



Committee	Parliamentary Joint Committee on Corporations and Financial Services
Inquiry	Inquiry into Corporate Insolvency in Australia
Question No.	020
Topic	Small business restructuring and simplified liquidation reforms
Reference	Questions on notice via email dated 23 December 2022
Committee member	Senator Deborah O'Neill

Question

In January 2021, the following reforms commenced:

- a new small business restructuring regime to enable simpler restructuring of small businesses; and
- a simplified liquidation process to streamline creditors' voluntary winding up for companies that have liabilities less than \$1 million.

- a. How well are the reforms working and, in particular, the debtor in-possession aspects of the small business restructuring regime?
- b. Are any adjustments required?

Table 2.1 in Treasury's submission (submission 34, page 11) demonstrates an increase in the number of companies entering small business restructuring over the past three quarters, from 9 in first quarter to 83 in the September quarter.

- a. What, if anything, does this trend say about take-up of the regime?
- b. Is there enough data yet to properly evaluate the efficacy of the regime?
- c. What factors may have influenced this increase?

Answer

ASIC refers the Committee to paragraphs 177 to 195 which provide information on the uptake of the small business restructuring and simplified liquidation reforms.

On 17 January 2023, ASIC published [REP 756 Review of small business restructuring process](#) and issued a [media release](#) that summarised the report.

ASIC continues to publish [weekly statistics on external administration appointments](#) which as at 1 January 2023 (noting figures for December 2022 are provisional) shows since 1 July 2022, there have been 160 restructuring appointments, 116 restructuring plans entered into and 15 liquidations where the liquidator adopted the simplified liquidation process.