

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS
ATTORNEY-GENERAL'S DEPARTMENT

Sub Program 1.2.1

Question No. 119

Senator Barnett asked the following question at the hearing on 19 October 2009:

With respect to the Government's recent announced reforms has ITSA prepared a report on these reforms. If so could you provide a copy of at least a summary of it? Could ITSA advise the likely impact on bankruptcy, insolvency and debt management numbers on the future? Please provide details.

The answer to the honourable senator's question is as follows:

The Attorney-General's Department is responsible for advising the Government on bankruptcy reform.

On 25 August 2009, the Attorney-General released an exposure draft of the Bankruptcy Legislation Amendment Bill 2009. The amendments included in that Bill were developed following consultation with key stakeholders.

A short paper on the other amendments contained in the exposure draft of the Bankruptcy Legislation Amendment Bill 2009 was discussed with the Bankruptcy Consultative Reform Forum on 30 April 2009 and then formally released for comment through that Forum in May 2009. After considering comments on that paper, amendments were included in the exposure draft Bill referred to above. There is no formal report on that consultation. The Bill was introduced on 28 October 2009 and is currently being considered by the Senate Standing Committee on Legal and Constitutional Affairs which is due to report by 2 February 2010.

The amendments relating to trustee remuneration were based on a proposals paper that the Attorney-General released on 22 May 2008. The amendments relating to offences were developed following consultation on a discussion paper released in July 2006 and a report on that consultation accompanied by details of proposed amendments released in July 2007.

It is difficult to predict the likely impact that proposed changes to Australia's personal insolvency system will have on personal insolvency numbers as personal insolvency numbers are driven by a number of factors. The Department believes that, taken as a whole, the proposed changes to Australia's personal insolvency system will encourage more debtors to consider alternatives to bankruptcy which is likely to lead to a lower number of personal bankruptcies than would otherwise be the case.