

Cathro to help navigate through economic ‘perfect storm’

BUSINESS

Advisory division will aim to assist government agencies and accountants in lessening the impact of business collapses.

By [Philip King](#) • 06 February 2023 • 3 minute read



Insolvency and corporate restructuring outfit Cathro & Partners has launched a division to advise government agencies on assisting with business collapses, corporate fraud, phoenix activity and director malfeasance as the economy enters “a perfect storm”.

Division head John Laird said a host of negative trends were driving insolvencies back to pre-pandemic levels but the impacts would be more widely felt this time.

“You’ve got inflation, you’ve got interest rates and insolvency that are all increasing,” he said. “This is increasing the financial distress that company directors are facing currently. It’s also at a time when the ATO, banks and landlords have recommenced their debt collection processes following COVID-19.”

“In addition, some of these businesses and directors are finding it very difficult to find new finance or refinance in debt if I need to. So there's a perfect storm brewing.”

He said the financial distress that initially hit the construction industry was now spreading to other sectors and the results would hurt creditors, employees, the directors themselves, contractors and often mum and dad investors.

“If you're in business and you're struggling as it is and one of your contractors falls over and if there's no recoveries which is very common in an insolvency process, that can have quite a significant impact on their ability to continue to trade.”

He said accountants would already be witnessing this in their dealings with company directors and it was important to act fast “because there are things that can be done”.

“Sometimes it's a restructure, but sometimes it's engaging with agencies, such as ASIC or the ATO, whether it be a restructure or whether there be an arrangement that's made with the ATO, that can be done if it's been done openly and early.”

“When you need to reach out to government agencies is where Cathro & Partners can step in and help. We've got experience working with government and we've done that for many years. And we've also had experience working with the accountants and lawyers. And so when you bring that experience together, that can be a great assistance to the accountants or the company directors when they need their assistance most.”

Mr Laird said his team could provide advice on regulatory investigations and litigations to agencies such as ASIC, the ATO, AFSA and the Department of Employment and Workplace Relations.

“Our aim is to support government agencies and other private clients in getting to these distressed companies sooner to lessen the impact on Australian employees, creditors and investors caught in the fallout of a collapse or fraud.”

Cathro & Partners said Mr Laird brought three decade's experience in corporate insolvency advisory to the role, most recently undertaking independent compliance reviews for individual liquidators and national insolvency firms.

During the GFC, he served on the registered liquidators team at ASIC, and on various taskforces advising on insolvency and investigating complex corporate collapses.

The launch of the division follows Cathro & Partners announcing a strategic alliance with international business advisory firm Quantuma in December.