9:30am Tuesday, October 1st, 2024   Rewards

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Lifestyle

'Not going out as much': 'Date-night economics' leadi~~ng~~ small business insolvencies

A change in Aussie dating habits could be having a catastrophic impact on small businesses, an expert has said.

🕐 **2 min read** September 26, 2024 - 10:13AM

A decline in Aussies going out on "date night" could be contributing to small business closures, an expert ~~**More related stories**~~ as spiralling costs across the board continue to impact every facet of life.

As consumers reduce their discretionary spending, insolvency and business turnaround specialist Jirsch Su~~tterland's~~ national managing partner, Bradd Morelli, said he'd noticed an uptick in businesses being plagued by "cas~~hflow~~ issues".

"I believe that we are only starting to see the tip of the iceberg in respect to insolvencies that are the resul~~t of~~ declining sales and cashflow due to consumers reducing their spending," Mr Morelli told news.com.au.

"We are still in the very early days, and even if interest rates are cut at some time in the future, it will get ~~worse~~ before it gets better."

Australians "tightening up" on things like going out for dinner or paying for streaming services is "concern~~ing" for~~ the nation's economy, Mr Morelli added.

"This naturally flows into businesses that would have otherwise seen those sales," he said.

"People on fixed salaries with mortgages and rents to pay will always prioritise these over discretionary sp~~ending.~~ Managing higher interest rates and rents is at the cost of discretionary spending."

Data in 2022 revealed Australian singles were spending $43 billion a year on dating, a fourfold increase since 2017.

At the same time, sales volumes at cafes, restaurants and takeaway food services have fallen for five straig quarters.

According to the Australian Securities & Investments Commission (ASIC), cafes, restaurants and small bus registered disproportionate growth in insolvency appointments in the 12 months to June 30 this year.

The number of food services collapses skyrocketed by 50 per cent to a record 1667, compared to a previou 1114 in the 2023 financial year.

Restaurant and Catering Australia CEO Suresh Manickman said it was one of the toughest periods the sect ever faced.

"Higher interest rates, cost of living pressures on the up, more expensive produce and the cost of energy a having an impact," Mr Manickman told *The Australian*.

"Compared to this time last year, people have less money in their pockets and a reduced ability to pay and there lies the problem the sector is facing."

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