



Australian Government



Australian  
**Small Business and  
Family Enterprise**  
Ombudsman

4 March 2021

Manager  
Market Conduct Division  
The Treasury  
Langton Crescent  
Parkes ACT 2600

*via email: MCDInsolvency@Treasury.gov.au*

Dear Sir/Madam

**Increasing the Statutory Demand threshold**

My Office supported the temporary measures, introduced in response to the pandemic, to increase the threshold for a statutory demand from \$2,000 to \$20,000 and the response period from 21 days to six months.

Any increase in the statutory limits must strike a balance between supporting the interests of debtors and creditors, while also recognising the ongoing impacts of COVID-19 on business cash flow.

We recommend that the threshold be increased from \$2,000 to \$10,000. This is consistent with the recommendation in our pre-budget submission in December 2020 and represents an increase from our initial recommendation in July 2020 as part of our Insolvency Inquiry.

While we recognise that this consultation is not considering changes to the response period, we recommend that it also be increased from 21 days to 30 days. The extra time to respond to a demand would better support debtors to contact their trusted adviser or engage their own legal expert to defend the claim, as well as to adjust cash flow to meet the demand.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact Ms Louise Stuart-Watt on 02 8234 2623 or by email to [louise.stuart-watt@asbfeo.gov.au](mailto:louise.stuart-watt@asbfeo.gov.au)

Yours sincerely

**Kate Carnell AO**  
Australian Small Business and Family Enterprise Ombudsman

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