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WA Households Under Pressure as Bankruptcies Soar

“The bankruptcy figures released today show that the economic downturn is taking its toll in WA”, said Sue Ash, CEO of the Western Australian Council of Social Service.

Statistics released today by the Insolvency and Trustee Service Australia, a federal government agency, show that the number of bankruptcies in WA rose by 16% in 2008-09, while the national figure rose by 5.9%. The rate of bankruptcies in WA rose more quickly than in any other State for 2008-09.

“1660 West Australian individuals and businesses declared bankruptcy in the financial year that just finished, with personal bankruptcies likely to represent about 85% of the total”, said Ms Ash.

“That means there are roughly 1400 newly bankrupt West Australians who will have their activities severely curtailed over the next three to five years. They will have a portion of their income set aside, must obtain permission to travel, and will not be allowed to possess assets of significant value. Their credit will be limited, and their job opportunities may be curtailed. Credit reporting agencies will keep their name on file for seven years”.

“Bankruptcy can have severe implications for individuals, and shouldn’t be entered into lightly. The fact that so many West Australians have had to resort to bankruptcy shows that the economic downturn is taking its toll on the community”, said Ms Ash.

“The rate of unemployment in WA has risen more rapidly than the rate in other states, and we now know that the rate of bankruptcy has also risen more rapidly in WA. We also know that property repossessions are at record highs, with 1336 property repossessions going before the courts in 2008-09”.

“WACOSS is worried about what this trend might mean for WA if the economy slips further into recession”, said Ms Ash.

“It’s possible that households have taken on too much debt during the economic boom, and the burden of debt repayments is seeing people slide more rapidly from material comfort to financial hardship”.

“To minimise bankruptcy and assist West Australians facing financial hardship, the State Government must invest in vital community services”, said Ms Ash.

“West Australians facing bankruptcy must have access to financial counselling, employment and training, drug and alcohol assistance, mental health care and advice and other services”, said Ms Ash.

For further comment:

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