

26 May 2016

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

By email: insolvency@treasury.gov.au

Dear Sir or Madam

Improving Bankruptcy and Insolvency Laws
Response to Proposals Paper

I write in response to the Proposals Paper, *Improving Bankruptcy and Insolvency Laws*, published by the Treasury in April 2016.

Since June 2014, my colleagues Paul Ali, Lucinda O'Brien and I have been engaged in a major empirical study of Australia's personal insolvency framework, funded by an Australian Research Council Linkage Grant. To date, our research has included an online survey of individual current and former bankrupts; an online survey of financial counsellors and consumer solicitors; and a highly focussed study of financial counselling services offered to debtors responding to creditors' petitions in the Bankruptcy List at the Federal Circuit Court. Most recently, we have conducted a further online survey of the general Australian population, exploring social attitudes towards and beliefs about bankruptcy. Our empirical investigation is ongoing and, in coming months, will include a series of focus groups with financial counsellors, consumer solicitors and other relevant groups.

While we do not wish to comment on specific proposals outlined in the paper, at this stage, we believe our publications in this field may be of some assistance to the Treasury as it contemplates reform of the bankruptcy system. In particular, our 2015 article on bankruptcy stigma may assist policymakers as they consider whether or not to reduce the period of bankruptcy from three years to one year, with a view to reducing stigma and encouraging entrepreneurial activity. This article, "Short a Few Quid": Bankruptcy Stigma in Contemporary Australia', and our other publications to date, can be found on our website at <http://law.unimelb.edu.au/centres/cclsr/research/major-research-projects/personal-insolvency-project>.

Associate Professor Ali, Ms O'Brien and I are available for further consultation, either in person or via email, if this would assist the Treasury with its valuable work in this area. Please do not hesitate to contact Ms O'Brien by email at lucindao@unimelb.edu.au, or by telephone on (03) 8344 7096, if we can be of any assistance or if you would like to know more about our current investigation of the Australian bankruptcy system.

Yours sincerely



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