Australian Government
Australian Financial Security Authority

1 August 2025

Ref: OCE-1109

The Hon Dr Jim Chalmers MP
Treasurer

Senator the Hon Katy Gallagher
Minister for Finance

Cc: The Hon Dr Andrew Leigh MP
Assistant Minister for Productivity,
Competition, Charities and Treasury

Dear Ministers

Thank you for your letter of 4 July 2025 seeking input into the Government's productivity agenda through regulatory reform.

I welcome the opportunity to contribute. The Australian Financial Security Authority (AFSA) is Australia's regulator of personal insolvency and personal property securities systems. Proportionate, purposeful and outcomes-focussed regulation of these systems contributes to productivity growth and ensures the integrity of Australia's credit system.

I have identified 4 proposals which would deliver economic benefits – particularly to small business – by improving access to credit, enhancing AFSA's regulatory effectiveness and improving the insolvency framework as a whole. Two would be directed at leveraging the Personal Property Securities Register (PPSR). The other 2 would be directed at enhancing the capacity of the insolvency system to deliver productivity gains. They are:

1. encouraging the timely removal of registrations from the PPSR
2. providing clearer guidance for the registration of intangible assets on the PPSR
3. addressing professional insolvency misconduct with a risk-based approach, and
4. longer-term structural reforms to the insolvency framework.

Leveraging the Personal Property Securities Register

The PPSR plays a foundational role in Australia's credit system, supporting more than $440 billion in secured lending. Last financial year, there were more than 12.8 million searches and 2.2 million new registrations. Through recording security interests in tangible assets that are not buildings or land (equipment, livestock, crops, vehicles) and intangible assets (intellectual property, accounts receivable, licenses and stock on consignment), the PPSR acts as a consumer and business protection tool. It allows lenders and asset owners to avoid loss, those purchasing goods to avoid fraud and secured creditors to establish precedence in liquidations. Noting the PPSR came into effect in 2012, there are opportunities for improvement. The 2 proposals can be implemented in the short- to medium-term.

1. Encouraging the timely removal of registrations from the PPSR

Consumers and business owners have told us that the failure of creditors to remove expired registrations on the PPSR is affecting their ability to secure credit and delaying commercial transactions. It also significantly increases administrative and legal costs in disputing the registration.

Requests to AFSA disputing registrations made by secured parties increased from 1,573 in 2023-24 to 2,191 in 2024-25 and the number continues to grow. This data, along with advice about the negative consequences from small business advisors and industry associations, evidences the extent and impact of the practice. To address this, I propose engaging directly with financial institutions, other PPSR users and stakeholders to uplift timely removal of registrations once a loan is repaid. This allows businesses to reuse assets as collateral and frees up capital for reinvestment and growth.

2. Providing clearer guidance on the registration of intangible assets on the PPSR

AFSA has identified that, compared to tangible property, there is low uptake in utilising the PPSR's benefits and protections for intangible property. AFSA data shows that as of June 2025, registrations with intangible collateral make up around 1% of the total registrations.

Accordingly, AFSA proposes to raise PPSR visibility through education and outreach into the small business community and their natural business processes, highlighting how the PPSR can protect intangible assets. AFSA will also work to provide clearer guidance for registering intangible assets. Benefits of these reforms include faster and lower-cost access to credit, time and cost saved by businesses through reduced administrative effort and stronger assurance for investment decisions.

Enhancing the capacity of the insolvency system to deliver productivity gains

3. Addressing professional misconduct with a risk-based approach

I am committed to maintaining confidence in the personal insolvency system by addressing misconduct that undermines its integrity and fairness. A small number of actors seek to defraud creditors, mislead vulnerable debtors or help bankrupt individuals avoid their obligations. This behaviour erodes trust, increases system costs and places honest users at a disadvantage.

Addressing this issue begins with the culture of the insolvency profession. The public need to be able to trust the professionals they interact with. I recently addressed the profession on what makes good culture across their systems, processes and policies and how AFSA will actively encourage it. I propose working directly with the profession to provide practical guidance on the cultural shifts needed to filter out bad actors.

There are occasions when fostering cultural change will not be enough. AFSA's 2025-26 Regulatory Action Statement outlines the agency's regulatory priorities and guides its continued focus on strengthening AFSA's enforcement posture and regulatory capability to target these priorities. This includes clearer compliance expectations, more visible and comprehensive use of all enforcement tools and better use of data including artificial intelligence to identify patterns of misconduct earlier. In doing so, AFSA will push its legislative perimeter by utilising all powers available to it under the Bankruptcy Act – some for the first time. This work will support faster and lower-friction experiences for most users by ensuring the system remains fair, accountable and trusted. It complements AFSA's broader stewardship role and can be advanced within existing legislative and policy settings.

4. *Longer-term structural reforms to the insolvency framework*

Over the longer-term, there may be an opportunity for legislative reforms to modernise Australia's insolvency framework. The Bankruptcy Act is almost 60 years old, is complex to navigate, and does not reflect contemporary social and economic expectations. In many cases, it extends financial exclusion and limits productivity for individuals and small businesses. There may also be an opportunity for a unified personal and corporate insolvency framework. AFSA looks forward to working with the Treasury to ensure Australia's personal insolvency laws remain fair, efficient and fit for purpose.

Yours sincerely

[redacted]

Tim Beresford
Chief Executive