



## MEDIA RELEASE

### Parliamentary committee recommends reforms to the debt recovery framework in New South Wales

4 November 2014

The Legal Affairs Committee has today tabled a report on its inquiry into debt recovery in New South Wales.

The inquiry was prompted by concerns about the adequacy of current legislation and administrative processes for the collection of debts, with the Committee particularly focusing on removing barriers to debt recovery and making the debt recovery process more efficient.

The Committee's inquiry focused on five key areas. The first of these areas considered the current licensing system for debt collectors in New South Wales. The second considered the effectiveness of current processes for the recovery of debts in the court system and the enforcement of court judgments. The third area examined the issue of the balancing the rights of creditors to locate debtors with debtors rights to privacy. The fourth examined the activities of the State Debt Recovery Office in recovering debts owed to the New South Wales Government. Lastly, the Committee considered the impact of debt recovery processes on vulnerable individuals and examined poor practices that sometimes occur in the debt collection industry.

The Committee has made 22 recommendations in their report. The Chair of the Legal Affairs Committee, Mr Bryan Doyle MP, Member for Campbelltown, said: "The recommendations made by the Committee will streamline licencing requirements for agents in the debt collection industry; allow a greater number of creditors to use the simple and low cost Small Claims Division of the Local Court; outsource the enforcement functions of the Office of the Sheriff to reduce delays and to bring greater flexibility; and enable creditors to more easily ascertain the whereabouts of debtors."

Mr Doyle continued: "The Committee has also made several recommendations to protect those people often severely affected by the debt recovery process – vulnerable and disadvantaged individuals – by recommending a minimum balance be retained in debtors bank accounts and encouraging debt collectors to offer referrals to external, independent financial counsellors."

As part of its inquiry, the Committee consulted with members of the debt collection industry, the judiciary, and legal practitioners who advocated on behalf of vulnerable and disadvantaged members of the community. Mr Doyle commented that "this inquiry gave the Committee the unique opportunity to consider improvements to current practices for the recovery of debts and at the same time ensure that the most vulnerable members of our community are looked after, by increasing protections for them."

A copy of the report can be downloaded from [www.parliament.nsw.gov.au/legalaffairs](http://www.parliament.nsw.gov.au/legalaffairs).

*For further comment please contact the Committee Chair Mr Bryan Doyle on 02 4625 3344.*