

## Changes to bankruptcy laws will protect vulnerable: Homeless Persons' Legal Clinic

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The PILCH Homeless Persons' Legal Clinic (**HPLC**) says the proposed reform of personal bankruptcy laws will help to protect poor and disadvantaged Australians from an unwieldy, inaccessible and difficult legal process, but has warned that additional protections should be included in any reforms.

The HPLC's Manager/Principal Lawyer, James Farrell, labelled the Government's move a step in the right direction, with the potential to help address an important issue for many Australians experiencing homelessness.

'The economic climate is worsening the financial strain on many HPLC clients and current bankruptcy laws are complicated and often penalise people seeking to reorganise their financial affairs, the effects of which are felt for many years', said Mr Farrell.

'Small debts should not provide the 'trigger' for predatory action by creditors which is the case under existing laws. The proposed amendments appear to provide Australians in financial distress with a more realistic opportunity to consider their options.'

In addition to the proposed reforms, the HPLC considers that new bankruptcy laws must include a number of core minimums, including:

- clear alternative dispute resolution methods for raising concerns with trustees' actions
- clear rules governing the ability of suppliers (such as utilities, telephone companies, and others) to demand bonds from current and former bankrupts, including exemptions for people with low incomes
- appropriate mechanisms to deal with infringements, and
- prohibitions on the discrimination of people who are, or have been, bankrupt.

'Bankruptcy laws are complicated, and clients often don't fully appreciate the full ramifications of entering into bankruptcy,' said Mr Farrell.

'It is vital that people understand the legal and practical alternatives available to them. Today's announcement by the Attorney-General must be part of a holistic approach to effectively addressing the credit and debt issues experienced by Australians living in poverty, including people experiencing homelessness.'

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