

Update: Insolvency Law Reform Work

Having received submissions on the draft Insolvency Law Reform Bill in June 2004, the Ministry of Economic Development has been considering those submissions and reviewing the Bill. Work on the Bill has progressed steadily and it is on track for introduction to Parliament in 2005.

However, work on occupational regulation for insolvency practitioners has been deferred due to the complexity of the issues involved and the need for further consultation with stakeholders.

This decision is based on a commitment by the Government and the Ministry to progressing the Bill and making sure it is not delayed, given that it includes changes that have long been called for.

The reason for separating out the work on possible occupational regulation is that, while consultation has shown a consensus in the industry in favour of regulation, there are differing views on the form it should take, and its scope.

Work is currently underway in Australia and internationally on occupational regulation and this will need to be taken into account in designing any New Zealand model. Separating out the work from the Bill allows this to happen while avoiding delaying the Bill's introduction.

The work on occupational regulation will be underway in 2005, including having more detailed discussions with the industry, before any proposed changes are put to Cabinet. The Ministry aims to form some tentative views, based on the submissions received on the discussion paper released earlier this year, and then develop these, or other options, further through discussion with the industry.

A workable, realistic framework is the desired outcome and the Ministry looks forward to working with insolvency practitioners and other stakeholders to achieve this.

Key Measures in the Insolvency Law Reform Bill

- Introduction of Voluntary Administration (VA) based on Australian Law.
- No Asset Procedure (NAP) as an alternative to personal bankruptcy.
- Update of the current personal insolvency rules.
- Adoption of the UNCITRAL Model law on cross border insolvencies.
- New restrictions on use of Phoenix Companies.
- Modification to the voidable transactions and priority debts.

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