affordable energy at home becomes increasingly difficult to comprehend. As does the confusion over Labor's pre-election promise (still being made after the war in Ukraine had begun) that power prices would fall by \$275 by 2025.

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# 2023 Budget with focus on Small Business

- Cost of living measures – affordable child care and lower prescription costs – will that help our small business clients
- Increasing wages, interest rates rising, discretionary spending falling off a cliff, energy costs and inputs soaring
- Insolvencies and debt restructuring soaring – get the scoop from Michael Jeffriess

## Energy

### Sydneysiders to be put through the mincer by rising power bills

Master butcher Pino Tomini Foresti expects the costs of running fridges, freezers and coolrooms to skyrocket. As a result, his customers will pay more for meat and small goods.



### Restaurant workers with six months' experience are asking for \$100k. But in most places, wages are falling behind



Restaurant workers with six months' experience are asking for \$100,000. But, in most places, wages growth is still falling well short of inflation.

# ATO life for Accountants will become unbearable

- ATO provided with an additional funding that is going to impact accountants along with technology we are moving to “real time” compliance

## Extend ATO Compliance Programs – Tax Avoidance Taskforce

### Receipts (\$m)

|                            | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
|----------------------------|---------|---------|---------|---------|---------|
| Australian Taxation Office | -       | 277.0   | 535.4   | 729.0   | 1,308.5 |

### Related payments (\$m)

|                            |   |       |       |       |       |
|----------------------------|---|-------|-------|-------|-------|
| Australian Taxation Office | - | 200.5 | 201.6 | 203.2 | 534.5 |
|----------------------------|---|-------|-------|-------|-------|

The Government has boosted funding for the ATO Tax Avoidance Taskforce by around \$200 million per year over 4 years from 1 July 2022, in addition to extending this Taskforce for a further year from 1 July 2025.

The boosting and extension of the Tax Avoidance Taskforce will support the ATO to pursue new priority areas of observed business tax risks, complementing the ongoing focus on multinational enterprises and large public and private businesses.

This measure is estimated to increase receipts by \$2.8 billion and increase payments by \$1.1 billion over the 4 years from 2022–23.

This measure delivers on the Government’s election commitment as published in the *Plan for a Better Future*.

# What does all of this mean for Accountants and Planners?

- Every month is a wait and see – in a stagflationary period we are going to see profound business challenges and changes
- In the late 70's and early 80's there was a wage – price spiral that coincided with an energy shock
- Small business clients are going to do it tough
- Expect the ATO to become super aggressive on Director Notices and also payments – no Covid generosity
- How are you going to cover inflation in your business
- Move to higher revenue earning strategies that clients are price elastic to

# Strategies going forward

- Extend client offering to succession, asset protection and estate planning – high revenue and low time intensity
- Client restructuring to shield assets is an absolute must plus leverage Leading Member discretionary trusts for bloodline beneficiaries
- Leverage resources of Abbott & Mourly Lawyers, We Love Group, LightYear Docs and LightYear Training Group to make this happen
- Understand there will be a shortfall in front facing accountants who will want huge pay for flexible work and results???
- Build a learning organisation from the ground up with training and case studies

# Why LightYear Training Group

- There is a need for an all around training group
  - With the best trainers
  - The best practitioners so it goes beyond training to mentoring
  - From entry level to accreditation and certification courses
  - Affordable but strong ROI
- The first sessions are:
  - SMSF 101 – three hour session
  - SAPEPAA three day accreditation course
  - Leadership training

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