

## **ENTERPRISE AND REGULATORY REFORM BILL: Debtor Petition Reform**

### **Main purpose and benefits of legislation:**

The legislation will reform the process by which an individual may apply for his or her own bankruptcy, benefitting individuals, Government and business, by:

- Replacing an unnecessary court function with a more efficient administrative process, freeing up court resources
- Streamlining the process by the introduction of a new electronic application
- Improving access to bankruptcy to encourage earlier financial rehabilitation for indebted individuals, thereby reducing reliance on credit facilities

### **The main elements under the Bill are:**

- Transferring the procedure for entering debtor petition bankruptcy from the civil court system to a new administrative system
- Establishing a new office of the Adjudicator to determine whether or not to make a bankruptcy order on the basis of an administrative application

### **Wider context:**

- Debtor bankruptcy petitions are uncontested and generally procedural in nature so there is no need for the entry process to be administered by the courts. Taking them away from the courts will free up court resources to deal with matters which do require judicial input.
- The reforms are expected to improve accessibility to bankruptcy for those with unmanageable levels of debt through the introduction of an electronic application process. Debtors will benefit from earlier financial rehabilitation and creditors will potentially see losses reduced, bringing benefits to the wider economy.
- Our bankruptcy regime is already very well regarded internationally and is seen as progressive in terms of balancing the needs of debtors to obtain early financial rehabilitation against the rights of creditors. The reforms will not affect the process of bankruptcy once an order has been made – the serious repercussions of bankruptcy will remain.
- The reforms do not affect bankruptcy petitions presented by creditors and other third parties which will continue to be presented to and heard by the court.