

# Consumer Credit Legal Centre NSW

Annual Report

2008 - 2009

Consumer Credit Legal Centre acknowledges the financial support provided by the Credit Counselling Program of the NSW Office of Fair Trading, the Community Legal Services Program of the State and Federal Attorney-**General's De-**partments, and the Commonwealth Financial Counselling Program administered by the Department of Families, Housing Community Services & Indigenous Affairs for our core services.

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## Management Committee

|                  |                 |
|------------------|-----------------|
| Chair            | Amy Kilpatrick  |
| Treasurer        | Matthew Simpson |
| Secretary        | Michael Saadat  |
| Ordinary Members | Paul Baker      |
|                  | John Burke      |
|                  | Karen Cox       |
|                  | Elissa Freeman  |
|                  | Nicola Sutton   |

## Volunteers

|                           |                     |
|---------------------------|---------------------|
| Practical Legal Training: | Gordana Gjurovska   |
|                           | Yvonne Lin          |
|                           | Jane Xia            |
|                           | Nathan McIntosh     |
|                           | Jasmina Jamesen     |
|                           | Yolanda Floro       |
|                           | Michael Ng          |
|                           | Charmaine Ho        |
|                           | Burcu Yaroglu       |
| Other Volunteers:         | Anthony Krithinakis |

|                         |   |
|-------------------------|---|
| Coordinator             | Karen Cox                                   |
| Principal Solicitor     | Katherine Lane                              |
| Senior Solicitor        | Alexandra Kelly                             |
| Senior Solicitor        | Alice Lin                                   |
| Senior Solicitor        | Susan Winfield                              |
| Solicitor               | Joseph Wasuruj                              |
| Solicitor               | Hann Thea                                   |
| Solicitor               | Harshanie Sooriyabandara (from August 2008) |
| Solicitor               | Burcu (from June 2009)                      |
| Solicitor               | Claire (from June 2009)                     |
| Financial Counsellor    | Lynda Johns                                 |
| Financial Counsellor    | Marianna Minhinnick (from November 2008)    |
| Financial Counsellor    | Helen Rees                                  |
| Financial Counsellor    | Greg Russell                                |
| Office Manager          | Nicola Sutton                               |
| Financial Administrator | Chris Maddison                              |

The members of the Management Committee are proud to be part of Consumer Credit Legal Centre (CCLC) in what has been another record breaking year for client numbers, a year of growth (in size of staff and office space!) and an injection of much needed (if temporary) funding.

At the end of the financial year 2007/2008, the staff and management committee did not think CCLC NSW could possibly get any busier, but in 2008/2009 it has! Once again CCLC broke its own record in terms of **demand for the Centre's services, with CCLC taking over 15,000 calls an increase of almost 2,000 on the last financial year** (which was up a similar amount from the year before).

**As Chair, I am also thankful for Katherine Lane and Karen Cox's thoughtful and professional work practices.** CCLC is a well run, stable and thus a highly accountable Community Legal Centre.

The Management Committee recognises the loyalty and dedication of staff. On behalf of the management committee I offer congratulations and the highest praise to staff and volunteers of CCLC who are champions of the people. Your dedication, commitment and passion make a real difference in the lives of people all over Australia for which you can be incredibly proud. CCLC staff are recognized as experts in the field and always put the interests of its client group first in all of their activities.

The prospect of intake of new staff scheduled for mid-2009 finally caused the already crowded office space to burst at the seams leading to a takeover of the neighbouring property. The resulting expansion and refurbishment have finally created an office space (even though it lacks a staff shower) where everyone (nearly) fits in! Again, this MAJOR undertaking was managed extremely well (thanks largely to Office Manager, Nicola Sutton) causing little disruption to client services.

**CCLC's unique combination of financial counseling, legal advice and referral service, make it a service hub. Financial Counselling is a critical part of the CCLC's operations. Its casework and information gained through thousands of calls from consumers enabled CCLC to inform and contribute to law reform and policy at the highest levels. Media and Government often seek the opinion of CCLC both informally and formally (usually too often to keep up with demand).**

The unrelenting voice of CCLC is heard regularly in various types of media and always sheds light on the experience of vulnerable, disadvantaged and marginalised people.

The transfer of Credit to the Commonwealth from the States/Territories will bring new challenges to CCLC which the skilful staff will meet with their usual flare. The collapse of credit markets around the world and **the unceremonious and cruel lifting of interest rates by Australia's banks are continuing to cause chaos for people.** CCLC remains at the frontline for consumers who are affected.

Community legal education is a critical part of the CCLC mission. CCLC has also continued its community legal education work, with web-based fact sheets, post card drops and outreach as part of the mortgage

stress forums around NSW organised by Legal Aid NSW. CCLC was also heavily involved in the production of two Legal Aid NSW publications: the *Mortgage Stress Handbook* and the *Mortgage Rescue* DVD.

A visit to CCLC early in the year by the Commonwealth Attorney General Robert McClelland, and a favourable independent review of the Insurance Law Service pilot soon resulted in a significant grant of funds to continue the operations of this invaluable service. The Commonwealth Financial Counselling Program granted funds to CCLC for a financial counselling position for the first time in the first half of 2009. CCLC recognises **our major funders, including the NSW Office of Fair Trading's Credit Counselling Program, and the NSW and Federal Attorney General's Departments' Community Legal Services Program for our recurrent funding.** This year we are also indebted to the NSW Public Purpose Fund for its first grant to the centre for the Mortgage Hardship Service in partnership with Legal Aid NSW, although this service only commenced at the very end of the financial year and will be in full swing in 2009/10. This support has enabled the Centre to deliver much needed services to the community at a time of great need as a result of global economic conditions.

Finally, 2008-2009 brought new faces to the CCLC management committee, Matthew Simpson and Elisa Freeman. We were pleased to have Michael Sadaat, Paul Baker and John Burke remain with us. CCLC has benefited from their continuing contribution and expertise. Louise Petschler, long-term former Chair of CCLC, stepped down from the committee this year due to her overwhelming work commitments. Her dedication, wisdom and support over the years made a significant contribution to the stability the service enjoys today.

A focus for Committee members in the year ahead, will be on helping the CCLC staff with strategic planning and maintaining our resources. It is a pleasure to work with CCLC and I look forward to working with CCLC and the committee to benefit the community in 2009-2010.

Chair

Amy Kilpatrick

December 2009

As the global financial crisis ("GFC") unfolded across the public stage throughout 2008, CCLC shook our heads, not so much at the events unfolding, but at the fact that supposedly nobody saw it coming. We had witnessed the growth of unsustainable lending in Australia's home loan market for a number of years and while the extent of "dodgy" lending in Australia is a topic of some debate, the fact that it existed, and was facilitated by inadequate regulation, were in CCLC's view beyond doubt. We had observed an expanding low doc market promising home ownership to borrowers who in reality could not afford a mortgage, combined with an increasing tendency to refinance consumer spending against the family home even in the mainstream, with alarm. Further, as the crisis unfolded, we have been powerless as struggling borrowers, locked into "non-conforming" or "sub-prime" loans, have been slowly and inevitably defeated by interest rates now 5-9% (including applicable default rates) above the current going rate. There is no real solution in law in Australia for these borrowers and their dream of home ownership has proven a painful illusion.

This financial year has also seen the biggest change in the Credit Legislation landscape since the Uniform Consumer Credit Code was introduced in 1996. In July 2008 COAG announced the intention for the Federal Government to take over the regulation of credit, including a comprehensive licensing system for credit providers, brokers and other intermediaries and responsible lending obligations. If not exactly inspired by the GFC, the urgency and timeliness of these reforms was undeniable. Treasury convened a consumer and industry consultation group in November 2008, on which CCLC was represented, along with Consumer Action Legal Centre and CHOICE, and matters proceeded at a record pace. Legislation was introduced into Parliament in June 2009 and passed later in 2009.

As with any reform process, the results did not quite follow the CCLC script. We applaud the Federal Government for introducing a comprehensive licensing regime and compulsory external dispute resolution, for making some improvements in relation to the rights of consumers in financial hardship (although these were not part of the COAG agreement), and for starting the process of tackling responsible lending. However, there are some important aspects of current legislation in NSW, vital to tackling predatory lending, that are not being carried over into the Commonwealth regime, notably the 48% cap on interest, fees and charges operational in NSW until July 2011 and the ability to challenge broker fees as excessive. We will continue to advocate for these rights, along with the expansion of the concept of responsible lending and further improvements to hardship rights and processes, in what is being referred to as "Phase 2" of the Federal reform process.

The pace of reform by the Federal Government (in addition to the new credit law, credit reporting and general consumer law are also being overhauled) has absorbed considerable CCLC resources, particularly my own time and that of the Principal Solicitor, Katherine Lane. As a result our team has been forced to be more self-reliant. Partly because of this, and also because of the natural pressures of organizational growth, three of our solicitors were appointed Senior Solicitors in the first half of 2009. This has allowed the enormous burden of checking advices in a high volume service to be shared around and has given more options to newer

staff seeking assistance from an over-stretched Principal Solicitor. Peer review processes have also been formalised. The role of Acting Principal Solicitor is also rotated among those who are eligible whenever the Principal Solicitor is on leave, giving further opportunities to other staff to develop their management skills.

In the financial counseling team, two financial counsellors were appointed senior financial counsellors in a previous reporting period, and the employment of new financial counseling trainees has given them plenty to get on with. Our financial counselling casework practice has expanded along with the rest of the practice, with CCLC becoming more and more likely to take clients on in circumstances where other assistance is impractical, or because they have legal files with the service already. It is also becoming almost *de rigueur* for legal clients seeking hardship variations, or other repayment arrangements, to have a money plan prepared by a CCLC financial counsellor early in the course of assistance.

In early 2009 we were delighted to hear that we would be receiving funding from the Commonwealth Financial Counselling Program for the first time, with a successful application to provide a Telephone counselling – Housing debt specialist service from April 2009. While this position is part-time, it has been enhanced to a full-time position for two years only to assist with increased demand as a result of the GFC. We were also told in late 2008 that we had been successful in obtaining funding from the Public Purpose Fund in NSW for a joint project with NSW Legal Aid, the Mortgage Hardship Service. This project, which began at CCLC in the closing weeks of this financial year, has facilitated the employment of 2 additional solicitors and one financial counselor at CCLC, for a period of two years.

We were also thrilled to hear we were to receive funding from the Commonwealth Legal Services Program for the Insurance Law Service for the 2009/2010 financial year. This service has continued to grow with twice as many advices given this year and some great casework results. We were offered the opportunity to send one of our staff on secondment to Victoria Legal Aid for two weeks in the wake of the Victorian bushfires. While this was a sobering experience, it was also enormously instructive and we hope will assist our service to be better prepared for bushfire events in the future. There is clearly a need for this service and we continue to seek funding on a recurrent basis.

As Coordinator of CCLC I would like to thank all the staff for their commitment, creativity and good humour. It is not an easy job to work in a service like this, particularly with the volume of phone advice given, the repetitiveness of some of the work, and the volatile emotional state of many of the callers. Yet not a day **goes by when I am not impressed by an ingenious argument, inspired by someone's dedication to their clients, or made to laugh – often it's all of the above.**

A special mention is also due to our administration team, without whom the Centre could not function. Both

the Office Manager and the Financial Administrator take on additional responsibilities with every new staff member added to the team. Their dedication and professionalism keeps the office running efficiently and allows me as Coordinator to play an active advocacy role in relation to policy and law reform.

I would also like to extend sincere appreciation to the Management Committee, and especially our Chair, Amy Kilpatrick, for their enthusiastic and entirely voluntary support. A good management committee (like ours) that provides essential feedback on substantive legal policy issues, practical input and good governance is not to be underestimated.

Karen Cox

Coordinator

The 2008-2009 financial year brought with it the Global Financial Crisis. It was the year where the problems associated with irresponsible and predatory lending were found to not only cause extreme hardship for consumers but the economy as well. CCLC has been advocating for legislative change to deal with irresponsible lending and predatory lending for many years. Although it appears that finally the Commonwealth Government will take a first step towards regulating for responsible lending, unfortunately, there have been no moves to exclude predatory lenders from the Australian market.

The vast majority of CCLC's work is now assisting consumers with financial hardship. We have also particularly concentrated on mortgage hardship. We have found that mortgage hardship cases are very resource intensive but investing in detailed assistance (both legal and financial counselling) is often the only way to get results. By results, I mean that we negotiate a repayment arrangement which enables the consumer to repay the loan and remain in their home or negotiate time to sell their home with dignity.

As can be seen from this Annual Report, CCLC continues to exceed its targets for information, advice, case-work, policy, and community legal education. This is incredibly pleasing given the complexity of our work continues to increase.

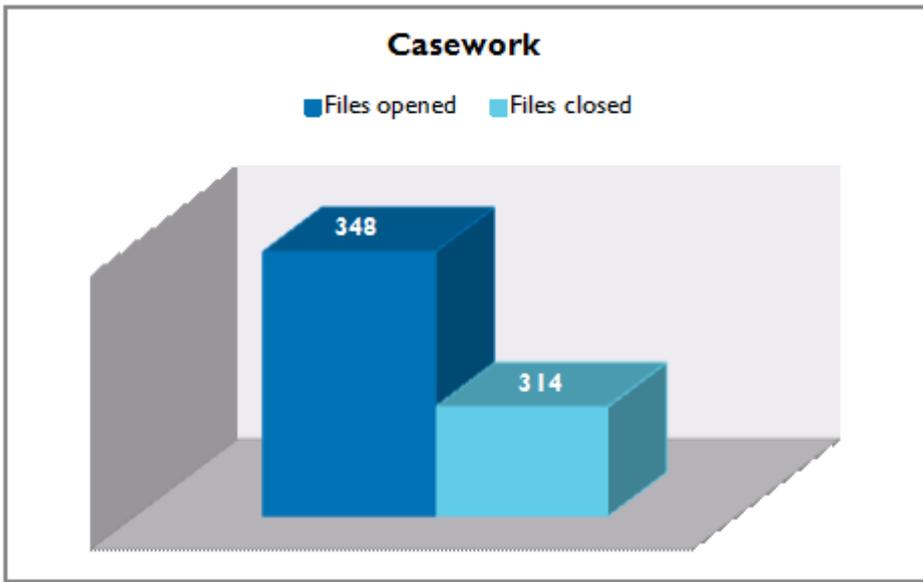
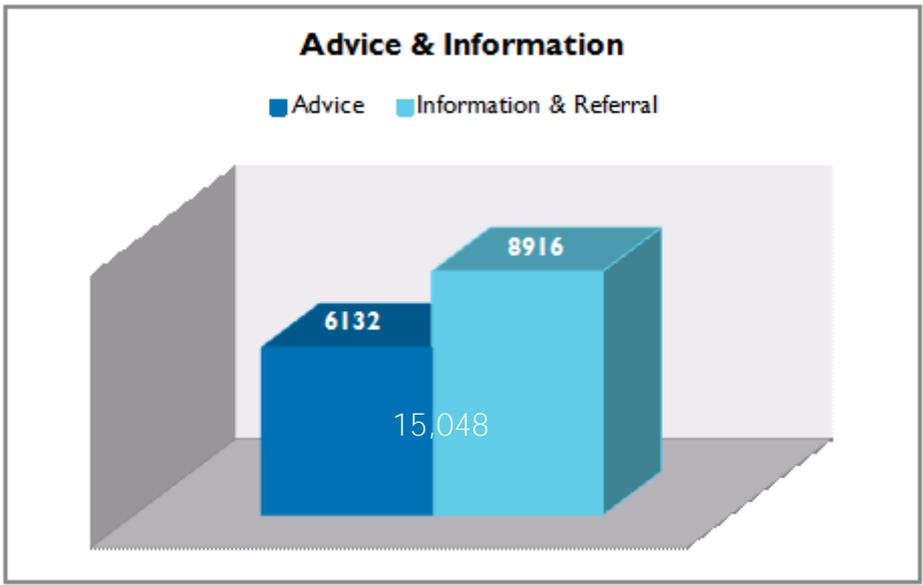
In my view, a large part of the success of CCLC in the last year is attributable to having a multi-disciplinary team of solicitors and financial counsellors. When dealing with financial hardship it is vital to look at the legal options for the client as well as the affordability of any proposed repayment arrangement. We have found that in most cases both legal and financial counselling advice and assistance is required.

The Insurance Law Service has operated for another year. Significantly, the Insurance Law Service is an Australia wide service. CCLC was thrilled to get funding from the Federal Government to ensure we can continue to give advice for another year. An ongoing issue is to secure ongoing funding for this vital service. The demand for the service has been maintained and continues to steadily increase. Fact sheets and sample letters have been added to the CCLC website covering claims disputes. There is no doubt now that many consumers are incredibly relieved to find that there is free advice available for insurance disputes.

I am amazed and impressed with the whole CCLC Team. I am grateful for their ongoing support. Each day at work, I get to see us all work together to solve problems for consumers. This year I saw the CCLC team achieve some amazing results for consumers. I wish I could thank everyone personally in this Report, every single person deserves it!

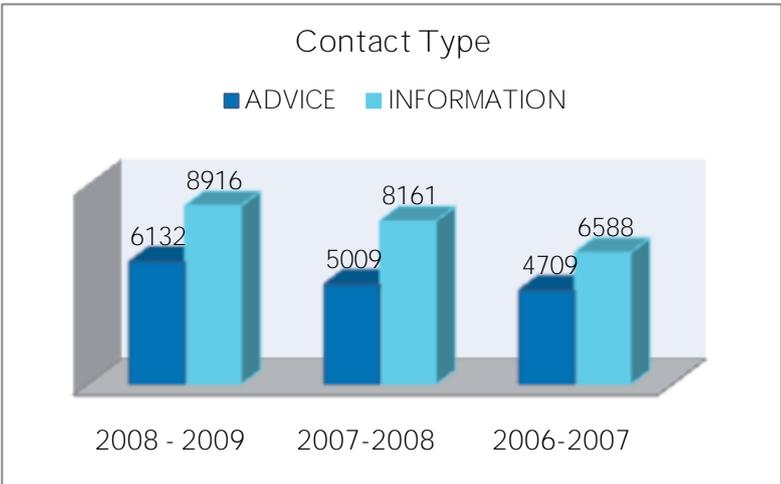
Katherine Lane

Principal Solicitor



In total CCLC gave information or advice in the course of 15,048 calls. Of these, 1,397 calls were handled by the Insurance Law Service (ILS), and the remainder were related to credit, debt and banking disputes.

CCLC staff provided financial counselling information and/or referral, legal advice or legal information in the course of 15,048 calls in 08/09. This represents an increase from 07/08 of 1,878 calls. Of those calls 6,132 were detailed legal advice or financial counselling (up from 5009 in 07/08), and the remaining 8,916 were referrals or basic information (up from 8161 in 07/08). Funding to the insurance service increased in the first half of 2008, and CCLC received funding from the Commonwealth Financial Coun-



selling Program for the first time in the first half of 2009. With demand for the service continuing to grow, the **CDH's service provision continues to adapt, develop and improve. The rostering of the CDH's team of 4 financial counsellors, 6 solicitors and PLT volunteers** ensure that the maximum number of consumers have access to the service (staff numbers grew again in June 2009 but these additional staff have not been included here).

### Credit & Debt Hotline

The Consumer Credit Legal Centre (CCLC) operates the Credit and Debt Hotline (CDH), which provides legal advice and financial counselling information and referrals to NSW residents. This is a telephone service and it is the central point of contact for people requesting assistance in relation to credit, debt and financial hardship. Callers are given initial information, legal advice if appropriate and a referral to a suitable face-to-face financial counselling or legal service. The type of inquiries to the CDH range from the simple, including consumers asking for the contact details of their nearest financial counsellor, to very complex inquiries requiring legal advice in relation to home mortgages and creditors petitions.

Calls to the CDH may be one-off advices, or may be a series of advices given to the same consumer. It is a goal of the CDH to assist consumers to self advocate and as such provides long-term direction, as well as discrete advice depending on the type of caller and the issue presented.

A key function of CCLC staff is to determine the level of assistance required by a consumer. Many consumers who are able to self-advocate with little guidance are referred to resources on the CCLC website for sample letters and fact sheets. Others are referred to their creditors or external dispute resolution services, with CCLC staff often dictating more customised letters over the phone. The CDH strives to ensure that service provision is our key priority, while also applying the knowledge gained from client contact to seek systemic solutions where appropriate.

For consumers who are unable to self-advocate, either because of the complexity of their problem, or their level of disadvantage, assistance can be provided in-house, by solicitors, financial counsellors, or both undertaking complementary tasks according to their expertise. Details of the casework undertaken are included in the Casework section of this report on page 20.

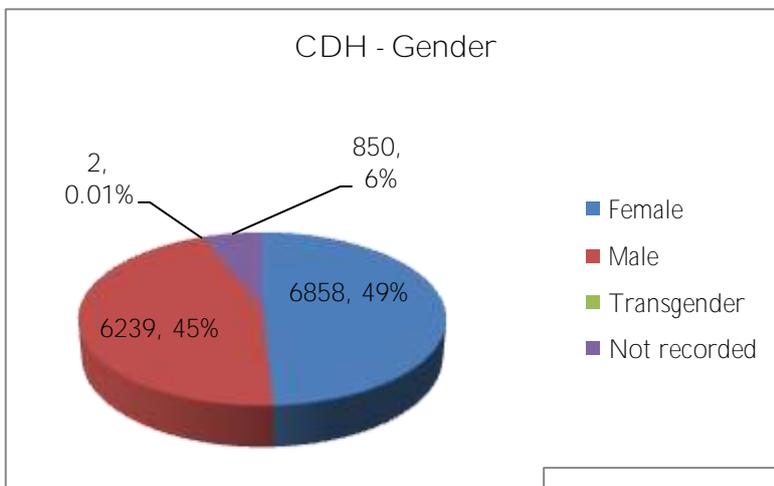
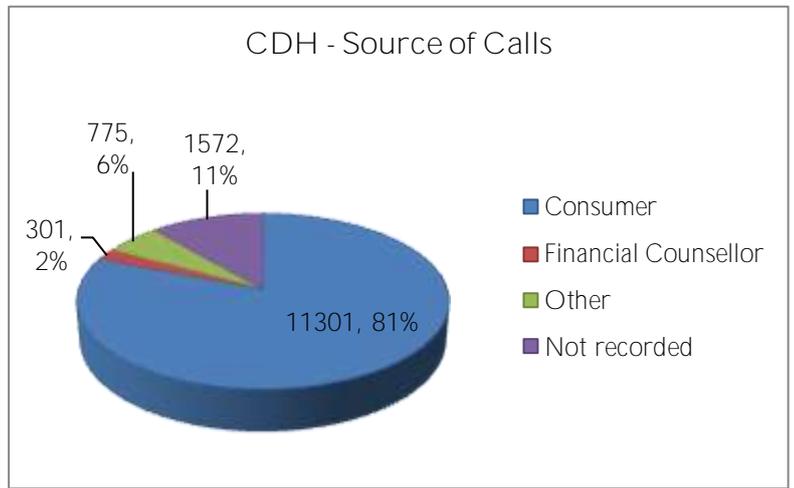
Calls to the CDH are recorded in two different databases (for historical reasons). The majority of calls, including insurance, are recorded in the CDH database. The remaining calls are currently recorded in a **another database with different data fields and reporting capacity (referred to as the "Legal Advice Database", although legal advice is also recorded in the CDH database)**. CCLC is now (in the 2009/2010 financial year) in the process of moving all data to a single database which will address this problem for future reporting periods. In the meantime, where global reporting is not practical, statistics are given for the CDH database, which repre-

sents the larger sample and includes calls in relation to insurance in addition to calls in relation to credit and debt.

The majority of callers are members of the public (81% of calls). The CDH also provides legal support to financial counsellors across NSW (2% of callers, or 301 calls - this is an underestimate because calls recorded in the legal database have not been included here). The CDH main-

tains support networks and contacts with Financial Counsellors by visiting regional and remote regions, and providing training both in Sydney and in regional and remote areas on relevant issues. The CDH financial counsellors also contribute articles about contemporary issues and current trends to the CCLC e-flyer, that is distributed to all financial counsellors in NSW, community legal centres and other community organisations, drawing on their extensive contact with the community via the CDH. The CDH tries to maintain an accessible image in the community sector and so also regularly receives calls from other community workers and service providers (6% of callers).

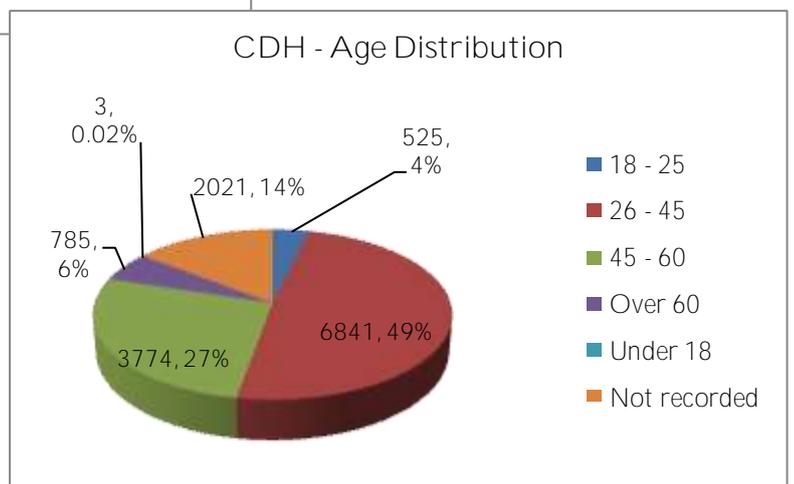
The calls to CDH are predominantly from urban areas, representing 59% of all callers, rural callers represent 21% of callers to the CDH. A large number of urban callers are from regions outside Sydney.



CDH demographics

As with previous years callers to the CDH are predominantly female, with 49.16% of callers seeking assistance being women. Women often call in relation to the family finances, and seek to make inquiries and obtain information for their partner or family.

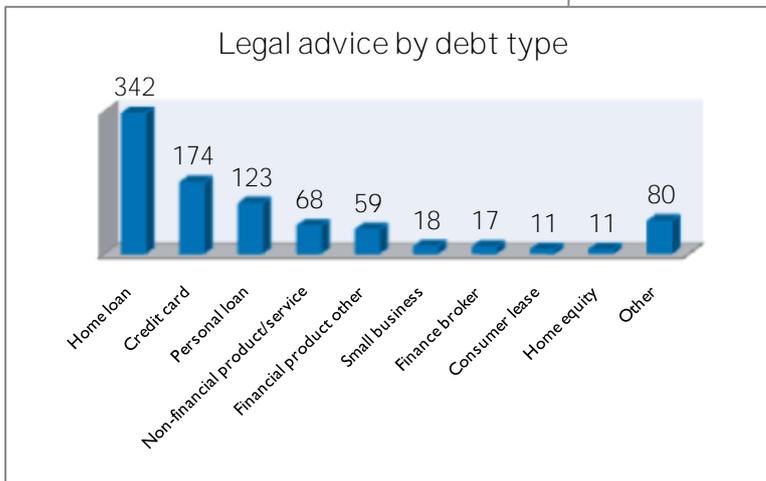
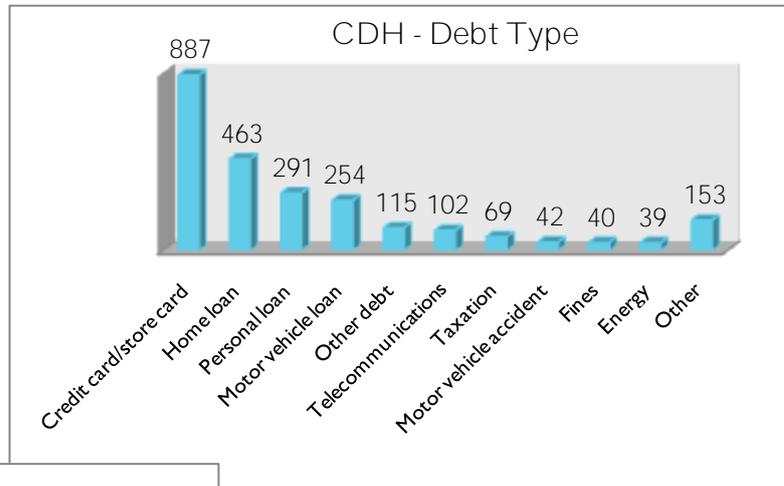
As in previous years, most callers are between 26 and 45 years old, followed by the 45-60 age bracket (27%). Six percent of calls (785) calls to the service were received by consumers in the older age bracket (compared to 7% or 766 last year).



Interestingly, callers under the age of 18 are also seeking advice in relation to credit and debt issues, and now represent 3.76% of calls.

### Debt and problem type

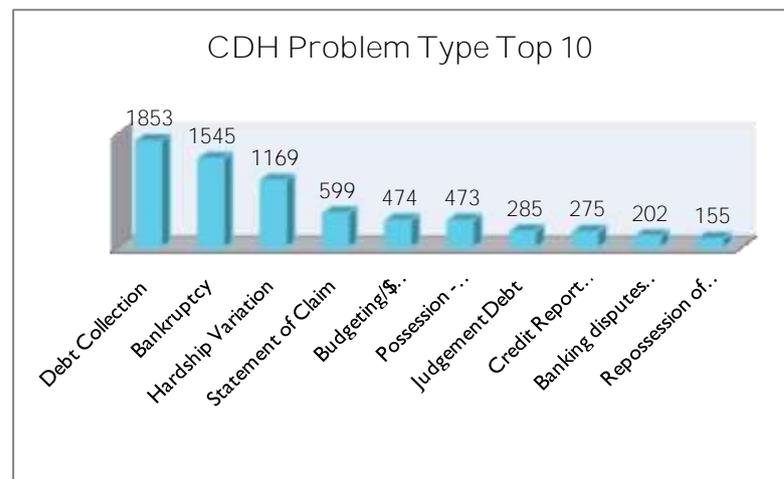
Credit card problems dominated advice calls to the CDH, but calls about home loans continued their upward trend (463



compared to 393 last year). This is even more apparent in the legal advice database where home loans were the most common debt type by a significant margin. This is also reflected in the possession of mortgaged property problem type (CDH Problem Type Top 10 - below) 473 compared to 309 last year.

The top 10 problem types recorded in the CDH databases were similar to last year, with increases in every problem type ranging from 30% in relation to debt collection to 170% in relation to hardship variations on consumer loans. Callers who had received statements of claim in relation to non-mortgage debt increased 158% to overtake both general money management and possession of mortgage property. Calls in relation to judgment debts increased 143% and bankruptcy 81%.

While not included in the top 10 problem types, it is also worth noting that calls in relation to garnishees also increased 116% from last year, following a pattern of steady increases since NSW court civil law rules were changed in 2005, making garnishees a more attractive proposition for creditors.



Insurance Law Service

The ILS began as a pilot project funded by the Legal Aid Commission of NSW, the Law and Justice Foundation of NSW and the Victoria Law Foundation. It has recently been granted funding for the 2009/2010 financial year from the Commonwealth Attorney-General's Department, funding we hope may become recurrent in the future.

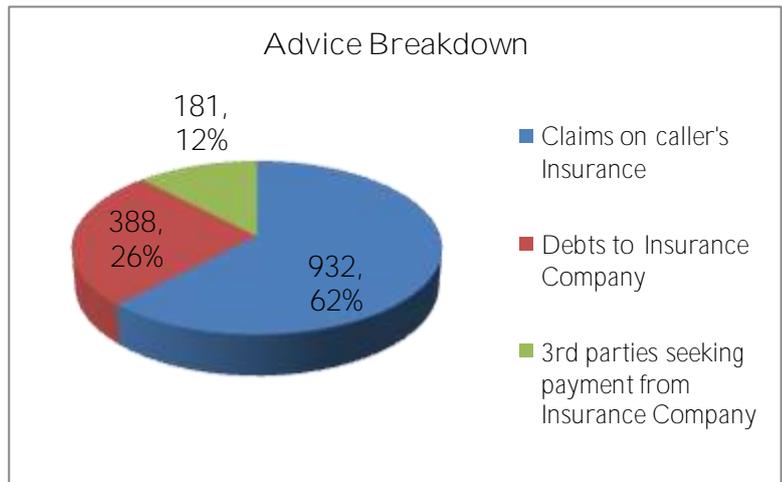
The service provides telephone advice, casework assistance, education, and participates in law reform and policy initiatives as opportunities arise. The service, while based in Sydney NSW, is national and has been in operation since late June 2007. It was officially launched by the NSW Attorney-General in February 2008 at a time when Western Sydney was still recovering from destructive storms which struck while many homes were still waiting for repairs from similar weather events a few months earlier.

Advice

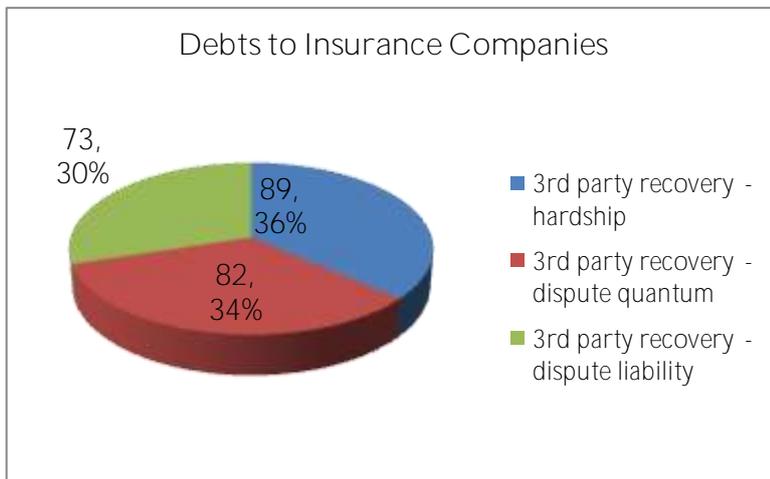
Legal advice is available nationally via a 1300 number. The service answered 1,397 calls or an average of 116 calls per month during the period from July 2008 to June 2009. This figure represents just over a

**200% increase in calls over last year's figure of 693 calls, an increase made possible by additional funds made available to the service in February 2008 by the Legal Aid Commission of NSW, allowing the employment of a second solicitor in the service from late April 2008.**

**Similar to last year, a significant percentage of calls were not about claims on the caller's insurance policy (38% of calls compared to 30% last year).** These were made up of debts to insurance companies (26% of calls compared to 24% last year) and claims against insurance companies of which the caller is not a customer (12% of calls, representing a significant increase from 6% last year). [note—some graphs total greater than 1,397 calls



because of the capacity to select more than one problem type for any single caller].



Debts to insurance companies

Of the 26% of calls relating to debts to insurance companies, 36% were in relation to financial hardship and callers being unable to pay the debt. 34% of callers disputed liability for the incident and 30% dis-

puted the amount of the claim against them.

The overwhelming majority of calls about debts to insurance companies (well over 90%) related to motor vehicle accidents involving one or more other vehicles and the remainder related to debts arising from other types of incident. These included:

- Damage by motor vehicles to other property and livestock;
- Boating incidents;
- **A landlord's insurer recovering allegedly unpaid rent;**
- A strata insurer seeking recovery from a tenant after a fire;
- **Mortgage insurers seeking to claim the shortfall after the caller's house had been repossessed and sold.**

#### Claims against insurance companies by non-customers

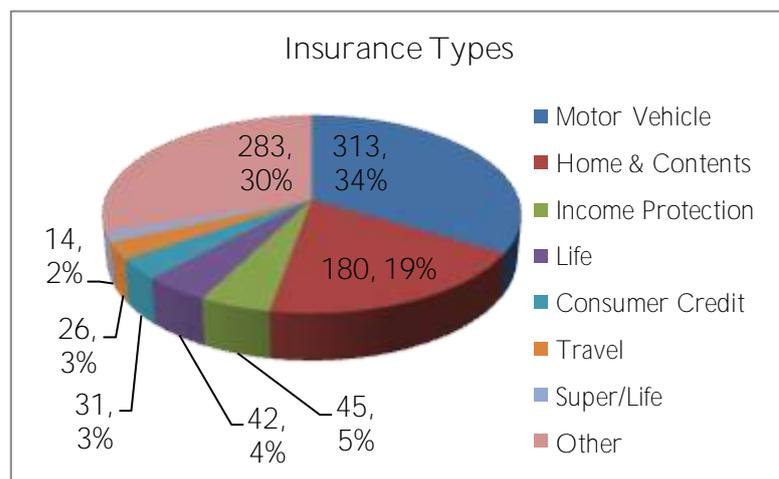
The calls recorded in this category were those which arose from a motor vehicle accident for which another party (who did have insurance cover) was at least partly at fault. Claims of this nature can be taken to the Financial Ombudsman Service – General Insurance Division, provided the amount claimed is \$3000 or less.

Of the 12% of callers who call the service to obtain advice about claiming money from an insurance company with whom they are not insured with, roughly equal proportions related to recovering more than \$3000 and less than \$3000 in claimed amount. These percentages have remained relatively consistent compared to last year, however as the number of callers in this category has increased 385% from 47 to 181, this amounts to 91 callers who could not access the FOS jurisdiction.

Seven callers reported that they had been informed that the other party in an accident had not paid the excess associated with their policy and that the insurer was therefore unable to settle the claim by the caller.

#### Claims – Insurance Types

When calls are divided into types of insurances, as was the case last year, the majority (34%) of calls to the service related to Motor Vehicle insurance. Home and Contents insurance also remained relatively **steady at 19% (2% below last year's figure)**. Income Protection increased to 5%. Life insurance fell to 4% from 7% last year. As a

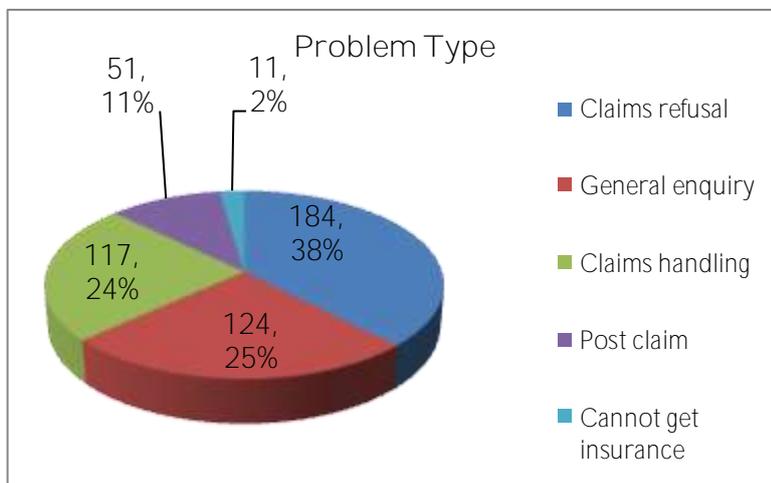


result of the increased number of calls, there were more calls in every category, including those which decreased as a percentage compared to last year.

A number of calls to the service related to types of insurance which the service does not generally advise on, including for example, personal injury and compulsory third party insurance. A targeted promotional campaign about what the service can advise on is currently being implemented for the next financial year which will hopefully see this figure reduced.

### Claims – Problem Types

The most common type of claims problem for the 2008-2009 financial year was claims refusal at 38%, an increase from last year in both numbers and as a percentage of the total. This was followed by general enquiries at 25% (also an increase from last year) and claims handling at 24% (decreased significantly from last year in total numbers and as a percentage). Post claims issues increased in number and as a percentage to 11%. Calls about people not being able to obtain insurance remained consistently low at 1-2%.



The majority of claims handling calls related to delay. Disputes relating to quantum and the extent of repairs were the second most common type of claims handling call, although these decreased in both number and percentage. The number of **callers in “limbo”, where the insurer indicated an intention to perhaps decline the claim but had not officially done so, remained constant in number and increased slightly as a percentage of claims handling**

matters. Claims handling queries relating to insurers or their representatives asking for excessive or irrelevant information from insureds to assist with processing a claim also increased, but from a fairly low base. Calls relating to those who could not pay their excess remained at 9%, but fell in number.

Of the calls about claims refusals, the calls relating to being rejected because of the operation of an insurance **policy condition or exclusion dominated at 37%. This is close with last year’s figure of 35% and represents an increase in number.** 18% related to issues of alleged non-disclosure or inaccurate disclosures by insured callers to insurance companies, an increase on last year. Fraud allegations remained consistent at 14%. Claims refusal calls about problems with IDR/EDR processes, claims not being covered by the policy, or no valid or **current policy, did not significantly change from last year’s figures.**

### Referrals to the Financial Ombudsman Service

404 callers were referred to the Financial Ombudsman Service as a free form of external dispute resolution for their disputes (380 to the general insurance section and 24 to the life insurance, investments and superan-

uation section). This does not mean that 404 callers would have lodged complaints with FOS because this information was sometimes given fairly early in the claims process as something available to the caller in the event of a claims refusal.

## Victorian Bushfires – Secondment to Victoria Legal Aid

By Hann Thea

**From 18 to 29 May 2009, I was seconded to work at Victoria Legal Aid's Bushfire Insurance Unit (VLA-BIU) to assist with their bushfire insurance workload. The Unit was set up as a response to the horrific aftermath of the Black Saturday Bushfires.**

The February 2009 Black Saturday Bushfires in Victoria left many homes damaged, destroyed at least 2,029 properties, tragically took 173 lives as well as injured around 500 others.

Whilst at VLA-BIU, I had the opportunity to contact victims of the Black Saturday bushfires, inquire about their bushfire insurance experience, provide telephone advice to case managers and clients as well as meet the victims of the fires at two evening road shows held at major bushfire impact regions; Kinglake and Marysville.

The two road shows had high attendances despite being held at 7:30pm and averaging about three hours in length. They were designed as a forum for bushfire victims to visit experts in various fields including insurance. The road shows began with formal presentations by various organisations including VLA-BIU. The second half of the road shows was designed to allow bushfire victims to approach representatives of the various organisations for advice. I was very pleasantly surprised at the depth of questions and issues that I was approached with for insurance law advice.

The secondment was a great learning experience for me as amongst other things, I came across a variety of bushfire insurance issues that I had not typically dealt with before or dealt with in such mass numbers. These included:

1. Disputes concerning clauses in product disclosure statements relating to additional benefits such as emergency accommodation, fences, professional fees (architects, engineers and surveyors). Prolific is one word that describes these disputes;
2. Victorian Government Appeal Fund matters. The arbitrary way in which such funds are run and the various loopholes that defeat the fund's benevolent aims;

3. Free cleanup of debris by a government endorsed company, Grocon versus cleanup **under an insured's insurance policy; and**
4. Mortgagees forcing insureds to spend their insurance payouts on paying out their mortgages.

**After returning from Victoria, I began updating CCLC's draft bushfire insurance factsheet with all** the issues I had come across in my time at VLA-BIU. Due to the size of the factsheet, it became more appropriate to call it a Guide. Once completed, the guide was uploaded to our website just in time for the bushfire season. It is hoped that the Guide will be an invaluable tool for assisting future bushfire insurance victims and advisors.

Many thanks to West Heidelberg Community Legal Service (particularly Denis Nelthorpe) and Victoria Legal Aid for making this secondment possible. I would like to offer my thanks also to the VLA-BIU for welcoming me into their team and for a wonderful experience.

CCLC has an ever increasing legal and financial counselling casework service. The practice is becoming more litigation focussed; however, the bulk of the work continues to be conducted via alternative dispute resolution, including the main industry based external dispute resolution schemes.

CCLC casework intake criteria involves consideration of the public interest implications of the issues raised, **and/or the client's level of disadvantage. As casework files (both legal and financial counselling) represent approximately 2% of total calls taken by the Centre, cases are chosen carefully as very few people can access this more resource intensive level of assistance.**

In the 08/09 financial year, 348 files were opened including 314 legal files (256 credit & debt, 58 insurance) and 34 financial counselling files. In the same period 314 files were closed, made up of 289 legal files (232 credit and debt, 57 insurance) and 25 financial counselling files. Some clients may have multiple files as a result of the need to take action against a number of different parties in relation to the same debt, because of multiple debts or because of complaints made to regulators in addition to other individual action.

### Financial Counselling Casework

CCLC is a state wide service, and the work is conducted by a variety of means, including postal contact, telephone contact and face-to-face contact. CCLC financial counselling casework does not duplicate or replace existing local financial counselling services, rather it aims to fill existing gaps where there are no local agencies or where local resources are not available, or not available in time to be effective.

#### *Case Study: Urgent Assistance*

**Ms A telephoned the Credit and Debt Hotline ("CDH") because she had received an eviction notice from her Real Estate Agent for four weeks unpaid rent. Ms A had spoken to local tenant's service for advice on the eviction order. Ms A's partner worked as contractor but over the Christmas period he had received no work. Both members of the couple were now back at work. Ms A had tried to negotiate with the real estate agent but was not getting anywhere.**

*As she lived locally, Ms A came into CCLC office to see a financial counsellor the same day as calling the CDH.*

*Ms A advised at this appointment now that the couple could afford to pay double the rent for four weeks to catch up. The financial counsellor completed a money plan with Ms A which confirmed they could afford the arrangement proposed. The financial counsellor faxed the offer to the real estate agent. The next day real estate agent replied by fax that they had accepted the repayment plan offer. The matter was resolved within 2 days from the initial call and the file was closed.*

In addition to files run by financial counsellors in relation to their own clients, CCLC solicitors have been increasingly utilizing CCLC financial counsellors, to deliver a more effective legal casework service. The financial **counsellors' expertise in assessing a client's realistic ability to pay and their knowledge of other issues such as welfare rights** greatly increases the sustainability of legal outcomes for clients by approaching their situation on a more holistic basis.

*Case Study: A Cooperative Approach*

*Mrs T contacted CCLC with a dilemma. She was in serious financial difficulty and had not opened her mail for 6 months. The CCLC financial counsellor encouraged her to bring her mail to an appointment and she supported her while they opened and sorted the contents to get a picture of how bad things really were.*

*Mrs T is of Aboriginal descent and part of the Stolen Generation. She had inherited her family home, where she had always lived, from her adoptive parents. She bought out her siblings with a loan secured over the home. She had worked in the past, but had sustained an injury that would prevent her from working in the limited fields for which she was qualified, leaving her entirely reliant on a Centrelink benefit.. She also cared for her mentally ill daughter. She had little knowledge of financial matters and at the time she contacted us, her rates had remained unpaid for 4 years.*

***Mrs T's mortgage provider had issued a default notice, and CCLC commenced negotiating under the Consumer Credit Code for a hardship variation.***

***In acting for Mrs T, a number of other issues emerged. A Total and Permanent Disability claim under Mrs T's superannuation policy was pursued successfully by a solicitor in CCLC's Insurance Law Service. The financial counsellor pursued with Mrs T her options in relation to Centrelink, negotiated with her other creditors including land rates and utilities, and sought out refinance with a suitable Aboriginal organisation.***

***Unable to reach agreement with the home loan lender, a credit and debt solicitor took Mrs T's hardship variation application to the Consumer Trader and Tenancy Tribunal. The application also challenged the considerable enforcement costs that had been added to her loan. The matter was settled. Mrs T was eventually able to partly repay her mortgage with the insurance payout and refinance the balance to an affordable loan with the Indigenous Business Association. She is currently doing well.***

*Case Study: A Better Way to Borrow*

*Mrs H and her husband are Indigenous, they are on Centrelink, and live in Department of Housing accommodation. They have 7 dependent children living with them.*

*When Mrs H first contacted CCLC, about two years ago, all furniture and whitegoods in their property, including fridge and beds, were rented and repayments were paid by Centrepay at \$ 192.50 per fortnight. They had been paying this amount for years, and had probably paid for the goods (now in deteriorated condition) many times over.*

*Mrs H believed she had a rental/purchase contract. By her calculations she had paid off the debt and should now own the goods, but the creditor insisted they were ordinary rental contracts and that she had to keep paying or face repossession.*

***This dispute was settled in Mrs H's favour after an action was commenced in the CTTT.***

***The CCLC financial counsellor then put Mrs H in contact with her local No Interest Loans ("NILS") office for future assistance to purchase goods with no excessive interest, fees or charges.***

***Mrs H contacted CCLC recently to advise how great NILS is, as she is on her second loan with the NILS program to purchase her goods. She now pays a lot less to own the goods faster and doesn't have to obtain legal representation to do so!***

## Credit and Debt Casework

Of the files closed in the 08/09 financial year, 75 involved home loan/equity debts, 42 credit card or store card facilities, 46 involved personal loans, 22 involved finance brokers and 8 involved consumer leases.

Of the files opened 74 involved home loans or home equity products, 55 credit card or store card facilities, 46 involved personal loans, often obtained from the fringe market, 14 involved finance brokers and 10 involved consumer leases.

While home loan matters clearly predominate, they are increasingly related to hardship, rather than irresponsible or predatory lending, although clients continue to present with both these problem types. Other less frequent cases involved telecommunications debts, credit report listings, guarantees or other intra-familial debt, car repossessions, consumer credit or related insurance, penalty fees, unauthorised transactions, investment products, and linked credit sales including mathematics tutoring programs.

### *Case Study: Licensing of Brokers Long Overdue*

*CCLC commenced proceedings against Permanent Mortgages on behalf of three older couples who did not qualify for standard reverse mortgages products sold by banks, and were therefore sold an alternative product by a finance broker. In all three cases the couples were put into five-year loans, with the entire debt due and payable at the end of the term. Each couple was reassured that no repayments would be necessary and that they would not lose their houses because another loan would be organised at the end of the term. The same broker was involved in all three matters, although the clients were unknown to one another and lived in different parts of NSW.*

*The clients did not understand, however, that the lack of repayments was made possible by a draw-down of the interest as a lump sum at settlement, increasing the cost of the loans considerably and thereby diminishing their equity to the point that a further loan was unlikely to ever be granted. As a result, all three were facing a homeless retirement.*

*While the matters were eventually settled, with two of the three couples able to retain their homes, a number of important decisions were handed down in relation to interim issues raised, including the relationship between CTTT proceedings involving unjustness and an application for possession in the Supreme Court:*

*Permanent Mortgages v Garton [2008] NSWSC 497 (26 May 2008)*

*Garton v Permanent Mortgages Pty Ltd Ors (Commercial) [2009] NSWCTTT 6 (21 January 2009)*

*Moore v Permanent Mortgages Pty Ltd Ors (Commercial) [2009] NSWCTTT 4 (16 January 2009)*

*The broker involved in this matter was in voluntary administration at the time the matters were heard. The cases were run under the unjust provisions of the Uniform Consumer Credit Code with the lender as the respondent. The broker was recently successfully prosecuted by the NSW Office of Fair Trading for no less than 140 breaches of the NSW Consumer Credit Administration Act involving 83 consumers - Commissioner for Fair Trading, Department of Commerce v Armond Shoostovian [2009] NSWSC 713 (28 July 2009)*

## Insurance Casework

**The Insurance Law Service (“ILS”), a national service offered by Consumer Credit Legal Centre, opened 58** files for the period ending 30 June 2009. This was a 14.7% decrease from the 68 files which were opened for the last period. Files were closed at a similar rate in this period with 57 files closed compared to 59 files closed last financial year. While the service had an additional solicitor in this period, the majority of this additional capacity was used to manage the 200% increase in advice calls. There were also a number of complex files carried over from the previous financial year.

A total of 17 files were carried over from last financial year into this financial year, and in some cases were still open at the end of this financial year. Among these cases were four matters involving complex facts and evidence where the file was open for between 11 and 23 months. All of these matters involved at least a partial win for the consumer, with all of them receiving substantial payouts.

*Case study: Fire Claim Paid After 20 Month Dispute*

**Mr & Mrs B’s house was destroyed by a fire in early December 2007. Mr and Mrs B believed they were the victims of a home invasion from people who had verbally abused and threatened them the previous night.**

*Mr B had to be dragged out of the burning property by emergency crews on the night of the fire. He was seriously injured, requiring resuscitation and intubation from severe smoke inhalation. The fire almost claimed his life, and he has since been diagnosed with Post-traumatic Stress Disorder.*

*A claim was made on their home and contents policy with their general insurer.*

**After seven months of investigation, the claim was finally formally rejected in late June 2008 as a result of “factual inconsistencies” in the claimants’ story. These factual inconsistencies also led the insurer to conclude that this claim was fraudulent as they allege Mr B was responsible for setting the fire that ultimately destroyed his property.**

*Both clients were living in financial hardship as they were now required to pay rent from their Centrelink payments when formerly they owned their home.*

*Throughout this period, Mr & Mrs B had been in contact with the IOS (now FOS) on numerous occasions and were referred back to the insurer each time.*

*In early July 2008, ILS wrote to FOS requesting that it investigate on the basis that our clients were in severe financial hardship, that the claim had already been examined by a variety of internal sections of the insurer, that the dispute was entrenched and unlikely to be resolved, and that in the circumstances a referral back to the insurer would only exacerbate the delay and resultant hardship. FOS responded by referring the matter back to the insurer in mid July 2008.*

*In August 2008, ILS wrote again to FOS, and this time to ASIC also, pointing out that the matter had already been to the National Customer Dispute Resolution Manager and the Customer Advocacy Case Manager, the likelihood of an alternative resolution to the matter was very unlikely. FOS agreed to accept the dispute in mid-August 2008.*

*In mid June 2009, the FOS made a determination that required the insurer to pay out the claim in accordance with the policy and also pay **interest on the claim from June 2008 to the date of payment. The Fraud Referee concluded that the insurer’s arguments could not be substantiated by the limited evidence available. Our clients have since been paid to their satisfaction, almost two years after losing almost everything they owned.***

### **Case Study: What Does it Take to Prove You Can't Pay?**

*Mr C was involved in a motor vehicle accident in which he hit another vehicle. The insurer representing the other driver sent a letter of demand to Mr C for about \$2,000.*

*Mr C was living on a Centrelink Disability Support Pension. A money plan completed with ILS's assistance revealed that Mr C had been living at a net loss. Every day for him was a difficult fight for financial and personal survival. Various household bills were in fact overdue. In addition to his financial woes, Mr C was also suffering from numerous debilitating diseases requiring frequent and ongoing treatment. He suffered from **diabetes type 1 and 2, chronic pancreatitis, avascular necrosis (a type of bone disease) and Sherman's disease (a spinal disorder affecting the lower back)**. Mr C had few assets and none of much value. His car was valued at \$200 and he had some old kitchen appliances.*

*ILS assisted Mr C to request a waiver of the alleged debt but was met with unreasonably inflexible and persistent opposition.*

*Initial correspondence including supporting evidence sent to the insurer was not responded to. A follow up letter resulted in numerous telephone calls from an insurance representative sceptical of our client's situation. During the negotiation process, the ILS solicitor requested confirmation in writing (one letter preferably) as to all additional information the insurer required. It was impractical to constantly call the ILS solicitor for further isolated pieces of information, which would then need to be sought from the client. The insurance representative responded with words to the effect of "no, it is our policy to telephone only." ILS had to initiate all written correspondence to confirm telephone conversations and to provide the requested information.*

*The debt was eventually waived, but the process itself was resource intensive and inefficient for the insurer, the ILS, and our client. There must be a better way!*

### **Case Study: It Really Didn't Hurt Before!**

*In August 2006, Mr M took out income protection insurance through his superannuation fund to cover loss of income in the events of sickness and injury. In November 2007, he experienced pain in his left wrist. He sought medical attention, and discovered that his left scaphoid bone was not healed from an injury in 1995. Because of his wrist pain, he was unable to work as a pizza chef. He lodged a claim with the insurer and was rejected on the basis that the injury occurred prior to the policy's commencement.*

*ILS raised a dispute that, as the policy did not provide definitions of "sickness" and "injury", Mr M's wrist pain may come within the meaning of "sickness" rather than "injury" because (a) dictionary definitions provide that "sickness" means a disordered, weakened and unsound condition, and this applies to B's wrist pain, and (b) M first became aware of it while the policy was in force. The insurer rejected this argument without providing any explanation. ILS made a complaint to Lloyd's Underwriters' General Representative in Australia who referred the matter back to the insurer. The insurer then requested further medical reports from Mr M's treating doctors to clarify ILS's arguments and made a decision to accept his claim.*

National Service

As the table of 'Casework by client's state of residence' reveals, the statistics also show that the ILS continued to expand its assistance nationally with files for clients outside NSW increasing to 33% from 28% when compared with the last period. The greatest increase occurred for the number of files opened for clients residing in Queensland, with 10 files opened for the current period compared to 3 for the previous period. We thank Queensland Legal Aid and other relevant State based agencies for their referrals. A more secure funding base

| Casework by client's state of residence |                        |                         |
|---|------------------------|-------------------------|
| State                                   | Number of files opened | Percentage NSW /not NSW |
| NSW                                     | 45                     | 67%                     |
| VIC                                     | 7                      | 33%                     |
| QLD                                     | 10                     |                         |
| WA                                      | 3                      |                         |
| TAS                                     | 0                      |                         |
| NT                                      | 1                      |                         |
| ACT                                     | 1                      |                         |

for the future would allow us to invest more heavily in inter-state promotion.

**Advice given by a client's state of residence**

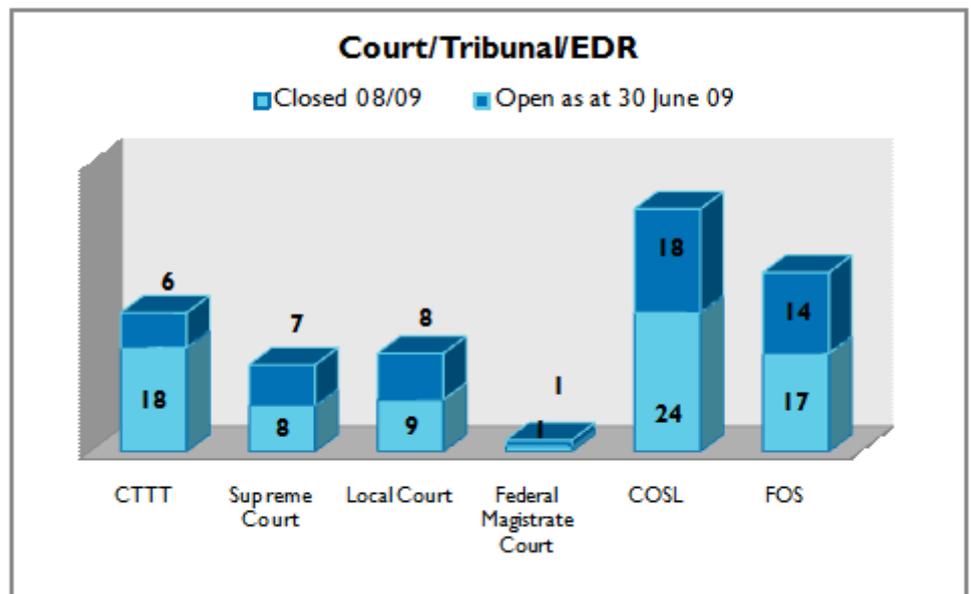
The current period also saw major changes being implemented to the Consumer Credit Legal Centre's core information database. While it will not be possible to report for this period on data for the advice given by a client's state of residence, reporting on these statistics will be possible for the next financial year.

Court, Tribunal and External Dispute Resolution

As demonstrated by the chart, CCLC and the ILS maintained last financial year's strong litigation focus, with 58 matters in courts and tribunals. In the same period 73 matters were being run through an External Dispute Resolution scheme (EDR). CCLC expects this latter number to increase considerably when EDR is made compulsory

for all lenders and finance brokers.

Many of the cases that resulted in a successful settlement involved the commencement of



proceedings or the lodging of a defence prior to settlement. In some cases matters had progressed almost to hearing, or had been successful at the hearing of a preliminary issue such as jurisdiction, at the point of settlement. In other cases, not included in the above statistics, CCLC did not represent the client (s) but assisted by drafting documents such as, an application or complaint, pleadings, or a defence.

CCLC also lodged complaints on behalf of clients with Australian Securities & Investments Commission, the Legal Services Commissioner, and the Insolvency Trustee Service of Australia.

Credit & Debt

Transfer of Credit Legislation to Commonwealth Jurisdiction

**By far, the focus of CCLC’s policy work this year has been on the transfer of credit legislation to the Commonwealth. This began with the release of the Federal Government’s release of a Green Paper on Financial Services and Credit Reform in June 2008, in response to which we tendered a comprehensive submission.**

Phase 1 of the transfer covered a range of issues including the enactment of a modified Uniform Consumer Code into federal legislation, national licensing regime, compulsory membership of external dispute resolution schemes and responsible lending. During this phase, our Centre was heavily involved in consultations with Treasury regarding the content of the National Credit Protection Bill and detailed submissions were also tendered once the Bill was publically released for consultation to the Treasury and the Senate Economics Committee. We also lobbied various Ministers and other politicians.

The amendments we were highly supportive of in the Bill included:

1. The introduction of a licensing scheme for those entities conducting credit activities;
2. Compulsory membership of ASIC approved external dispute resolution schemes;
3. The increase in the monetary threshold for hardship variations to \$500,000 and the requirement for credit providers to respond with reasons to requests for hardship;
4. The introduction of responsible lending conduct provisions (subject to some reservations); and
5. The extension of the regime to cover loans for residential property investment.

Particular concerns we still hold are:

- The failure to address the hardship processes in the law more comprehensively, particularly the lack of more flexible options for hardship variations;
- The failure of the new amendments to target particularly predatory practices more specifically (including the continuing potential for avoidance of the law by determined industry participants) – this is particularly worrying given the potential loss of the 48% cap on interest and fees currently applicable in NSW;
- The potential for diminished access to the formal justice system in the States which currently have specialist tribunals; and
- **The responsible lending test for a loan to be “not unsuitable” will need to be tested in courts before we can gauge whether it will prove effective in protecting consumers from inappropriate loans.**

The coming year will see our work begin on Phase 2 of the transfer, which will consider issues such as inter-

est rate caps, reverse mortgages, unsolicited credit limit increases, and small business and investment credit.

Terms of reference and Guidelines for the Financial Ombudsman Service

The Financial Ombudsman Service (FOS) was launched in July 2008, through merger of the Banking and Financial Services Ombudsman, the Insurance Ombudsman Service and the Financial Industry Complaints Service.

**As part of this process, there was a comprehensive review of the scheme's Terms of Reference and Guidelines, and draft Terms of Reference were released.** CCLC contributed to and endorsed a joint consumer submission prepared by the Consumer Action Law Centre. The key recommendations in our submission were to advocate for:

- Easier access to the scheme (including being able to make complaints by phone);
- Comprehensive decision making about financial hardship, particularly in relation to putting a hardship arrangement in place for consumers;
- Compulsory conciliation/shuttle negotiation process
- Access to EDR after legal proceedings have commenced but the substantive issues have not been considered by the Court; and
- An increase in the compensation that can be awarded by FOS and a change from a jurisdictional limit to a compensation cap.

The draft Terms of Reference is now awaiting ASIC approval. However CCLC will be monitoring the impact of the changes into the future as a result of the following concerns:

- The new alternative time limit of 2 years to lodge a complaint, calculated from the date an internal dispute resolution decision is made, is applicable to any matters that have been the subject of a **“final EDR decision”**. **For banking and financial services complaints, this is a significant reduction of the previous limitation period of 6 years and presents practical difficulties for advice services;** and
- Concerns about the increasing pressure on EDR schemes (as a result of comprehensive compulsory membership and the loss of specialist tribunals in the most populous states) and the consequential impact on access (practical access and discretionary exclusion), delay and the quality of decision making.

## Credit reporting

**This was a busy year for credit reporting with the release of the Australian Law Reform Commission's (ALRC) comprehensive discussion paper in May 2008 to investigate reforms to all privacy legislation, including credit reporting.**

**The ALRC's recommendations included some very important rights for consumers, as well as some controversial proposal.** The positive recommendations included:

- A legislative right for consumers to obtain a free copy of their credit report annually;
- Credit providers can only make listings if they are a member of an external dispute resolution scheme recognized by the Privacy Commissioner
- Credit reporting agencies must delete or correct information if the credit provider does not provide evidence to substantiate a disputed listing within 30 days, or if the dispute is not referred to a recognized external dispute resolution scheme.

However the ALRC also proposed increases in the amount of information credit reporting agencies can hold:

1. **To include information about a consumer's accounts, including the type of account (credit card, mortgage etc), the date each account was opened and closed, and the current limit of each open account.**
2. Once responsible lending safeguards were in place, to allow information of repayment histories over the last 2 years; and how many repayment cycles the individual was in arrears for.

**The Centre's view was that allowing this second category would cause extreme detriment to consumers and we lobbied extensively against it.** We wrote a detailed submission to the ALRC report, and letters to the Prime Minister and Cabinet opposing this change. Our concerns were that allowing this new information would be burdensome on consumers, and create problems for consumers experiencing financial difficulties in switching to more affordable products. The availability of further information will not always lead to more responsible lending decisions (indeed it could be used to give lenders a level of comfort in lending to overextended borrowers with good repayment histories), there could be problems with accuracy, and risk based pricing could become more widespread to the detriment of any consumer who experiences even a temporary financial problem.

## Other Policy work

As usual CCLC made many other contributions on the policy/law reform front including:

1. Letter to the NSW Attorney General calling on reform to enforcement practices causing detriment to consumers. The issues raised included calling for a discretionary system for determining the fair amount to taken under a garnishee and to raise the benchmark for protected items that cannot be seized by a sheriff to the same as that under bankruptcy. Although our specific recom-

mendations were not acted upon, the Attorney-General did increase the protected garnishee amount from 80% to 100% of the workers compensation level effective as of 19 June 2009.

2. **Submission in relation to the OFT's Consultation Regulatory Impact Statement (August 2008)** in relation to responsible lending and credit cards. We advocated strongly for responsible lending **regulations, obligations on creditor providers to assess affordability based on a borrower's ability** to pay off the total debt within a reasonable time period, not just meet the minimum repayment, a ban on unsolicited credit limit increases and an increase in minimum repayments for new customers.
3. Letter to the Office of Fair Trading on the lack of consumer protection against strata companies chasing overdue levies. At present, there are no legal obligations on strata companies to consider variations based on financial hardship, and no limit on the fees and costs they can charge in chasing a debt.
4. Submission to the Senate Standing Committee on Legal and Constitutional Affairs on the Personal Property Securities Bill 2009, which creates a new public register to record securities taken over personal property. We held concerns relating to privacy issues for personal details held on the database, rights of access by consumers to their information, and avenues of complaint for consumers.
5. Participation in an external review of the TIO conducted by the Listening Post. Key issues raised included the restrictive 1 year limitation period, the failure of the TIO to drive improvements **within telcos' internal dispute resolution processes, the failure to investigate complaints at first** instance, lengthy investigation times, lack of resourcing and lack of consumer representation at Board level.
6. Letter to APRA and the Minister for Superannuation calling for changes to the processing of applications for early access to superannuation made by debtors trying to save their home from repossession. We advocated for the removal of the requirement for a specific default notice (as opposed to evidence of arrears), for APRA to notify lenders of applications to put a hold on enforcement action, and for additional resourcing to cope with the large backlog of applications.

Regular Committees on which CCLC is represented:

- Credit Code Working Party
- CTTT Users Group
- Supreme Court Users Group

- Australian Bankers Association Consumer and Community Consultative Forum
- Veda Advantage Consumer Liaison Meetings
- Predatory Lending Project
- NSW Legal Aid Consumer Lawyers Meetings
- Various Combined Community Legal Centre Group meetings

## Insurance

The 2008-2009 financial year saw an active participation of ILS in the area of policy & law reform. The service gathered information from its telephone advice and casework, identified systemic issues that affected low income and disadvantaged customers, and made the following submissions in relation to the insurance law and insurance industry:

### Financial Ombudsman Service – Terms of Reference

The ILS also contributed to the Joint submission referred to in the Credit and Debt Section previously. Specifically we contributed case studies demonstrating the difficulty in getting out of IDR and into EDR in insurance matters, argued (unsuccessfully) for a substantial increase in the jurisdictional limit for parties seeking **recovery of damages from another party’s insurer, and for access to FOS for a range of “non-customer” disputes**. We also opposed the continuance of the ludicrously short time frame for taking insurance disputes to EDR and proposed that the 6 years applicable in all other disputes should equally apply to General Insurance.

### FOS-GI Process Review

Despite considerable effort of the Financial Ombudsman Service – General Insurance (FOS-GI, formerly the Insurance Ombudsman Service or IOS) to ensure that the dispute resolution process is not unduly delayed once a complaint has been accepted by the service, there are considerable barriers and delays experienced by consumers in getting to that point. These problems are not only causing detriment to consumers who eventu-

#### *Sample Case Study from submission*

*Mr R had a third party property insurance policy. He had a motor vehicle accident in March. The money to pay the excess on the claim cleared from his bank account in April. He heard nothing more about the claim and assumed **that it had been settled. In late September he received a letter from the other driver’s insurance company informing him that as he had not paid his excess, his insurer had not paid the claim, and they were therefore claiming for the damage to the other vehicle directly from him. He contacted his insurer on the same day to dispute the alleged non-payment of the excess. The insurer agreed it was a mistake and would be fixed within one week. He received an e-mail confirming this. In early November he received a statement of claim from the other driver’s insurer. He tried to contact Internal Dispute Resolution (“IDR”) at his insurance company without success. He sent several e-mails to an IDR contact he found on the internet, but received no response. Finally he contacted a claims officer who told him not to worry, but still nothing happened to settle the claim.***

ally obtain assistance from FOS-GI, but they are also causing customers to withdraw from the pursuit of valid disputes, engendering poor outcomes for those customers and poor customer/insurer relationships. In some cases consumers have become disillusioned with insurance per se as a result of their negative experience of attempting to claim.

To address these problems and ways to alleviate them, ILS and the West Heidelberg Legal Centre made submissions to FOS in December 2008 and April 2009.

We hope that the introduction of a registration system at the Financial Ombudsman Service, and the new Terms of Reference will go some way to improving access to effective external dispute resolution in insurance matters. However, the above case study (which was one of many) reveals that serious improvements are also required at the IDR level and FOS will need to be very proactive in driving this improvement.

#### Review of the General Insurance Code of Practice

The General Insurance Code of Practice (GI Code) is a self-regulatory code that binds all general insurers who are signatories to it, and sets out the minimum standards that insurers undertake to uphold in their services to customers. Since its commencement in 1994, it has undergone various reviews, including the 2009 review in which ILS had the opportunity to participate. In our submissions, we raised the following concerns:

- Unlike the Banking Code of Practice, provisions in the GI Code are not made a part of the insurance contract;
- The GI Code does not bind all general insurers;
- The GI Code does not adequately deal with consumers in financial hardship, i.e.:
  - **The GI Code's inadequate treatment of customers who cannot pay their excess;**
  - The availability of monthly direct debits only, rather than fortnightly, leads to inevitable incompatibility between pay cycles and deductions of premiums, leading unnecessarily to policy cancellations;
  - Inadequacies in the financial hardship (third party debt recovery) clauses;
- Consumers still experience considerable barriers and delays throughout the claims and complaints handling stages of the insurance process;
- Insurers are relying on ambiguous timeframes in the GI Code to extend times for claims assessment and/or investigation processes indefinitely;

- Insurers are reluctant to issue formal written claims rejections, leaving customers in limbo and without any knowledge of their rights in relation to dispute resolution;
- Post claims approval issues are not being recognised as complaints.
- A significant step towards the resolution of continuing breaches of the GI Code may be achieved by adding, amongst the GI Code's current objectives, a requirement that the industry aim for "best practice".

#### Submission to ACCC on flood definition

Insurance coverage for flood damage is an issue that has raised, and continues to raise, a significant public concern. In 2008, the Insurance Council of Australia (ICA) made a proposal to the Australian Competition and Consumer Commission (ACCC) for a common definition of "inland flood" without any consultation with consumer representatives. ILS and other consumer advocates were concerned that ICA's initial proposal was anti-competitive and unlikely to provide legal certainty and fair outcomes for consumers because:

- The ICA's proposal was not for mandatory adoption of the common definition and insurers were allowed to adopt it if and when they wished. By adopting and promoting a common definition, consumers might assume that this definition automatically applies to their own policy when this might not be the case.
- The proposed common definition would be used primarily in relation to exclusions of cover for flood damage, not the inclusion of such coverage, in insurers' policies. This proposal would be a "backdoor" attempt to avoid the operation of the statutory standard protection provisions under the *Insurance Contracts Act 1985 (Cth)* which provide that flood, storm and sea water damage are covered by household insurance policies unless clearly excluded.
- Low-cost insurers might use this wider definition of flood in the proposed common definition to exclude flood from cover under their policies, resulting in the rejection of more claims. Insurers might also offer broader coverage to avoid the expansive common definition at higher premiums. Both of these possible outcomes would be significantly detrimental to low-income and disadvantaged consumers.
- The communications campaign proposed by the ICA in relation to the common definition was ineffective and unlikely to reach lower-income consumers.

The ACCC had originally sought to provide conditional approval but decided against that after submissions made by various bodies including a joint submission by consumer advocates including the ILS.

#### Unfair terms and the Australian Consumer law

In May 2009 CCLC, including the ILS, supported the Consumer Action Law Centre submission in relation to the Federal Government's proposed amendments to the Trade Practices Act to introduce new laws in relation to unfair terms.

In July 2009 (a little after the end of this financial year but important enough to warrant a mention here) the ILS made an urgent submission to Treasury because it became apparent that insurance contracts were to be (belatedly) excluded from the purview of the amendments in relation to unfair terms.

Currently, the *Insurance Contracts Act 1984 (Cth)* (IC Act) does not provide any consumer protection measures for consumers in relation to unfair terms. The IC Act does provide for a duty of utmost good faith but this does not protect consumers from unfair terms. Section 15 of the IC Act also has the effect that the unfair contract terms provisions of either the ACL or the ASIC Act do not apply to contracts of insurance covered by the IC Act, to the extent that the IC Act applies. Unfortunately, insurance contracts are one of the areas of most concern for the use of unfair terms. This is particularly in the areas of travel insurance, consumer credit insurance and uninsured motorist extension in 3<sup>rd</sup> party property damage car insurance policies. Further, the IC Act has to date proved completely ineffective to deal with unfair terms *per se*.

A submission in response to the Senate Inquiry into the Trade Practices Amendment (Australian Consumer Law) Bill 2009 was also made by the ILS in October 2009, in which we made the recommendations that a provision should be inserted in the Bill to expressly provide that the Bill applies to insurance contracts despite anything to the contrary in section 15 of the IC Act. In the alternative, section 15 of the IC Act should be amended to provide that the Bill is not excluded and can regulate insurance contracts. The ILS also appeared before the Senate on this issue and continues to lobby to ensure these important consumer protection provisions apply equally to insurance contracts. There is no good reason why insurance contracts should be treated differently in this regard to ANY other consumer contract.

**Community Legal Education is a vital part of CCLC’s work. Our main messages involve warning consumers about common pitfalls in dealing with credit, debt and insurance, and strategies for dealing with problems when they arise.**

Our education strategy has a number of key elements:

- Workshops directed at financial counsellors, legal aid and community lawyers to assist them in their client casework
- Workshops directed at community workers assisting communities with special needs, such as non-English speaking communities (including refugees)
- Specific events for the public in response to topical issues such as extreme weather events or increasing mortgage arrears
- Our regular e-flyer for financial counsellors and other caseworkers.
- Our website, which is used by the public and caseworkers alike
- Multilingual publications available on the website and at times in hard copy or other media
- Comments in the general news media and other popular publications (see Media section)

**PARTICIPANTS:** general public; community workers; lawyers at community legal centres & Law Access; trainee financial counsellors; financial counsellors; teachers; migrant resource workers; women members of the general public; members of culturally and linguistically diverse communities.

**TOPICS:** credit, debt & insurance; about CCLC; financial counsellors; credit reporting; hardship; debt collection; bankruptcy; EDR/IDR; Uniform consumer credit code; older people, credit & the law; mortgage hardship insurance claims & flood damage; mortgage repossessions; boundaries & mortgages.

**FORUMS/CONFERENCES:** Bankstown Mortgage stress info night, organised by Fed MP for Blaxland; Parramatta Mortgage stress forum; Gosford Mortgage Stress Forum, organised by Legal Aid; Rooty Hill Mortgage Stress Forum, organised by Legal Aid; FCAN Conference, Mock Court - Civil Debt & Mock CTTT Hearing.

In 2008/09, twenty-five face-to-face education sessions were conducted across Sydney and in rural NSW. These sessions ranged from a fifteen minutes to a full day, and were conducted for a variety of community members on numerous topics.

Four issues of the CCLC e-flyer were distributed in 2008/09, as we continue to bring notable developments in credit and debt regulation and practice, and more recently insurance issues, to the attention of a significant number of financial counsellors, social workers and other community legal centres who have subscribed to our mailing list.

## Website Update

In the period 2008/09, new items added to the website include:

- Fact Sheets:
  - ⇒ Maths Programs;
  - ⇒ Making a claim on car insurance;
  - ⇒ What can I do if my car insurance claim is refused?;
  - ⇒ **I've had a car accident and I'm uninsured!;**
  - ⇒ Making a claim on home and contents insurance;
  - ⇒ What can I do if my home and/or contents insurance claim is refused?
  - ⇒ Your Insurance Report.
- Other:
  - ⇒ Guide: Challenging a maths software contract;
  - ⇒ Insurance Guide: Bushfire Insurance;
  - ⇒ Natural disaster information sheets.

The Insurance Law Service is also in the process of producing legal information booklets on home insurance and car insurance to be published in English, Arabic, Mandarin & Vietnamese in early 2010.

As in past years, CCLC continues to be very active in the mainstream and regional media, with over 100 appearances in print, on radio and on television during the 2008/09 period.

CCLC is active in the media for three main reasons:

- To increase awareness of the availability of our services;
- To educate consumers about their rights and obligations; and
- To encourage and facilitate debate on law-reform issues.

The majority of the media work has been undertaken by the Coordinator, Karen Cox and the Principal Solicitor, Katherine Lane, with contributions from other staff members at times.

A selection of media contributions follows:

|          |                         |  |
|----------|-------------------------|--|
| 28/06/08 | CH 9 News               | re: Motor Finance Wizard protest   |
| 28/06/08 | Daily Telegraph         | "Beware the payday predators" by Annabelle Young re: payday lenders  |
| 1/07/08  | A Current Affair CH 9   | re: Motor Finance Wizard protest   |
| 2/07/08  | Fairfield Advance       | "Learn the basics to survive" re: mortgage stress forum  |
| 9/07/08  | ABC News Online         | "Forum addresses mortgage stress concerns" re: mortgage stress forum                                       |
| 9/07/08  | ABC Radio - AM          | "Experts encourage early action against mortgage stress" by Michael Edwards re Mortgage Forum at Bankstown |
| 14/07/08 | Parramatta - your guide | "Govt offers help to debt-crisis families facing repossession" by Mark Symonds re: mortgage stress forum   |
| 19/07/08 | SMH                     | "Break-ups increase mortgage stress" by Sunanda Creagh re: divorce & mortgage stress                       |
| 31/07/08 | CH 10, CH 7             | re: mortgage stress forum  |
| 31/07/08 | SBS Radio               | by Janet Verceles re: debt for Filipino audience   |
| 1/08/08  | Choice Magazine         | "7 ways to combat mortgage stress"   |
| 1/08/08  | Money Magazine          | "Dealing with debt" by Maria Bekiaris re: debt   |
| 5/08/08  | Blacktown Sun           | "Get in before the repo men do" by Mark Symonds re: repo   |
| 16/08/08 | Daily Telegraph         | "Fight to keep roof over head" by Vicki Campion & Richard Noone re: mortgage stress forum                  |
| 1/09/08  | Money Magazine          | Letters page: "Free advice" re: insurance law service  |
| 1/09/08  | Money Magazine          | "Best deals" by Nicola Field re: mobile phones   |
| 8/09/08  | CH 7 - Today Tonight    | re: Insurance, hire car  |
| 9/09/08  | St Mary's Star          | "Mortgage stress forum" by Kylie Stevens re: mortgage stress forum   |
| 10/09/08 | www.fatcat.com.au       | Jill Fraser re: "good" debt vs. "bad" debt   |
| 13/09/08 | ABC TV - News           | Mortgage stress and the Rooty Hill forum   |
| 26/09/08 | CH 10 - News            | re: Reserve Bank's Financial Stability Review, Mortgage pain in Western Suburbs of Sydney                  |
| 26/09/08 | CH 7 – News, 2UE Radio  | Mortgage Stress in Western Sydney  |
| 26/09/08 | SMH                     | "Mortgage pain: the suburbs on the brink" by Jessica Irvine re: mortgage stress                            |
| 1/10/08  | ABC Radio 702           | re: credit cards   |
| 7/10/08  | ABC Radio - Statewide   | re: debt   |
| 9/10/08  | ABC News Radio          | re: coping with debt   |

|          |  |  |
|----------|--|--|
| 15/10/08 | SMH  | "Feds circle the sharks" by John Collett                                       |
| 15/10/08 | The Australian   | "FSA Group (FSA) 27c" CRITERION: Tim Boreham                                   |
| 26/10/08 | SMH  | "Now it's personal: welcome to the bad times" by David Potts                   |
| 28/10/08 | ABC TV - Stateline   | debt problems across all socio-economic groups                                 |
| 20/11/08 | CH 9 News  | re: credit cards   |
| 11/12/08 | FHM Magazine   | re: mortgage stress  |
| 11/12/08 | Prime News   | re: Christmas Credit card Spending   |
| 12/12/08 | Tamworth Local News-<br>paper, Tamworth Local<br>TV, New England Local | re: Insurance claims and flood damage  |
| 23/12/08 | 2GB Radio, 2UE Radio   | re: mortgage repossessions   |
| 23/12/08 | Daily Telegraph  | "Banks made 1300 NSW families homeless, repossessions" by Nick Gardner         |
| 8/01/09  | Inner West Courier   | re: exit fees and RHG  |
| 21/01/09 | Wentworth Courier  | "Beware of the exit" by Ben Hurley re: exit fees and RHG                       |
| 27/01/09 | ABC Radio National -<br>Law Report                                     | Damien Carrick re: home repossessions  |
| 10/02/09 | SMH  | John Kavanagh re: insurance and bushfires                                      |
| 18/02/09 | SBS Radio  | re: Insurance law Vic bushfires  |
| 1/03/09  | Verbals, Autumn 2009   | "Floods assistance" by re: Insurance Law Service                               |
| 11/03/09 | SMH Money  | "Held hostage by mortgage exit fees" by Lesley Parker re: exit fees            |
| 13/03/09 | Daily Telegraph  | "Lender has not cut its variable interest rates" by John Rolfe                 |
| 18/03/09 | Australian   | "Mortgage freeze for the jobless by Commonwealth Bank" by Richard Gluyas       |
| 1/04/09  | Money Magazine   | "Family loans" by Maria Bekiaris   |
| 5/04/09  | CH 10  | re: Govt announcement re banks and hardship                                    |
| 5/04/09  | Sun Herald   | "Making port in a financial storm" by Nick Gardner                             |
| 6/04/09  | SBS TV   | re: Govt announcement re banks and hardship                                    |
| 8/04/09  | SMH Money  | "Call for consumer law with teeth" by Ellinore Martel                          |
| 27/04/09 | CH 9 News  | re: increase to hardship threshold   |
| 29/04/09 | SMH Business   | "Thousands living on borrowed time" by Jacob Saulwick                          |
| 30/04/09 | news.com.au  | "Desperate borrowers lose beds to 'predatory' payday loans" by Caitlin O'Toole |
| 8/05/09  | Australian<br>Australian Women   | "Legal aid funds plummet as demand soars" by Nicola Berkovoc                   |
| 26/05/09 | Online   | "New legal service for people at risk of homelessness"                         |
| 7/06/09  | Sunday Telegraph   | "Struggling borrowers to be hot with penalty fees" by Nick Gardner             |
| 11/06/09 | mozo.com.au  | "Economist says home loan debt crisis unfounded"                               |
| 12/06/09 | Financial Review   | "Credit code may disadvantage consumers"                                       |
| 19/06/09 | CH 7 Today Tonight   | re: life insurance   |
| 23/06/09 | Brisbane Times   | "CBA gives storm victims working 'holiday'" by Stuart Washington               |

In 2008/09, the CCLC Administration Team comprised of Chris Maddison (Book Keeper) and Nicola Sutton (Office Manager, formerly Administration Officer prior to March 2009). The responsibilities of the Administration Team cover a range of governance, resource, staffing and facility activities. Recent highlights were:

- Conducting client and caller satisfaction surveys for both the Credit & Debt Hotline and the Insurance Law Service (October-/November 2008);
- Supervision of a school student completing the Duke of Edinburgh Award (February to June 2009);
- Promotion of the Administration Officer to Office Manager (March 2009);
- The Attorney-**General's visit (Friday 13<sup>th</sup> March 2009)**;
- Development of the Professional Debriefing Staff Procedure (April 2009); and
- Obtained quotes for building work on office renovations and liaised with builders and staff regarding plan designs. The renovations commenced June 2009.

## Governance activities

The Team is responsible for maintaining financial records and reports to assist in the day-to-day operation of the Centre and for the benefit of the Management Committee. They also gather performance statistics, collaborate with the Centre Coordinator on submissions to funding bodies, compile supporting documents (i.e., agendas, minutes, etc.) for meetings with staff and the Management Committee, and coordinate the publication of the Annual Report.

## Resource activities

Resource tasks include the maintenance and update of the CCLC website, the distribution of e-flyers and brochures, and referral advice to first-point-of-contact callers who call outside designated advice times.

## Staffing activities

Staffing tasks include remuneration, recruitment, induction and staff training, travel and accommodation arrangements, staff activities (i.e., planning days, functions, etc.) and management of the volunteer program.

## Facility activities

Facility tasks include information technology support through liaison with external support staff (i.e., computer and telephone systems administration, software and hardware updates, data backup, database maintenance, etc.) as well as physical storage and archiving procedures. The Team is committed to an environmentally friendly office.

# Financial Statement

1 July 2008 to 30 June 2009

CONSUMER CREDIT LEGAL CENTRE (NSW) INC  
40 506 635 273

FINANCIAL REPORT  
FOR THE YEAR ENDED  
30 JUNE 2009

*Meagher Howard & Wright*  
*Certified Practising Accountants*  
*Suite 506*  
*55 Grafton Street*  
*BONDI JUNCTION NSW 2022*

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC**  
**40 506 635 273**

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**CONSUMER CREDIT LEGAL CENTRE (NSW) INC**  
**40 506 635 273**

**COMMITTEE'S REPORT**

Your committee members submit the financial report of the CONSUMER CREDIT LEGAL CENTRE (NSW) INC for the financial year ended 30 June 2009.

**Committee Members**

The names of committee members throughout the year and at the date of this report are:

Amy KILPATRICK  
Louise PETSCHLER  
Michael SAADAT  
John BURKE  
Karen COX  
Nicola SUTTON  
Paul BAKER  
Stella SYKIOTIS [Resigned July 2007]  
Elissa FREEMAN [From 18 February 2009]  
Matthew SIMPSON [From 18 February 2009]  
Miranda NAGY [From 13 March 2009]

**Principal Activities**

The principal activities of the association during the financial year were  
Provision of Legal Services in accordance with the Constitution

**Significant Changes**

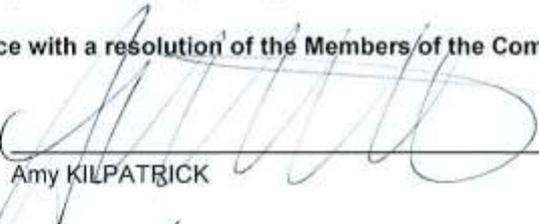
No significant change in the nature of these activities occurred during the year.

**Operating Result**

The profit from ordinary activities after providing for income tax amounted to \$40,587.

**Signed in accordance with a resolution of the Members of the Committee.**

Committee Member

  
Amy KILPATRICK

Dated this

3<sup>rd</sup> day of

November 2009

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC**  
**40 506 635 273**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|   | Note | This Year<br>\$ | Last Year<br>\$ |
|---|------|-----------------|-----------------|
| <b>INCOME</b>                                     |      |                 |                 |
| <b>Grants Received</b>                            |      |                 |                 |
| Cwllth Attorney General [CLSP]                    |      | 167,418         | 130,796         |
| State Attorney General [CLSP]                     |      | 120,363         | 116,516         |
| Office of Fair Trading - Credit Counselling       |      | 179,133         | 469,680         |
| Insurance Law Service                             |      | 118,794         | -               |
| Mortgage Hardship Support PPF                     |      | 7,669           | -               |
| Cwllth Financial Counselling FAHCSIA              |      | 22,680          | -               |
| Office of Fair Trading - Financial<br>Counselling |      | 335,385         | -               |
|   |      | 951,442         | 716,992         |
| Interest Received                                 |      | 23,444          | 17,336          |
|   |      | 974,886         | 734,328         |
| <b>OTHER INCOME</b>                               |      |                 |                 |
| Consultancy Fees                                  |      | 3,000           | -               |
| Project Income                                    |      | -               | 83,298          |
| Disbursements recovered                           |      | 2,937           | 182             |
| Legal Costs Recovered                             |      | 34,288          | 11,498          |
| Sundry Income                                     |      | 455             | 100             |
|   |      | 40,680          | 95,078          |
|   |      | 1,015,566       | 829,406         |

The accompanying notes form part of these financial statements.

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC**  
40 506 635 273

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|                                  | Note | This Year<br>\$ | Last Year<br>\$ |
|----------------------------------|------|-----------------|-----------------|
| <b>EXPENDITURE</b>               |      |                 |                 |
| <b>Financial Expenses</b>        |      |                 |                 |
| Audit Fees                       |      | 2,000           | 4,000           |
| Lodgement Fees                   |      | 288             | -               |
| Bank Charges                     |      | 1,219           | 903             |
| Accountancy                      |      | 399             | -               |
|                                  |      | 3,906           | 4,903           |
| Consultants Fees                 |      | -               | 495             |
| Depreciation                     |      | 11,351          | 9,157           |
| Disbursements                    |      | 4,440           | 2,612           |
| Building Modifications           |      | 23,791          | -               |
| Equipment                        |      | 4,515           | -               |
| General Expenses                 |      | 55              | 110             |
| <b>Insurance - Other</b>         |      |                 |                 |
| Professional Indemnity           |      | 1,050           | 1,200           |
| Office & Contents                |      | 1,746           | 1,673           |
| Directors                        |      | 1,000           | 948             |
|                                  |      | 3,796           | 3,821           |
| Legal Costs                      |      | 2,418           | -               |
| Library                          |      | 1,785           | 867             |
| <b>Office Expenses</b>           |      |                 |                 |
| Computer Consumables & Support   |      | 2,229           | 2,644           |
| Printing & Stationery            |      | 8,875           | 6,408           |
| Meetings Expenses & Catering     |      | 585             | 243             |
| Equipment & Maintenance          |      | 421             | 781             |
|                                  |      | 12,110          | 10,076          |
| <b>Provisions &amp; Reserves</b> |      |                 |                 |
| Additional Financ'l Counsellor   |      | -               | 14,000          |
| Building Modifications           |      | 12,094          | 12,465          |
|                                  |      | 12,094          | 26,465          |
| <b>Premises</b>                  |      |                 |                 |
| Cleaning & Waste Removal         |      | 5,386           | 5,770           |
| Electricity                      |      | 2,768           | 2,911           |
| Rates                            |      | 2,718           | 238             |
| Rent                             |      | 95,383          | 77,461          |
| Repairs & Maintenance            |      | 497             | 147             |
| Lease Expenses                   |      | 511             | 2,086           |
|                                  |      | 107,263         | 88,613          |

The accompanying notes form part of these financial statements.

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC**  
**40 506 635 273**

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|   | Note | This Year<br>\$ | Last Year<br>\$ |
|---|------|-----------------|-----------------|
| <b>Salaries &amp; On Costs</b>                            |      |                 |                 |
| Salaries  |      | 633,617         | 512,494         |
| Annual Leave Provision                                    |      | 17,416          | 2,143           |
| Sick Leave Provision                                      |      | 620             | 443             |
| Long Service Leave Provision                              |      | 11,065          | 16,021          |
| Parenting Leave Provision                                 |      | -               | 1,889           |
| Superannuation Paid                                       |      | 56,201          | 45,543          |
| Workers Compensation Insurance                            |      | 2,079           | 2,439           |
|   |      | 720,998         | 580,972         |
| <b>Staff Related Expenses</b>                             |      |                 |                 |
| Staff Amenities   |      | 4,012           | 3,396           |
| Staff Training & Conferences                              |      | 4,413           | 5,933           |
| Practising Certificate                                    |      | 2,620           | 1,595           |
| Recruitment   |      | 506             | 1,093           |
| Staff Membership Fees                                     |      | 816             | 925             |
|   |      | 12,367          | 12,942          |
| Subscriptions   |      | 4,481           | 4,311           |
| <b>Communications</b>                                     |      |                 |                 |
| Telephone & Fax   |      | 37,462          | 41,035          |
| Internet  |      | 1,091           | 1,178           |
| Website Maintenance                                       |      | 309             | 275             |
| Courier & Postage   |      | 2,725           | 2,468           |
|   |      | 41,587          | 44,956          |
| Travelling Expenses                                       |      | 8,022           | 9,853           |
|   |      | 974,979         | 800,153         |
| Profit before income tax                                  |      | 40,587          | 29,253          |
| <b>Profit for the year</b>                                |      |                 |                 |
| Retained earnings at the beginning of the financial year  |      | 63,588          | 34,335          |
| <b>Retained earnings at the end of the financial year</b> |      | 104,175         | 63,588          |

The accompanying notes form part of these financial statements.

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC**  
40 506 635 273

**BALANCE SHEET**  
**AS AT 30 JUNE 2009**

|                                      | Note | This Year<br>\$ | Last Year<br>\$ |
|--------------------------------------|------|-----------------|-----------------|
| <b>ASSETS</b>                        |      |                 |                 |
| <b>CURRENT ASSETS</b>                |      |                 |                 |
| Cash and cash equivalents            |      | 874,178         | 512,914         |
| Trade and other receivables          | 2    | 1,035           | 4,099           |
| Prepayments                          |      | 18,858          | 18,262          |
| <b>TOTAL CURRENT ASSETS</b>          |      | <u>894,071</u>  | <u>535,275</u>  |
| <b>NON-CURRENT ASSETS</b>            |      |                 |                 |
| Property, plant and equipment        | 3    | 34,672          | 22,782          |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <u>34,672</u>   | <u>22,782</u>   |
| <b>TOTAL ASSETS</b>                  |      | <u>928,743</u>  | <u>558,057</u>  |
| <b>LIABILITIES</b>                   |      |                 |                 |
| <b>CURRENT LIABILITIES</b>           |      |                 |                 |
| Creditors & Accruals                 |      | 15,464          | 21,674          |
| Grants in Advance                    |      | 524,313         | 276,596         |
| Employee Liabilities                 |      | 40,776          | 12,077          |
| GST on supplies                      |      | 43,899          | 24,001          |
| Provision for Parenting Leave        |      | 14,422          | 13,205          |
| Provision for Audit Fees             |      | 3,520           | 4,720           |
| Provision for PII Excess             |      | 5,000           | 5,000           |
| Employee benefits                    | 5    | 105,788         | 77,904          |
| Provision Financial Counsellor       | 4    | 14,000          | 14,000          |
| Prov. Building Modifications         |      | 32,094          | -               |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <u>799,276</u>  | <u>449,177</u>  |
| <b>NON-CURRENT LIABILITIES</b>       |      |                 |                 |
| Prov. Building Modifications         |      | -               | 20,000          |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <u>-</u>        | <u>20,000</u>   |
| <b>TOTAL LIABILITIES</b>             |      | <u>799,276</u>  | <u>469,177</u>  |
| <b>NET ASSETS</b>                    |      | <u>129,467</u>  | <u>88,880</u>   |
| <b>MEMBERS' FUNDS</b>                |      |                 |                 |
| Reserves                             | 6    | 25,292          | 25,292          |
| Retained earnings                    | 7    | 104,175         | 63,588          |
| <b>TOTAL MEMBERS' FUNDS</b>          |      | <u>129,467</u>  | <u>88,880</u>   |

The accompanying notes form part of these financial statements.

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC  
40 506 635 273**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

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**1 Statement of Significant Accounting Policies**

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act NSW. The committee has determined that the association is not a reporting entity.

The financial report has been prepared in accordance with the requirements of the Associations Incorporation Act and the following Australian Accounting Standards:

|         |                                       |
|---------|---------------------------------------|
| AAS 3 : | Accounting of Income Tax              |
| AAS 5:  | Materiality                           |
| AAS 8:  | Events Occurring After Reporting Date |
| AAS 17: | Accounting for Leases                 |

**AAS 5: Materiality**

No other applicable Australian Accounting Standards, Urgent Issues Group Consensus Views or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report is also prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

**Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax assets and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC  
40 506 635 273**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

---

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

### **Property, Plant and Equipment (PPE)**

Leasehold improvements and office equipment are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all PPE is depreciated over the useful lives of the assets to the association commencing from the time the asset is held ready for use.

Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

### **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

### **Provisions**

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC  
40 506 635 273**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

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**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

**Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC**  
40 506 635 273

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|  | <b>This Year</b> | <b>Last Year</b> |
|--|------------------|------------------|
|  | <b>\$</b>        | <b>\$</b>        |
| <b>2 Trade and Other Receivables</b>   |                  |                  |
| <b>Current</b>   |                  |                  |
| Trade Debtors  | <u>1,035</u>     | <u>4,099</u>     |
| <p>The association does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired.</p> |                  |                  |
| <b>3 Property, Plant and Equipment</b>   |                  |                  |
| Office Equipment - at cost   | 21,865           | 14,704           |
| Less Prov'n for Depreciation   | <u>(12,513)</u>  | <u>(8,761)</u>   |
|  | 9,352            | 5,943            |
| Office Furniture - at Cost   | 11,360           | 11,360           |
| Less Prov'n for Depreciation   | <u>(6,051)</u>   | <u>(5,113)</u>   |
|  | 5,309            | 6,247            |
| Computer Equipment - at cost   | 57,971           | 41,891           |
| Less Prov'n for Depreciation   | <u>(37,960)</u>  | <u>(31,299)</u>  |
|  | 20,011           | 10,592           |
| <b>Total Plant and Equipment</b>   | <u>34,672</u>    | <u>22,782</u>    |
| <b>Total Property, Plant and Equipment</b>   | <u>34,672</u>    | <u>22,782</u>    |
| <b>4 <del>Tax</del> <i>MM</i></b>  |                  |                  |
| <b>Liabilities</b>   |                  |                  |
| <b>Current</b>   |                  |                  |
| Provision Financial Counsellor   | <u>14,000</u>    | <u>14,000</u>    |
| <b>5 Employee Benefits</b>   |                  |                  |
| <b>Current</b>   |                  |                  |
| Provision for Annual Leave   | 48,221           | 32,023           |
| Provision for Sick Pay   | 7,351            | 6,731            |
| Prov'n for Long Service Leave  | <u>50,216</u>    | <u>39,150</u>    |
|  | <u>105,788</u>   | <u>77,904</u>    |

CONSUMER CREDIT LEGAL CENTRE (NSW) INC  
40 506 635 273

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

|  | This Year      | Last Year     |
|--|----------------|---------------|
|  | \$             | \$            |
| <b>6 Reserves</b>  |                |               |
| Prov. Equipment Replacement                              | 11,292         | 11,292        |
| Reserve for Future Projects                              | 14,000         | 14,000        |
|  | <u>25,292</u>  | <u>25,292</u> |
| <b>7 Retained Earnings</b>                               |                |               |
| Retained earnings at the beginning of the financial year | 63,588         | 34,335        |
| Net profit attributable to the association               | 40,587         | 29,253        |
| Retained earnings at the end of the financial year       | <u>104,175</u> | <u>63,588</u> |

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC  
40 506 635 273**

**STATEMENT BY MEMBERS OF THE COMMITTEE**

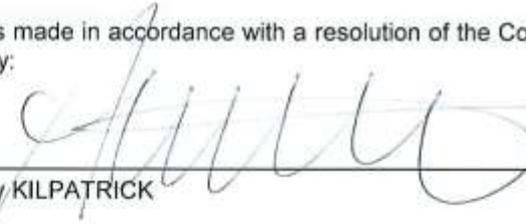
The committee has determined that the association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the committee the financial report as set out on pages 1 to 10:

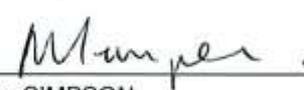
1. Presents a true and fair view of the financial position of CONSUMER CREDIT LEGAL CENTRE (NSW) INC as at 30 June 2009 and its performance for the year ended on that date.
2. At the date of this statement, there are reasonable grounds to believe that CONSUMER CREDIT LEGAL CENTRE (NSW) INC will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:

**President:**

  
\_\_\_\_\_  
Amy KILPATRICK

**Treasurer:**

  
\_\_\_\_\_  
Matthew SIMPSON

Dated this 09 day of November 2009.

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF CONSUMER CREDIT LEGAL CENTRE (NSW) INC  
40 506 635 273**

**Scope**

**The Financial Report and Committee's Responsibility**

The financial report comprises the statement of financial position, income and expenditure statement, accompanying notes to the financial statements, and the statement by members of the committee for CONSUMER CREDIT LEGAL CENTRE (NSW) INC (the association), for the year ended 30 June 2009.

The committee of the association is responsible for the preparation and true and fair presentation of the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are consistent with the financial reporting requirements of the Associations Incorporations Act NSW and are appropriate to meet the needs of the members. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the committee's financial reporting requirements under the Associations Incorporations Act NSW. I disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

**Audit Approach**

I conducted an independent audit in order to express an opinion to the members of the association. My audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

I performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the accounting policies as described in Note 1, so as to present a view which is consistent with our understanding of the company's financial position. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements in Australia. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate for the needs of the members.

I formed my audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the committee.

While I considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, my audit was not designed to provide assurance on internal controls.

**Independence**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF CONSUMER CREDIT LEGAL CENTRE (NSW) INC  
40 506 635 273**

In conducting my audit, I followed applicable independence requirements of Australian professional ethical pronouncements.

**Audit Opinion**

In my opinion, the financial report of CONSUMER CREDIT LEGAL CENTRE (NSW) INC presents a true and fair view in accordance with the accounting policies described in Note 1 to the financial statements, the financial position of CONSUMER CREDIT LEGAL CENTRE (NSW) INC as at 30 June 2009 and the results of its operations for the year then ended.

**Name of Firm:** MEAGHER HOWARD & WRIGHT  
Certified Practising Accountants

**Name of Partner:**   
John HOWARD, O.A.M.

**Address:** Suite 505, 55 Grafton Street BONDI JUNCTION NSW 2022

**Dated this day of 2009**

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC  
40 506 635 273**

**CERTIFICATE BY MEMBERS OF THE COMMITTEE**

I, Amy KILPATRICK of and I, Matthew SIMPSON of certify that:

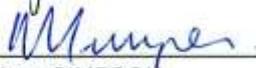
(a) We are members of the committee of CONSUMER CREDIT LEGAL CENTRE (NSW) INC.

(b) We attended the annual general meeting of the association held on .

(c) **We are authorised by the attached resolution of the committee to sign this certificate.**

(d) This annual statement was submitted to the members of the association at its annual general meeting.

Committee Member:   
Amy KILPATRICK

Committee Member:   
Matthew SIMPSON

Dated this 9 day of December 2009

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC**  
40 506 635 273

**DEPARTMENTAL TRADING, PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|   | This Year<br>\$ | Last Year<br>\$ |
|---|-----------------|-----------------|
| <b>CREDIT COUNSELLING - LEGAL</b>           |                 |                 |
| <b>OTHER INCOME</b>                         |                 |                 |
| <b>Grants Received</b>                      |                 |                 |
| Office of Fair Trading - Credit Counselling | 179,133         | 173,411         |
| Interest Received                           | 2,645           | 3,467           |
| Disbursements recovered                     | 1,175           | 73              |
| Legal Costs Recovered                       | 13,715          | 4,599           |
| Sundry Income                               | 145             | 50              |
|   | 196,813         | 181,600         |
| <b>EXPENSES</b>                             |                 |                 |
| <b>Financial Expenses</b>                   |                 |                 |
| Audit Fees                                  | 500             | 1,200           |
| Lodgement Fees                              | 115             | -               |
| Bank Charges                                | 484             | 299             |
| Accountancy                                 | 160             | -               |
| Depreciation                                | 3,395           | 2,521           |
| Disbursements                               | 1,776           | 1,045           |
| Equipment                                   | 1,806           | -               |
| General Expenses                            | 22              | -               |
| <b>Insurance - Other</b>                    |                 |                 |
| Professional Indemnity                      | 192             | 204             |
| Office & Contents                           | 550             | 282             |
| Directors                                   | 310             | 530             |
| Legal Costs                                 | 880             | -               |
| Library                                     | 541             | 276             |
| <b>Office Expenses</b>                      |                 |                 |
| Computer Consumables & Support              | 728             | 820             |
| Printing & Stationery                       | 2,746           | 1,986           |
| Meetings Expenses & Catering                | 136             | 75              |
| Equipment & Maintenance                     | 131             | 201             |
| <b>Provisions &amp; Reserves</b>            |                 |                 |
| Building Modifications                      | -               | 2,493           |
| <b>Premises</b>                             |                 |                 |
| Cleaning & Waste Removal                    | 1,724           | 1,838           |
| Electricity                                 | 886             | 920             |
| Rates                                       | 870             | 76              |
| Rent  | 28,305          | 23,238          |
| Repairs & Maintenance                       | 159             | 47              |
| Lease Expenses                              | 190             | 664             |

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC**  
**40 506 635 273**

**DEPARTMENTAL TRADING, PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|                                | This Year<br>\$ | Last Year<br>\$ |
|--------------------------------|-----------------|-----------------|
| <b>Salaries &amp; On Costs</b> |                 |                 |
| Salaries                       | 105,851         | 110,646         |
| Annual Leave Provision         | 3,228           | 237             |
| Sick Leave Provision           | 124             | 93              |
| Long Service Leave Provision   | 3,812           | 1,428           |
| Parenting Leave Provision      | -               | 397             |
| Superannuation Paid            | 9,450           | 8,876           |
| Workers Compensation Insurance | 375             | 467             |
| <b>Staff Related Expenses</b>  |                 |                 |
| Staff Amenities                | 1,250           | 1,053           |
| Staff Training & Conferences   | 509             | 556             |
| Practising Certificate         | 658             | 279             |
| Recruitment                    | -               | 17              |
| Staff Membership Fees          | 217             | 76              |
| Subscriptions                  | 1,389           | 1,329           |
| <b>Communications</b>          |                 |                 |
| Telephone & Fax                | 7,879           | 8,241           |
| Internet                       | 262             | 283             |
| Website Maintenance            | 74              | 66              |
| Courier & Postage              | 790             | 767             |
| Travelling Expenses            | 994             | 2,175           |
|                                | <u>183,468</u>  | <u>175,701</u>  |
| <b>NET PROFIT</b>              | <u>13,345</u>   | <u>5,899</u>    |

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC**  
40 506 635 273

**DEPARTMENTAL TRADING, PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|                                  | <b>This Year</b> | <b>Last Year</b> |
|----------------------------------|------------------|------------------|
|                                  | <b>\$</b>        | <b>\$</b>        |
| <b>LEGAL AID FUNDING (CLSP)</b>  |                  |                  |
| <b>OTHER INCOME</b>              |                  |                  |
| <b>Grants Received</b>           |                  |                  |
| Cwth Attorney General [CLSP]     | 167,418          | 130,796          |
| State Attorney General [CLSP]    | 120,363          | 116,516          |
| Interest Received                | 11,673           | 5,201            |
| Disbursements recovered          | 1,762            | 109              |
| Legal Costs Recovered            | 20,573           | 6,899            |
| Sundry Income                    | 219              | 50               |
|                                  | <b>322,008</b>   | <b>259,571</b>   |
| <b>EXPENSES</b>                  |                  |                  |
| <b>Financial Expenses</b>        |                  |                  |
| Audit Fees                       | 500              | 2,400            |
| Lodgement Fees                   | 173              | -                |
| Bank Charges                     | 730              | 540              |
| Accountancy                      | 239              | -                |
| Depreciation                     | 4,760            | 3,289            |
| Disbursements                    | 2,664            | 1,567            |
| Building Modifications           | 23,791           | -                |
| Equipment                        | 2,709            | -                |
| General Expenses                 | 33               | -                |
| <b>Insurance - Other</b>         |                  |                  |
| Professional Indemnity           | 288              | 300              |
| Office & Contents                | 800              | 822              |
| Directors                        | 453              | 418              |
| Legal Costs                      | 1,376            | -                |
| Library                          | 800              | 406              |
| <b>Office Expenses</b>           |                  |                  |
| Computer Consumables & Support   | 988              | 1,216            |
| Printing & Stationery            | 4,014            | 2,948            |
| Meetings Expenses & Catering     | 273              | 112              |
| Equipment & Maintenance          | 194              | 300              |
| <b>Provisions &amp; Reserves</b> |                  |                  |
| Building Modifications           | 12,094           | 6,232            |
| <b>Premises</b>                  |                  |                  |
| Cleaning & Waste Removal         | 2,802            | 2,992            |
| Electricity                      | 1,439            | 1,501            |
| Rates                            | 1,413            | 124              |
| Rent                             | 47,091           | 38,731           |

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC**  
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**DEPARTMENTAL TRADING, PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|                                | This Year<br>\$ | Last Year<br>\$ |
|--------------------------------|-----------------|-----------------|
| Repairs & Maintenance          | 258             | 76              |
| Lease Expenses                 | 294             | 1,081           |
| <b>Salaries &amp; On Costs</b> |                 |                 |
| Salaries                       | 155,078         | 142,936         |
| Annual Leave Provision         | 4,843           | 217             |
| Sick Leave Provision           | 186             | 137             |
| Long Service Leave Provision   | 5,717           | 2,141           |
| Parenting Leave Provision      | -               | 586             |
| Superannuation Paid            | 13,855          | 12,782          |
| Workers Compensation Insurance | 541             | 625             |
| <b>Staff Related Expenses</b>  |                 |                 |
| Staff Amenities                | 1,822           | 1,569           |
| Staff Training & Conferences   | 763             | 834             |
| Practising Certificate         | 687             | 418             |
| Recruitment                    | 506             | 26              |
| Staff Membership Fees          | 326             | 114             |
| Subscriptions                  | 2,022           | 1,974           |
| <b>Communications</b>          |                 |                 |
| Telephone & Fax                | 11,519          | 12,062          |
| Internet                       | 393             | 424             |
| Website Maintenance            | 111             | 99              |
| Courier & Postage              | 1,150           | 1,139           |
| Travelling Expenses            | 1,472           | 3,213           |
|                                | <u>311,167</u>  | <u>246,351</u>  |
| <b>NET PROFIT</b>              | <u>10,841</u>   | <u>13,220</u>   |

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC**  
**40 506 635 273**

**DEPARTMENTAL TRADING, PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|  | <b>This Year</b> | <b>Last Year</b> |
|--|------------------|------------------|
|  | <b>\$</b>        | <b>\$</b>        |
| <b>FINANCIAL COUNSELLING</b>                   |                  |                  |
| <b>OTHER INCOME</b>                            |                  |                  |
| <b>Grants Received</b>                         |                  |                  |
| Office of Fair Trading - Credit Counselling    | -                | 296,269          |
| Office of Fair Trading - Financial Counselling | 335,385          | -                |
| Interest Received                              | 6,595            | 6,068            |
| Sundry Income                                  | 91               | -                |
|  | <b>342,071</b>   | <b>302,337</b>   |
| <b>EXPENSES</b>                                |                  |                  |
| <b>Financial Expenses</b>                      |                  |                  |
| Audit Fees                                     | 500              | 400              |
| Bank Charges                                   | 5                | 63               |
| Depreciation                                   | 2,234            | 2,520            |
| <b>Insurance - Other</b>                       |                  |                  |
| Professional Indemnity                         | 336              | 492              |
| Office & Contents                              | 279              | 393              |
| Directors                                      | 157              | -                |
| Legal Costs                                    | 162              | -                |
| Library  | 267              | 130              |
| <b>Office Expenses</b>                         |                  |                  |
| Computer Consumables & Support                 | 278              | 396              |
| Printing & Stationery                          | 1,380            | 962              |
| Meetings Expenses & Catering                   | 176              | 36               |
| Equipment & Maintenance                        | 63               | 15               |
| <b>Provisions &amp; Reserves</b>               |                  |                  |
| Additional Financ'l Counsellor                 | -                | 14,000           |
| Building Modifications                         | -                | 3,740            |
| <b>Premises</b>                                |                  |                  |
| Cleaning & Waste Removal                       | 862              | 915              |
| Electricity                                    | 443              | 454              |
| Rates  | 435              | 38               |
| Rent   | 13,226           | 10,844           |
| Repairs & Maintenance                          | 80               | 24               |
| Lease Expenses                                 | 27               | 330              |
| <b>Salaries &amp; On Costs</b>                 |                  |                  |
| Salaries                                       | 249,623          | 204,106          |
| Annual Leave Provision                         | 8,071            | 398              |
| Sick Leave Provision                           | 310              | 213              |
| Long Service Leave Provision                   | 1,536            | 12,452           |

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC**  
**40 506 635 273**

**DEPARTMENTAL TRADING, PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|                                | This Year<br>\$ | Last Year<br>\$ |
|--------------------------------|-----------------|-----------------|
| Parenting Leave Provision      | -               | 906             |
| Superannuation Paid            | 22,165          | 19,222          |
| Workers Compensation Insurance | 886             | 1,088           |
| <b>Staff Related Expenses</b>  |                 |                 |
| Staff Amenities                | 638             | 505             |
| Staff Training & Conferences   | 2,391           | 1,753           |
| Practising Certificate         | 1,075           | 698             |
| Recruitment                    | -               | 585             |
| Staff Membership Fees          | 273             | 735             |
| Subscriptions                  | 711             | 643             |
| <b>Communications</b>          |                 |                 |
| Telephone & Fax                | 13,022          | 12,721          |
| Internet                       | 436             | 471             |
| Website Maintenance            | 124             | 110             |
| Courier & Postage              | 401             | 367             |
| Travelling Expenses            | 3,501           | 2,657           |
|                                | <u>326,073</u>  | <u>295,382</u>  |
| <b>NET PROFIT</b>              | <u>15,998</u>   | <u>6,955</u>    |

CONSUMER CREDIT LEGAL CENTRE (NSW) INC  
40 506 635 273

DEPARTMENTAL TRADING, PROFIT AND LOSS STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009

|                         | This Year<br>\$ | Last Year<br>\$ |
|-------------------------|-----------------|-----------------|
| <b>CREDIT REPORTING</b> |                 |                 |
| <b>OTHER INCOME</b>     |                 |                 |
| Project Income          | -               | 2,480           |
| <b>NET PROFIT</b>       | -               | 2,480           |

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC**  
40 506 635 273

**DEPARTMENTAL TRADING, PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|                                | This Year<br>\$ | Last Year<br>\$ |
|--------------------------------|-----------------|-----------------|
| <b>INSURANCE LAW SERVICE</b>   |                 |                 |
| <b>OTHER INCOME</b>            |                 |                 |
| Consultancy Fees               | 3,000           | -               |
| <b>Grants Received</b>         |                 |                 |
| Insurance Law Service          | 118,794         | -               |
| Interest Received              | 2,531           | 2,600           |
| Project Income                 | -               | 80,818          |
|                                | 124,325         | 83,418          |
| <b>EXPENSES</b>                |                 |                 |
| <b>Financial Expenses</b>      |                 |                 |
| Audit Fees                     | 300             | -               |
| Bank Charges                   | -               | 1               |
| Consultants Fees               | -               | 495             |
| Depreciation                   | 782             | 827             |
| General Expenses               | -               | 110             |
| <b>Insurance - Other</b>       |                 |                 |
| Professional Indemnity         | 144             | 204             |
| Office & Contents              | 117             | 176             |
| Directors                      | 80              | -               |
| Library                        | 177             | 55              |
| <b>Office Expenses</b>         |                 |                 |
| Computer Consumables & Support | 235             | 212             |
| Printing & Stationery          | 624             | 512             |
| Meetings Expenses & Catering   | -               | 20              |
| Equipment & Maintenance        | 33              | 265             |
| <b>Premises</b>                |                 |                 |
| Cleaning & Waste Removal       | (2)             | 25              |
| Electricity                    | -               | 36              |
| Rent                           | 4,019           | 4,648           |
| Lease Expenses                 | -               | 11              |
| <b>Salaries &amp; On Costs</b> |                 |                 |
| Salaries                       | 100,456         | 54,806          |
| Annual Leave Provision         | 307             | 1,291           |
| Superannuation Paid            | 9,055           | 4,663           |
| Workers Compensation Insurance | 272             | 259             |
| <b>Staff Related Expenses</b>  |                 |                 |
| Staff Amenities                | 242             | 269             |
| Staff Training & Conferences   | 375             | 2,790           |
| Practising Certificate         | 200             | 200             |

CONSUMER CREDIT LEGAL CENTRE (NSW) INC  
40 506 635 273

DEPARTMENTAL TRADING, PROFIT AND LOSS STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009

|                       | This Year<br>\$ | Last Year<br>\$ |
|-----------------------|-----------------|-----------------|
| Recruitment           | -               | 465             |
| Subscriptions         | 359             | 365             |
| <b>Communications</b> |                 |                 |
| Telephone & Fax       | 4,442           | 8,011           |
| Courier & Postage     | 164             | 195             |
| Travelling Expenses   | 1,943           | 1,808           |
|                       | <u>124,324</u>  | <u>82,719</u>   |
| <b>NET PROFIT</b>     | <u>1</u>        | <u>699</u>      |

CONSUMER CREDIT LEGAL CENTRE (NSW) INC  
40 506 635 273

DEPARTMENTAL TRADING, PROFIT AND LOSS STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009

|                                  | This Year<br>\$ | Last Year<br>\$ |
|----------------------------------|-----------------|-----------------|
| <b>MORTGAGE HARDSHIP SUPPORT</b> |                 |                 |
| <b>OTHER INCOME</b>              |                 |                 |
| <b>Grants Received</b>           |                 |                 |
| Mortgage Hardship Support PPF    | 7,669           | -               |
|                                  | <u>7,669</u>    | <u>-</u>        |
| <b>EXPENSES</b>                  |                 |                 |
| <b>Salaries &amp; On Costs</b>   |                 |                 |
| Salaries                         | 7,233           | -               |
| Superannuation Paid              | 436             | -               |
|                                  | <u>7,669</u>    | <u>-</u>        |
| <b>NET PROFIT</b>                | <u>-</u>        | <u>-</u>        |

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC**  
40 506 635 273

**DEPARTMENTAL TRADING, PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|                                     | <b>This Year</b> | <b>Last Year</b> |
|-------------------------------------|------------------|------------------|
|                                     | <b>\$</b>        | <b>\$</b>        |
| <b>CWLTH FINANCIAL COUNSELLING</b>  |                  |                  |
| <b>OTHER INCOME</b>                 |                  |                  |
| <b>Grants Received</b>              |                  |                  |
| Cwlth Financial Counselling FAHCSIA | 22,680           | -                |
|                                     | <u>22,680</u>    | <u>-</u>         |
| <b>EXPENSES</b>                     |                  |                  |
| <b>Financial Expenses</b>           |                  |                  |
| Audit Fees                          | 200              | -                |
| Depreciation                        | 180              | -                |
| <b>Insurance - Other</b>            |                  |                  |
| Professional Indemnity              | 90               | -                |
| <b>Office Expenses</b>              |                  |                  |
| Printing & Stationery               | 111              | -                |
| <b>Premises</b>                     |                  |                  |
| Rent                                | 2,742            | -                |
| <b>Salaries &amp; On Costs</b>      |                  |                  |
| Salaries                            | 15,376           | -                |
| Annual Leave Provision              | 967              | -                |
| Superannuation Paid                 | 1,240            | -                |
| Workers Compensation Insurance      | 5                | -                |
| <b>Staff Related Expenses</b>       |                  |                  |
| Staff Amenities                     | 60               | -                |
| Staff Training & Conferences        | 375              | -                |
| <b>Communications</b>               |                  |                  |
| Telephone & Fax                     | 600              | -                |
| Courier & Postage                   | 220              | -                |
| Travelling Expenses                 | 112              | -                |
|                                     | <u>22,278</u>    | <u>-</u>         |
| <b>NET PROFIT</b>                   | <u>402</u>       | <u>-</u>         |

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC**  
**40 506 635 273**

**PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|  | <b>This Year</b> | <b>Last Year</b> |
|--|------------------|------------------|
|  | <b>\$</b>        | <b>\$</b>        |
| <b>INCOME</b>                                  |                  |                  |
| <b>Grants Received</b>                         |                  |                  |
| Cwth Attorney General [CLSP]                   | 167,418          | 130,796          |
| State Attorney General [CLSP]                  | 120,363          | 116,516          |
| Office of Fair Trading - Credit Counselling    | 179,133          | 469,680          |
| Insurance Law Service                          | 118,794          | -                |
| Mortgage Hardship Support PPF                  | 7,669            | -                |
| Cwth Financial Counselling FAHCSIA             | 22,680           | -                |
| Office of Fair Trading - Financial Counselling | 335,385          | -                |
|  | 951,442          | 716,992          |
| Interest Received                              | 23,444           | 17,336           |
|  | 974,886          | 734,328          |
| <b>OTHER INCOME</b>                            |                  |                  |
| Consultancy Fees                               | 3,000            | -                |
| Project Income                                 | -                | 83,298           |
| Disbursements recovered                        | 2,937            | 182              |
| Legal Costs Recovered                          | 34,288           | 11,498           |
| Sundry Income                                  | 455              | 100              |
|  | 40,680           | 95,078           |
|  | 1,015,566        | 829,406          |

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC**  
40 506 635 273

**PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|                                  | This Year<br>\$ | Last Year<br>\$ |
|----------------------------------|-----------------|-----------------|
| <b>EXPENSES</b>                  |                 |                 |
| <b>Financial Expenses</b>        |                 |                 |
| Audit Fees                       | 2,000           | 4,000           |
| Lodgement Fees                   | 288             | -               |
| Bank Charges                     | 1,219           | 903             |
| Accountancy                      | 399             | -               |
|                                  | 3,906           | 4,903           |
| Consultants Fees                 | -               | 495             |
| Depreciation                     | 11,351          | 9,157           |
| Disbursements                    | 4,440           | 2,612           |
| Building Modifications           | 23,791          | -               |
| Equipment                        | 4,515           | -               |
| General Expenses                 | 55              | 110             |
| <b>Insurance - Other</b>         |                 |                 |
| Professional Indemnity           | 1,050           | 1,200           |
| Office & Contents                | 1,746           | 1,673           |
| Directors                        | 1,000           | 948             |
|                                  | 3,796           | 3,821           |
| Legal Costs                      | 2,418           | -               |
| Library                          | 1,785           | 867             |
| <b>Office Expenses</b>           |                 |                 |
| Computer Consumables & Support   | 2,229           | 2,644           |
| Printing & Stationery            | 8,875           | 6,408           |
| Meetings Expenses & Catering     | 585             | 243             |
| Equipment & Maintenance          | 421             | 781             |
|                                  | 12,110          | 10,076          |
| <b>Provisions &amp; Reserves</b> |                 |                 |
| Additional Financ'l Counsellor   | -               | 14,000          |
| Building Modifications           | 12,094          | 12,465          |
|                                  | 12,094          | 26,465          |
| <b>Premises</b>                  |                 |                 |
| Cleaning & Waste Removal         | 5,386           | 5,770           |
| Electricity                      | 2,768           | 2,911           |
| Rates                            | 2,718           | 238             |
| Rent                             | 95,383          | 77,461          |
| Repairs & Maintenance            | 497             | 147             |
| Lease Expenses                   | 511             | 2,086           |
|                                  | 107,263         | 88,613          |

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC**  
**40 506 635 273**

**PROFIT AND LOSS STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

|                                 | <b>This Year</b> | <b>Last Year</b> |
|---------------------------------|------------------|------------------|
|                                 | <b>\$</b>        | <b>\$</b>        |
| <b>Salaries &amp; On Costs</b>  |                  |                  |
| Salaries                        | 633,617          | 512,494          |
| Annual Leave Provision          | 17,416           | 2,143            |
| Sick Leave Provision            | 620              | 443              |
| Long Service Leave Provision    | 11,065           | 16,021           |
| Parenting Leave Provision       | -                | 1,889            |
| Superannuation Paid             | 56,201           | 45,543           |
| Workers Compensation Insurance  | 2,079            | 2,439            |
|                                 | 720,998          | 580,972          |
| <b>Staff Related Expenses</b>   |                  |                  |
| Staff Amenities                 | 4,012            | 3,396            |
| Staff Training & Conferences    | 4,413            | 5,933            |
| Practising Certificate          | 2,620            | 1,595            |
| Recruitment                     | 506              | 1,093            |
| Staff Membership Fees           | 816              | 925              |
|                                 | 12,367           | 12,942           |
| Subscriptions                   | 4,481            | 4,311            |
| <b>Communications</b>           |                  |                  |
| Telephone & Fax                 | 37,462           | 41,035           |
| Internet                        | 1,091            | 1,178            |
| Website Maintenance             | 309              | 275              |
| Courier & Postage               | 2,725            | 2,468            |
|                                 | 41,587           | 44,956           |
| Travelling Expenses             | 8,022            | 9,853            |
|                                 | 974,979          | 800,153          |
| <b>Profit before income tax</b> | <b>40,587</b>    | <b>29,253</b>    |

Consumer Credit Legal Centre (NSW) Inc. ("CCLC") is a community legal centre specialising in financial services, particularly matters and policy issues related to consumer credit, banking and debt recovery. It is the only such Centre in NSW.

CCLC has a particular focus on issues that affect low income and disadvantaged consumers.

The goals of CCLC are:

- To assist consumers of financial services, particularly disadvantaged consumers, to effectively assert their rights and protect their legitimate interests.
- To promote consumer understanding of financial services regulation, policy and industry practice.
- To achieve redress for individual clients of the Centre.
- To promote reforms in regulation, policy and industry practice that will help create a fairer marketplace for consumers of financial services, particularly disadvantaged consumers.
- To achieve excellence in all aspects of the management and administration of a small community organisation.

In order to meet these goals, we:

- Provide information, legal advice and referral in relation to banking, credit and debt, and related matters to consumers and community/welfare agencies;
- Provide ongoing casework services in relation to banking, credit and debt, and related matters to consumers and community/welfare agencies. Where appropriate, this might include legal representation at Tribunal or Court hearings, and/or advocacy through industry dispute resolution schemes;
- Conduct community legal education on, and raise public awareness concerning regulation, industry practices and consumer issues in the areas of banking, credit and debt, and other financial services. We also develop and disseminate CLE resources, such as kits and fact sheets, to different target groups;
- Pursue pro-consumer reforms in financial services' regulation (including self-regulation), policy and industry practice through casework, campaigns, and participation in policy development and review processes; and
- Develop and maintain the operation and management of the Centre.