

Speech by Senior Minister of State for Law and Home Affairs,
Assoc Prof Ho Peng Kee, at launch of IPAS, 2 November 2006

Distinguished guests, ladies and gentlemen

Introduction

1. I am happy to be here with you at this launch of your Association, the Insolvency Practitioners Association of Singapore (IPAS).

Private Sector Initiative

2. I am particularly heartened that the private sector has taken the initiative to form this Association. I would like to commend the Institute of Certified Public Accountants of Singapore (“ICPAS”) and the Law Society of Singapore for coming together on this collaborative effort, bringing together not just accountants and lawyers but also other professionals such as bankers, academics,

judges, students and others interested in the areas of insolvency and debt restructuring.

3. I welcome such a private sector initiative which I expect will be an important platform to bring together like-minded professionals in this specialist industry, to discuss common problems and issues, to network and update oneself. All these activities, I am sure, will raise professional and ethical standards. Such a body will also provide a good platform for the Government to gather feedback, on an ongoing basis, to help keep policies and laws relevant and up-to-date with commercial realities. With IPAS having the aim of maintaining and enhancing the standards of insolvency professionals, the greater public good is also served.

4. In this regard, I am happy to note that the Association has organised a conference today which will discuss topics such as “Duties of Insolvency Practitioners” and “Remuneration of Insolvency Practitioners”. I am told that these topics were picked

for discussion in recognition of the greater public good that is served by insolvency practitioners. This augurs well for the future growth and development of IPAS, as an association that not only looks after the interests of its individual members, but the public interest as well. I urge IPAS to always keep to the guiding principle that the interests of the public should prevail and be upheld in all that the Association does.

Insolvency Affects More Than Just the Debtor

5. It is clear that when companies or individuals run into financial difficulties, it is not just a problem for the debtor concerned, but it is also an issue which may affect other stakeholders as well.

6. The Government is well aware of the importance insolvency and debt restructuring plays in the overall economic and social fabric of Singapore society. This is evidenced by the Government's law and policy reform efforts over the years. For example, after the

Pan El financial crisis in 1985, we reformed the insolvency laws to introduce Judicial Management. In 1995, we revised the Bankruptcy Act to keep up with the times and to draw a better balance between cases which deserved to continue in bankruptcy and those which ought to be discharged after a reasonable period of time. This move was in part to recognise the reality, at that time, that many bankrupts were victims of circumstances and it served no purpose to disproportionately punish them with a lifetime of bankruptcy.

7. Early this year, the Government announced that it was studying the introduction of a wage re-organisation scheme which would help debtors who fall within certain criteria avoid bankruptcy if they work out a repayment plan with their creditors. For individuals with a steady stream of income flow, this scheme will provide them with an alternative to resolve their financial obligations and avoid bankruptcy, with all its attendant disadvantages.

8. The Government is also in the process of reviewing and studying the existing corporate rescue and insolvency legislation to see if further refinements can be made to the legislation to provide viable business units of corporations on the verge of financial collapse opportunities for corporate rehabilitation and restructuring to avoid liquidation. This will help prevent the destruction of businesses, preserve valuable skills, save jobs as well as give our entrepreneurs a second chance. In due course, an Omnibus Insolvency Legislation incorporating both corporate insolvency and personal bankruptcy laws will be enacted.

9. Insolvency laws are currently still circumscribed in application by geographical boundaries. However, there are signs that this is changing as more and more countries update and pass new insolvency legislation. For example, China on 27th August 2006 passed a new law on “Enterprise Bankruptcy”, which updates their laws and recognises the rights of secured creditors along the lines generally accepted by other international practices. In

addition, the US has adopted the UNCITRAL Model Law on Cross-Border Insolvency, which effectively provides for regulations to recognise foreign insolvency practitioners.

10. It is no coincidence that IPAS is incorporated at this exciting period when new insolvency legislations are being reviewed and enacted. As a new association, IPAS will have its fair share of challenges in raising and maintaining professional and ethical standards, and in establishing for itself and its members not just a local reputation but also a reputation and standing outside Singapore, on the regional and international stage.

11. To be the standard bearer of insolvency practitioners locally and internationally, IPAS must adopt and strictly maintain internationally acceptable professional and ethical standards. It must have the moral strength and discipline to not hesitate to flash the proverbial red card whenever and wherever a member's

professional conduct is improper and dishonourable and brings disrepute to the profession.

12. IPAS also needs to develop and grow, and keep pace with developments internationally. I know that our insolvency practitioners have maintained high standards but there is always room for improvement. I am therefore happy to learn that IPAS is developing Continuing Professional Development programmes for its members, and is aspiring to regulate the recognition and accreditation of Insolvency Practitioners in Singapore.

Conclusion

13. It gives me great pleasure now to launch the Insolvency Practitioners Association of Singapore and to declare open its Inaugural Conference. I wish IPAS, its Board and its members all the best in its future plans and undertakings.

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