

Parliamentary Joint Committee on Corporations and Financial Services

Corporate Insolvency in Australia

Attorney-General's Department

Hearing date: 13 December 2022

Question date: 22 December 2022

Deborah O'Neill asked the following question:

4. A number of submitters to the inquiry have supported the harmonisation of the personal and corporate insolvency regimes, whether it be by providing a level of synchronisation across the current legislation, or by introducing a new 'Insolvency Act'.
- What benefits or disadvantages might there be to this approach?
 - Can you foresee any impediments from a government administration and implementation perspective to this?
 - What regulatory impact would this have?
 - Would it necessitate the consolidation of both regimes into one portfolio?
 - Would additional resources need to be committed to facilitate such a change?

The response to the question is as follows:

The Attorney-General's Department has not explored the idea of harmonisation of the two systems in detail but has worked with the Treasury to implement reforms to enable some alignment of the personal and corporate insolvency systems through the *Insolvency Law Reform Act 2016* (Cth). The reforms aligned and modernised standards for corporate and personal insolvency practitioners, specific rules relating to the handling of personal bankruptcies and corporate external administration, and powers of the regulators of each system.

The elements of corporate and personal insolvency have been developed for the specific circumstances of each regime. Harmonising the systems would require careful consideration and analysis, including determining any additional resources that may be required to facilitate it. The department is considering stakeholder views and will closely monitor the outcomes of the inquiry, noting any insolvency system reforms are a matter for Government.