

House of Representatives

Supplementary Order Paper

Wednesday, 16 October 2019

Regulatory Systems (Economic Development) Amendment Bill (No 2)

Proposed amendments

Hon Phil Twyford, in Committee, to move the following amendments:

Clauses 55 and 56

Delete *clauses 55 and 56* (page 19, line 33 to page 20, line 28).

Clause 78

In *clause 78*, after *new section 358B* (page 25, after line 7), insert:

358C Discharge does not release partners and others

A discharge under **section 358A** does not release any person who, at the date of discharge, was—

- (a) a business partner of the discharged debtor; or
- (b) a co-trustee with the discharged debtor; or
- (c) jointly bound or had made any contract with the discharged debtor; or
- (d) a guarantor or in the nature of a guarantor of the discharged debtor.

Schedule 3

In *Schedule 3*, delete *clause 16* (page 46, lines 30 to 36).

Explanatory note

This Supplementary Order Paper amends the Regulatory Systems (Economic Development) Amendment Bill (No 2).

**Proposed amendments to
Regulatory Systems (Economic Development)
Amendment Bill (No 2)**

SOP No 388

The changes in this Supplementary Order Paper relate to the amendments to the Insolvency Act 2006 in *Part 8* of the Bill. In summary, the Supplementary Order Paper—

- deletes the changes that apply when a creditor submits a late claim in a bankruptcy (*clauses 55 and 56* and an associated transitional provision). It is intended that a revised process for late claims will be included in a future Bill. Deleting the provisions from this Bill will allow more work to be done to ensure that the process is workable and fair and does not have unintended consequences (for example, in relation to the priority rules that apply to other creditors who have submitted claims within the required timeframe):
- adds *new section 358C*. This change clarifies that a discharge of a debtor after a distribution of money paid under a debt repayment order does not release other parties from any liability to pay a debt. These other parties may include, for example, a person who is jointly bound with the debtor or a guarantor. This is consistent with provisions that apply in the context of other discharges under the Insolvency Act 2006 (*see, for example, sections 306 and 377B*).

Departmental disclosure statement

The Ministry of Business, Innovation, and Employment considers that a departmental disclosure statement is not required to be prepared for this Supplementary Order Paper.