



One Year Bankruptcies – Dead in the Water?

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Legislation introduced to Federal Parliament prior to the 2019 election would have seen the introduction of a 12 month term for bankruptcy, replacing the current three year term.

The move prompted some interesting debate, and a fair degree of controversy. Most people in the industry that we have spoken to were against it, for all sorts of different reasons.

In any event, *the Bankruptcy Amendment (Enterprise Incentives) Bill 2017* has lapsed. It cannot be revived or reinstated. Should there be any renewed interest in Canberra to introduce one-year bankruptcy, a brand new bill will need to be introduced and moved through the various stages to become law.

We think this is most unlikely in the short to medium term. Dealing with the arguments previously raised against one year bankruptcies, when there are few if any calls for the Bill to be re-introduced, is a task that I'm sure the Federal Government can do without.

Even without the introduction of a one year bankruptcy, it is clear from our discussions with figures in the insolvency profession as well as commercial clients that the social stigma of bankruptcy has lessened over the years. However, whenever credit tightens, former bankrupts will always find themselves among the first to have the doors of lending shut in their faces.

If you have any questions concerning personal bankruptcy, whether you are a debtor or a creditor, please don't hesitate to get in contact with us.