

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS
INSOLVENCY AND TRUSTEE SERVICE AUSTRALIA

Question No. 118

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

Could Insolvency and Trustee Services Australia provide the following information;

- a) what are the latest figures for company insolvency in Australia,
- b) what are the latest figures for individual bankruptcy in Australia,
- c) what are the latest figures on debt management, and
- d) what measures are being taken to assist companies and individuals to avoid insolvency/bankruptcy?

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

(a) The Insolvency and Trustee Service Australia administers the personal insolvency system (the corporate insolvency system is administered by the Australian Securities and Investments Commission). Personal insolvency may be business related or non-business related. A business related insolvency is defined as being one in which an individual's insolvency is reported on their Statement of Affairs as being directly related to their proprietary interest in a business.

The 2009 September quarter provisional data is shown below:

SEPTEMBER 2009 QUARTER (provisional)		
Type of Personal Insolvency	Business Related Personal Insolvencies	Proportion of Total
Bankruptcy	971	13.2%
Debt Agreements	131	5.9%
Personal Insolvency Agreements	35	23.3%
TOTAL	1137	11.7%

The number and proportion of business related insolvencies for 2008-09 are shown below.

2008-09 ANNUAL		
Type of Personal Insolvency	Business Related Personal Insolvencies	Proportion of Total
Bankruptcy	3,899	14.2%
Debt Agreements	364	4.2%
Personal Insolvency Agreements	106	24.3%
TOTAL	4,369	12%

(b) and (c) The 2009 September quarter provisional personal insolvency data (including bankruptcy, debt agreements and personal insolvency agreements) is shown below.

SEPTEMBER 2009 QUARTER (provisional)	
Type of Personal Insolvency	Number
Bankruptcy	7,329
Debt Agreements	2,233
Personal Insolvency Agreements	150
TOTAL	9,712

The personal insolvency figures for 2008-09 are shown below.

2008-09 ANNUAL	
Type of Personal Insolvency	Number
Bankruptcy	27,483
Debt Agreements	8,567
Personal Insolvency Agreements	437
TOTAL	36,487

(d) In October 2009, the Government introduced the Bankruptcy Legislation Amendment Bill 2009 in the House of Representatives. The Bill contains a number of measures which reflect the rising number of personal bankruptcies, particularly those relating to consumer debt. First, the Bill increases the stay period for declarations of intent to file from seven days to 28 days to give debtors a better opportunity to assess their options. Secondly, the Bill increases the minimum amount for a creditor's petition from \$2,000 to \$10,000, so that debtors are not bankrupted over a relatively small debt. Thirdly, the Bill increases the income, assets and debt thresholds for debt agreements. Debt agreements are an alternative to bankruptcy and on average provide better returns to creditors.