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25 May 2016

The Manager, Corporations and Schemes Unit
Financial Systems Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir/Madam,

We welcome the opportunity to provide input to this review. We felt it appropriate to provide some insights from our direct client contact which may inform your decision making.

About us

Bentleigh Bayside Community Health incorporates Gambler's Help Southern (GHS). GHS is the largest problem gambling service provider in Australia. Bentleigh Bayside Community Health has maintained continuous contractual funding for this program for 21 years since its inception in 1994. Services provided by Gambler's Help Southern include:

- Therapeutic Counselling
- Financial Counselling
- Community Education
- Venue Support
- Specialist Portfolio Engagement Services

We are well placed to provide additional information to support this review as we see a number of clients who are considering the appropriateness of entering into bankruptcy and it's alternatives..

We invite you to contact Pam Mutton on 9575 5361 or p.mutton@bbch.org.au to discuss any aspect of this submission and the recommendations of our financial counselling team.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Pamela Mutton", written over a horizontal line.

Pamela Mutton
FINANCIAL COUNSELLOR



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Sandringham Vic 3191
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Improving bankruptcy and insolvency laws proposals paper submission by the Financial Counselling team of Bentleigh Bayside Community Health

Clients of our agency can often go bankrupt with relatively small debts, in the context of the average Australian borrower.

However, for a person on a low casual wage or in receipt of a Centrelink allowance or pension these debts are prohibitive to repay. These clients have often been enticed into expensive phone plans, consumer loans and leases. Alternatively a change in their health or employment situation prevents the servicing of what previously had been a manageable debt level.

Bankrupts seen by our Financial Counsellors often not obligated to make contributions to their estate under the current thresholds and are highly unlikely to be required to make future contributions. We feel it is entirely logical that these consumers be fully discharged from Bankruptcy after 12 months.

We would, however, be concerned if the proposed reduction to 12 months, while leaving open the ability of the Trustee to seek contributions post discharge, enabled the bankruptcy trustee to extend the period under which income contributions could be sought from a person who may have a future claim to a deceased estate or court settlement and would seek, where the bankrupt has not been required to make contributions to the estate to have the contribution period match the bankruptcy period.

The concept that a discharged person remains obligated to the trustee for a further 2 years could be regarded as incongruous and, in some instances, hinder the desired objective of encouraging entrepreneurship due to the ongoing financial obligation to the Trustee. We would contend that bankrupts who are required to make contributions to their estate should serve the period of bankruptcy under the current legislative regime or have the period under which contributions would be required reduced to the period of Bankruptcy; 12 months.

If the period of Bankruptcy is to be reduced to 12 months for all those seeking protection from their creditors we feel the ability for Trustees to seek and extension of the period of Bankruptcy should then be 3 years or 5 years with 8 years extension being only available for extreme cases. This will ensure Trustees work through the client's debt matters in a timely manner and reduce the costs to debtors with a view to increasing the remittance to creditors.

We commend the approach through the review process in relation to some areas of employment which can hinder the Bankrupt person's ability to remain in their chosen trade or area of service. To this end we would concur with any decision which would see bankrupt persons employed in areas where there is little or no access to their client funds e.g. trade occupations, Police or Defence personnel

As Financial Counsellors we generally do not see business clients. However, on the occasion that a client also is involved in business it would be useful to have a single point of entry or independent listing of safe harbour practitioners which can explain the impact of bankruptcy and give positive resolution solutions to ensure the viable restructure of the business.

It is recommended that this review consider the impact of unclear communications surrounding this area on recent migrants. A clear espousing of the impact, or lack of it, of bankruptcy on citizenship may encourage entrepreneurial behaviour amongst recent migrants.

Further to this discussion one barrier to entering into bankruptcy is the impact this may have on a person becoming a permanent resident. There is no clearly communicated documentation on the checks performed when permanent residents intend to become Australian citizens that bankruptcy would not hinder this application.