FORECAST 2022

What lies ahead for businesses in 2022?

Welcome to the 2022 McGrathNicol Forecast. Although there is renewed optimism for businesses off the back of strong post-COVID growth, targeted government support and the reopening of Australia's borders, businesses now face a range of challenges including difficult supply chains, increasing rates of cyber attack and geopolitical uncertainty. Complacency will be dangerous - legally, commercially and reputationally.

Supply chain disruptions and persistent labour shortages are expected to continue. Cyber risks and changes to critical infrastructure legislation will be a top priority for boards. Tighter working capital management will be critical for industries like construction and retail in the face of supply pressures and a return to pre-pandemic habits.

The widely predicted "tsunami" of insolvencies has not eventuated, with insolvency numbers declining in 2021 to a historical 20-year low. Whilst we predict a continued subdued level of insolvencies, with all of the stimulus levers now pulled to their full extent, any downside shock to the economy risks significant ripple effects.

Our forecast outlines the key challenges and opportunities facing organisations. We hope you find the insights informative and we look forward to working with you in the year ahead.

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01 PERFORMANCE

Logistics gains and disrupted supply chains: will there be any winners?

Global supply chains were heavily impacted in 2021. An adverse union of weather events, route blockages, crew displacements, trade lane imbalances, operational shutdowns and stimulus-induced demand created the perfect storm, for both shippers and procurement professionals alike.

At an international level the misalignment of supply and demand, together with global reallocation of capacity between trade lanes/regions has continued to support inflated freight rates into 2022. Whilst demand is easing slightly, this disruption in material flow has seen many commentators all but abandon earlier predictions of a return to balance, at least in the short term. These factors negatively impact landed costs for purchasers but have simultaneously created a historically positive environment for asset carriers and shipping lines. Drewry has recently upgraded their forecasts for the sector and now estimate that the 2022 full year sector performance is likely to be $USD200 billion EBIT at a margin of around 37%.

Despite record profitability across the sector, service performance continues to drag with recent statistics revealing that c.32% of global vessels arrived on time during December 2021. Combined with equipment (i.e. containers) shortages, port delays, congestion, and high freight rates, it is a difficult time to rely on international transit.

Domestically, we are seeing increased focus on asset utilisation, scalability, technology investment, and automation as firms chase efficiencies to offset the cost increases being experienced offshore. Heightened localisation and/or near shoring initiatives are perceived as logical de-risking strategies leading to informal discussions on sovereign manufacturing. Other mitigants like increased local storage, described by David Martin-Guzman as "just in case" storage, and supplementary considerations are playing out in board rooms and planning departments. But what implications and limitations do these potential approaches have regarding existing trade agreements, access to skilled labour, production input security, training gaps and lack of domestic substitutes?

Will there be any winners to the supply chain obstructions in 2022? Global carriers continue to build war chests and are deploying these into strategic M&A transactions. Major logistics players will continue to be acquired as firms vertically integrate their service offering to move closer to the customer. Favourable tail winds for e-commerce volumes and improved acceptance of home delivery solutions will continue to expand courier volumes, with resultant valuation uplifts in strategic infrastructure assets and industrial real estate. Welcome to the land of supply chain threats (and opportunities).

Low cost of capital and asset competition will drive M&A

Coming off more than $300 billion of transactions in the Australian market, high levels of M&A activity are predicted to continue in 2022.

Despite the prospect of increasing interest rates, the overall cost of capital will likely remain low, and we expect most buyers have been factoring in at least modest increases to their investment decisions. There continues to be substantial competition for assets too, which is likely to increase as Australia's pool of capitalised investors increases for two main reasons. Firstly, larger superannuation and infrastructure funds are now focusing on direct investments. Secondly, Australia remains a relatively high growth market and is seen as attractive for inbound and global investors across key industries such as healthcare and financial services.

Environment, Social and Governance (ESG) criteria is also becoming a material factor in assessing transactions. As social and environmental expectations grow in the eyes of consumers and businesses build or maintain their reputations, ESG considerations will factor more heavily in due diligence. For the industry at large, scrutiny of ESG aspects will increase even further this year, with large industry and retail superannuation funds making more direct investments.

Globally, demand for Australia's resources has helped the economy to continue to thrive in many respects. Significant global trade events may have a genuine and prompt impact on M&A activity closer to home. Meanwhile, although we do not expect the looming election to have a material impact to the majority of M&A activity in the mid-market, changes may affect policy-dependent industries or industries exposed to large Government sector clients. At the big end of town, appetite to invest may wane during an election campaign due to potential uncertainty and increased scrutiny regarding Foreign Investment Review Board approvals.

Buyers beware

This year's hot market will result in underprepared businesses coming to the fore. Buyers and investors will need to be diligent in unpacking the 'noise' from ongoing COVID-19 related trading disruptions. Before entering transactions, we encourage buyers to perform rigorous analyses to assess sustainable earnings, the viability of changes to business models and associated changes in working capital. This will require investors to trust their management teams and investment theses more than ever.

Macro-economic factors will increase cost pressures

Price inflation, supply chain constraints and high asset prices will require businesses to prioritise profitability and cash flow. Realising the benefits of any M&A activity will allow businesses to stay ahead in 2022.

COVID-19 has resulted in labour shortages and supply chain disruptions which are driving significant cost inflation for many Australian businesses. The buoyant M&A market and strong competition have also caused high asset valuations which makes good-value acquisition targets difficult to find.

As these conditions are expected to continue throughout 2022, we are encouraging business leaders to take steps now to ensure that cash flow is maintained, bottom line profitability continues, and a robust approach to business integration is in place to deliver expected investment returns from company acquisitions.

Building resilience to increasing costs requires leaders to closely evaluate the most important drivers of earnings performance and identify opportunities to reduce costs and realise efficiencies.

Business leaders must also understand the impact that inventory lead times, customer credit terms and supply chain constraints are having on working capital. This will allow more adequate forecasting of profit to cash cycles, cash flow management, and informed reorganisation of funding structures.

2021 provided opportunities for companies to reset strategies and adapt to the changes that have emerged as a result of COVID-19. Our transactions and restructuring teams have assisted management across a range of sectors to identify performance opportunities and value creation.

This year, these challenges can best be navigated by detailed bottom-up planning and reporting to drive accountability, as well as the adoption of a practical change management approach.

What to expect this election year?

With the federal election nearing and campaigning underway, here are some territories we expect the major parties to cover ground on.

The Coalition, seeking a fourth consecutive term in government, are pushing their economic credentials – particularly the extensive economic support programs implemented over the past two years, a strong post-lockdown economic rebound, and an unemployment rate well below 5%. Other achievements include a high vaccination rate which has lowered the risk of serious illness for Australians, a strong stance on border control, and increased military spending (including the recent AUKUS partnership agreement).

The recent Mid-Year Economic and Fiscal Outlook provided some early insight into possible Coalition election commitments. Intriguingly, there was $15.9 billion of spending over the forward estimates for "decisions taken but not yet announced and not for publication". The Federal Budget 2022-23 will be held earlier than usual on 29 March and will be a platform for the Coalition to launch their major election policies in the run up to the election.

The Australian Labor Party (ALP), seeking a return to government after a lengthy period in opposition, has been critical of the government's delayed vaccine rollout and the availability of Rapid Antigen Tests. The ALP's major policies are yet to be unveiled, but we expect to see the party focus on health and education initiatives, delivery of growth through infrastructure and environmental policies.

National Security has taken a prominent position with both parties reaffirming their stance, which sees bipartisan support in the parliament on many National Security matters.

Foreign Affairs and geopolitical tensions will be one of the battlegrounds with campaigning to focus on each of political parties and their leaders' credentials in representing Australia's interests.

From March onwards, we will start to see each party's plans unveiled, their election commitments announced and an intense period of campaigning. Recent polls suggest the primary vote for the two major parties is very close – it is going to be a fascinating contest!

RISK

02

How to prepare for inevitable cyber attacks

Cyber attacks are one of the most significant and persistent risks facing organisations globally. With the continued evolution of ransomware attacks and ongoing IT system vulnerabilities, boards and management need to focus on their level of cyber resilience. The risk of cyber attack is not an "if", but a "when" issue.

McGrathNicol's recent ransomware survey, undertaken in conjunction with YouGov, found approximately one third of the Australian businesses surveyed had been subject to a ransomware attack. Of those who fell victim, approximately 80% elected to pay the ransom with an average ransom payment of just over $1 million. It is clear that damage to a business's brand and reputation are not the only costs to consider. Boards and management teams must prepare early and iterate their response plans, in order to recover quickly and "stem the bleeding" after a ransomware attack.

In 2022, we will likely see an increased focus from regulators and the government in response to a heightened global risk landscape. Most industry sectors have had breaches which have caused significant disruption and, in many cases, harm to individuals.

The Federal Government's response will see proposals to further amend the Security of Critical Infrastructure Act 2018, with a focus on enacting a framework for risk management programs, declarations of systems of national significance and enhanced cyber security obligations. These changes will likely affect many businesses as "critical infrastructure" is defined as including the larger supply chain that supports traditional critical infrastructure providers. We also expect to see new mandatory reporting requirements introduced which will affect many organisations that traditionally have not needed to report attacks.

Ongoing education can help reduce cyber incidents. However, through our extensive incident response experience, the most common root cause of a cyber incident has been the exploitation of a misconfigured, outdated, or vulnerable security control. Developing a robust process to ensure security controls have been configured correctly, tested regularly and patched to the latest version should significantly reduce the chances of an organisation becoming victim to a cyber incident in the coming months.

The new national security imperative

Russia's invasion of Ukraine has galvanised the West and accelerated the world's division into competing political blocks. This will have greater implications for global businesses than any national security event since September 11, more than two decades ago.

Australian banks and companies will be required to remove "enablers" from their client books and asset registries - including Russian oligarchs, family members, banks, and the central bank. An indirect impact will be the profound recalibration of how risk management processes are applied to engagements and interactions with the authoritarian world.

The West's forceful response to Russia's war in Ukraine is a powerful new force-multiplier to the national security realignment initiatives that have flowed since 2016. These initiatives include, but are not limited to: the 2016 Cyber Security Strategy; 2017 Telecommunication Sector Security Reforms; 2018 Espionage and Foreign Interference Act; 2020 Foreign Arrangements Scheme and Foreign Investment Review Board reforms; 2021 Universities Foreign Interference Taskforce Guidelines; 2021 AUKUS trilateral security pact; and most recently, 2022 Critical Infrastructure Security and Protection legislation. With the clarity of hindsight, these have been Canberra's response in real time to the expanding extra-territorial ambitions and reach of authoritarian powers. Specifically, that of the People's Republic of China.

Foreign interference is the common denominator. In 2022, Home Affairs Minister Karen Andrews has stated that the Critical Infrastructure Bill will require company directors to attest that they are considering and managing risks of foreign interference.

Accordingly, we are working with our clients to integrate different arms of risk management - legal, cyber, physical, personnel, counterparty due diligence, conflicts of interest - under a single integrated "security risk" umbrella. This integrated approach to risk management is driving new strategies and policies in relation to international market diversification, cyber security, money laundering, misinformation, supply chain security, modern slavery, trusted insider threat, IP protection, and Environmental Social and Governance (ESG) frameworks.

Australia's national security initiatives have been framed in country-agnostic terms but none can be explained without reference to vectors of foreign interference. Now, with China and Russia signing onto a new strategic pact that "has no limits", company leaders need to bring geopolitical risks to the top of their security and management agenda. Complacency will be dangerous - legally, commercially and reputationally.

Cryptocurrencies: a new asset class

Despite downtrends in the broader financial ecosystem, 2021 was a record year for cryptocurrencies and the digital asset market. According to Chainalysis, the total transaction volume of tracked cryptocurrencies through 2021 was approximately US$15.8 trillion, representing an increase of 567% on the year prior.

Cryptocurrency is an efficient mechanism to transfer value anywhere in the world with enhanced privacy and minimal regulation. While this presents a number of business opportunities, cryptocurrency also poses risks which are not typically well understood by boards and management, including:

Financial investigations: The traditional methods of tracing funds through bank accounts, bank trace records and finance systems are now less transparent in the digital asset ecosystem. Due to their relative pseudo-anonymity, cryptocurrencies are replacing fiat currencies to secretly fund corrupt, illegal, or improper transactions. An inability to trace financial transactions presents a significant challenge.

Ransomware payments: As ransomware attacks increase around the world alongside demands for cryptocurrency payments, many companies have been left holding cryptocurrency wallets. Aside from the operational and financial impact of ransomware attacks, organisations must also understand the legalities behind making payments to internationally sanctioned individuals, entities and jurisdictions.

Auditing complexities: In insolvency and restructuring appointments, we are seeing an increase in cryptocurrency asset holdings which adds a layer of difficulty to auditing. The digital asset ecosystem and the ability for funds or assets to be transferred illegally, with exposure across multiple international markets, has introduced new ways of valuing and treating digital assets.

One of the positive features that defines cryptocurrencies like Bitcoin is that all transactional information is stored within an immutable distributed ledger that is globally visible and publicly available. Blockchain technology allows information to be stored and automated via smart contracts, creating a single source of truth across entities, locations, and currencies. This underlying technology streamlines the process of verifying transactions and can also be applied to identity management.

This year, we will undoubtedly see continued enhancement of digital asset tracing capabilities. As a result, we anticipate an increased need for Australian organisations and regulators to utilise specialist expertise as they seek ownership of digital assets.

A symptom of the pandemic or an ongoing culture issue?

While the full impact of the pandemic on wages remains to be seen, we know that underpayments will continue to be an issue this year. In the face of stand-downs, redundancies, lockdowns and closed borders contracting the labour market, the Fair Work Ombudsman (FWO) recovered $148 million for underpaid workers in 2020-21 (69,735 employees). The issue was particularly acute in sectors such as agriculture, fast food, retail, and other industries with a historically high proportion of overseas workers. The amount recovered in 2020-21 is 20% more than what was recovered in 2019-20 and does not factor in underpayments made by employers who elected not to self-report. Shockingly, it is also five times more than what was recovered in 2017-18.

The principle is quite simple: pay people what they are owed. However, in practice, many businesses cite complex industrial relations, issues with their payroll and workplace systems, as well as a lack of expertise capable of ensuring employees are being paid what they are entitled to. Most companies, upon discovering they have underpaid their employees, will do everything possible to right this wrong.

One cannot help being reminded however, that if large corporates such as NAB, Woolworths, Coles and CBA are currently undertaking large-scale remediation, it is almost impossible to gauge the extent of the issue on businesses lower down the food chain. For context, the FWO commenced 76 new litigation matters in 2020-21, an increase of 40% from 2019-2020.

The FWO's vigilance and robust approach is fundamental to protecting the integrity of the labour market, where an employee receiving their lawful earnings is a right not a privilege.

As the economy and the labour market reawakens, the government must pave the way for local and international workers eager to secure a brighter future post pandemic. It will be interesting to see whether the "new COVID normal" creates fertile ground for further underpayments and an underground labour market, or whether the FWO's already demonstrable show of force will be enough of a deterrent.

RE-ORGANISATION

03

Institutional grade restructuring activity likely to remain subdued

Favourable macro-economic conditions which fuelled the M&A boom throughout 2021 also doused early onset COVID-19 restructuring activity. Record low interest rates, wide-open access to debt and capital markets, appreciating asset values and strong consumer spending (supported by savings war chests) have delivered a soft landing to the weaning of government stimulus.

Following record low U.S. defaults in 2021, Fitch Ratings anticipates the benign default environment to continue through 2023 calender year, despite concerns regarding inflation, supply chain challenges, continued pandemic uncertainty and rising interest rates.
It has forecast:

- a U.S. high yield default rate of 1% for 2022 and a projected range of 1-1.5% for 2023 (historical non-recessionary average 2.2%); and
- a U.S. leveraged finance default rate of 1.5% and a projected range of 1.25-1.75% for 2023 (historical non-recessionary average 1.7%).

So, it's all rosy for Australian businesses?

Not entirely. Australian businesses are experiencing acute pandemic-related supply chain challenges and labour shortages. These factors are leading to inefficiencies, increased costs, business disruption and the testing of customer, client and counterparty patience.

With no immediate relief in sight, persistent inflationary pressure will lead to an increase in interest rates and higher funding costs in 2022. The ability of the government to respond fiscally to any adverse shock is further limited, following two years of policy spending.

Situational problems facing fixed-price contractors will strain working capital and may develop into heightened default and insolvency risks. The construction industry for instance, is already facing such headwinds while also navigating the withdrawal of Chinese investment associated with Evergrande's demise.

We also anticipate that corporate social responsibility will play a critical role in the transition of debt and capital away from intensive carbon-emitting industries in Australia.

What could upset "the applecart" more broadly in 2022?

Geopolitical risks pose a significant threat to economic growth. The military conflict advanced by Russia in Ukraine will undoubtably have a negative impact on global debt and capital markets. The resultant tightening of credit and capital flows may land some heavy blows to corporate health.

A rise in 'situational-specific' insolvencies

Targeted government support, readily available capital sources and the reopening of Australia's borders is providing renewed optimism for many businesses. However, new and emerging threats suggest we will see a 'situational specific' rise in insolvencies across 2022.

So which 'situations' do we see as drivers of insolvencies this year?

Supply chain challenges: Businesses heavily reliant on scarce supplies to meet customer demand will experience challenges, with the Construction and Manufacturing sectors most at risk. Recent high-profile insolvencies in these sectors suggest that we will see the ongoing impact to:

- the costs of raw materials and supplies (supported by increased inflation at 3.5%);
- supply shortages and limited logistic capacity, creating substantial input backlog and delays; and
- an inability to pass on increased costs to end users and customers due to fixed price or inflexible contracting arrangements.

Labour shortages: Businesses dependent on customer-facing staff will be more susceptible to operational disruption caused by COVID-19 isolation requirements, staffing shortages and turnover arising from a highly competitive labour market facing wage inflation. Retail, Event and Hospitality players are most at risk.

Structural industry reform: Aged Care industry operators, especially those with less sophisticated operational and capital structures will continue to struggle to meet pandemic care requirements and significant industry reform post the Aged Care Royal Commission. Businesses in the ever-changing Crypto industry will also face tough planned new regulatory reform.

Ineffective governance frameworks: Businesses with corporate governance policies and procedures that fail to appropriately address key business risks will likely suffer financial loss due to fraud, Cyber Attacks and cryptocurrency threats.

Shareholder disputes: Likely to arise where parties have differing views on core strategy, financial obligations and/or monetising interests in a highly accessible and liquid capital market.

Statutory creditor collections: The re-emergence of statutory creditors and regulators (post the Federal Election) will pursue outstanding obligations, targeting those businesses with delinquent lodgements, substantial arrears, and 'zombie' companies that are so indebted that they have been insolvent for some time.

SECTORS

04

A return to pre-pandemic spending

Retail was a net beneficiary of the restrictions and support associated with COVID-19 throughout 2021. Not only did government stimulus buoy struggling retailers, consumers reallocated more 'share of wallet' towards goods. While other spending options remained limited, the wealth effect linked to increasing residential property values (for those lucky enough to be in the housing market already) increased consumer confidence and demand.

As re-opening expands spending options and inflated interest rates dampen sentiment, retail top lines are likely to plateau or even retreat. ABS retail sales data showed 2021 sales were on average 12% above pre-pandemic levels, however, there were months where that gap narrowed. By February 2022, consumer confidence had fallen by around 15.5% from the 11-year high reported in April 2021.

This year, retailers face:

- a likely reversion towards pre-pandemic spending habits with a shift away from retail and tangible goods towards more experiential and services-based spending (including hospitality, leisure, and tourism);
- strong momentum in online and click-and-collect shopping, as a result of a permanent change in consumer behaviour;
- increasing inflationary and margin pressures as the ability to pass on input costs becomes limited;
- difficulties in demand forecasting and inventory management putting pressure on working capital; and
- sourcing, distribution and fulfilment challenges brought about by ongoing global supply chain issues.

Against that backdrop, retailers can improve their chances of success and capture opportunities by:

- implementing an integrated plan with suppliers, financiers and customers to build supply chain resilience;
- optimising working capital and inventory management to drive supply chain improvements;
- reviewing company structure and fixed cost bases with careful consideration of store footprint and profile;
- re-assessing strategy and creating a clear plan with associated financial forecasts to share with investors and financiers;
- allocating resources towards e-commerce and fulfilment, including utilising customer behaviour analytics and business performance data to better inform decision-making; and
- implementing comprehensive pricing and marketing strategies to attract and retain customers, and to maintain and enhance competitive position.

Cost increases and labour shortages threaten growth opportunities in construction boom

2021 saw a growing mismatch between demand and supply pressures in the sector. Government stimulus, increased household savings and low interest rates fuelled strong residential demand, whilst record levels of government infrastructure investment added more major projects to the pipeline.

In the face of this increased demand, contractors are being confronted with a shortage of skilled labour resulting in unforeseen delays and supply side pressures that are driving up the cost of raw materials. The combined effect saw house construction costs hit record highs in December 2021, having risen 12% in the previous 12 months (Source: ABS). Several mid-tier residential contractors fell into insolvency last year, with most citing supply chain delays and inability to pass on costs due to fixed price contracts as the key reasons for failure.

Our overarching view is that risk management and the credit quality of your counterparties has never been more important. As we look to 2022, we anticipate continued volatility as well as various opportunities in different subsets of the market:

Commercial: Demand will remain subdued across sub-sectors including retail and office, albeit continued strong demand in industrial.

Infrastructure: Growth-hungry contractors may easily overcommit resources with insufficient capital and/ or resources to deliver on awarded projects. Risk management will be key. On the client side, understanding the credit quality of the engaged contractor will be critical.

Residential: Economists are predicting interest rate rises and a possible reduction in house prices which will change the dynamics of the market. The recent trend of rising construction costs being absorbed through increased valuations will shift, as supply-side cost pressures continue but valuations flatline.

Against this backdrop of volatility, contractors can increase their resilience by:

- focusing on profitability and not top line growth;
- tighter working capital management; and
- assessing counterparties - at all stages in the value chain, contractors must ensure their business is partnering with customers, financiers and subcontractors who are stable, resilient, and can stand behind the commercial aspects of the project they are financially responsible for.

Risks and caution accompany continuing growth

2021 was a record year for property, driven by the lowest interest rates in history, buoyed by strong employment, a high savings rate and a chase for yield-generating assets. As a result, we saw the highest growth in decades within the residential property sector. The unexpected momentum from 2020 carried forward to 2021, with an overall growth rate of more than 22%.

As office landlords struggled to come to terms with 'hybrid working', the commercial property industry showed signs of stabilisation in retail, strong growth in healthcare and record demand for industrial.

While these themes are expected to continue, a range of risks have also emerged for the new year:

Interest rates: a series of rate rises are expected to commence in the second half of this calendar year (or in 2023) impacting the cost of credit, capitalisation rates, development feasibility and pricing.

Credit availability: The Australian Prudential Regulation Authority introduced tightened serviceability buffers in 2021 and is poised to further constrict credit availability should growth continue at similar levels this year.

Supply chain issues: COVID-19 disruptions, the availability of skilled labour and supply of materials will continue to be a risk for developers, owner occupiers and investors. In terms of cost overruns and project delays, these issues present a key concern across each property subsector.

Federal election: Property taxation policy is often a key consideration during an election campaign and possible change of government. This year may not be the exception.

While strong employment, interest rates and other fundamentals expected to generate further property growth in 2022, lenders, investors and owners will remain somewhat wary after two years of uncertainty. Caution will be exercised around the quality of their assets, the diversity of their portfolios, and the nature and breadth of their relationships.

We also predict a stronger focus on counterparty due diligence by joint venture partners, tenants, builders, and key contractors, alongside further headwinds in the investor-focused high density residential space.

As the "heat" comes out of the market, what's in store for the year ahead?

To the surprise of many, the COVID-19 economy has performed stronger than expected. Targeted relief has come at a cost to the banks and their clients but together with government stimulus packages, the country has avoided the dire predictions of March 2020.

The high volume of M&A activity will continue throughout 2022 and competition in the lending arm of the banks will increase. As we see some of the heat come out of the market, competition and tighter margins will lead to cost reduction measures, which will likely have a flow on effect. The Reserve Bank is forecasting interest rate rises in the second half of 2022 and other central banks have already moved on inflationary pressures.

Money laundering concerns aired in recent high-profile casino inquiries will see a renewed focus on Anti-Money Laundering (AML) regulations. It is yet to be revealed whether this will lead to tranche two of the AML legislation finally being applied to other sectors. As current processes fail to prevent high risk persons from transacting, there is an obvious need for enhanced due diligence, and we expect AUSTRAC to offer more guidance.

A lack of transparency in cryptocurrency transfers is also facilitating cross-border organised crime and other illegal fund transfers. This will continue to present challenges for fund and asset tracing. With cyber attacks and ransomware campaigns, companies and critical infrastructure organisations (including financial services) will be enhancing their resilience programs to fend off online attacks.

This year, we will continue to see more regulatory changes, further consolidation of the superannuation sector, natural disasters plaguing the insurance sector, and continued growth of cryptocurrencies. With an election upon us, it is yet to be seen what policies the major parties will announce. Already, we are expecting further regulation to address cryptocurrencies as a recognised asset class.

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