

# Consumer Credit Legal Centre NSW

Annual Report  
2010 - 2011

Consumer Credit Legal Centre acknowledges the financial support provided by the Credit Counselling Program of 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. We also acknowledge project funding from the NSW Public Purpose Fund and Legal Aid NSW.

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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, debt, insurance and related matters to consumers and community/welfare agencies;
- Provide ongoing casework services in relation to banking, credit and debt, insurance 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, insurance 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.



CCLC Staff	6
Management Committee	7
Volunteers	7
<b>Chair's Report</b>	9
<b>Coordinator's Report</b>	10
<b>Principal Solicitor's Report</b>	12
Advice Casework Overview	13
Credit and Debt Hotline	14
Credit and Debt Casework	17
Financial Counsellors	19
Mortgage Hardship	21
Insurance Law Service	24
Access and Demographics	29
Education and Policy / Law Reform	31
Administration Report	34
Financial Statement 1 July 2010 to 30 June 2011	35

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Treasurer	Matthew Simpson
Secretary	Michael Saadat
Ordinary Members	Paul Baker
	John Burke
	Karen Cox (Coordinator)
	Amy Kilpatrick
	Margaret Raffan
	Nicola Sutton (Staff Representative)

Thank you to Chris Maddison, Financial Administrator, for her regular attendance and advice to the committee.

Practical Legal Training:	Sacha Anne Suji Edema
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	Brent Marlis
	Andrew McEvoy
	Samuel (Jian Ming) Li
	Winnie Pung
	George Tharian
	Nirodha Wijetunga
	Tom Ying
	Hualin (Lin) Zhang





The Consumer Credit Legal Centre is once again to be lauded for providing high quality and community-centered legal and financial counseling services. The figures reported in this financial year demonstrate that the **community's need for the CCLC services remains as critical as ever.**

During the year, the CCLC successfully received a grant from Legal Aid NSW to support our Insurance Law **Service (partially funded by the Commonwealth Attorney General's Department).** The CCLC continues to receive financial support from the NSW Office of Fair Trading, the State & Federal Attorney Generals Departments, and the Department of Families, Housing, Community Services and Indigenous Affairs, and I thank these funders for their support of the organisation and for ensuring that people in financial difficulty can access free assistance.

At the time of publication we are awaiting a decision on the continued funding of the Mortgage Hardship Service, a partnership project with Legal Aid NSW funded until June 2011 by the Public Purpose Fund. The program has enabled the Centre to give advice and/or assistance to well over 3000 people in relation to their home loans in its 2 years of operation and I hope the centre is able to continue this excellent service.

In the midst of providing essential legal and financial counselling services, the CCLC also has contributed to a number of important policy debates over the year. Insurance flood cover and payday lending discussions have benefited greatly from the expert advocacy provided by the CCLC.

CCLC continues to be staffed by a group of talented and committed individuals and on behalf of the Management Committee, I thank them for their dedication. I would also particularly like to recognise the leadership provided by Karen Cox and Kat Lane, both of whom make a huge contribution to the consumer and community legal sectors.

The Management Committee of the CCLC includes Matthew Simpson, Michael Saadat, John Burke, Amy Kilpatrick, Paul Baker and this year we welcomed Margaret Raffan, all of whom volunteer their time and expertise. **I know that all of us feel privileged to ensure the CCLC's ongoing financial, strategic and service delivery successes.**

Elissa Freeman

Chair

In January 2011 record rainfall, storms and flooding affected large swathes of Queensland causing large scale evacuations, extensive property damage and tragic loss of life. This was followed a short time later by severe flooding in Victoria, and then Cyclone Yasi in far northern Queensland. **Consumer Credit Legal Centre's Insurance Law Service ("ILS") responded to these events initially by working with Legal Aid Queensland to update their materials about consumer rights in relation to insurance, and then in the months that followed by acting for a portion of the overwhelming number of disaffected consumers identified by Legal Aid.**

The sheer number of insurance disputes to come out of Queensland alone led to an unprecedented co-operation between the Legal Aid QLD, Caxton Legal Centre (in Brisbane), Legal Aid NSW and the ILS at CCLC. We shared technical information and legal arguments to enhance our ability to raise disputes with relevant insurance companies and, when appropriate, to represent our clients in the Financial Ombudsman Service. We were then able to advocate collectively to the various inquiries and reform initiatives that resulted from the disaster. There are now a range of developments being mooted encompassing new government initiatives, and reform to the law and the General Insurance Code of Practice which we hope will be beneficial to consumers affected by future catastrophes, and indeed to all consumers of insurance affected by their own personal misadventures.

These events have highlighted the ongoing need for the Insurance Law service, partly as a vital service for consumers who need advice and advocacy about insurance every day regardless of whether there is a disaster event, but also as a national repository of collective knowledge, experience and additional resources that can be drawn on to support local services in times of greater need.

This year also saw the commencement of the first single national number for access to financial counselling **across Australia. With the fabulously memorable number of 1800 007 007 (the "Bond number"), callers are directed to a telephone financial counselling service in the state or territory they are calling from. NSW callers are directed to CCLC's Credit and Debt Hotline, although we continue to receive calls via our existing free call number which has been extensively circulated over a number of years**

Having one national number makes it much easier for major creditors like banks and other credit providers to refer customers to financial counselling and for government to promote these independent, client-centred services on a national scale. We commend the Department of Families, Community Services, Housing and Indigenous Affairs for its role in coordinating and resourcing the national approach and for providing funding for those states and territories in which no telephone service previously existed. This gives us an unprecedented opportunity to compete with the commercial sector that has significant advertising dollars – allowing us to give much needed, truly independent advice to people in financial difficulties before they commit their dwindling **resources to other costly "solutions".**

The Mortgage Hardship Service has continued to provide an excellent and innovative service, with demand higher than ever in the last quarter of the financial year - in what was supposed to be the last quarter of the operation of the service. At the time of writing calls in relation to mortgages had yet grown again and we anxiously await the outcome of our request for further funding so that this service can remain available.

Two fantastic joint publications with Legal Aid NSW were finalised this financial year, the Credit Law Toolkit (for financial counsellors and other caseworkers) and the Mortgage Stress Handbook 2<sup>nd</sup> Edition (for workers and the public). Both authored primarily by Katherine (Kat) Lane, Principal Solicitor at CCLC and the ILS, these publications are in hot demand nationally, with unanticipated reprints having happened, or shortly planned, on both publications. Congratulations to Kat for her fantastic work and thanks to all the staff and CCLC, Legal Aid NSW and other organisations who contributed.

At the same time as all of this, our wonderful staff have been plugging away giving an enormous amount of advice and running a record number of cases for disaffected consumers. Some examples can be found throughout this Annual Report, but these are a small sample of the work undertaken.

We would not be able to achieve any of these things without our smallest team of all - the administration team. With less than one and a half positions (not counting my own occasional contribution), the administration team keep the wheels turning for no less than seventeen people involved in direct service provision (including part-timers) – quite a feat really!

Finally I note that in May 2011 Katherine Lane was the honoured recipient of the Jan Pentland Prize, awarded for outstanding achievements in financial counselling and consumer advocacy, including law reform, campaigning for change, community development, and community education - a well deserved award that speaks for itself.....

Karen Cox

Coordinator

I continue to be amazed at just how much work is generated by my team of solicitors and financial counsellors. The results in this annual report clearly show that a dedicated team can be very productive.

What the productivity does not show is the quality of the advice and assistance provided by CCLC to the public, financial counsellors, solicitors in other community legal centres and in Legal Aid. Over the last few years I have been privileged to oversee continuous improvement in the quality of advice and information achieved by working together as a team and sharing knowledge.

An advantage that CCLC has (and that I am incredibly proud of) is that our financial counsellors and solicitors regularly exchange information and work together on files. This has led to case outcomes that I believe could not have been obtained in any other situation. A solicitor may work on a mortgage hardship matter but without the assistance of a financial counsellor in providing guidance on how to manage other debts the client may default on their mortgage repayments. The working relationship means that the negotiated outcome is more likely to work and be sustainable.

Another part of the improvement in quality of the service we offer has been the shared duty of checking advices, letters and casework. Although obvious, it really does improve the quality of advice and casework across the whole practice.

Another pleasing aspect of improvement has been the amount of repeat callers CCLC gets. To me, this is a key indicator of how we are working with consumers to solve a problem over time. Most problems cannot be solved by just one simple action. Instead the consumer needs to undertake a series of steps to solve the problem. CCLC is involved in supporting and working with our clients as they work through the problem. It is also very satisfying when we get to see a problem solved by a client through self help and guidance from CCLC.

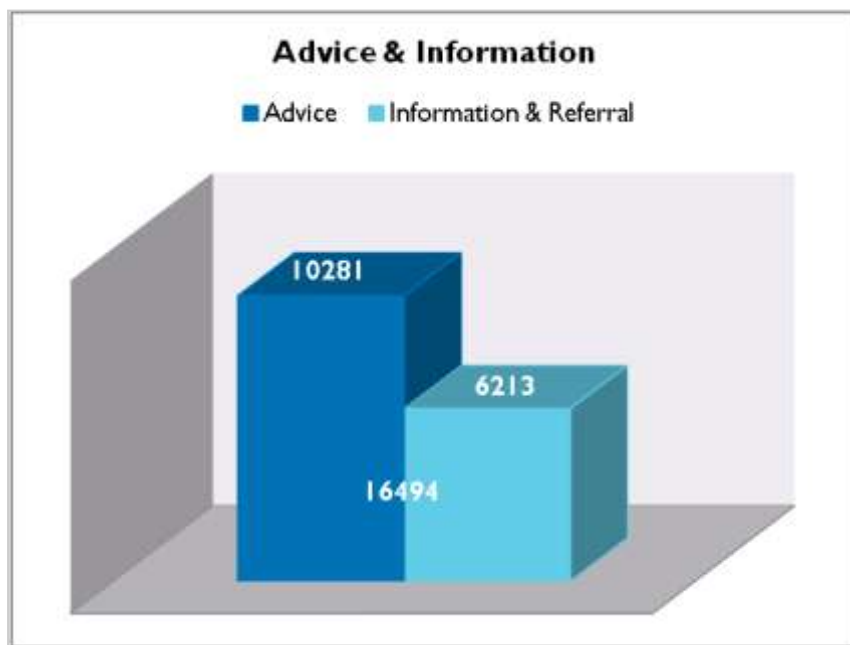
I want to thank my whole team for getting better and better at advice, casework, CLE and law reform every year. I particularly want to thank the senior solicitors and senior financial counsellors for their amazing work in providing guidance to the team and support and assistance to me. Lastly, I want to thank Karen Cox, the Coordinator, for being endlessly supportive and incredibly knowledgeable.

Kat Lane

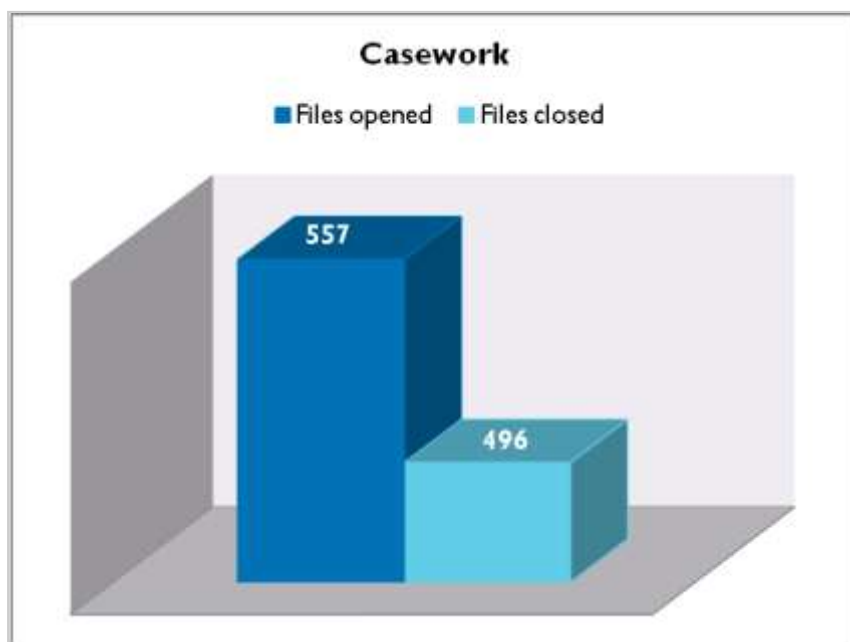
Principal Solicitor

## Advice and Casework – Overview

CCLC staff handled 16,494 calls in the course of the financial year 20010/11.



In Casework, 557 files were opened.



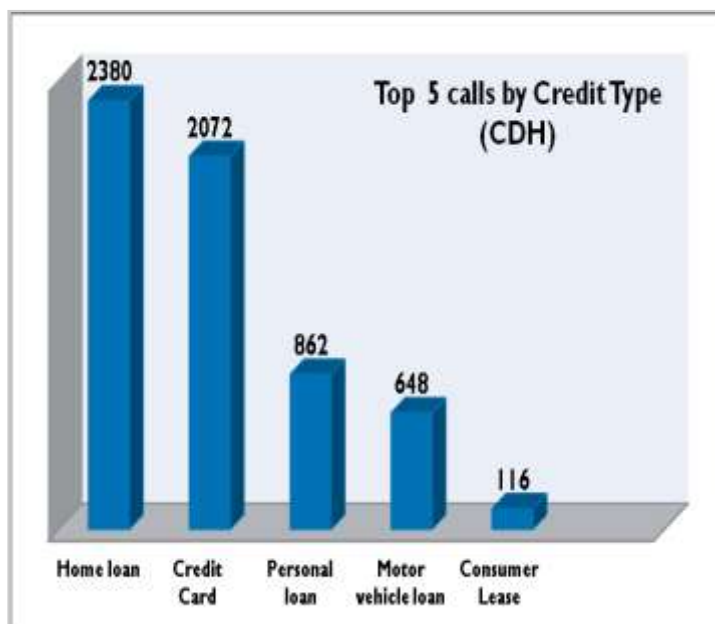
## Credit and Debt Hotline

14,206 calls were taken by the Credit and Debt Hotline in 2010/2011. These were made up of 8,208 advice calls and 5,998 information and referral calls.

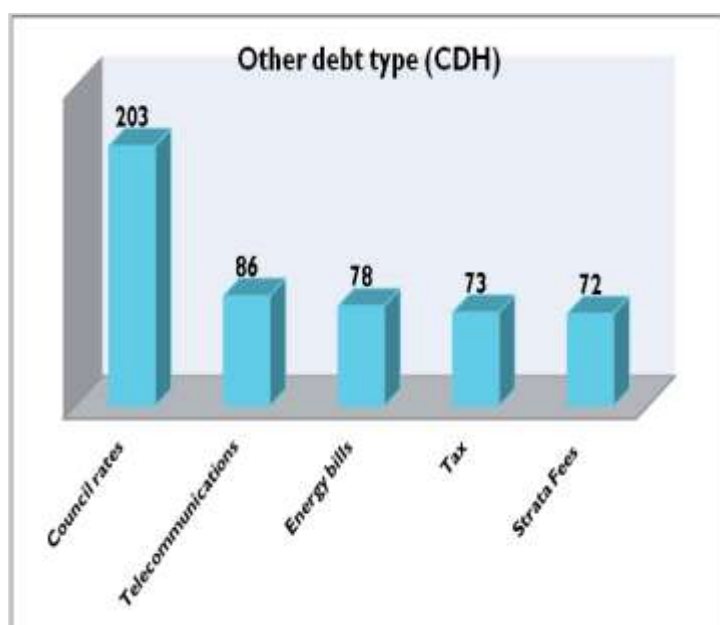
The Consumer Credit Legal Centre (CCLC) operates the Credit and Debt Hotline (CDH), which provides legal advice and financial counselling information and referrals to NSW residents. This is a telephone service and it is the central point of contact for people requesting assistance in relation to credit, 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. Some clients receive ongoing casework assistance from CCLC.

The type of inquiries to the CDH range from the simple - including consumers asking for the contact details of their nearest financial counsellor or how to get a copy of their credit report - to very complex inquiries requiring legal advice in relation to home mortgages and bankruptcy proceedings.

Calls to the CDH may be one-off advices, or increasingly, a series of on-going 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 **creditor's internal dispute resolution contacts** 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.



### Case Study

**A 23 yr old single mother with 2 small children, saw something advertised on TV about “clearing your credit history”. She rang the number and came to a verbal agreement over the phone to pay \$40 per week for 208 weeks (4 years) after which her credit report would say “paid”. She had a small child crying while she was on the phone and only partly understood what was happening. When she said she could not really afford the \$40 per week she was told she should seek to borrow \$10 per week from a family member. She got an email from the company in relation to the verbal agreement that indicated she was entering into a Debt Agreement and that she would be direct debited the amount of \$40 per week. Her debts amounted to approximately \$5,000. The total amount payable to complete the agreement was \$8,320. She said she did not remember being told that this was anything to do with bankruptcy or that the agreement would be listed on her credit file and the NPII. She rang them to get her credit file expunged/repaid!**

She called the Credit and Debt Hotline and spoke to a CCLC Financial Counsellor. The telephone financial counsellor advised the caller to cancel the direct debit arrangement she had with her bank and the credit repair company. She was advised to send an email to them to rescind the verbal arrangement to enter into a Debt Agreement. The caller was also given information about negotiating with her creditors using the credit law and the relevant industry code of practice. She was given contact details for both internal dispute resolution and external dispute resolution, and was referred to her local financial counselling agency for further assistance.

The caller rang the credit repairing agency and was told she would need to pay \$990 to get out of the agreement. The credit repair company advised that they do not do the Debt Agreements but contract people on behalf of another organisation and the fee of \$990 is charged by the other organisation. The only way that the agreement/contract would be cancelled, she was told, was if she could get an agreement with her creditors for less than the \$40 per week confirmed in writing. She was told that if she did not get something in place with the creditors as soon as possible then the Sheriff would come into her house and take all her goods including her bed, fridge etc.

The financial counsellor then advised the caller to make a complaint to the Insolvency and Trustee Service of Australia about the way she had been misled in relation to the Debt Agreement and the information subsequently provided by the credit repair company. Following the complaint to ITSA, the caller was contacted by the credit repair company who advised that the Debt Agreement would be cancelled; the \$40 she had already had deducted by direct debit would be refunded; and she would have no listing of the Debt Agreement placed on her credit report or with the National Personal Insolvency Index. The caller was very satisfied with the outcome and the support provided.

### Case Study

A woman called the Credit & Debt Hotline and was very distressed as she thought she and her husband were going to lose their home. They had had a mortgage for many years and had never been in arrears. Her husband had injured himself on the weekend and would be unable to return to work for approximately eight weeks. During this time he would receive no wage. The caller did not work as she cared for their young children.

At the time of the call the mortgage was up to date. The caller advised that when her husband did return to work they would need to catch up on other expenses in his first **month back at work and would be “hard pushed” to make a mortgage payment that** month either. The financial counsellor assisted the caller to write a hardship variation request and the caller sent the letter to the mortgage lender. The caller was granted three months with no payments and the arrears were capitalised (added to the loan to be paid off at the end of the term). The caller phoned back in tears again but this time tears of relief because their house was now safe.

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.

The majority of callers are members of the public. CCLC also provides legal support to financial counsellors across NSW. The CDH maintains support networks and contacts with Financial Counsellors by visiting regional and remote regions, providing training both in Sydney and in regional and remote areas on relevant issues, and attending various Financial Counselling Association of NSW meetings in Sydney.

CDH is funded by the Credit Counselling Program administered by the NSW Office of Fair Trading (OFT); **Community Legal Services Program funded by State and Federal Attorney General’s Departments (AG’s); and the Federal Department of Families, Housing, Community Services and Indigenous Affairs (FAHCSIA).**

### Referrals to face-to-face financial counselling

A key role of the CDH is to refer callers to face-to-face financial counselling services in the community operated by other organisations. We provide a single point of contact for NSW residents in financial difficulty. We are well aware that financial counselling resources are stretched and therefore CDH staff try to identify callers who can self-advocate and resource them accordingly. Despite this filtering process, the number of callers referred to other financial counselling services grows each year with 5,967 referrals this financial year.

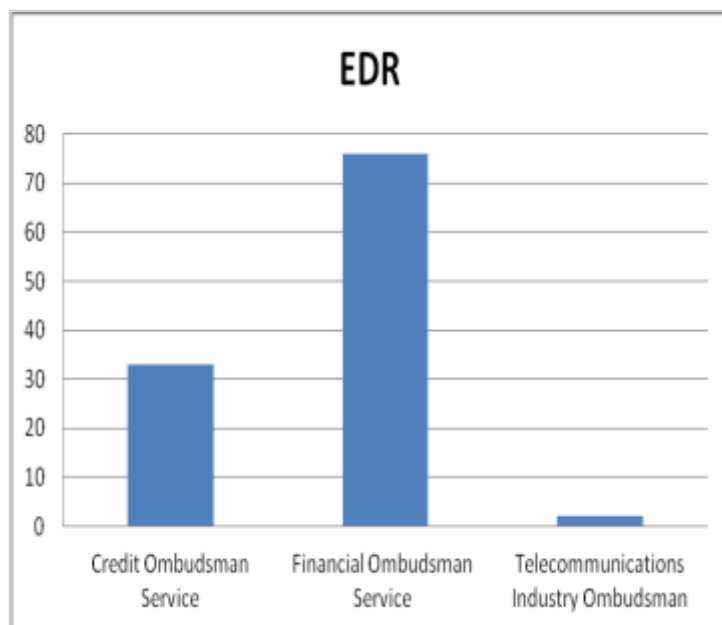
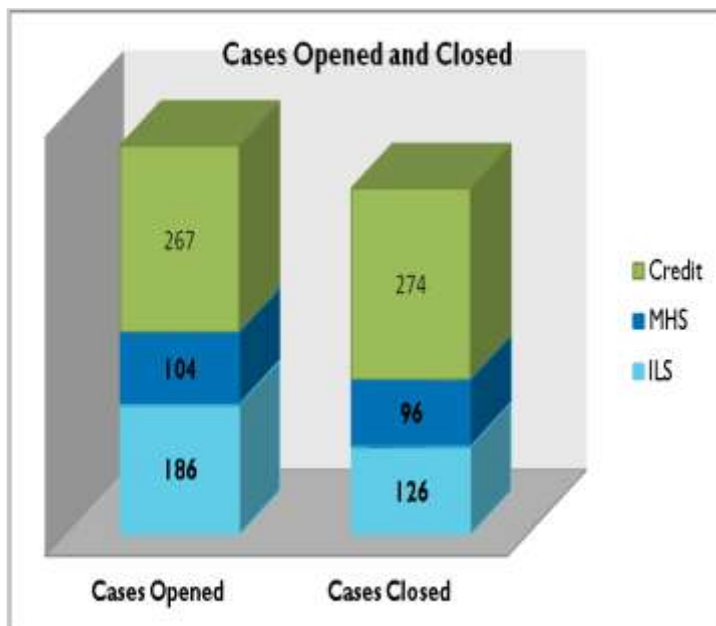


## Credit and Debt Casework

Over the last financial year, the general credit and debt service at CCLC (as opposed to the Mortgage Hardship Service or the Insurance Law Service) opened a total of 267 files.

The most common issues addressed in casework continued to include financial hardship and unjustness across a variety of different debt types. Other less frequent cases included car repossessions, strata debts, credit report listings, bankruptcy **notices and creditor's petitions**, telecommunications debts, guarantees or other intra-familial debt, complaints about debt agreements and linked credit sales including mathematics tutoring programs.

Casework included many matters in **External Dispute Resolution ("EDR")** and Court. The graphs below and over the page cover all files closed in the financial year, including insurance (although these are confined to 15 of the 76 FOS matters)<sup>1</sup>.



## Complaints

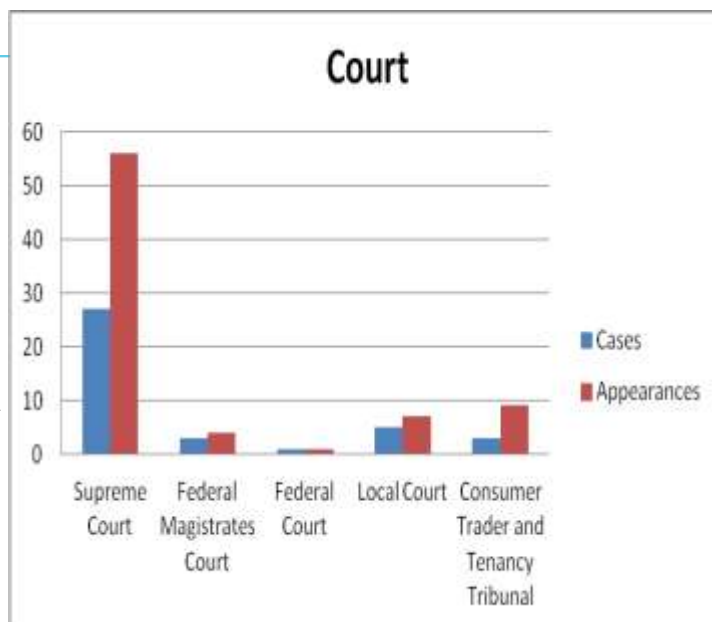
In this same period fourteen complaints were made to ASIC, and one to each of the ACCC, Fair Trading and the Code Compliance Monitoring Committee for the Banking Code of Practice. It should be noted that other complaints to EDR may involve breaches of relevant industry codes. A complaint is only made to Code Compliance in the first instance in circumstances where the client suffered no loss and/or has no ongoing dispute requiring resolution.

<sup>1</sup>Files which are not closed, or were not closed at the conclusion of the financial year, have not been included even though they may have involved EDR or Court in the relevant financial year. Similarly some appearances noted in this graph for files closed in this year may have occurred in a previous financial year.

The significant number of matters in the Supreme Court relate largely to applications for temporary stays of eviction in the Possessions List. In most cases these applications enabled the borrower more time to move out and/or find alternative accommodation, or the opportunity to negotiate to sell their own home rather than face eviction (See – Mortgage Hardship Casework Service on Page 21). Other Supreme Court matters included unjust loans cases that were either settled, or the possession proceedings discontinued and the unjust loan proceedings commenced in the CTTT.

### Case Study

Our client was a single mother in casual employment. She had two loans totalling \$25,000. She was in temporary hardship as a result of having to take unpaid time off work to care for her teenage son who had recently been released from hospital. In this period she had entered three high cost pawn-broking contracts to pay for essential expenses. As a result of the temporary lack of income and the need to repay the short-term contracts, she encountered significant hardship in trying to pay her other loans.



**She was handed a flyer on the railway station one day advertising “No Interest Debt Consolidation”.**

She was attracted by the idea of consolidating her payments and reducing her interest. She met twice with a person who turned out, in hindsight, to be a representative of Debt Genie, an unregistered Debt Agreement Administrator. She had two appointments with this man, signed an acknowledgement that she would incur a fee of \$880, and, at the second appointment, he began to complete a Debt Agreement Proposal form. She was given very little explanation of the proposed transaction and was given no documents to read. Part way through the second interview she became suspicious and said she required more time to think about what she was doing. She later sought advice from CCLC and decided not to proceed.

The Debt Genie then commenced action in the Local Court to recover its fee of \$880. CCLC assisted the client to lodge a defence and represented her before the assessor in the small claims division. In finding in favour of our client the assessor said:

***“The use of the term ‘debt consolidation’ and the complete absence in the advertisement flyer and the plaintiff’s website of the term Debt Agreement is a clear attempt by the plaintiff to obfuscate the nature of the service it provides as a Debt Agreement Administrator.”***

In ultimately finding that the contract to pay \$880 was unjust, the assessor referred to the misleading advertising; to the lack of provision by Debt Genie of clear, written information about the nature of the service and the consequences of a debt agreement; and the failure by Debt Genie to assess whether the client was insolvent prior committing her to paying the fee.

Our client was then referred to a local financial counsellor who was able to secure temporary **hardship arrangements with both the client’s main creditors, allowing her to pay out her pawn-broking contracts and resume her normal loan repayments in a few months time.**

Credit and debt Casework includes both financial counselling files and legal files. In some cases the same client will be assisted by both a financial counsellor and a solicitor.

## Financial Counselling

Financial counsellors provide information, support and advocacy to assist people in financial difficulty. The financial counselling services in CCLC are free, independent and confidential. Financial counsellors have an extensive knowledge of a range of areas of law and policy, including consumer credit law, debt enforcement practices, the bankruptcy regime, industry hardship policies and government concession frameworks.

CCLC offers a variety of financial counselling assistance to the public, to the clients of legal aid solicitors other community legal centres, and support to other financial counselling agencies.

Financial Counsellors at CCLC can and do assist with:

- Urgent over the phone financial counselling
- Referral to a face-to-face financial counsellor
- Assistance with budgeting
- Assistance with repayment arrangements; negotiating with creditors
- Assistance with information on repayment arrangements on fines
- Assistance with urgent utilities problems including imminent disconnection
- Lodging disputes in dispute resolution schemes
- Representing and advocating for clients
- Assisting with early access to superannuation on hardship grounds or claiming on associated insurance due to total and permanent disability

In 2010/2011 financial counsellors gave 3,695 advices and opened 76 cases. They also provided many of the 5,998 information and referral calls in relation to credit and debt.

### CASE STUDY

Our client is aged 80, has no assets and her sole source of income is from Centrelink. She has no family for financial support. She has lived in the same Department of Housing unit for 52 years. She suffers from osteoporosis and has some difficulty walking. She also has other age related health conditions.

On the death of her husband after 47 years of marriage, our client (then aged 72) believed that she was **responsible for her husband's store card debt. She wanted to protect her husband's name and loyalty to the store.** She had the account transferred into her own name with a balance of just under \$5,000.

She used the account to purchase groceries and other essential items and continued to meet the repayments on the account.

In 2003 she purchased a refrigerator for just over \$1,000 from the store with an interest free period of 2 years.

Shortly afterwards she exceeded the credit limit on the account and her credit limit was increased to \$7500.

The repayments were onerous for a woman with very limited resources and had significantly impacted on her quality of life between 2003 and when she sought assistance from CCLC in late 2010.

A CCLC financial counsellor negotiated with the credit provider and achieved an excellent outcome, with both the remainder of the debt being forgiven and an ex-gratia payment made to our client in recognition of her hardship over the past seven years.

### Case Study

Our client, a young man in his 20s with cerebral palsy, came to us to seek legal advice in relation to a car insurance claim that had been denied on the basis of non-disclosure. It transpired that he had over 30 debts, especially phone contract debts, pay-day loans and personal loans, so one of our financial counsellors was called in.

It was apparent that the client had persistent problems living within his means, due to debt servicing for high interest loans, the car accident and some expensive, self-destructive habits. The financial counsellor discussed his options, including bankruptcy, which he decided was the best way to proceed. His car was subject to finance and he could not afford to pay the loan anyway. He decided not to dispute the insurance denial, and instead surrendered the vehicle to the secured lender. The financial counsellor assisted him with his bankruptcy application. After considering his future goals with the help of the counsellor, including having a family, the client increased his work hours and reduced his spending habits to balance his budget.

**One of the client's debts was to Certegy** – an interest free finance option available at some retailers which purports not to be covered by credit legislation. The company insisted that the finance provided to him was secured against jewellery, and therefore that they were not an unsecured creditor in relation to the bankruptcy. The company maintained that the client had to either surrender the jewellery or keep paying the debt. The CCLC solicitor obtained copies of the relevant contract and **successfully disputed the company's claim that the contract was secured.**

**The financial counsellor also contacted ITSA on the client's behalf in relation to their demand that he** surrender his recently received tax refund. ITSA clarified that tax refunds related to pre-bankruptcy earnings must be surrendered to the trustee, including partial years, regardless of when the refund was paid. However, after CCLC demonstrated the client was suffering serious financial hardship, they agreed to waive the requirement to surrender the tax return.

### Case study

Our client is an aged pensioner with multiple health conditions and disabilities. At the time of seeking advice, she had lost both her husband to leukaemia and her daughter to cancer in the previous 12 months. She rents an apartment privately and has no assets. Her husband had obtained a joint loan to set up a business a couple of years before he died. He spent some time developing the business concept but fell very ill and died before the business ever commenced trading. He did not leave a will, he had no assets at the time of his death (including superannuation) and he did not have any life insurance. Our client was left with debts in excess of \$70,000.

**A CCLC financial counsellor negotiated our client's release from all the debts.**

Financial counsellors also play a vital role in working with clients of the CCLC solicitors, and other services such as Legal Aid NSW. In working with solicitors the financial counsellor may be working with the client to make sure that the **client's legal cases are settled on realistic terms having regard to their** financial situation. This year CCLC financial counsellors have also been very busy working with solicitors in the Mortgage Hardship Service.

## Mortgage Hardship Service

CCLC, in conjunction with Legal Aid NSW, started the Mortgage Hardship Service (MHS) in 2009 with **two year funding from the Solicitor's Public Purpose Fund. The service targets NSW residents facing "Mortgage Stress" and financial hardship, providing a multidisciplinary approach to a client's needs.** The aims of the service are:

1. To prevent home repossessions in cases where this is a realistic option by providing legal advocacy, financial counselling and related assistance; and
2. To assist borrowers who cannot realistically maintain home loan repayments in the longer term to leave their home with minimal financial loss and social disruption.

There is a real advantage to solicitors and financial counsellors working together to:

- **Ensure the client's whole financial situation can be assessed,**
- Increase the likelihood that any solutions reached with mortgage providers are sustainable in **light of a client's whole financial situation (including negotiations with other non-mortgage creditors where necessary); and**
- Maximise the probability that either the home could be saved long-term, or that the client(s) can come to terms with selling the home as the best option to regain control of their financial situation.

CCLC has given 2380 advices and undertaken 104 cases for consumers in mortgage hardship during the course of the year. Of the 104 cases, 37 were opened by financial counsellors and 64 by solicitors.

A Duty Solicitor Scheme was set up at the Supreme Court of NSW in September 2009 for referrals to be made from the Duty Registrar, Registrar and Judges in relation to urgent stays on writs for possession and defences for unrepresented litigants in the possessions list. Between July 2010 and 30 June 2011 approximately 61 clients have been advised at the Court between CCLC and LAC. In the last year approximately 31 of the advices given at the Supreme Court were from CCLC.

Assistance at the Court ranged from providing face to face advice about statements of claim, to advice about appeals in the Court of Appeal, drafting notices of motion for urgent stays on notices to vacate, to appearing for clients before the Registrar to obtain a further stay on a writ for possession.

## Evaluation

The Mortgage Hardship Service at both CCLC and Legal Aid has been independently evaluated by the Law and Justice Foundation of NSW who published their report on the first 10 months of operation of the service in June 2011. The evaluation report is titled “Managing Mortgage Stress Evaluation of the Legal Aid NSW and Consumer Credit Legal Centre Mortgage Hardship Service”.<sup>2</sup> The evaluation involved a thorough data review from advice and casework and a follow up survey on a small sample of clients assisted.<sup>3</sup>

Out of a total of 38 follow up surveys (from both services), 25 clients retained their home, 5 sold their home, 2 clients had their home repossessed and the remaining were unknown. This indicates that the service provides real and valuable assistance to client to manage mortgage hardship. 27 of the follow up clients felt more in control following assistance. Client comments included:

*“There is not enough I could say for someone to understand how fantastic [the solicitor] was. She knew what she was doing, she knew how to handle people who were emotional. CCLC was fantastic. [The solicitor] was always available and compassionate. She was professional and really cared ... [The solicitor] backed us up; she wasn’t afraid to take on other solicitors acting for the bank”*

*“Definitely. Without [the solicitor] and CCLC we would have lost the house.”*

The evaluation noted that while not all clients were able to save their home, some achieved greater financial stability and control through selling their home. Clients also reported greatly reduced levels of stress and greater confidence in seeking prompt advice should they encounter similar difficulties in the future:

*“[We] were going through hell, couldn’t sleep. Trying to be positive for the kids. CCLC helped reduce the stress.”*

*“Everything you did helped. It took a load off our shoulders during a stressful time. The realistic advice that we could not afford the mortgage no matter what variations were done was helpful too.”*

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<sup>2</sup> Authored by Forell, Suzie & Cain, Michael

<sup>3</sup> Client must have agreed to be contacted and have received casework assistance or minor case assistance not just advice.

## Case Studies

Mrs B contacted CCLC when she received a statement of claim for possession of her property in rural NSW. Mrs B fell behind in her repayments because her husband, who was nearing retirement age, had several medical conditions that required lots of travel and treatment, and he had run out of sick pay. Her mortgage was relatively small, but on reduced wages and Centrelink they were finding it difficult. Mr B was soon to reach retirement age, and his superannuation would repay the mortgage. With the assistance of a financial counsellor, Mrs B was able to re-arrange her payments and make the regular mortgage repayments. The CCLC solicitor lodged in the Financial Ombudsman Service on her behalf, and was able to negotiate for the statement of claim to be discontinued and Mr and Mrs B to make the regular payments until he retired. Mr B retired and discharged his mortgage in full. Mr and Mrs B were very grateful for the help and assistance.

Ms O did not speak English very well. She received a Notice to Vacate on her family home. She had reduced employment and was reliant on Centrelink for some time. She attended the duty scheme at the Supreme Court of NSW and was provided assistance by Legal Aid for an Urgent Stay and was granted a stay for 7 days. The following week, CCLC provided further assistance to Mrs O and due to her **language difficulty CCLC agreed to represent her in Court. With CCLC's assistance Mrs O was** successfully able to obtain sufficient time to sell her home with rather than have the lender take possession of the property and sell it as a mortgagee sale.

When our client and her husband attended their first appointment at CCLC both were employed fulltime **and each had been with their current employer for over 10 years. A few months previously the client's** husband needed to take leave from work of about 2 months (with no pay to care for a family member) and he returned to work a few months ago. They were able to pay the current repayments on all **accounts but couldn't seem to catch up on the arrears. They had received multiple default notices and** their telephone had been disconnected.

A CCLC solicitor assisted them to lodge a dispute in the Financial Ombudsman seeking a variation of the home loan on the basis of hardship. However, it was not at all clear how much they could pay, or whether they could save their home and salvage the situation in the longer term.

The clients were booked in for an appointment with a CCLC financial counsellor who was able to assess their current financial situation and discuss available options. With the assistance of the financial counsellor, they were able to put forward to a repayment plan to all their creditors, including the local council, banks, telecommunication companies and energy retailers. The proposal was affordable and would lead to all accounts being up-to-date **within approximately 5 months. The client's telephone was** reconnected immediately. The repayment plans offered were accepted by all the creditors. The financial ombudsman dispute was settled on the basis that the clients would make payments in accordance with the repayment proposal. They were able to retain their home and essential services.



## The Insurance Law Service

The Insurance Law Service, a national service offered by Consumer Credit Legal Centre, commenced as a pilot in 2007 with funding from a range of sources including Legal Aid NSW, the Law and Justice Foundation of NSW and Victoria Law Foundation. After receiving one-off funding from the Federal Attorney-General's Department's Community Legal Services Program ("CLSP") for the 08/09 financial year, the service received recurrent funding for the first time in the 09/10 financial year, with one solicitor position being funded by the CLSP for the next three years. We were fortunate enough to obtain funding for the remaining two solicitor positions from Legal Aid NSW, therefore maintaining the same level of resourcing as the previous year.

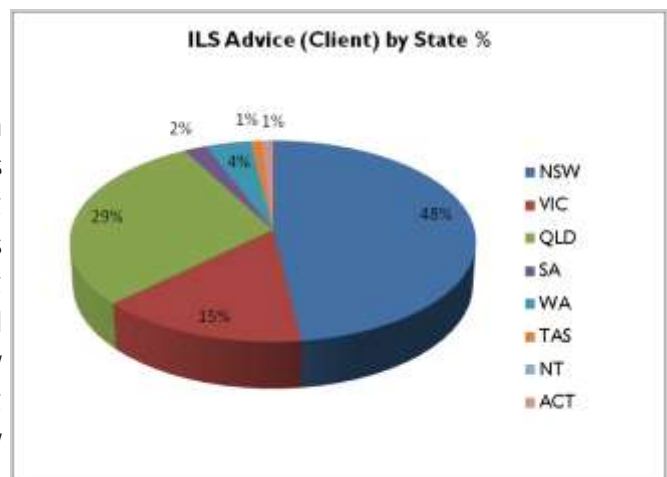
## Advice

Legal advice is available nationally via 1300 663 464. The service answered 2,288 calls or an average of 191 calls per month during the period from July 2010 to June 2011. This represents a 35% increase in calls over the previous financial year. Ninety percent of the callers received legal advice from the service whereas the remaining 10% of callers were provided with information or referrals only.

As usual, a significant number of calls (30-40%) were not from insurance customers but rather from consumers being pursued by insurance companies for debts. The vast majority of these calls related to motor vehicle accidents for which the caller was uninsured.

## A National Service

While national promotion is a challenge with limited resources, 48 percent of calls for this period came from outside NSW. Queensland (at 29% of calls) was the biggest source of calls outside NSW (due in large part to an excellent referral relationship with Legal Aid Qld), followed by Victoria (15%). Calls were received from every State and Territory in Australia with the lowest number coming from Northern Territory at only two calls.



## Natural Disasters

Unfortunately, this financial year was accompanied by a number of serious natural disasters including: Perth bushfires, Cyclone Yasi in Queensland, and devastating floods – most notably in Qld but also in Victoria and to a lesser extent, Northern NSW. The scope of the Queensland disaster led to a collaboration between a number of services to assist the many people affected by the floods. This collaboration included the Insurance Law Service, Legal Aid Queensland, Caxton Legal Centre and Legal Aid NSW. This group of services communicated regularly, sharing arguments, evidence and research, and taking up opportunities to advocate collectively on behalf of affected consumers.

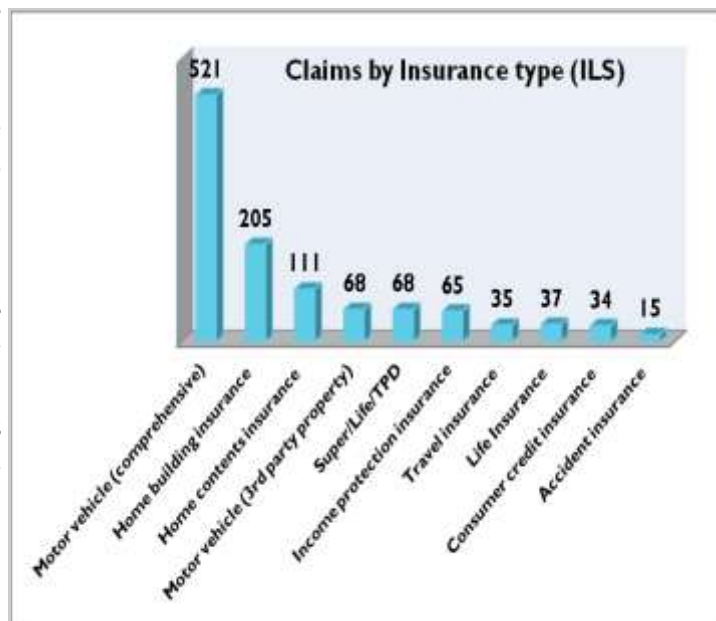
The Insurance Law Service received 169 calls about storm and flood in this period, most of which occurred in the second half of the financial year (early 2011).



## Claims – Insurance Types

Of the calls about a claim on the caller's insurance policy, 42% (compared to 40% last year) related to Motor Vehicle insurance. This was the most common insurance type by a significant margin. Calls relating to Home and Contents insurance represented 19% of calls.

The service has been promoting its availability to provide advice on life insurance, consumer credit insurance and income protection insurance and anticipates an increase in calls relating to these products in periods to come.



## Insurance Casework

The Insurance Law Service opened 186 files for the period ending 30 June 2011 (compared to 70 last year). This is a significant increase in casework which was mainly due to increased work following the Queensland floods.

## Types of insurance casework matters

**The Service's top 3 insurance closed files casework products were Home and Contents, Motor Vehicle (comprehensive) and Debts to insurance companies.** When the cases are analysed by files closed within this period, motor vehicle insurance claims issues dominate as in previous years. However, when files opened in this period are examined, there is a complete reversal with many more home building and contents files opened than motor vehicle claims. This phenomenon is a direct result of the floods in early 2011. Unsurprisingly for insurance matters, the operation of exclusion clauses and policy terms and conditions ranked as the top concern for the Service's casework clients in this financial year.

## Case Study - Queensland floods

While the outcome of many of our Queensland flood cases is still to be determined, one example of a successful outcome is the case of Ms B.

Ms B insured her investment home and residential home and contents with an insurer. Advertisements **on TV for the insurer said they would provide automatic flood cover. Ms B's properties were located just below Wivenhoe Dam in Queensland and this cover influenced her decision to opt for this particular company.**

**Following the significant weather events which struck Queensland in January 2011, Ms B's investment and residential properties were completely inundated by water and ultimately left uninhabitable.** Ms B was devastated but was confident that she could claim on her insurance policies. Based on hydrology reports, the insurer determined that the insured properties were both *flooded* and accepted the claim for flood. Little did Ms B know that the insurer would only pay her \$15,000 for each of her home buildings and contents claims, an amount representing only a fraction of her loss.

The Insurance Law Service raised a dispute in the Financial Ombudsman Service (FOS) against the insurer **and argued that it could not prove that Ms B's properties were flooded. Where the properties were inundated by stormwater,** the payment under the policy would not be capped at \$15,000 and Ms B would be entitled to receive the full cost of rebuilding her properties and replacing her contents items. The Insurance Law Service also argued that the insurer could not rely on the term within the policy limiting flood cover to \$15,000 as the insurer had failed to clearly and unambiguously disclose this significant monetary cap on flood claims within the policy document.

**Ultimately, Ms B was paid when the insurer conceded that Ms B's properties could have been inundated by stormwater before any flooding.** Some ten months after the significant weather event, the insurer **agreed to settle Ms B's claims by paying for the full loss caused to Ms B's properties including interest.**

Ms B received a total of over \$400,000 for her claims and is working towards moving on with her life after this major national disaster.

Ms B also claimed non-financial losses in FOS for the loss of peace of mind and inconvenience she **experienced as a result of the insurer's handling of her claims. This dispute was also settled to our client's satisfaction following a FOS recommendation.**

The Insurance Law Service made a complaint to the Australian Securities and Investments Commission against the insurer as the significant cap on flood claims was a systemic issue affecting many other consumers like Ms B.

### Case Study

Our clients were a couple who planned to travel to the United States & Canada to celebrate the **woman's 50<sup>th</sup> birthday**. At the time of booking the trip they bought and paid for travel insurance to protect them against cancellation, illness and other mishap. A month or two later they found out that the **woman's daughter was pregnant. As she was not due to have the baby for nearly 4 months after they** were due to return from their journey, they did not change their plans. They left Australia in mid-June **2010 and returned two days later when they were informed that the woman's daughter had been** hospitalised and her granddaughter born extremely prematurely. The baby died a few days later and the couple, extremely distressed themselves, were required to remain in Australia to support the grieving parents and help plan the funeral. They tried to claim the cost of their plane fares purchased to return to Australia (they could not use their return tickets at that time) and their unused tour costs amounting to more than \$20,000. Their claim was refused on the basis that the policy contained an exclusion clause ruling out all claims under any section where the cause of the claim was the health of a newborn baby.

CCLC raised a dispute with Internal Dispute Resolution at the insurer on the basis that it was a breach of the duty of utmost good faith to rely on the exclusion in the circumstances. At the time the couple booked their journey, they had no idea that anyone in the family was pregnant. Even if they had known of **the daughter's pregnancy, they could have searched the policy documentation and the information on the insurer's website and not found anything to alert them to a potential problem as all the information about** pregnancy related exclusions was clearly targeted at expectant mothers. The exclusion relied on could also easily be read to refer to claims directly related to the care of a child born while travelling. That the exclusion would be used to limit claims for cancellation of travel due to the death of a relative would not necessarily occur to even the most cautious traveller. Our clients had purchased the policy in good faith and had done everything that reasonable people in their position could have done to protect themselves.

The insurer agreed to pay the claim.

### Case Study

**Miss D is in her mid 20's and suffers from Bi-polar** and other mental health issues for which she is receiving treatment. She also receives psychological treatment specific to domestic violence. Miss D was being pursued by her **ex-partner's insurance company for damage to his car worth about \$2500. Miss D was extremely distressed about the whole matter and was not sure what to do. Miss D's parents had been** trying to negotiate with the insurance company for about twelve months but they were getting nowhere and the insurance company had referred the matter to a debt collector.

The Insurance Law Service negotiated with the insurance company to release Miss D from the total debt on compassionate and financial hardship grounds.

## Case Study

Mr & Mrs O lodged a claim with their Insurer following the collapse of a wall during a storm and strong winds. About 4 months later, their Insurer agreed to pay \$6,000 to cover repair costs for the top section of the wall and denied their claim for the damages to the remainder of their wall. The Insurer found that the remainder of the wall had been damaged by long term corrosion and failure of cavity wall ties with the outward rotation of the wall having occurred over a long period of time. The insurer advised Mr & Mrs O it would cease payment of their temporary accommodation the week following their decision.

**The Insurance Law Service negotiated with the Insurer to extend Mr & Mrs O's temporary accommodation.**

**ILS also argued with the insurer's Internal Dispute Resolution (IDR) that, in accordance with section 46 of the *Insurance Contracts Act 1984*, the insurer should not be able to rely on the exclusions contained in the policy to refuse the payment of the claim in circumstances where our clients were not aware of the wear and tear to the wall cavity at the time they took out the policy, and could not have reasonably been expected to be aware of it. The Insurer's IDR department agreed to pay a total of just over \$60,000, a significant increase from their original decision of \$6,000.**

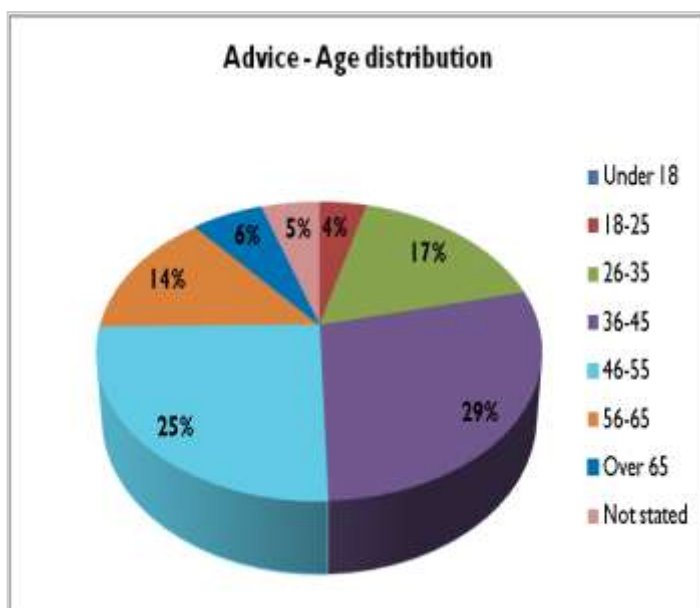
Our clients then wanted to continue their dispute to the Financial Ombudsman Service (FOS) despite the increased offer. In summary, the Ombudsman determined that the insurer must pay our clients the \$60,000 offered plus an extra \$4,375, and 50% of the additional building costs for compliance with local government regulations in relation to repair of the collapsed wall. The insurer was not held to be liable to pay interest on the claim, nor to pay any extra amounts for temporary accommodation in addition to what had been negotiated by the ILS at the time they sought advice. Further the insurer was required to pay \$1500 as compensation for delay, stress and inconvenience. Mr & Mrs O accepted the FOS determination and were able to commence rebuilding their home.

## Access and Demographics

CCLC aims to be accessible as possible. We hope to make our services available to people from all parts of NSW and the ACT in relation to credit and debt, and to the entire country in relation to insurance. We also seek to be accessible and relevant to consumers of all ages and from diverse cultural and linguistic backgrounds. As a state-wide telephone advice service this presents ongoing challenges and we are dependent on regional Legal Aid offices, community legal centres, financial counsellors and other community organisations to help us stay in touch with our client base. We particularly encourage referrals from rural and regional organisations, aboriginal organisations and bi-lingual workers; we also provide advice to them to assist in servicing their own clients and we make use of their facilities at times to stay in touch with our own clients.

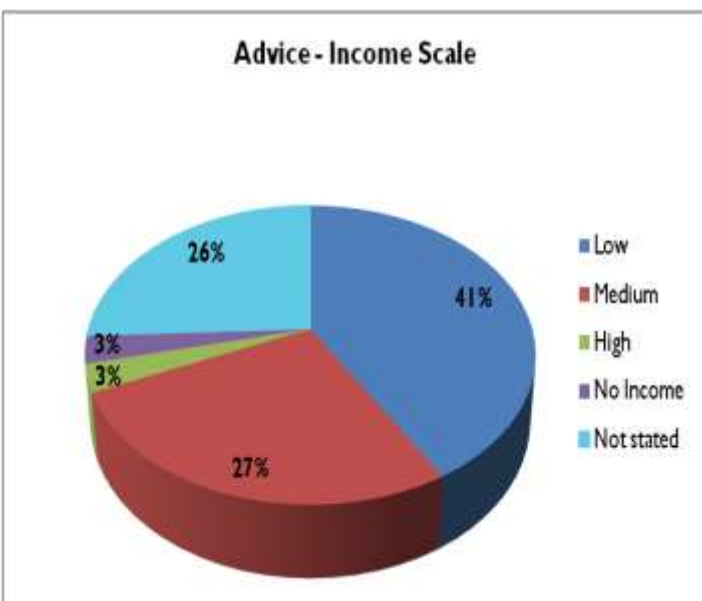
### Age

As in previous years, our clients fall predominantly into the 36-55 age range, but, as the graph shows, users of the service come from all age groups, including the very young **and the over 65's**.



### Gender

Callers to the advice line are almost exactly 50% male and 50% female. However, casework clients are 55% female and 45% male.



### Income

As would be expected, the bulk of our clients have a low or medium income, or indeed no income at all. There is no income or assets test in relation to obtaining one-off advice from CCLC, but more intensive advice and casework services are generally restricted to those who cannot afford private legal assistance.

### Indigenous status

Only about 1% of callers to the service self-identified as indigenous. On the other hand the figure for casework clients with files closed in this period was 6%.

### Main Home Language

5% of callers indicated that English was not their first language or the main language spoken at home. Callers spoke 63 different languages, the most commonly spoken being Arabic, Chinese, Tagalog, Vietnamese and Spanish. By contrast, 17% of clients whose files were closed in this financial year spoke a language other than English at home, reflecting the priority given to those who face particular barriers in being able to represent themselves. There were 31 non-English language groups represented among casework clients whose files were closed in this period. While the number of clients speaking each language was fairly evenly distributed, the most commonly spoken languages among casework clients were Arabic, Macedonian, Assyrian, Korean, and African languages.

### Geographical Area

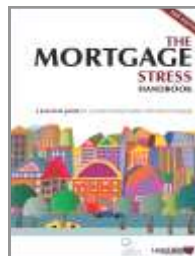
In this financial year callers rang from a total of 959 different postcodes. CCLC received calls from most regions of NSW on the Credit and Debt Hotline, and from every state in Australia for insurance (See Insurance Law Service on page 24). While we collect postcode information for the vast majority of callers we are still working to improve our ability to usefully analyse this data. The evaluation of the Mortgage **Hardship Service conducted by the Law and Justice Foundation, for example, found that CCLC's mortgage** clients alone in the period July 2009-October 2010 came from 116 different LGAs representing 76% of all the LGAs in NSW. We hope to soon be able to conduct this level of analysis across the whole service.

## Community Legal Education

Community Legal Education continues to be a valued part of CCLC's work.

### Highlights

- Updated the Mortgage Stress Handbook (in partnership with Legal Aid NSW) for the public
- Published the Credit Law Toolkit (in partnership with Legal Aid NSW) for financial counsellors, Legal Aid solicitors and Community Legal Centre lawyers



### CCLC's education strategy includes the following key elements:

- Workshops and presentations directed at financial counsellors, legal aid and community lawyers to provide them with specialist information to assist with their client casework and keep them up to date with relevant new laws and regulations;
- Sessions for trainee financial counsellors in credit and debt and insurance matters as part of their progress towards accreditation;
- Publications aimed at resourcing financial counsellors and legal aid/community lawyers;
- Workshops for Community Workers assisting immigrant communities and other special needs communities;
- Presentations at specific events for the general public in response to topical problems such as extreme weather conditions;
- **CCLC's regular e-flyer** distributed to financial counsellors and other caseworkers including legal caseworkers;
- Our two websites: [www.cclcnsw.org.au](http://www.cclcnsw.org.au) and [www.insurancelaw.org.au](http://www.insurancelaw.org.au) aimed to inform and assist caseworkers and also the general public;
- Publications in English and other languages aimed at the public, available on both CCLC websites and where relevant in hard copy and other media;
- Educating caseworkers and the general public over the telephone via the Credit and Debt Hotline and the Insurance Law Service; and
- Attending conferences, and meetings to foster closer relationships between the Consumer Credit Legal Centre and the community sector.

### Website

The Consumer Credit Legal Centre website contains fact sheets and sample letters aimed at assisting people struggling financially, particularly those with consumer credit problems. The Insurance Law Service website contains information for people wanting to claim on their insurance, dispute a claim refusal, or simply seek advice because an insurance company is pursuing them for a debt. Both websites are used as stand-alone resources or as an adjunct to advice given over the phone.

In the 2010/2011 financial year there were 44,929 unique visitors to the CCLC website and 14,370 to the Insurance Law Service website.





## Policy and Law Reform

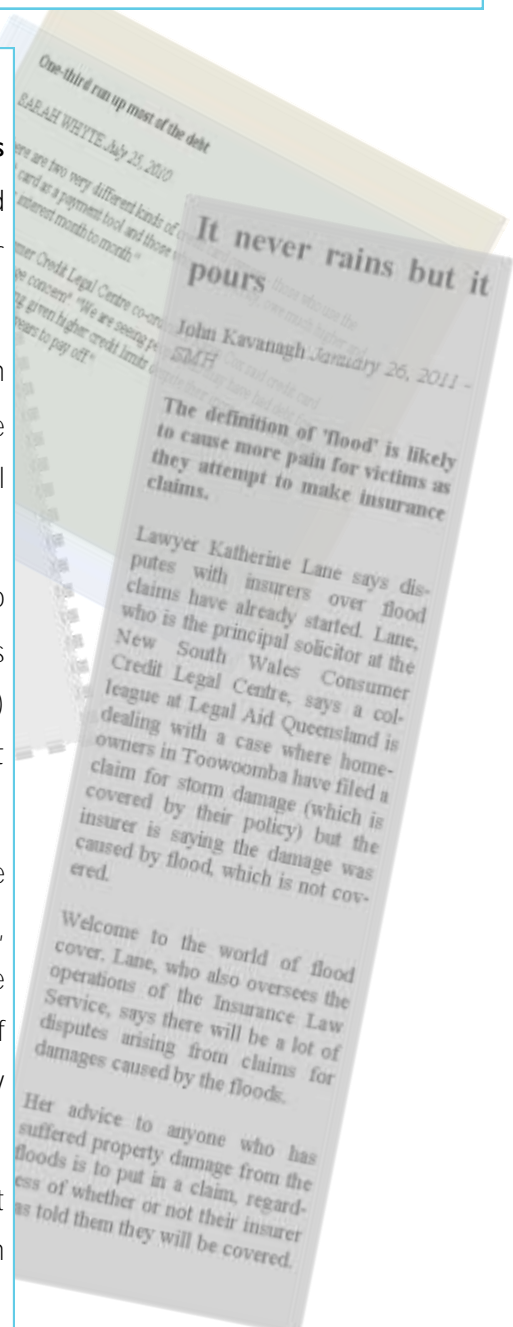
Policy and law reform advocacy is a vital part of CCLC's work. CCLC uses our casework and advice to strongly inform our policy and law reform work. Every submission CCLC writes contains case studies to demonstrate the consumer protection issues being identified. This interaction is invaluable.

CCLC was involved in a great deal of law reform advocacy this year.

### The Highlights in Policy and Law Reform

- **Advocating in support of the Federal Government's** proposed ban on mortgage exit fees (legislation enacted and all mortgage exit fees banned for new loans after 1/7/11)
- Consultation on the Phase 2 credit law reforms which included reform in relation to credit cards, leases, reverse mortgages, direct marketing, financial hardship and small amount high cost loans (Now a draft Bill)
- Advocating for a national 48% per annum interest rate to protect the most vulnerable and disadvantaged Australians from small amount high cost lending (including pay day lending) and other related protections (also included in the draft Bill referred to above)
- Involvement in policy work that was required following the QLD floods including the Natural Disaster Insurance Review, House of Representatives Inquiry and meetings with ASIC, the Minister for Financial Services and the Insurance Council of Australia (Reports and government response recently released)

Other policy submissions covered topics such as credit reporting, debt recovery processes in NSW, the Australian Consumer Law and telecommunications.





Regular Committees on which CCLC is represented:

- Insurance Reform Advisory Group
- Combined Insurance Lawyers Service
- Supreme Court Possession List Users Group
- Australian Bankers Association Consumer and Community Consultative Forum
- Veda Advantage Consumer Liaison Meetings
- Various Combined Community Legal Centre Group meetings

## Media

As in past years, CCLC continues to be very active in the mainstream and regional media, with appearances in print, on radio and on television.

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 Principal Solicitor, Katherine Lane and the Coordinator, Karen Cox, with contributions from other staff members at times. We also connect our clients with journalists when they have a story that needs to be told in the public interest.

In 2010/11, the CCLC Administration Team comprised of Chris Maddison (Book Keeper), Nicola Sutton (Office Manager), Anthony Lane (Temp Office Manager) and Kalie Zervos (Locum Office Manager, covering **Nicola's 10 month maternity leave commenced in May 2011**).

The responsibilities of the Administration Team cover a range of governance, resource, staffing and facility activities. Recent highlights were:

- Completion of air conditioning installation for all offices (January - April 2011)
- New CCLC signage display for the entrance (June 2011)
- Employee benefit scheme – addition of ergonomic workplace assessments for all staff (Jun 2011) and the introduction of quarterly staff massages to existing benefits such as access to counselling/debriefing, and staff social functions (June 2011)

## 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 the administrative support 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 2010 to 30 June 2011

CONSUMER CREDIT LEGAL CENTRE (NSW) INC  
Financial Report for the Year Ended 30 June 2011

ABN: 40 506 635 273

COMMITTEE'S REPORT

Your committee members submit the financial report of the Consumer Credit Legal Centre (NSW) INC (the Association) for the financial year ended 30 June 2011.

**Committee Members**

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

Elissa Freeman, Chair  
Matthew Simpson, Treasurer  
Amy Kilpatrick  
Michael Saadat  
John Burke  
Paul Baker  
Margaret Raffan  
Karen Cox  
Nicola Sutton

**Principal Activities**

The principal activities of the Association during the financial year were the provision of legal services and financial counselling services in accordance with the Constitution.

**Significant Changes**

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

**Operating Result**

The surplus amounted to \$90,005 for the financial year ended 30 June 2011.

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

  
.....  
Elissa Freeman

  
.....  
Matthew Simpson

Dated this 26 day of September 2011

**Consumer Credit Legal Centre (NSW) Inc**

**ABN: 40 506 635 273**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011	2010
		\$	\$
INCOME			
Grants	2	1,380,501	1,400,091
Other project income	4	88,010	14,690
Interest received		49,458	31,995
Other income	3	9,853	23,922
		<hr/>	<hr/>
		1,527,822	1,470,698
EXPENDITURE			
Operating expense	5	185,386	176,833
Employees expense	6	1,158,486	1,086,963
Communications		47,776	48,115
Project expense		5,300	20,475
Insurance expense		4,648	4,205
Travel expenses		9,616	9,092
Depreciation		26,605	17,196
Building Modifications		-	3,208
Provision for make good	7	-	12,000
		<hr/>	<hr/>
TOTAL EXPENSES		1,437,817	1,378,087
		<hr/>	<hr/>
Current year surplus/ (deficit)		90,005	92,611
		<hr/>	<hr/>
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive income		90,005	92,611
		<hr/>	<hr/>

The accompanying notes form part of this financial report.

**Consumer Credit Legal Centre (NSW) Inc**

**ABN: 40 506 635 273**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 30 JUNE 2011**

	Note	2011 \$	2010 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		771,370	745,497
Trade and other receivables	8	6,158	16,372
Prepayments		10,788	11,405
GST receivable		2,350	-
<b>TOTAL CURRENT ASSETS</b>		<b>790,666</b>	<b>773,274</b>
<b>NON-CURRENT ASSETS</b>			
Rental Bond		15,030	15,030
Financial assets		17,002	17,002
Property, plant and equipment	9	36,354	33,069
<b>TOTAL NON-CURRENT ASSETS</b>		<b>68,386</b>	<b>65,101</b>
<b>TOTAL ASSETS</b>		<b>859,052</b>	<b>838,375</b>
<b>CURRENT LIABILITIES</b>			
Grants received in advance	11	238,316	347,800
Employee Benefits	10	226,121	160,414
Other provisions	12	31,000	31,000
GST liabilities		-	32,433
Employee liabilities		28,627	30,771
Creditors & Accruals		22,906	13,880
<b>TOTAL CURRENT LIABILITIES</b>		<b>546,970</b>	<b>616,298</b>
<b>TOTAL LIABILITIES</b>		<b>546,970</b>	<b>616,298</b>
<b>NET ASSETS</b>		<b>312,082</b>	<b>222,077</b>
<b>MEMBERS' FUNDS</b>			
Reserves	13	25,292	25,292
Retained surplus	14	286,790	196,785
<b>TOTAL MEMBERS' FUNDS</b>		<b>312,082</b>	<b>222,077</b>

The accompanying notes form part of this financial report.

**Consumer Credit Legal Centre (NSW) Inc**

**ABN: 40 506 635 273**

**STATEMENT OF CHANGES IN MEMBERS' FUNDS**

**AS AT 30 JUNE 2011**

	Reserves \$	Retained surplus \$	Total Equity \$
Balance as at 1 July 2009	25,292	104,174	129,466
Surplus for the year	-	92,611	92,611
Total comprehensive income for the year	-	92,611	92,611
Balance as at 30 June 2010	25,292	196,785	222,077
Surplus for the year	-	90,005	90,005
Total comprehensive income for the year	-	90,005	90,005
Balance as at 30 June 2011	25,292	286,790	312,082

**Consumer Credit Legal Centre (NSW) Inc**

**ABN: 40 506 635 273**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**NOTE 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 2009*. The committee has determined that the Association is not a reporting entity.

The financial report has been 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 significant accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

**a. Income Tax**

The Association is exempt from Income Tax in accordance with the provisions of the *Income Tax Assessment Act 1997*.

**b. 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.

**c. Impairment of Assets**

At each reporting date, the Association reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed.

**d. Employee Benefits**

Provision is made for the 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

**e. 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 are measured at the best estimate of the amounts required to settle the obligation at reporting date.

**f. Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments which mature within three months or less from the date of the end of financial year.



**Consumer Credit Legal Centre (NSW) Inc**

**ABN: 40 506 635 273**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**g. Revenue**

Grant income, is recognised as revenue in the year to which the associated expenditure and grant funding agreement relates. Accordingly, this income received in the current year for expenditure in future years are treated as grants in advance.

Unexpended specific grant income at 30 June each year is disclosed as a liability in the accounts. The amount brought to account as income is equivalent to that amount expensed by the Association during the financial year. Where surplus funds are required to be repaid, they will remain as a liability in the accounts until repayment.

Interest revenue is recognised using the effective interest rate method which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of Goods and Services Tax (GST).

**h. Leases**

Leases of PPE, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Association, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

**i. 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 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.

**Consumer Credit Legal Centre (NSW) Inc**

**ABN: 40 506 635 273**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

<b>NOTE 2: GRANTS RECEIVED</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Commonwealth Attorney General-CLSP	138,528	136,348
State Attorney General-CLSP	126,356	123,276
Office of Fair Trading –Credit Counselling	183,612	183,612
Office of Fair Trading –Financial Counselling	343,769	343,769
Commonwealth Financial Counselling-FaHCSIA	94,500	101,500
Mortgage Hardship support Service –PPF	280,000	272,331
Commonwealth Grant –Insurance Law Service	70,000	200,000
State Grant –Insurance Law Service	130,000	26,246
Grants –bal b/f from Insurance Pilot Project	13,736	13,009
	<b>1,380,501</b>	<b>1,400,091</b>

<b>NOTE 3: OTHER INCOME</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Administration fees	-	1,500
Consultancy fees	1,867	6,800
Disbursements recovered	934	1,781
Legal Costs recovered	5,434	12,233
Sitting fees	1,436	359
Sundry Income	182	455
Royalties	-	794
	<b>9,853</b>	<b>23,922</b>

<b>NOTE 4: PROJECT INCOME</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Grant -Bankruptcy Tool Kit	3,946	-
Grant -Credit Law Resources	79,576	10,424
Grant – for Web design and Develop data base	734	4,266
Grant –Insurance Pilot project (Vic Law foundation)	3,754	-
	<b>88,010</b>	<b>14,690</b>

**Consumer Credit Legal Centre (NSW) Inc**

**ABN: 40 506 635 273**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**NOTE 5: OPERATING EXPENSES**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Financial Expenses	8,172	8,138
Library & Resources	10,202	9,243
Disbursements	5,384	2,916
Electricity	5,342	4,699
Cleaning	10,809	8,260
Rent	128,037	122,555
Rates & Outgoings	3,803	-
Signage	785	-
Repairs & Maintenance	940	1,485
Waste Removal	690	974
Office expenses	11,222	18,563
	<u>185,386</u>	<u>176,833</u>

**NOTE 6: EMPLOYEE RELATED EXPENSES**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Salaries	967,557	932,857
Superannuation	87,708	86,052
Accrued leave expense	75,001	40,202
Workers Compensation Insurance	4,743	4,852
Staff related expenses	23,477	23,000
Total employees expenses	<u>1,158,486</u>	<u>1,086,963</u>

**NOTE 7: PROVISION FOR MAKE GOOD**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Provision for Make Good	-	12,000
Total Provisions	<u>-</u>	<u>12,000</u>

**Consumer Credit Legal Centre (NSW) Inc**

**ABN: 40 506 635 273**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**NOTE 8: TRADE AND OTHER RECEIVABLES**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Sundry debtors	-	10,334
Interest receivable	6,158	6,038
	<u>6,158</u>	<u>16,372</u>

**NOTE 9: PROPERTY, PLANT AND EQUIPMENT**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Computer Equipment –at cost	53,778	51,830
Accumulated depreciation	(46,404)	(38,353)
	<u>7,374</u>	<u>13,477</u>
Leasehold Improvements –at cost	27,346	-
Accumulated depreciation	(13,673)	-
	<u>13,673</u>	<u>-</u>
Office Equipment – at cost	22,294	22,294
Accumulated depreciation	(20,383)	(17,538)
	<u>1,911</u>	<u>4,756</u>
Office furniture and equipment – at cost	23,121	22,526
Accumulated depreciation	(9,725)	(7,690)
	<u>13,396</u>	<u>14,836</u>
Total Plant and equipment	<u>36,354</u>	<u>33,069</u>

**NOTE 10: EMPLOYEE BENEFITS**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Provision for Annual Leave	105,832	67,036
Provision for Long service Leave	96,867	70,994
Provision for Parenting Leave	15,514	14,827
Provision for Sick Leave	7,908	7,557
Total Employee Benefits	<u>226,121</u>	<u>160,414</u>

**Consumer Credit Legal Centre (NSW) Inc**

**ABN: 40 506 635 273**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**NOTE 11: GRANTS IN ADVANCE**

	2011	2010
	\$	\$
Mortgage Hardship support service	46,662	280,000
IT project	-	734
Insurance Law Service	130,000	17,490
Bankruptcy Tool kit	61,654	-
Mortgage Stress Handbook & Credit Law Tool kit	-	49,576
	<u>238,316</u>	<u>347,800</u>

**NOTE 12: OTHER PROVISIONS**

	2011	2010
	\$	\$
Provision for Telephone upgrade	14,000	14,000
Provision for Make good	12,000	12,000
Provision for PI Insurance excess	5,000	5,000
	<u>31,000</u>	<u>31,000</u>

**NOTE 13: RESERVES**

	2011	2010
	\$	\$
Reserve for future projects	14,000	14,000
Reserve for office equipment	11,292	11,292
	<u>25,292</u>	<u>25,292</u>

**NOTE 14: RETAINED SURPLUS**

	2011	2010
	\$	\$
Balance b/f-tied	101,424	43,494
Balance b/f-untied	95,361	60,680
Current year surplus (tied)	6,531	57,930
Current year surplus (untied)	84,945	34,681
Current year deficit using previous years tied funds	(1,471)	-
Balance c/f-tied	<u>106,484</u>	<u>101,424</u>
Balance c/f untied	<u>180,306</u>	<u>95,361</u>

**Consumer Credit Legal Centre (NSW) Inc**

**ABN: 40 506 635 273**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

	2011	2010
NOTE 15: LEASING COMMITMENTS	\$	\$
a. <b>Operating Lease Commitments</b>		
Being for rent of office		
Payable — minimum lease payments:		
— not later than 12 months	54,105	52,290
— between 12 months and 5 years	-	-
— greater than 5 years	-	-
	<u>54,105</u>	<u>52,290</u>

The property lease is a non-cancellable lease with a one year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by a fixed percentage review or 5% per annum. An option exists to renew the lease at the end of the lease term for an additional term.

**NOTE 16: RELATED PARTIES**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

STATEMENT BY MEMBERS OF THE COMMITTEE

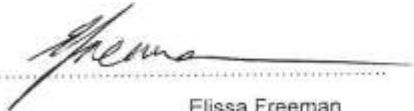
The committee has determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Committee the financial report as set out on pages 1 to 11:

1. Presents a true and fair view of the financial position of Consumer Credit Legal Centre (NSW) Inc as at 30 June 2011 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 of (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:

Chair .....

  
Elissa Freeman

Treasurer .....

  
Matthew Simpson

Dated this

26 day of September 2011

**CONSUMER CREDIT LEGAL CENTRE (NSW) INC.  
INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF CONSUMER CREDIT LEGAL CENTRE (NSW) INC.**

We have audited the accompanying financial report, being a special purpose financial report, of Consumer Credit Legal Centre (NSW) Inc. (the Association), which comprises the statement of financial position as at 30 June 2011, statement of changes in members funds and the statement of comprehensive income for the year ended on that date, a summary of significant accounting policies and other explanatory notes.

*The responsibility of those charged with governance*

The committee of the Association are responsible for the preparation and fair presentation of the financial report and have determined that the basis of accounting described in Note 1 to the financial statements is appropriate to meet the financial reporting requirements of the *Associations Incorporation Act 2009* and is appropriate to meet the needs of the members

This responsibility also includes such internal control as the committee determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

In conducting our audit, we have complied with APES 110 *Code of Ethics for Professional Accountants*.

*Auditor's opinion*

In our opinion, the financial report of Consumer Credit Legal Centre (NSW) Inc. is in accordance with the *Associations Incorporation Act 2009*, including:

- (a) giving a true and fair view of the Association's financial position as at 30 June 2011 and of its performance for the year ended on that date;
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and the *Associations Incorporation Regulation 2010*; and
- (c) that proper accounting records and other records have been kept as required by the Act.

In forming our opinion, we have obtained all the information and explanations required.

*Basis of Accounting*

Without modifying our opinions, we draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the committee's financial reporting responsibilities under the *Associations Incorporation Act 2009*. As a result, the financial report may not be suitable for another purpose.



PITCHER PARTNERS



MARK GODLEWSKI  
Partner

Sydney, 27 September 2011