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Mr Timothy Watling  
Committee Secretary  
Legal and Constitutional Affairs Committee  
The Senate  
Parliament House  
CANBERRA

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Dear Mr Watling,

### **Inquiry into the Bankruptcy Amendment (Debt Agreement Reform) Bill 2018**

The Legal Services Commission of South Australia provides legal advice and information about a wide range of legal issues including consumer credit and debt. A specialist adviser in consumer law and consumer credit law is based at our Adelaide office. She regularly attends the Adelaide Magistrates Court to provide advice and assistance to unrepresented debtors and make referrals to financial counselling services.

The reforms proposed in this Bill recognise that there is a problem with some debt agreements and they will be effective in closing significant loopholes. But more could still be done to ensure that vulnerable debtors are not unnecessarily drawn into arrangements unsuited to their needs.

The number of debt agreements has grown significantly in the past few years. Debtors in financial stress looking for assistance may only be aware of the for-profit services either because they are referred there by creditors or because such services are extensively advertised. Consequently many debtors may not be aware of free financial counselling services or other possible options as an alternative to a debt agreement. In the experience of our staff, some clients would be better off lodging a debtors petition or asking for debt waivers, but are 'sold' a debt agreement without proper consideration of their circumstances. A number of debtors express confusion about the nature of the debt agreement. The Commission recommends that consideration be given to the level of information provided to debtors well before they enter into a Debt Agreement.

Thank you for the opportunity to comment on this proposed legislation.

Yours sincerely,

  
Gabrielle Z Canny  
Director