Bankruptcy stigma is too high: change can start with accountants

With the level of stigma associated with bankruptcy in Australia remaining high, accountants need to be fully aware of its impact in order to better assist their clients. That's just one of the key findings from Jirsch Sutherland's first-ever national bankruptcy summit.

Held in Sydney on October 25 and 26, the initiative was designed to actively consolidate and further develop the company's current levels of bankruptcy expertise.

Stewart Free

"As the firm has grown it has become evident that each office has a special expertise or skill in the bankruptcy area that could be harnessed for everyone's benefit," says Jirsch Sutherland Partner Stewart Free. "The primary goal of the summit was to foster and develop the already amazing culture that the bankruptcy team exhibit. We are all striving to better ourselves both individually and collectively."

One of the issues that Jirsch Sutherland wants to address is the stigma that continues to surround bankruptcy in Australia – and Stewart believes change can start with accountants.

"The accountancy profession often inadvertently provides incorrect advice and guidance to those who find themselves in a position of insolvency," he says. "Accountants are great at many aspects of financial administration, but it's also true that their knowledge and experience around the challenges and technicalities of personal insolvency is often quite limited. This is especially the case when we consider last year's changes to government legislation, which now enables individuals who enter into bankruptcy to return to business after one year instead of three."

Enhanced bankruptcy expertise

Attended by 19 Jirsch Sutherland and WA Insolvency Solutions delegates from around Australia, the initial summit examined key issues such as the importance of compliance, correct

data input, as well as new regulatory patterns and issues. Industry trends and areas of AFSA focus in relation to practitioners were also covered. Delegates also discussed the company's new Shared Services concept, which entails teams consisting of primarily administrative staff that can take on more active roles in bankruptcy matters.

One of the keynote speakers was Mark Findlay, Director Regulation and Enforcement with AFSA. He covered a range of topics including industry trends, AFSA guidelines, and areas of AFSA focus on practitioners.

"As a result of this summit I believe our bankruptcy expertise has been strengthened," says Stewart. "This means we can be more focused on delivering compliant and beneficial outcomes for all stakeholders."

Training for accountants

Stewart says that Jirsch Sutherland is also keen to offer bankruptcy training to accountants.

"We feel that being able to pass on our knowledge and expertise is very appropriate," he says. "It's what we specialise in, so we feel it's important that other industry professionals and their clients should also be able to benefit. Bankruptcy can be a complex area, but we feel sure that we can help bring others up to speed."

Following completion of the summit, a questionnaire was sent to all delegates with a view to seeking constructive feedback.

"We were understandably very keen to ascertain what delegates would like to see covered in future conferences, and the responses we received were very enlightening," says Stewart.

"We now know that a high percentage of delegates would like to learn more about bankruptcy precedents, and also gain a deeper awareness of the use and importance of IPS. They're also interested in insights as to what AFSA looks for to identify issues around trustees. A majority of delegates also want the material and information to be shared amongst all staff members to ensure that all information and knowledge is retained."

With the 2018 summit proving a major success, Stewart said the initiative would definitely continue into the future.

"The event was highly beneficial and the feedback was positive, so this is a format we'll certainly be revisiting in the future," he says. "It's already clear that this type of gathering is a great way for us all to learn new things and share our existing knowledge, and I think the members of our Jirsch Sutherland team are already looking forward to the next one."