



**Financial Rights**  
LEGAL CENTRE

## ANNUAL REPORT

2014

## FINANCIAL RIGHTS LEGAL CENTRE

Level 1, 80 Cooper St. Surry Hills NSW  
PO Box 538 Surry Hills NSW 2010

Credit and Debt Hotline: 1800 007 007  
Insurance Law Service: 1300 663 464  
Advice Hours: (EST) 9:30am – 4:30pm weekdays

Email: [info@financialrights.org.au](mailto:info@financialrights.org.au)

Websites: [www.financialrights.org.au](http://www.financialrights.org.au) & [www.insurancelaw.org.au](http://www.insurancelaw.org.au)

Office Hours: 9:30am – 5:00pm weekdays  
Administration: (02) 9212 4216  
Fax: (02) 9212 4711

ABN: 40 506 635 273

Financial Rights Legal Centre acknowledges the financial support provided by the Financial Counselling Services Program administered by the NSW Department of Finance and Services (Fair Trading), the Community Legal Services Program of the State and Federal Attorney-General's Departments, and the Commonwealth Financial Counselling Program administered by the Department of Social Services for our core services.

We also acknowledge project & other funding from Legal Aid NSW and the receipt of over-collected Fire Services Levy funds via a process overseen by the Fire Services Levy Monitor in Victoria. Thank you to Fade Agency for their help this year with the rebranding and design of this annual report.

## CONTENTS

REBRANDING	4
MISSION, GOALS & OBJECTIVES	6
OUR STAFF	7
PRESIDENT'S REPORT	9
COORDINATOR'S REPORT	10
PRINCIPAL SOLICITOR'S REPORT	11
SERVICE AT A GLANCE	12
ACCESS & DEMOGRAPHICS	13
ADVICE & INFORMATION	16
CREDIT & DEBT HOTLINE	16
INSURANCE LAW SERVICE	20
CASEWORK	22
COMMUNITY LEGAL EDUCATION	38
POLICY & LAW REFORM	42
FINANCIAL REPORTS	44



## REBRANDING

The Consumer Credit Legal Centre (NSW) is now known as the Financial Rights Legal Centre. The change is in name and logo only – our services remain the same.

The name Consumer Credit Legal Centre has served us well since 1988, however it no longer captures the breadth of our services or areas of expertise. We decided that there was a need for a name that had a better fit with what we do, and was easier to understand for consumers.

Our clients and stakeholders also told us that the name Consumer Credit Legal Centre didn't clearly explain what we do as a legal centre and what consumers can expect from us when they call one of our advice hotlines.

We have not only rebranded, we have redeveloped both of our websites. Our improved websites have a whole new user-friendly layout, and lots of new self-help resources. Our main website domain has changed to [www.financialrights.org.au](http://www.financialrights.org.au), but our insurance law web address has remained the same: [www.insurancelaw.org.au](http://www.insurancelaw.org.au)

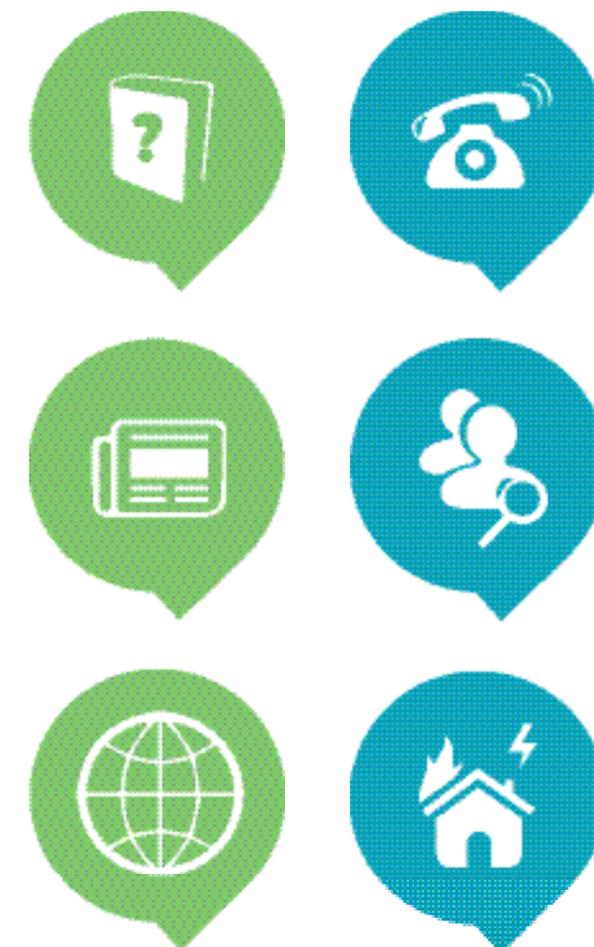


**Financial Rights**  
LEGAL CENTRE

Advice and advocacy  
for consumers in  
financial stress.

**Credit & Debt Hotline**  
1800 007 007

**Insurance Law Service**  
1300 663 464



## MISSION, GOALS & OBJECTIVES

The Financial Rights Legal Centre is a community legal centre specialising in financial services, particularly in the areas of consumer credit, banking, debt recovery and insurance. It is the only such centre in NSW, and one of the only centres in Australia that fully integrates telephone assistance and financial counselling with legal advice and representation. We also operate the Insurance Law Service, a national specialist consumer insurance advice service.

As a community legal centre, Financial Rights is largely government funded and independently managed by a voluntary Management Committee. We maintain a particular focus on issues that affect vulnerable and disadvantaged consumers. We provide a well-integrated combination of information, advice, casework, and education to assist consumers in financial stress. We also conduct research and collect data to campaign for changes to law and industry practice for the benefit of consumers. We employ both financial counsellors and solicitors to provide the best service for our clients.

Our Objectives are to help alleviate poverty, disadvantage, and financial exclusion by:

- Assisting consumers of financial services to effectively assert their legal rights and protect their legitimate interests;
- Educating, counselling and advocating for members of the public in relation to managing their personal finances and access to affordable essential services;
- Achieving positive financial outcomes for individual clients of the Centre through financial counselling, legal advice, legal representation and other complementary activities;
- Promoting better consumer understanding of financial system laws, policies and industry practices; and
- Promoting reforms in law, regulation, government policy and industry practice that will help create a fairer and safer marketplace for consumers of financial services, particularly disadvantaged consumers.



## OUR STAFF

**Rhonda Bown**  
Locum Office Manager

**Patricia Bray**  
Solicitor

**Todd Buttsworth**  
Solicitor

**Elisabeth Coroneo**  
Solicitor

**Karen Cox**  
Coordinator

**Julia Davis**  
Policy & Communications Officer

**Marie Druon**  
Financial Counsellor

**Lynda Johns**  
Senior Financial Counsellor

**Anjuma Kammanankada**  
Solicitor

**Leonard Kasper**  
Finance Officer

**Alexandra Kelly**  
Principal Solicitor

**Anthony Lane**  
Locum Office Manager

**Katherine Lane**  
Principal Solicitor

**Jennifer Lewis**  
Solicitor

**Alice Lin**  
Senior Solicitor

**Justin Lodge**  
Solicitor

**Marianna Minhinnick**  
Financial Counsellor

**Heike Obermayr**  
Finance Officer

**Helen Rees**  
Financial Counsellor

**Greg Russell**  
Financial Counsellor

**Peter Schulz**  
Financial Counsellor

**Claire Shidiak Khoury**  
Solicitor

**Ma'ata Solofoni**  
Solicitor

**Harshanie Sooriyabandara**  
Solicitor

**Nicola Sutton**  
Office Manager

**Susan Winfield**  
Senior Solicitor

**Kaliopi Zervos**  
Office Manager

## PRACTICAL LEGAL TRAINING VOLUNTEERS

Kate McMurtie  
Ruthanna Klawansky  
Devashish Bhav  
Mary Lalogianni

## BARRISTERS PROVIDING PRO BONO ADVICE

John Kelly SC  
Paul Batley  
Adrian Maroya  
Aditi Rao

## MANAGEMENT COMMITTEE

**Margaret Raffan**  
President

**Paul Baker**  
Treasurer

**Emma Curtis**  
Secretary

**Daniel Maurer**  
Ordinary Member  
December 2013-June 2014

**Dave McMillan**  
Vice-President  
December 2013-June 2014

## PRO BONO PARTNERS

### Minter Ellison Lawyers:

Elisabeth Koster  
Jacinta Wang  
Emily Hawcroft  
Hamish Wallace  
Rebecca Barbour  
Lisa Mitry  
Rebecca Healy

### Woinarski Pty Ltd, Accountants:

Fiona Moncrieff

**Karen Cox**  
Coordinator

**Nicola Sutton**  
Staff Committee Member

**Amy Fitzpatrick**  
July -December 2013

## PRESIDENT'S REPORT

This has been a significant year for the Centre in its rebranding as the Financial Rights Legal Centre, a name which more accurately describes its broad focus on all matters financial, as well as the fact that consumers do indeed have rights under the law. While many people had a sentimental attachment to the former CCLC as an effective and accessible agency, not only for assisting consumers and financial counsellors, but for its intimate knowledge of the industry/consumer interface which made its contribution to policy development so valuable, it was the right time to move on. The focus of its activities is unchanged, but it is interesting how the name change has prompted change internally by the need to review all internal policies and its Constitution. This is, in effect, an opportunity to examine current practices, that being an ongoing and rewarding process.

“...it is interesting how the name change has prompted change internally by the need to review all internal policies and its Constitution.”

Of course, the external face of the Centre has also required change and this has resulted in the most user friendly websites possible, with significant resources for those who are more able to use the information to assist themselves. The Centre's financial counsellors and legal officers are thereby freed up to assist those less able to help themselves.

As ever the Centre and the Management Committee express their gratitude to our funding sources: the Commonwealth and New South Wales Attorneys General; the NSW Department of Finance and Services and the Department of Families, Housing, Community Services and Indigenous Affairs (now the Department of Social Services). We are also especially grateful for funds received as a result of the Victorian Fire Services Levy Monitor.

The Management Committee has itself undergone change with the departure of Amy Fitzpatrick, whose contribution over the years will be greatly missed, but the Committee is very happy to welcome on board Daniel Maurer and Dave McMillan, who bring their significant experience and expertise to enhance the team. We also farewelled John Burke who had been with the Centre longer than any existing member of staff or management and made a wonderful contribution over many, many years.

While change is in the air, we are grateful for the continued presence of Karen Cox and Katherine Lane whose leadership through this period has, as always, been invaluable.

**Margaret Raffan**  
- President

## COORDINATOR'S REPORT

What a roller coaster ride this last year has been. The Centre started the financial year as the Consumer Credit Legal Centre and ended the year as the Financial Rights Legal Centre – complete with new name, logo, and websites. We started the financial year with significantly less funding anticipated than in the previous year, forcing hard decisions about cutting back services. We finished the year having taken an unprecedented number of calls, and having completed a similar amount of casework to the year before. At one stage during the year we were campaigning heavily to save the Insurance Law Service, which looked like closing in July 2014, and now, thanks to some one-off funding from the Commonwealth Government and a process initiated by the Fire Services Levy Monitor in Victoria, the insurance branch of our centre is better resourced than ever, at least for a couple of years to come.

Traditionally heavily weighted towards service provision, our Centre had reached a size where we simply could not make the best use of the vast amount of consumer experience data and specialist knowledge the caseworkers at the Centre had accumulated. The appointment of a dedicated Policy and Communications officer (in January 2013) has certainly paid off, making many of the year's most

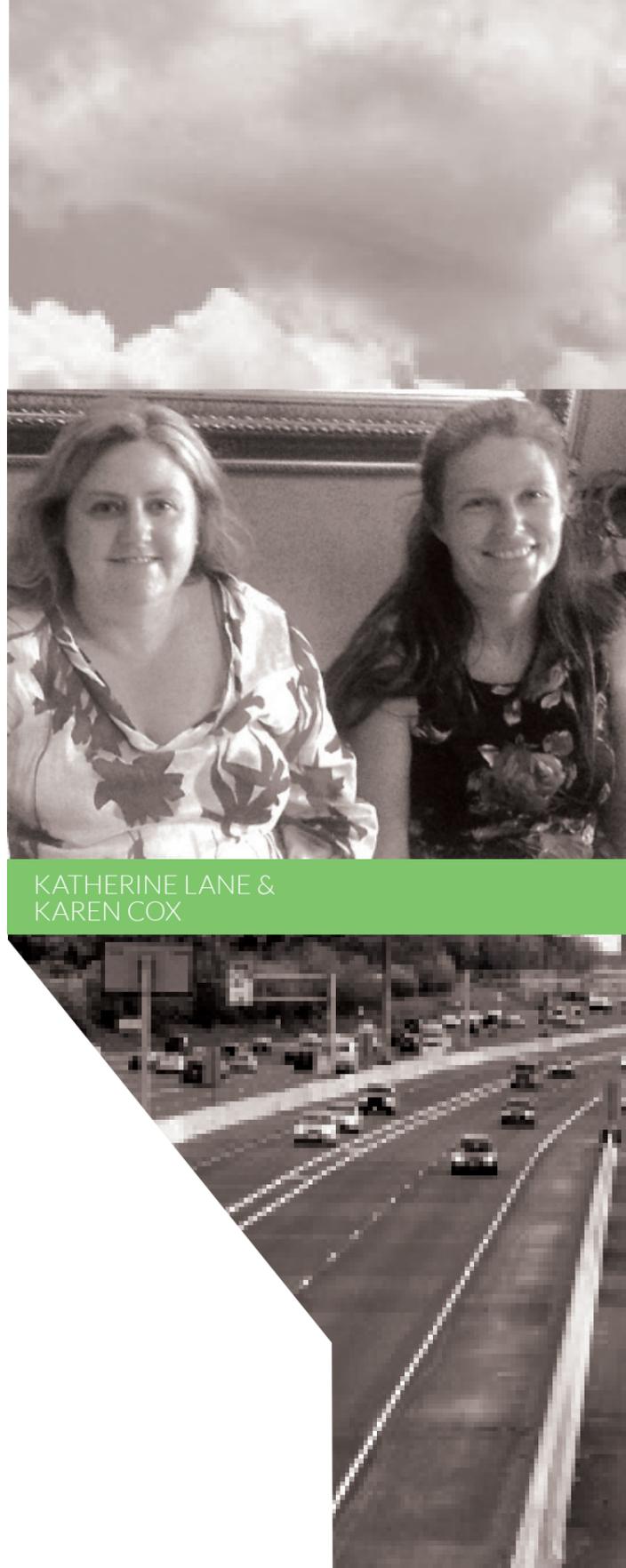
exciting developments possible.

Our long-serving Principal Solicitor, Katherine Lane, reduced her employment to part-time this year, and we appointed Senior Solicitor, Alexandra Kelly to share the Principal Solicitor role. This role sharing has created obvious challenges, but both have managed those challenges very well, their different strengths bringing fresh perspective and robust leadership to the already thriving practice.

“We finished the year having taken an unprecedented number of calls.”

As always, our voluntary Management Committee have been outstanding in their contribution, supporting the centre through a time of great change. We thank them wholeheartedly.

**Karen Cox**  
- Coordinator



KATHERINE LANE &  
KAREN COX

## PRINCIPAL SOLICITORS' REPORT

This is the first joint report now Financial Rights has co-principal solicitors, Katherine Lane and Alexandra Kelly in a job share arrangement.

We can report the shared role has worked well, although we are both incredibly busy in trying to manage what is now a large legal practice for a community legal centre. We are pleased with the increasing numbers of consumers assisted by our service.

This year we celebrated 10 years of the Credit and Debt Hotline! Well done to our staff Financial Counsellors Greg Russell, Lynda Johns and Helen Rees who have stuck out the last 10 years, also, our solicitors Susan Winfield and Katherine Lane. Integrating financial counselling and legal advice has been such a value add to the Centre.

“The main and ongoing challenge for the legal practice is the (seemingly) endless demand for our advice and assistance.”

The main and ongoing challenge for the legal practice is the (seemingly) endless demand for our advice and assistance and the increasing complexity of consumer issues. Both the Credit and Debt Hotline and the Insurance Law Service have demand that exceeds what we can

reasonably deliver. We are very focussed on delivering expert advice to the public as well as to financial counsellors, community legal centre solicitors and other community workers. As we are a specialist service we continue to concentrate on aiming to be the best experts in Australia in our areas of law, continually improving our knowledge and experience. The challenge then is translating that expertise into practical and useful advice for consumers.

The last year produced some excellent litigation outcomes for clients including cases in the Court of Appeal and the Supreme Court. As always, there was a casework focus on systemic issues affecting low income and/or disadvantaged clients. This included a focus on financial difficulty predator businesses (being businesses who charge money to clients in financial hardship to assist with their financial difficulties) and payday lending in credit cases. For insurance cases there was a focus on unfairly rejected claims, poor value insurance (e.g. Funeral insurance) and unfair fraud investigations.

We both would like to thank all the staff (solicitors and financial counsellors) who have a passion for delivering the best advice possible. It is an ongoing pleasure to see every staff member committed to learning and improving advice. We also thank Karen Cox for her ongoing support and excellent suggestions. It really is a partnership to run Financial Rights.

**Katherine Lane & Alexandra Kelly**  
- Principal Solitors

## SERVICE AT A GLANCE

22,280	AUSTRALIANS THAT RECEIVED FREE LEGAL ADVICE OR FINANCIAL COUNSELLING (INCLUDING INFORMATION AND REFERRAL)
16,932	CALLS ANSWERED THROUGH OUR CREDIT & DEBT HOTLINE
4,527	CALLS ANSWERED THROUGH OUR INSURANCE LAW SERVICE
821	INSURANCE LAW EMAILS ANSWERED
417	CASES OPENED
493	CASES CLOSED
34	NUMBER OF APPEARANCES IN COURT RELATED TO OUR CASEWORK
34	CLE SESSIONS LED BY OUR SOLICITORS AND FINANCIAL COUNSELLORS TO COMMUNITY LAWYERS, FINANCIAL COUNSELLORS AND THE GENERAL PUBLIC.
42	MEDIA INTERVIEWS GIVEN BY OUR PRINCIPAL SOLICITORS AND OTHER STAFF
33	POLICY SUBMISSIONS GIVEN TO FEDERAL & STATE GOVERNMENT ENQUIRIES, INDUSTRY CONSULTATIONS, NATIONAL REGULATORS AND OMBUDSMEN SERVICES.
5	PARLIAMENTARY COMMITTEE HEARINGS WHERE WE GAVE EVIDENCE
46	COMPLAINTS TO REGULATORS AND AUTHORITIES

## ACCESS & DEMOGRAPHICS

### GENDER

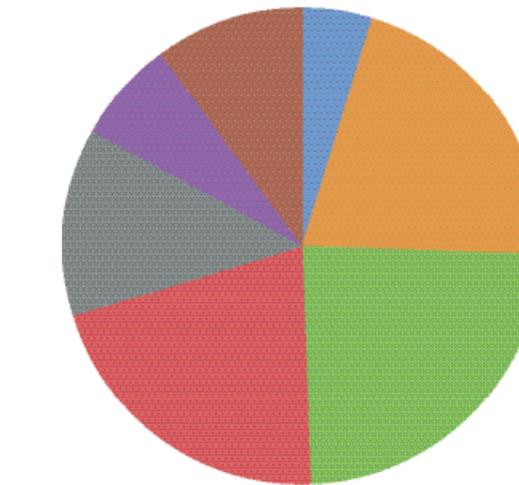


ADVICE

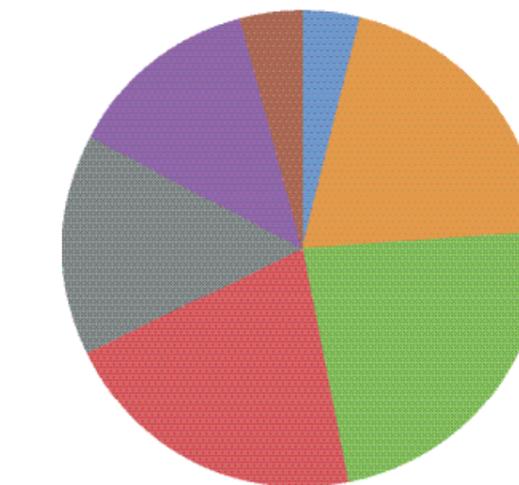


CASEWORK

### AGE



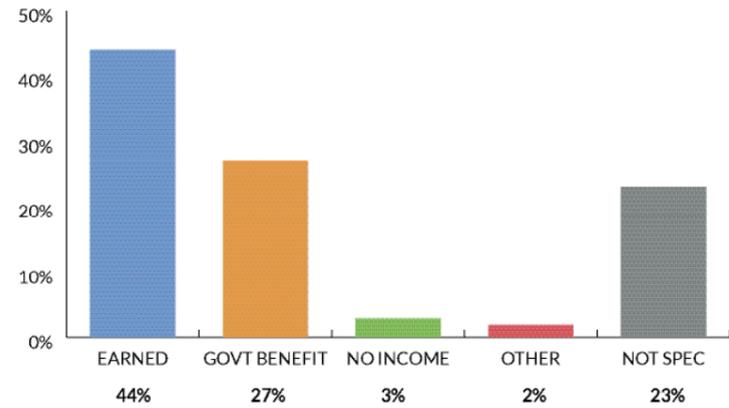
ADVICE



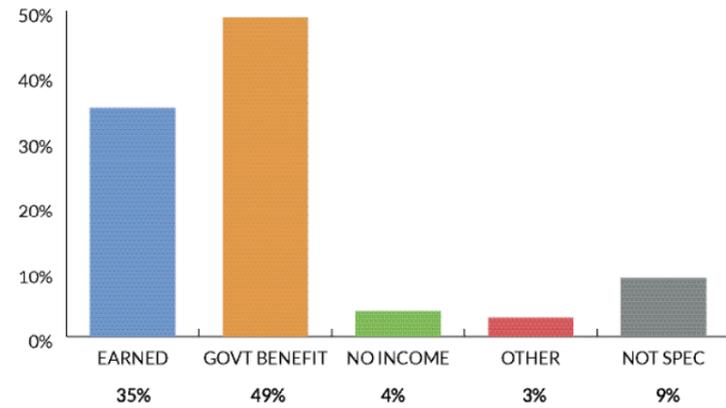
CASEWORK

## ACCESS & DEMOGRAPHICS

### INCOME SOURCE (\$)

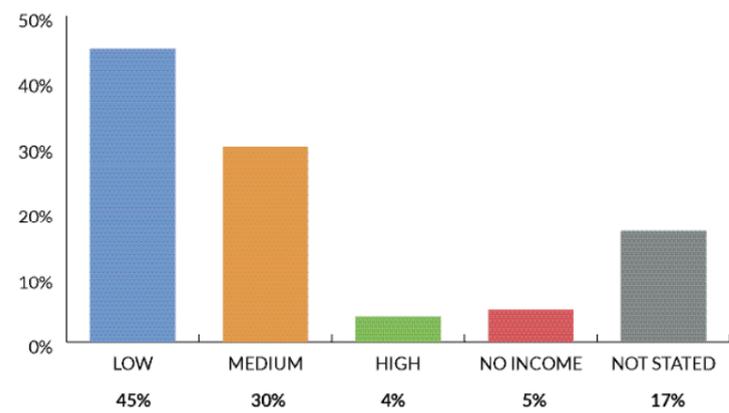


ADVICE

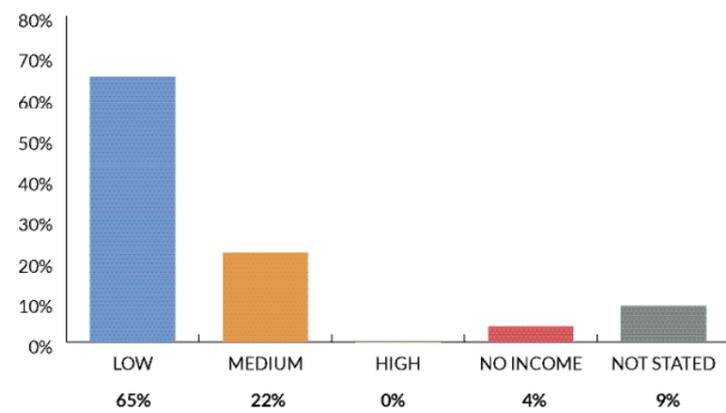


CASEWORK

### INCOME LEVEL (\$)



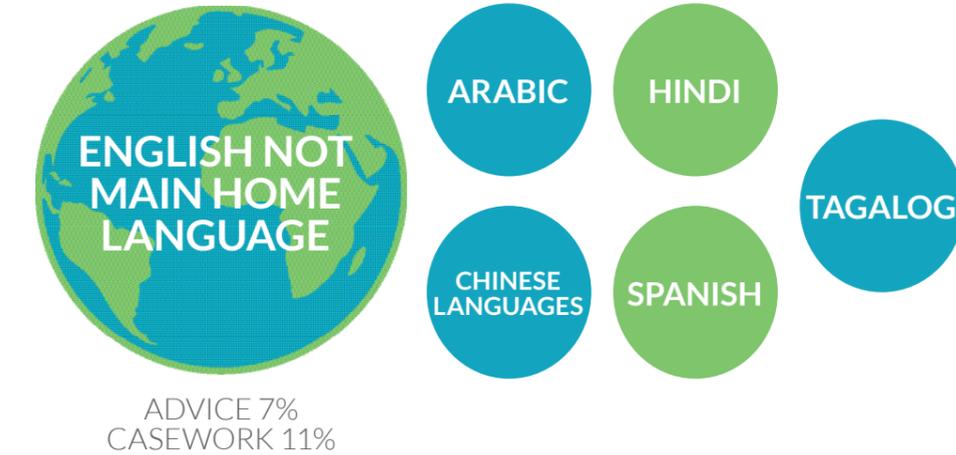
ADVICE



CASEWORK

## ACCESS & DEMOGRAPHICS

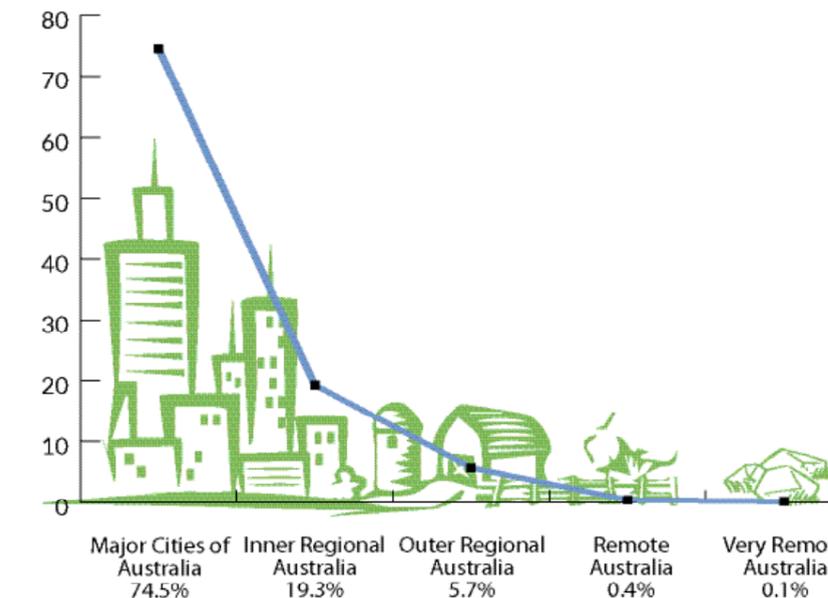
### MAIN HOME LANGUAGE



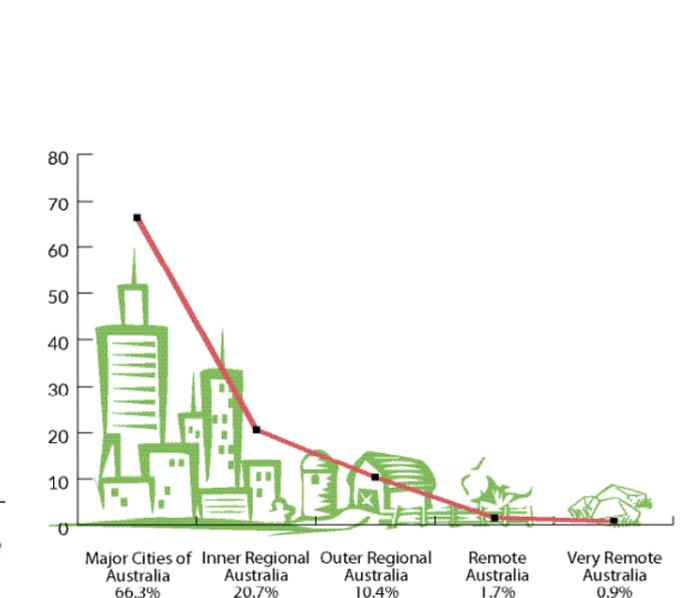
### INDIGENOUS STATUS



### REMOTENESS INDEX



ADVICE CALLERS



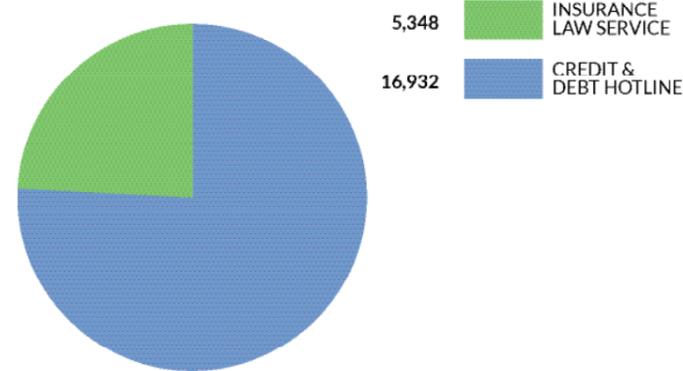
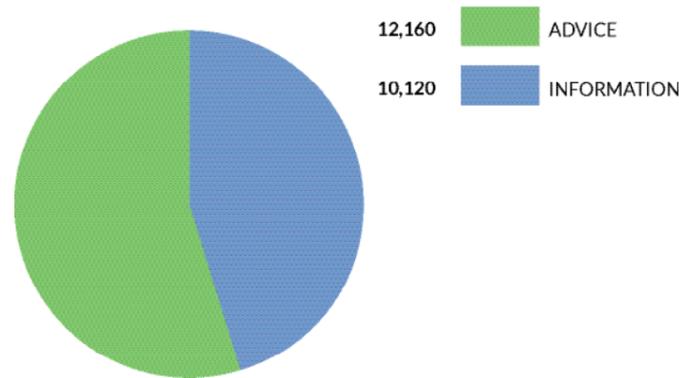
DISTRIBUTION OF AUSTRALIAN POPULATION

## ADVICE & INFORMATION

Financial Rights Legal Centre operates two telephone advice lines. One is the Credit & Debt Hotline which is for NSW residents and is answered by both solicitors and financial counsellors. The Insurance Law Service is a national legal advice line answered by solicitors. ILS queries also come in by web-enquiry.

22,280

TOTAL CONTACTS



## CREDIT & DEBT HOTLINE

This year is the 10th Anniversary of the Financial Rights Legal Centre operating the Credit and Debt Hotline (CDH). The CDH provides legal advice and financial counselling information and referrals to NSW residents. This 1800 007 007 telephone service is the central point of contact for people requesting assistance in relation to credit, debt and financial hardship across Australia. Financial Rights operates the service in NSW only.

It is a goal of the CDH to assist as many consumers as possible to self advocate and as such we provide long-term direction,

as well as discrete advice depending on the type of caller and the issue presented. Since many consumers who are able to self-advocate are referred to our online resources, this year we are thrilled to announce a complete redevelopment of the Financial Rights website including many new and improved self-help resources. For consumers who are unable to self-advocate, either because of the complexity of their problem, or their level of disadvantage, assistance has been provided in-house, by solicitors, financial counsellors, or both.

A key role of the CDH is to refer callers who cannot effectively self-advocate to face-to-face financial counselling services in the community operated by other organisations. 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 financial counselling meetings and conferences.

Credit cards remain the most common product held by consumers seeking assistance, but home loans are close behind. About 10% of the calls about personal loans involved pay day loans and other small amount, high cost contracts (often multiple contracts for a single caller). Council rates remained the most common debt type after consumer loans, followed by energy and strata management fees.

## CREDIT PRODUCTS (TOP 5 FROM ADVICE CALLERS)



## OTHER TYPES OF DEBT (TOP 5 FROM ADVICE CALLERS)



Note: Only one debt is usually recorded for each caller, the one which is disputed or causing the most pressing problem, meaning that most callers will have other debts not recorded above.



## NUMBER OF FINANCIAL COUNSELLING REFERRALS

8,021

## CASE STUDY

*A caller to the CDH was extremely distressed. She and her partner were separated and living under the same roof for the sake of their children. He was off work for disciplinary reasons, receiving base pay but no overtime or bonuses. The situation was very tense. He was drinking quite a bit. She was also out of work. He had said he would stop paying her share of the mortgage. She had tried to talk to the bank about hardship but the bank had offered very limited assistance. A loan repayment was due the day she called. She was afraid she would be made homeless any day now.*

*A Financial Rights financial counsellor explained the enforcement process to her, including how long it would likely take to go from default to repossession. She reassured the client she would not be thrown out tomorrow – or even next week. She also explained how to escalate her hardship application with the bank (and ultimately external dispute resolution if necessary). She explained that as she was separated from her husband, and out of*

*work, she may qualify for unemployment benefits and explained how to go about applying to Centrelink. She also referred her to Lifeline for further counselling support.*

*The caller rang back the following week and spoke to another staff member to say thank you. Specifically she said that she was able to sleep well for the first time in a long time on Friday night. She complimented our financial counsellor on her “soft and easy tone” and the advice that she provided.*



## INSURANCE LAW SERVICE

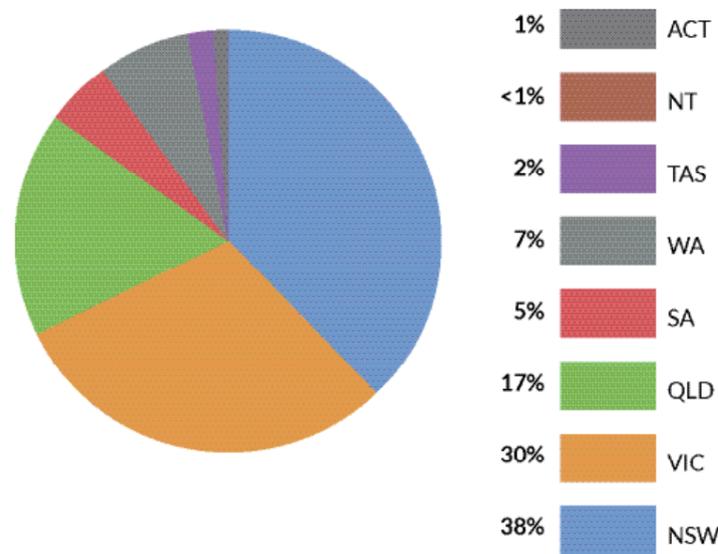
The Insurance Law Service (ILS) is a national specialist service offered by the Financial Rights Legal Centre. Legal advice is available nationally via 1300 663 464 and this year calls were received from every State and Territory in Australia. Callers from NSW and Victoria remain over-represented when compared to the population of each State and Territory.

This year after the Blue Mountains bushfires the ILS put together a Disaster Ready Plan, although we (gratefully) did not need to put it into action. We have completed several extensive disaster insurance guides for bushfires, floods and storm, each with a short two-page quick release summary. We have consolidated our emergency contact referral information, and bookmarked funds to be able to send two solicitors to any disaster region in Australia for up to two

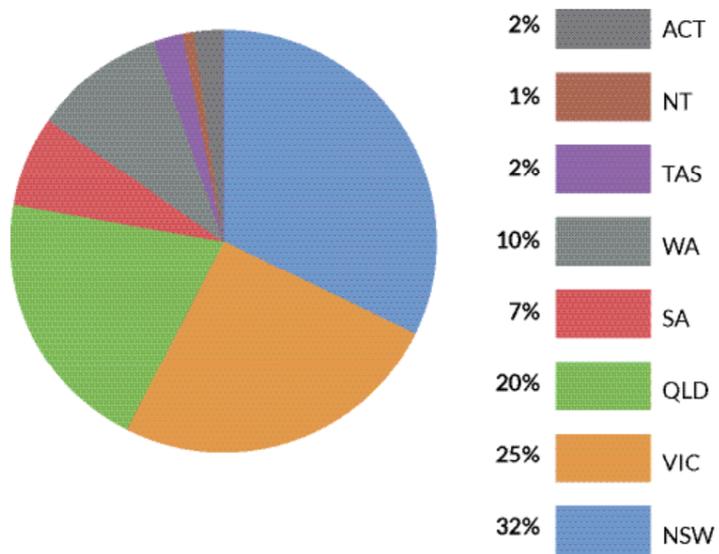
weeks to give legal advice about insurance to residents affected by a natural disaster.

This year we also organised a very effective campaign to "Save the Insurance Law Service!" When our funding for the next financial year became insecure we launched a petition on Change.org which was supported by 758 consumers and stakeholders. We have since been fortunate enough to receive over collected levy refunds via a process set up by the Fire Service Levy Monitor in Victoria. These funds are to be expended on projects of benefit to consumers of insurance over the next few years. We also received Commonwealth government funding for the period to June 2015, originally intended for our Mortgage Hardship Service.

## INSURANCE CALLS BY STATE CF POPULATION

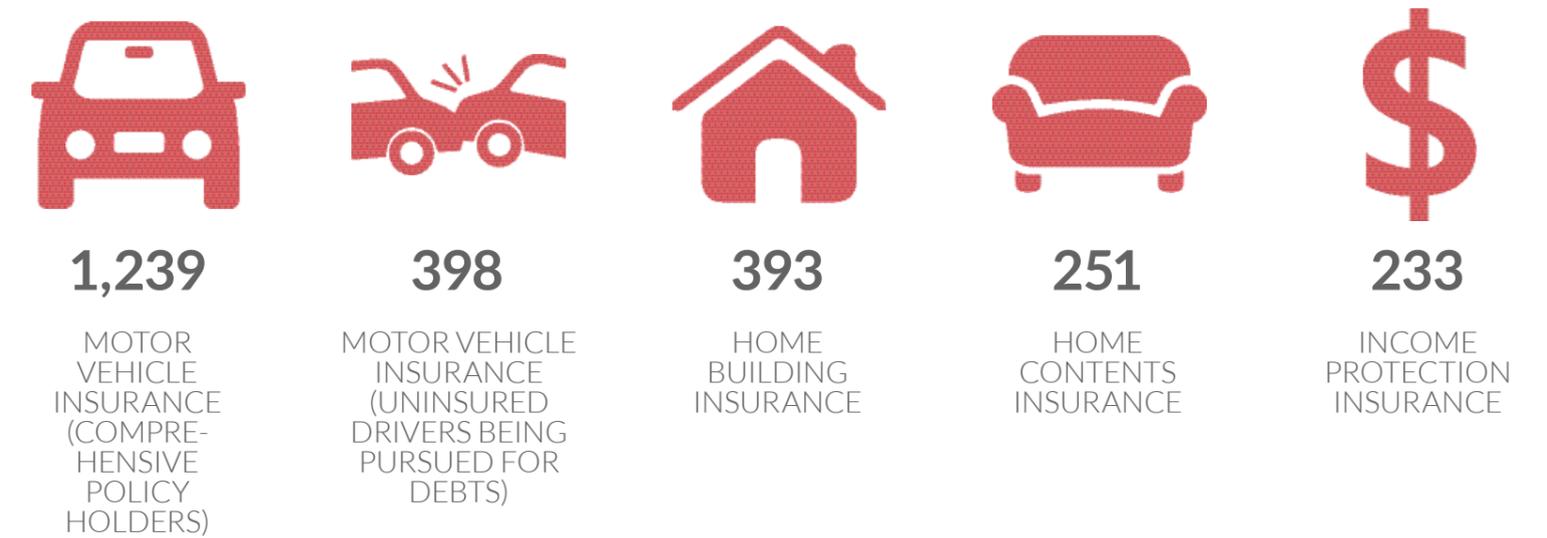


ADVICE CALLS



DISTRIBUTION OF AUSTRALIAN POPULATION

## TYPES OF INSURANCE (TOP 5 TYPES MENTIONED BY CALLERS)



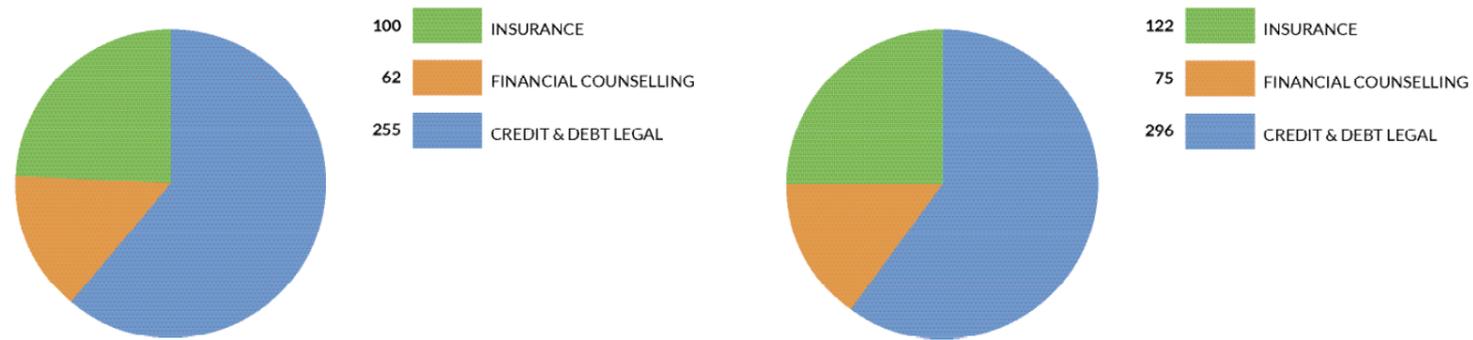
## CASE STUDY

A caller to the ILS was assisting her elderly mother (for whom she held a power of attorney) with a dispute in relation to funeral insurance. The premiums had been increasing significantly and were no longer affordable. Her mother had paid far more in premiums than she was likely to ever receive under the policy and was probably going to have to cancel the policy because of financial hardship, rendering the whole exercise a complete waste of money. Her mother felt she had been misled about the extent to which the premiums would increase over time.

Over a five month period, the caller received advice from Financial Rights solicitors on ten separate occasions as she ran her dispute with the insurer- getting advice on law, strategy and various settlement offers. Finally she rang to say that the matter had been settled to the satisfaction of herself and her mother and to thank us for the valuable advice and support throughout the process.

## CASEWORK

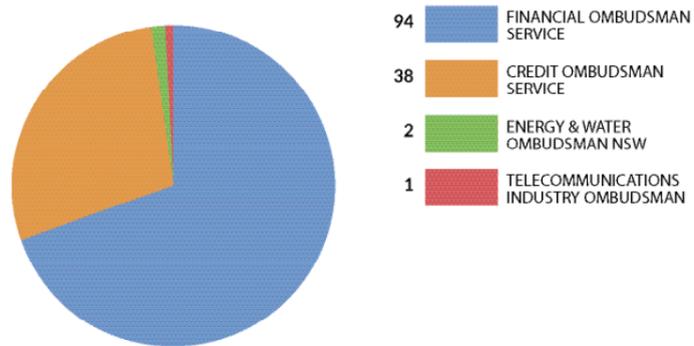
### CASES BY SUBJECT



TOTAL CASES OPENED - 417

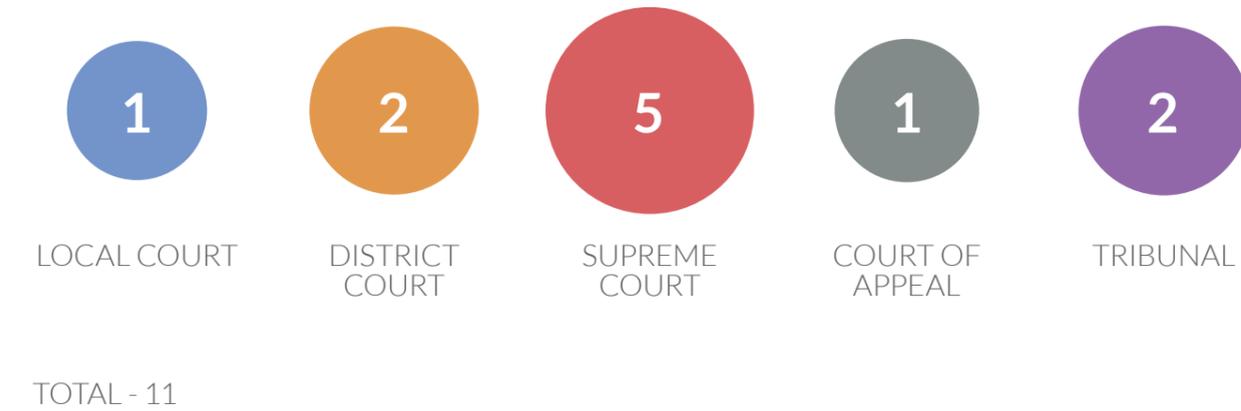
TOTAL CASES CLOSED - 493

### CLOSED CASES IN EXTERNAL DISPUTE RESOLUTION

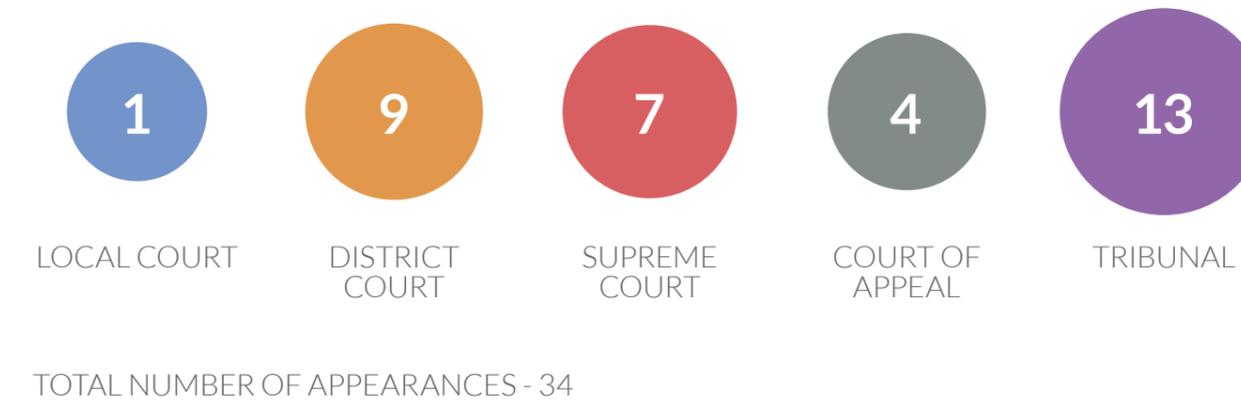


TOTAL - 135

### CLOSED CASES IN COURT



### CLOSED CASES IN COURT - NUMBER OF APPEARANCES



## CASE STUDY

*Court of Appeal Matter - Mr F vs BANK (this case study has been de-identified)*

*Mr F was on periodic detention and cashed a cheque for \$60,000 under duress brought about by his fellow inmates for the benefit of 3rd parties. The funds were never in his account. The money was handed over to the 3rd party stand over men. After his release he tried to start life over, and bought a house with his super, but Mr F was later pursued by the BANK for the \$60,000 and was in danger of losing his home.*

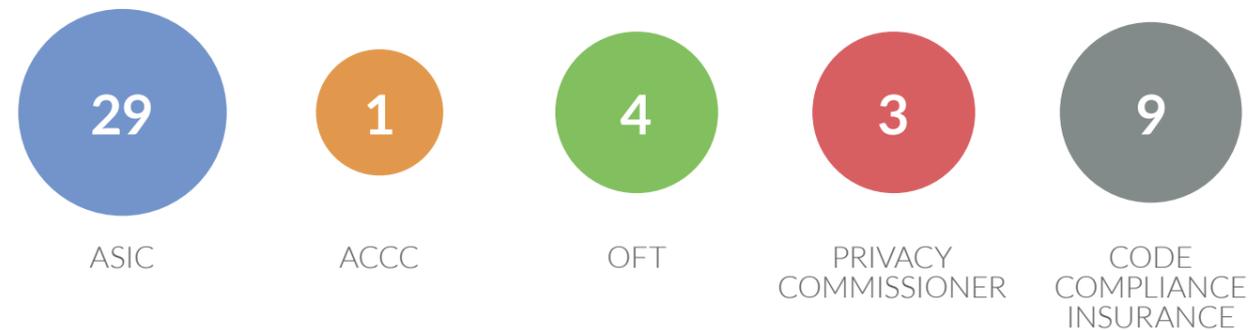
*Financial Rights sought to have the judgment in the matter set aside in the District Court on the grounds of duress. We also sought to re-open the contract under the Contracts Review Act, arguing that the BANK had effectively facilitated our client's loss (and their own) with their policy in relation to uncleared funds. The BANK repeatedly opposed the Contracts Review Act argument*

*on the basis that there was no contract, arguing that the relationship was one of common law banker and customer and refusing to supply the relevant terms and conditions.*

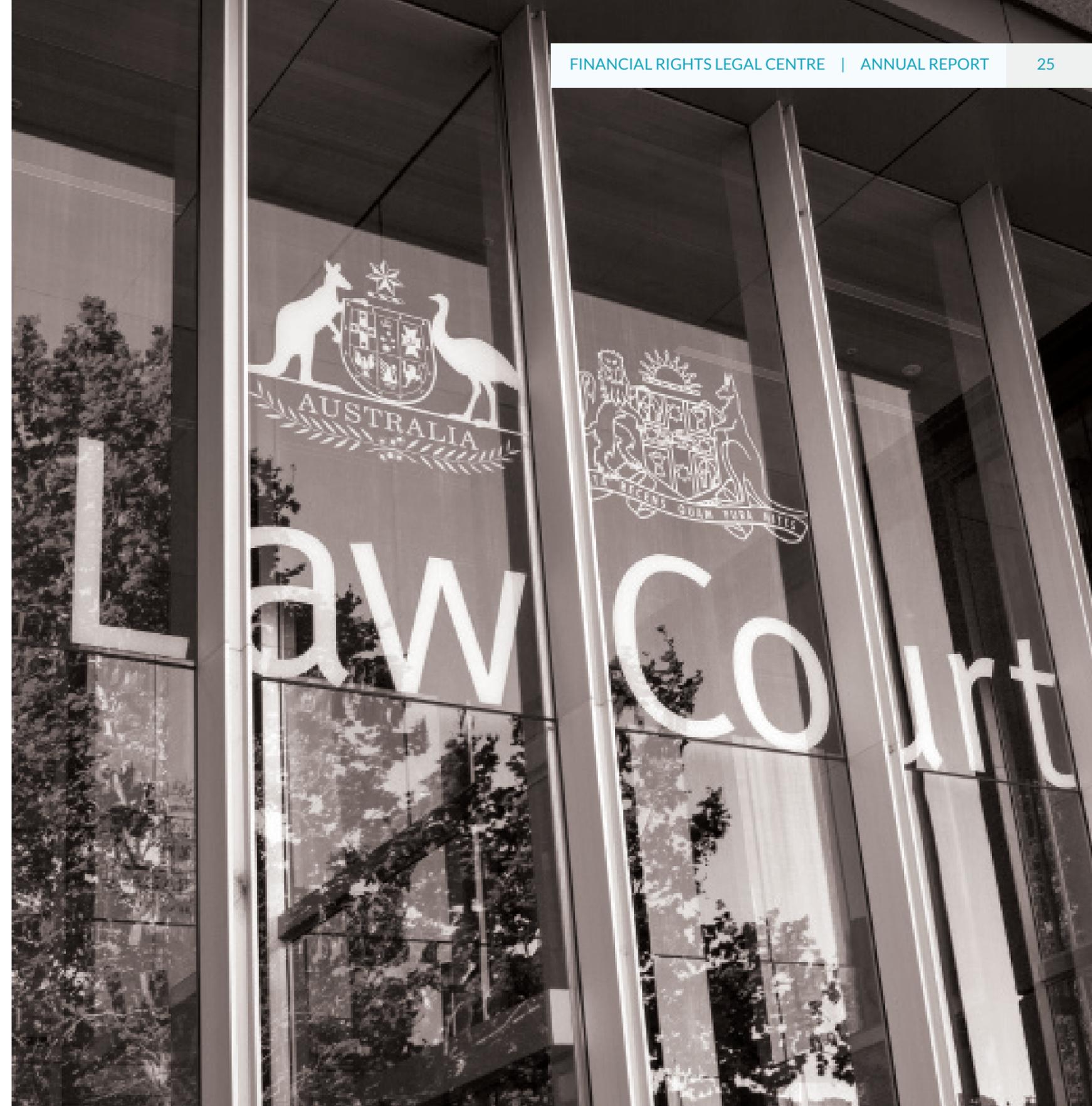
*The District Court refused the motion to set aside the judgment and the matter was appealed to the Court of Appeal. The Appeal was heard in August 2013 and the decision was handed down in February 2014. The appellant's main submission was to extend the legal concept of duress, to that committed by a non-contracting party. That submission was unsuccessful. However, the Court of Appeal found that the District Court had erred in not entertaining a Contracts Review Act argument and the matter was remitted to the District Court.*

*The matter subsequently settled between the parties and our client retained his home.*

## COMPLAINTS



TOTAL COMPLAINTS - 46



## CREDIT & DEBT LEGAL CASEWORK

The largest number of cases undertaken by the legal team in relation to credit and debt involved pay day lending or other relatively small, high-cost loan products. The majority of these cases involved breaches of responsible lending legislation. One of our payday lending matters featured in last year's Annual Report went on to a successful Determination in the Credit Ombudsman (Determination O22, 13 January 2014) and the entities involved are now the subject of court proceedings commenced by the Australian Securities and Investments Commission. Other cases involved, in descending order, credit cards, home loans, motor vehicle loans and consumer leases. These cases involved a mixture of financial hardship (with no misconduct on the part of the lender), breaches of responsible lending provisions and other unjust or unfair conduct. Our solicitors have also acted for a steady stream of clients with complaints about commercially operated services offering budgeting, debt management

or credit repair services. At best these clients have wasted money they could not afford to spend. At worst they are facing serious consequences such as legal action, home repossession and bankruptcy.



## CASE STUDY

*Dealing with a collapsing marriage and unmanageable debt, our client responded to an advertisement for a service offering advice and assistance for debtors and subsequently signed up. Despite a monthly income and expenditure deficit of nearly \$2,000, the service charged her over \$9,000 to "manage" her debts for her.*

*The fees were paid by a weekly direct debit of \$100 over a period of time. During that time the service provider told our client to stop paying her creditors and save up to make lump sum settlement offers. They glossed over*

*the fact that even after stopping all credit repayments the client had barely enough money on which to live, let alone save.*

*Meanwhile, our client's creditors listed defaults on her credit file and threatened to commence proceedings. Many of the debts were assigned to debt collectors. The service provider would send creditors various offers without getting any instructions from the client about what she could afford to pay. Nothing was resolved. Our client's position deteriorated to the point where she*

*was living between her car and friends' couches. Finally she obtained money from a property settlement with her ex-husband. A free financial counsellor assisted her to settle her debts with all her creditors.*

*Financial Rights lodged a complaint with the Financial Ombudsman about the service provider. The Ombudsman recently issued a Determination (Case number 307408) to the effect that the service provider*

## CASE STUDY

*Our client was from a non-English speaking background and called because he had received legal papers about a debt. His English was poor. He had rented a fridge in 2001 which had been faulty. He had asked the rental company to fix it on a number of occasions and nothing had happened. Eventually he simply stopped paying and left the fridge behind when he moved. He was now being sued by a debt collector for over \$5,000 in the Local Court.*

*A financial counsellor answering the CDH said that the debt sounded like it would be statute barred, meaning the caller would have a complete defence. A solicitor contacted the client the same day. The debt was certainly*

*had acted unconscionably: "In contracting with the Applicant in circumstances where the sole objective of the contract could not be achieved, but where the [service provider] was to be paid regardless of the outcome, the [service provider] also failed to act in good faith." Our client is to be refunded all the money paid, plus interest and compensation for non-financial loss.*

*statute barred. Financial Rights lodged a defence on behalf of the client and eventually won with costs against the debt collector. Financial Rights was later contacted by at least three other clients with the same problem, one of whom only became aware judgment had been entered when her wages were garnisheed. We also acted for her in the Local Court and successfully set aside the judgment, reversed the garnishee and had an adverse listing removed from her credit report. The debt collector has since been reported to the regulator for the systemic pursuit of statute barred debts.*

## FINANCIAL COUNSELLING CASEWORK

Financial counselling casework clients include:

- Clients who are also being assisted by Financial Rights' solicitors;
- Clients who have difficulty in obtaining an appointment with their local financial counsellor, for example the client is unable to travel; the local financial counselling agency can't take additional appointments; the local financial counselling agency has a conflict; or there is no local financial counselling agency available in the client's locality;
- Clients who are in prison;
- Clients whose situation is urgent as legal action has commenced or is about to commence;
- Clients who may simply need minor (one-off) assistance with drafting a complaint to an external dispute resolution scheme (EDR) or writing a letter to a creditor.

Many of the clients being assisted by our legal practice have benefitted enormously from also having the services of a financial counsellor. In other cases our financial counsellors have produced great results without any legal assistance being required.

62

CASES  
OPENED

75

CASES  
CLOSED

## CASE STUDY

*A couple in their fifties first contacted the CDH because the wife was facing bankruptcy proceedings. Each had proposed a Part 9 Debt Agreement, as they had a lot of unsecured credit card debt and a house with a mortgage. They were trying to retain their home. The wife only had one debt to a debt buyer for about \$14,000.*

*The debt buyer company rejected the wife's Pt 9 proposal and relied on the Debt Agreement proposal as the act of bankruptcy on which to found a Creditor's Petition. This process would have forced her into bankruptcy and her interest in the family home would have vested in the trustee in bankruptcy, forcing its sale. She became very anxious and depressed and was seeing a counsellor. Her partner had heart problems from the stress - his credit cards were taken out when he was in hardship after an earlier heart attack, and then he was hospitalised twice more. Both were on a part-pension, with the husband occasionally self-employed.*

*A decision was made to take the problem in-house and a Financial Rights financial counsellor and a solicitor worked together, with the solicitor concentrating on the bankruptcy proceedings while the financial counsellor negotiated with the other creditors:*

*- A dispute based on an unjust contract argument was lodged in EDR against the original creditor and the debt buyer. The original credit provider took the debt back from the debt buyer and bankruptcy proceedings were discontinued.*

*- A temporary hardship arrangement was agreed to by the mortgage lender which has now ended and the couple are back on track with their payments. All default fees and default interest were refunded.*

*- All the other credit cards held in the husband's name (quite a few) were waived or collection action put on permanent hold. His Debt Agreement terminated after 6 months and the couple were ultimately released from the fees charged by the company which assisted them to propose the Debt Agreements (almost \$5000 between the two proposals).*

*They were able to retain their home and, free of the stress of the other debts, were able to start recovering their physical and mental health. This is an almost impossible result given the mess they were in upon first presenting to the service.*

## INSURANCE LEGAL CASEWORK

Files opened ranged from clients who were only given written advice on their prospects of success after a review of documents and instructions, to cases which went all the way to determination at the Financial Ombudsman Service. Comprehensive motor vehicle insurance matters were the most common among casework files closed in this period, followed by home building insurance, and life insurance (including a number of funeral insurance matters). As in previous years a number of files were opened to assist clients in hardship who were being pursued for debts by insurance companies.

The operation of an exclusion or condition formed the basis of most disputes, but there was a wide variety of issues including disputes over quantum or scope of works/repairs,

delays in processing claims, misleading representations, non-disclosure, allegations of fraud, excess disputes and automatic renewals of premiums to name the most common. Of files closed in this period, 33 had been lodged in the Financial Ombudsman Service and one in the Superannuation Complaints Tribunal. Some of these went all the way to Determination.



## CASE STUDY

Our client from a remote regional town claimed on her Home and Contents insurance when her house was burnt down. The insurer rejected the claim. They were suspicious about a number of details, all very circumstantial. A Financial Rights solicitor took on the case and assisted the client to provide further evidence in relation to the points of concern. Most interesting was the insurer's reliance on a mis-match between the timing of certain phone calls according to the phone records and the client's reported account of the events. It transpired that the inconsistency was caused by nothing other than a difference in time zones.

The solicitor assisted the client to lodge a dispute in the Financial Ombudsman Service, but before the dispute progressed very far the insurer decided to accept the claim based on the additional information provided.

## CASE STUDY

*Prior to arranging a cruise our client in her 80's went to an insurer and applied for travel insurance. The insurer's Product Disclosure Statement stated that due to her age and the sorts of conditions she had she would need to get a medical assessment. She went to her treating doctor who provided her a medical statement listing her conditions and that she was fit to travel in his opinion. One of her conditions was "Chronic Obstructive Pulmonary Disease (COPD)". The travel insurer's PDS stated they would cover this condition where a medical opinion is obtained. Our client returned to the insurer, and provided her certificate. She paid her premium, including pre-existing condition cover, of \$900. She went on her trip and developed pneumonia. She was airlifted to a Canadian hospital where she was admitted for an extended period of time.*

*She went to claim on her insurance and was rejected. The insurer stated she had a special condition excluding her COPD. This was news to our client who was not aware she was not covered.*

*The Canadian hospital was pursuing her for \$57,000 in hospital expenses and she had already incurred several thousand dollars in expenses she paid to the hospital directly.*

*Unable to resolve the matter with the insurer's internal dispute resolution, Financial Rights lodged a complaint in the Financial Ombudsman Service. The Ombudsman determined that the insurer had not informed her of the exclusion of her COPD (Case number 330834).*

*The hospital medical expenses were paid, our client recovered the additional costs of her first class flight home (required to accommodate her oxygen tanks), the cost of the nurses who escorted her, and \$40,000 in out of pocket expenses.*



## MORTGAGE HARDSHIP SERVICE

The Mortgage Hardship Service (MHS) was a joint project between Financial Rights and Legal Aid NSW, formerly funded by the NSW Public Purpose Fund. It commenced in 2009 as a response to the growing number of home repossessions in NSW. Numbers of home repossessions have since dramatically reduced and the Public Purpose Fund ceased funding the service at Financial Rights in June 2013. Financial Rights has officially ended this as a dedicated service as of 30 June 2014, although we continue to provide advice and assistance for people with mortgages as part of our general mix of services.

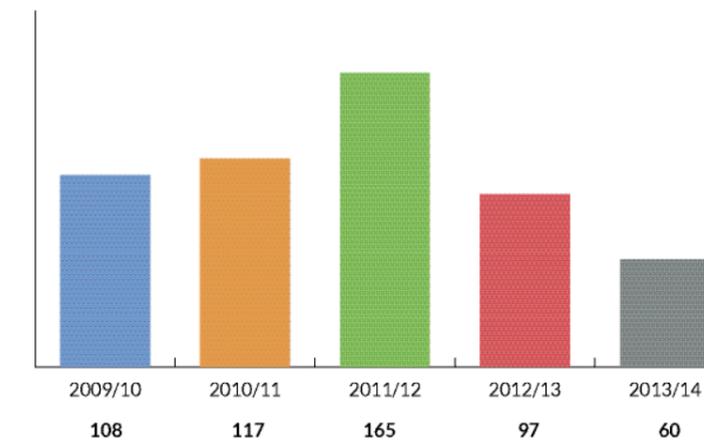
This service assisted NSW residents facing “Mortgage Stress” and financial hardship, providing a holistic, multidisciplinary approach to a client’s needs, either enabling clients to retain their homes or to move on with as little emotional and financial cost as possible. Our financial counsellors would assess the clients’ overall financial position, including whether they could pay their mortgage over the longer term, and negotiate repayment arrangements with other non-mortgage creditors. Our solicitors would focus on dealing with the mortgage – with a view to either retaining the home, or seeking time for the client to sell and organise alternative accommodation. The MHS duty scheme set up at the Supreme Court of NSW as part of the project continued throughout 2013/2014, for referrals made from the Duty Registrars and Judges. The service provided advice with urgent stays on writs for possession and possible defences for otherwise unrepresented litigants in the possessions list.

We also updated the Mortgage Stress Handbook again in this period, a national self-help publication, in partnership with Legal Aid NSW. While no longer participating in the duty roster at the Supreme Court, Financial Rights will continue to provide advice and assistance to clients facing mortgage hardship and home repossession as required, and as resources permit.

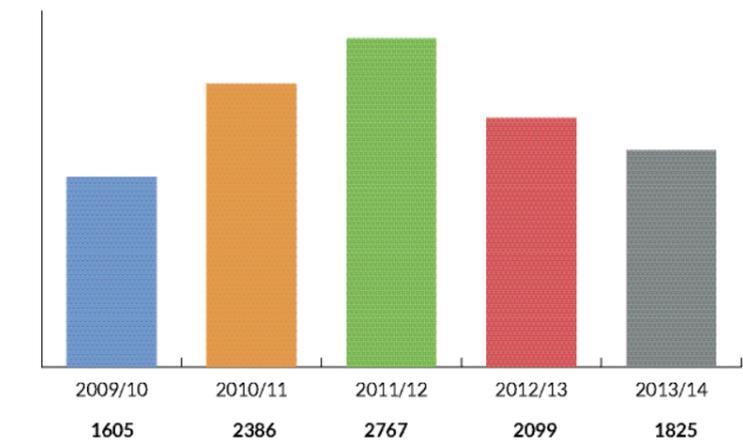
19

CASES  
OPENED

35

CASES  
CLOSED

MORTGAGE HARDSHIP SERVICE  
CASES FROM '09-'13'



MORTGAGE HARDSHIP SERVICE  
ADVICE '09-'13

## CASE STUDY

*Our client attended the MHS duty scheme with a Notice to Vacate, the last step in mortgage repossession process. She had been unable to make repayments on her mortgage because she was unemployed. She was also struggling with her own mental health. She had had a Notice to Vacate issued previously, which she had kept at bay by obtaining early release of super.*

*Financial Rights acted on our client's behalf in negotiations with the mortgagee and obtained an urgent stay, allowing her time to put the property on the market. The mortgagee agreed to consent orders to extend the stay until the property could be sold at auction. The property was sold, with enough money for our client to buy a property outside Sydney and start afresh.*

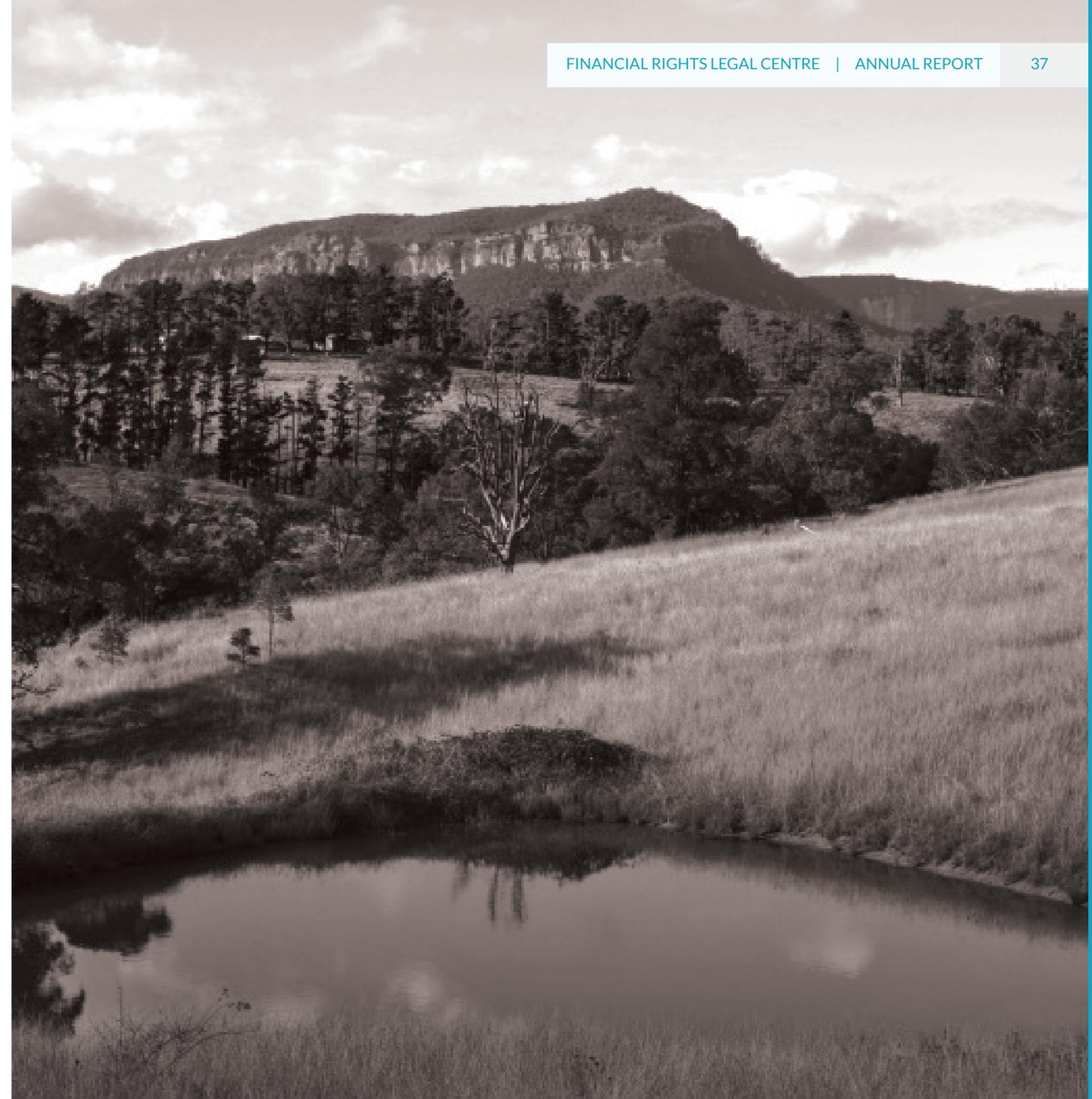
## CASE STUDY

*A young mother lives in rural NSW. She has 3 children ranging in age from 7 to 11, all of whom have special needs and learning difficulties. In 2002 she received a sum of money from a successful medical negligence claim. She purchased a modest property for \$200,000. The remainder went to the solicitors, to repay Centrelink and to relatives who had supported her previously. Due to her payout she was on a Centrelink exclusion from 2007 until 2012.*

*Her partner, and the father of her children, intimidated her to encumber the property with a bank mortgage. The initial mortgage was \$25,000 but it was later increased in a number of "top ups" over a 6 month period to \$160,000 (despite our client having no income apart from Family Tax Benefit). The money was spent exclusively by her*

*partner, who subsequently lost his job, moved into the shed and never paid anything towards the mortgage. The young woman then received a default notice.*

*She was referred to Financial Rights by a local financial counsellor who was concerned she could never have actually afforded to pay anything like \$160,000 on her income. The client was in danger of losing the entire benefit of her compensation payout. Financial Rights lodged a dispute with the bank on the basis of the loan being unjust (the loan predated responsible lending laws). After two years in dispute the bank agreed to reduce the mortgage from \$160,000 to \$25,000. By this stage our client's Centrelink exclusion had ended and she was able to make the payments on the mortgage. She is currently ahead in her payments.*



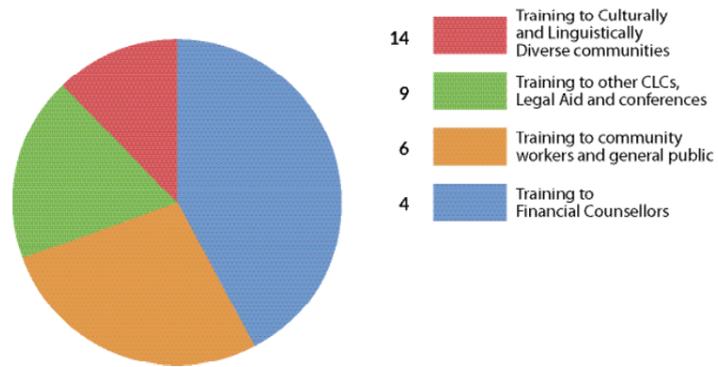
## COMMUNITY LEGAL EDUCATION

### COMMUNITY EDUCATION

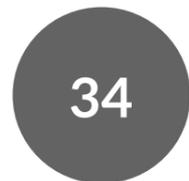
Community Legal Education (CLE) presentations and workshops continue to be a vital part of the Centre's work. Our solicitors and financial counsellors regularly present CLE to community workers, other financial counsellors, lawyers and the general public. Our CLE strategy is geared toward spreading our specialist skills and knowledge by the most effective means. The Financial Rights and ILS websites are particularly effective in helping our clients turn our advice into meaningful self-representation.

Financial Rights provided sessions on credit and debt, mortgages and insurance for trainee financial counsellors in NSW. Some other highlights from this year's community legal workshops include; training on credit, debt and insurance fundamentals to volunteer lawyers for MOSAIC (newly arrived migrants' service); a session for workers in the Marrickville community based lending and savings schemes (eg NILS, STEP UP, and saver programs); a presentation on 'Credit and Debt Fundamentals' for around 70 community lawyers; advanced mortgages training for financial

counsellors in Lismore; a symposium presentation on our law reform research report findings; and presentations at both the Victorian and Tasmanian state financial counselling conferences.



CLE AUDIENCE



TOTAL



CREDIT & DEBT



INSURANCE



VISITS TO REGIONAL AREAS PROMOTING OUR SERVICES

## WEBSITES

This year we completely redeveloped both of our consumer websites. [www.financialrights.org.au](http://www.financialrights.org.au) is the new credit and debt website and our ILS website remains at the same domain name ([www.insurancelaw.org.au](http://www.insurancelaw.org.au)). The sites contain over 70 fact sheets and sample letters dealing with the most common credit and debt and insurance issues affecting consumers in financial stress. The new website design is much more user-friendly, compatible with various mobile formats, and much more accessible. We are very proud of all of our new resources designed to assist community workers and those consumers that are more able to self-advocate. It is an important complement to our telephone advice.

## REGIONAL VISITS

Financial Rights conducts quarterly visits to regional areas of NSW in order to reach a broader demographic of people than we are likely to reach with our phone services and online resources. Sometimes those people most in need are often those who cannot make use of such services and need face-to-face assistance.

This year we have visited Mildura, Dubbo, Raymond Terrace, and Broken Hill (including also Wilcannia and Menindee). Where possible we open casework files for clients identified at regional visits and where necessary we work with an agency in the client's local

We were delighted that The Hon. Matthew Ryan Mason-Cox, MLC (the NSW Minister for Fair Trading) was able to join us to officially launch both websites at the McKell Building in Sydney. We also invited Alan Kirkland (the CEO of CHOICE) to say a few words about this exciting step in the evolution of our services and he said some very supportive things about our centre and the major accomplishments we have had over the years.

area to stay in contact with the client and assist us with obtaining instructions and documentation.

This year we also reprinted and updated ATSI appropriate promotional materials including wallet cards, posters and flyers, in addition to a brand new poster design. These materials have been well-received by the ATSI FCAN working group and in several regional communities where we conducted advice clinics.

## MEDIA

Financial Rights continues to be very active in various forms of media including print, radio, and television. Engaging with the media is a key opportunity for us to:

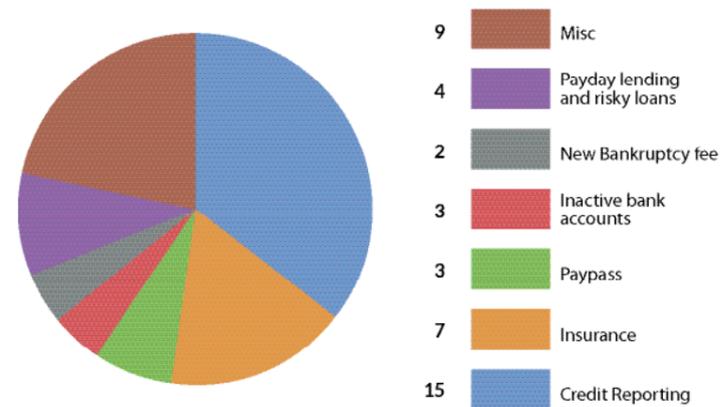
Increase awareness of our services with the general public

Educate consumers about their rights and warn about potential pitfalls

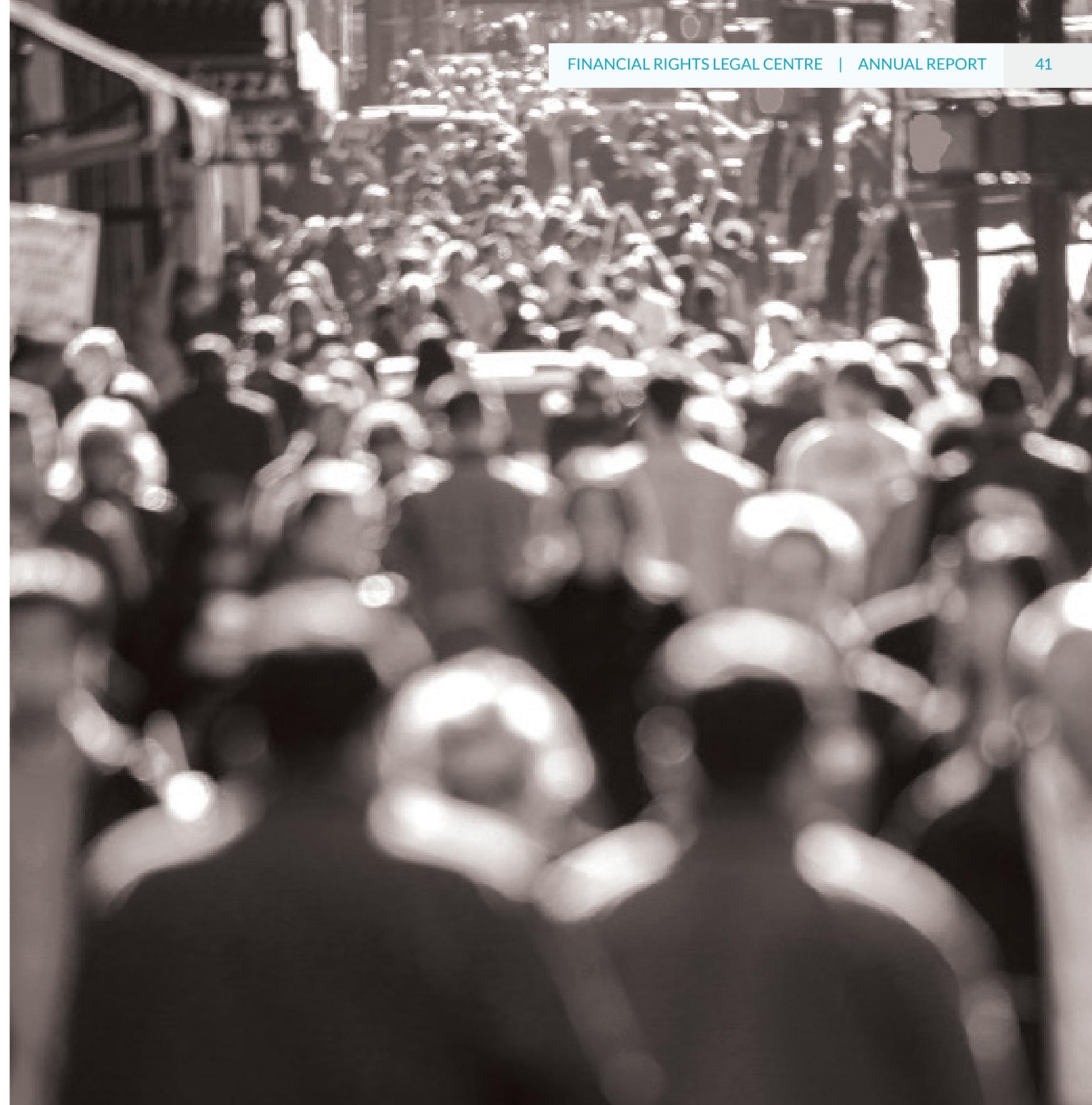
Encourage and facilitate debate on law-reform issues

The majority of the media work has been undertaken by the Principal Solicitors, Katherine Lane and Alexandra Kelly, with contributions from other staff members at times.

This year one of our major contributions to the news in the financial rights space was in credit reporting. Alexandra and Kat together gave 15 media interviews about the changes to the Privacy Laws in Australia, including changes to credit reporting. These changes will have an effect on consumers in financial stress and we hope our media participation will help to inform the community about the impact of changes in this area.



MEDIA INTERVIEWS



## POLICY & LAW REFORM

Policy and law reform advocacy remains a vital part of Financial Rights' work. Our large volume of advice and casework assists us to identify systemic issues, and many examples are used as part of our submissions to government and industry inquiries.

### TOP FIVE POLICY PRIORITIES 2013-2014

**1 Financial Difficulty Predator Businesses**  
Our aim is to combat the detriment to consumers caused by largely unregulated businesses like credit report repairers, budgeting services, debt negotiators and debt agreement brokers through increasing consumer awareness, advocacy and law reform. Consumers in financial stress are vulnerable to incurring significant fees they cannot afford to these services, exacerbating their existing financial problems.

**2 Access to Effective Dispute Resolution**  
Effective access to EDR is extremely important to consumers. We will actively support the continued availability of free, independent, accessible EDR schemes and promote their continuous improvement.

**3 Natural Disasters Insurance**  
Our focus will be on greater promotion of our service to areas affected by natural disasters, upskilling our staff to be able to give advice at recovery centres when necessary and prepare effective action plans to have in place when a rapid response is required

**4 Fairness in Insurance**  
Insurance can be an effective tool for managing financial risk but consumers sometimes get a raw deal. We will work to protect consumers from unfair terms, unfair complaint handling procedures and poor value products marketed to those who can least afford it.

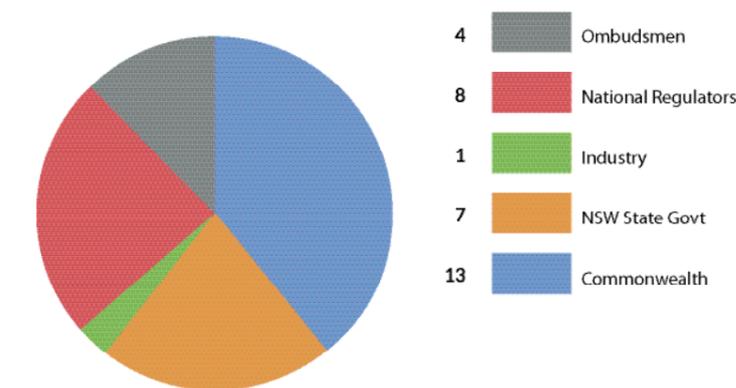
**5 Short-Term High Cost Credit**  
Many consumers in financial difficulty turn to high cost credit. We will promote greater compliance with the law by pay day lenders, pawn brokers and other high cost credit providers, draw attention to regulatory gaps, and assist people find alternative solutions to financial stress.

## HIGHLIGHTS IN POLICY AND LAW REFORM

- **Bankruptcy Fee Win!** We successfully lobbied AFSA and the Commonwealth government to remove a new \$120 Debtor's Petition Fee, which was creating a significant barrier to accessing bankruptcy by those most in need of insolvency relief.
- We commissioned Judith Stubbs & Associates to write a research report on law reform activities among Community Legal Centres in NSW (Adding Public Value). The Report has been well received and Julia Davis presented the findings at the CLCNSW Symposium.
- We helped organise and attended a roundtable with ASIC, consumer groups and industry on what to do about financial difficulty predator businesses. We continue to assist consumers in disputes, make complaints to ASIC, and otherwise shine a light on the problems in this area.

## IMPORTANT POLICY SUBMISSIONS

FOS Independent Review; Financial System Inquiry; Productivity Commission Access to Justice Inquiry; Senate Inquiry into Performance of ASIC; ASIC & ACCC Debt Collection Guidelines; Productivity Commission – Inquiry into Natural Disaster Funding Arrangements



TOTAL POLICY SUBMISSIONS - 33



PARLIAMENTARY  
COMMITTEE  
HEARINGS  
WHERE WE GAVE  
EVIDENCE

**FINANCIAL RIGHTS LEGAL CENTRE INC.**  
(formerly known as CONSUMER CREDIT LEGAL CENTRE INC.)  
**40 506 635 273**

**FINANCIAL REPORT FOR THE YEAR ENDED**  
**30 June 2014**

### COMMITTEE'S REPORT

Your committee members submit the financial report of the Financial Rights Legal Centre INC (the Association) for the financial year ended 30 June 2014.

#### Committee Members

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

Margaret Raffan, Chair  
 David McMillar, Deputy Chair (joined 10/12/2013)  
 Elissa Freeman, Deputy Chair (resigned 01/07/2013)  
 Emma Curtis, Secretary  
 Paul Baker, Treasurer  
 Daniel Maurer (joined 10/12/2013)  
 Amy Kilpatrick (resigned 10/12/2013)  
 John Burke (resigned 01/07/2013)  
 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

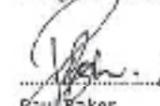
No significant change in the nature of these activities occurred during the year.

#### Operating Result

The Surplus amounted to \$993,815 for the financial year ended 30 June 2014.

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

  
 Margaret Raffan

  
 23-10-2014  
 Paul Baker

Dated this 21st day of October 2014

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 30 June 2014

	Note	2014 \$	2013 \$
<b>INCOME</b>			
Grants	2	1,798,170	1,650,261
Project Income	3	834,500	111,000
Interest received		38,225	42,976
Other income	4	6,765	21,646
		<u>2,677,960</u>	<u>1,825,883</u>
<b>EXPENDITURE</b>			
Salaries		1,170,444	1,116,839
Superannuation		107,530	107,064
On costs		73,333	152,575
Rent		129,852	131,209
Repairs and maintenance		2,193	825
Other Premises Costs		29,763	24,486
Staff Training		7,015	7,585
Staff Recruitment		495	2,166
Communications		50,372	67,368
Office Overheads		29,190	37,367
Insurance		8,566	11,873
Finance, Audit & Accounting Fees	5	10,279	8,263
Library, Resources & Subscriptions		20,055	16,478
Travel		11,466	5,383
Programming and Planning		9,960	26,204
Client Disbursements		- 975	2,194
Minor Equipment		812	1,562
Depreciation		23,184	22,052
Other		597	- 6
TOTAL EXPENSES		<u>1,684,145</u>	<u>1,741,689</u>
Current year surplus/ (deficit)		993,815	84,194
Other comprehensive income		-	-
Total comprehensive income		<u>993,815</u>	<u>84,194</u>

The accompanying notes form part of this financial report.

**STATEMENT OF FINANCIAL POSITION**  
As at 30 June 2014

	Note	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,279,196	796,968
Trade and other receivables	5	2,436	4,705
Prepayments		3,024	7,508
GST receivable		-	5,522
<b>TOTAL CURRENT ASSETS</b>		<b>2,284,656</b>	<b>814,703</b>
<b>NON-CURRENT ASSETS</b>			
Rental Bond		15,030	15,030
Financial assets		10,052	17,001
Property, plant and equipment	7	27,480	50,664
<b>TOTAL NON-CURRENT ASSETS</b>		<b>52,563</b>	<b>82,695</b>
<b>TOTAL ASSETS</b>		<b>2,337,219</b>	<b>897,398</b>
<b>CURRENT LIABILITIES</b>			
Employee Benefits	8	388,138	330,062
Grants received in advance	9	502,104	115,539
Other provisions	10	22,000	17,000
GST liabilities		57,109	-
Employee liabilities		39,280	59,261
Creditors & Accruals		30,120	50,886
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,038,751</b>	<b>592,746</b>
<b>TOTAL LIABILITIES</b>		<b>1,038,751</b>	<b>592,746</b>
<b>NET ASSETS</b>		<b>1,298,467</b>	<b>304,652</b>
<b>MEMBERS' FUNDS</b>			
Reserves	11	25,292	25,292
Retained surplus	12	1,273,175	279,360
<b>TOTAL MEMBERS' FUNDS</b>		<b>1,298,467</b>	<b>304,652</b>

The accompanying notes form part of this financial report.

**STATEMENT OF CHANGES IN MEMBERS' FUNDS**  
As at 30 June 2014

	Reserves \$	Retained surplus \$	Total Equity \$
Balance as at 1 July 2012	25,292	195,166	220,458
Surplus for the year	-	84,194	84,194
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>84,194</b>	<b>84,194</b>
Balance as at 30 June 2013	25,292	279,360	304,652
Surplus for the year	-	993,815	993,815
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>993,815</b>	<b>993,815</b>
Balance as at 30 June 2014	25,292	1,273,175	1,298,467

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 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 and the Australian Charities and Not-for-profits Commission Act 2012. The committee has determined that the Association is not a reporting entity and is a not-for-profit entity. The Association is incorporated and domiciled in Australia.

The financial report has been prepared in accordance with the measurement and recognition requirements of all applicable Accounting Standards and the presentation and disclosure requirements of the following applicable Accounting Standards:

AASB 101: Presentation of Financial Statements  
 AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors  
 AASB 1031: Materiality  
 AASB 1048: Interpretation of Standards  
 AASB 1054: Australian Additional Disclosures

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 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 and the Australian Charities and Not-for-profits Commission Act 2012. The committee has determined that the Association is not a reporting entity and is a not-for-profit entity. The Association is incorporated and domiciled in Australia.

The financial report has been prepared in accordance with the measurement and recognition requirements of all applicable Accounting Standards and the presentation and disclosure requirements of the following applicable Accounting Standards:

AASB 101: Presentation of Financial Statements  
 AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors  
 AASB 1031: Materiality  
 AASB 1048: Interpretation of Standards  
 AASB 1054: Australian Additional Disclosures

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

**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.

**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 expended 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

**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.

**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 expended 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

## 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.

## j. Critical Accounting Estimates and Judgements

The committee evaluates estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

## Key estimates

## (i) Provisions for Make Good, Parenting Leave and Sick Leave

Included in provisions at the end of the reporting period are amounts relating to provisions for make good to the office premises, a parenting leave provision and a sick leave provision. These are based on the Committee's assessment of possible liabilities that the Association may incur in future periods.

## k. New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Association, together with an assessment of the potential impact of such pronouncements on the Association when adopted in future periods, are discussed below:

AASB 9: Financial Instruments (December 2010) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017)

These standards will be applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments. These standards are not expected to significantly impact the Association's financial statements.

AASB 10: Consolidated financial statements; AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities; AASB 127: Separate Financial Statements and AASB 128: Investments in Associated and Joint Ventures, AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards and AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not for profit entities – Control and Structured Entities (applicable to not-for-profit entities for annual reporting periods commencing on or after 1 January 2014).

To facilitate the application of AASB's 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

These Standards are not expected to impact the Association's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

## 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.

## j. Critical Accounting Estimates and Judgements

The committee evaluates estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Association.

## Key estimates

## (i) Provisions for Make Good, Parenting Leave and Sick Leave

Included in provisions at the end of the reporting period are amounts relating to provisions for make good to the office premises, a parenting leave provision and a sick leave provision. These are based on the Committee's assessment of possible liabilities that the Association may incur in future periods.

## k. New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Association, together with an assessment of the potential impact of such pronouncements on the Association when adopted in future periods, are discussed below:

AASB 9: Financial Instruments (December 2010) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017)

These standards will be applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments. These standards are not expected to significantly impact the Association's financial statements.

AASB 10: Consolidated financial statements; AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities; AASB 127: Separate Financial Statements and AASB 128: Investments in Associated and Joint Ventures, AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards and AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not for profit entities – Control and Structured Entities (applicable to not-for-profit entities for annual reporting periods commencing on or after 1 January 2014).

To facilitate the application of AASB's 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

These Standards are not expected to impact the Association's financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: GRANTS INCOME	2014	2013
	\$	\$
Commonwealth Attorney General - CLSP Generalist services	168,241	143,420
State Attorney General - CLSP Generalist services	138,881	134,107
Office of Fair Trading - FCSP NSW	686,070	627,048
Department of Social Services - CFCP	177,284	115,314
NSW Public Purpose Fund - Mortgage Hardship Service	-	200,000
Commonwealth Attorney General - CLSP Insurance	219,984	172,472
Legal Aid NSW - Insurance Law Service	336,000	116,000
Financial Counselling Trust Fund (Sydney Water)	62,000	62,000
	<u>1,798,470</u>	<u>1,630,361</u>
CLSP -Community Legal Services Program		
CFCP - Commonwealth Financial Counselling Program		
FCSP NSW - Financial Counselling Services Program NSW		
<b>NOTE 3: PROJECT INCOME</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Bankruptcy Tool Kit Project	12,310	15,000
Legal Aid NSW - Payday Lending Project	-	36,000
Fire Services Levy Over-collection Funds	822,190	-
	<u>834,500</u>	<u>111,000</u>
<b>NOTE 4: OTHER INCOME</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Consultancy fees	5,688	20,000
Legal Costs recovered	-	369
Sitting fees	1,077	1,077
	<u>6,765</u>	<u>21,446</u>
<b>NOTE 5: EXPENSES</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Audit fees	7,500	7,150
	<u>7,500</u>	<u>7,150</u>
<b>NOTE 6: TRADE AND OTHER RECEIVABLES</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Sundry debtors	-	495
Interest receivable	2,436	4,210
	<u>2,436</u>	<u>4,705</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 7: PROPERTY, PLANT AND EQUIPMENT	2014	2013
	\$	\$
Computer Equipment - at cost	39,186	39,186
Accumulated depreciation	- 37,969	- 35,576
	<u>1,217</u>	<u>3,610</u>
Office Equipment - at cost	52,940	52,940
Accumulated depreciation	- 35,529	- 20,470
	<u>17,411</u>	<u>32,470</u>
Office furniture and equipment - at cost	25,164	25,164
Accumulated depreciation	- 16,312	- 14,045
	<u>8,852</u>	<u>11,119</u>
Leasehold improvements - at cost	35,265	35,265
Accumulated depreciation	- 35,265	- 31,800
	<u>-</u>	<u>3,465</u>
<b>Total Plant and equipment</b>	<u>27,480</u>	<u>50,664</u>
<b>NOTE 8: EMPLOYEE BENEFITS</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Provision for Annual Leave	171,595	159,776
Provision for Long service Leave	190,685	144,429
Provision for Parenting Leave	16,622	16,622
Provision for Sick Leave	9,235	9,235
Total Employee Benefits	<u>388,137</u>	<u>330,062</u>
<b>NOTE 9: GRANTS RECEIVED IN ADVANCE</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Office of Fair Trading - FCSP NSW	454,375	60,500
Bankruptcy Tool Kit Project	42,729	55,039
Community Legal Centres NSW Inc - Research Project	5,000	-
	<u>502,104</u>	<u>115,539</u>
<b>NOTE 10: OTHER PROVISIONS</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Provision for Make good	12,000	12,000
Provision for PI Insurance excess	10,000	5,000
	<u>22,000</u>	<u>17,000</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 11: RESERVES	2014	2013
	\$	\$
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 12: RETAINED SURPLUS	2014	2013
	\$	\$
Balance brought forward - tied	91,560	7,722
Balance brought forward - untied	187,800	137,444
Current year surplus/(deficit) - tied	176,020	33,838
Current year surplus/(deficit) - untied	816,895	356
	<u>1,273,175</u>	<u>279,360</u>
Balance carried forward - tied	268,480	91,560
Balance carried forward - untied	1,004,695	137,800
	<u>1,273,175</u>	<u>279,360</u>

NOTE 13: LEASING COMMITMENTS	2014	2013
	\$	\$
Operating Lease Commitments		
Being for office rental		
Minimum lease payments:		
not later than 12 months	54,105	129,352
between 12 months and 5 years	-	54,105
greater than 5 years	-	-
	<u>54,105</u>	<u>183,957</u>

The property lease is a non-cancellable lease with a Three year term, with rent payable monthly in advance. The lease agreement will continue for the three years without any rent increase. An option exists to renew the lease at the end of the lease term for an additional term.

## NOTE 14: 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

## NOTE 15: INCOME &amp; EXPENDITURE

	Commonwealth and State Attorney General \$	Office of Fair Trading \$	Department of Social Services \$
<b>INCOME</b>			
Grants	863,106	696,070	177,294
Interest received	15,825	16,666	4,243
Other income	1,077	-	-
	<u>880,008</u>	<u>712,736</u>	<u>181,537</u>
<b>EXPENDITURE</b>			
Salaries	470,771	519,001	129,257
Superannuation	43,261	47,687	11,816
On costs	36,869	26,796	6,043
Rent	51,941	57,135	14,284
Repairs and maintenance	878	966	242
Other Premises Costs	11,907	13,098	3,274
Staff Training	2,271	3,836	625
Staff Recruitment	198	218	54
Communications	20,317	23,025	5,202
Office Overheads	11,593	13,412	3,066
Insurance	3,528	3,740	950
Finance, Audit & Accounting Fees	4,256	4,482	1,141
Library, Resources & Subscriptions	10,911	6,804	1,732
Travel	4,747	4,999	1,273
Programming and Planning	93	-2,475	25
Client Disbursements	-404	-425	-108
Minor Equipment	336	354	90
Depreciation	9,598	10,108	2,573
Other	-6	-	-
<b>TOTAL EXPENSES</b>	<u>683,055</u>	<u>732,760</u>	<u>181,588</u>
Current year surplus/ (deficit)	<u>196,943</u>	<u>-20,024</u>	<u>-</u>

### 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 2 to 12:

- 1 Presents a true and fair view of the financial position of Financial Rights Legal Centre Inc as at 30 June 2014 and its performance for the year ended on that date
- 2 At the date of this statement, there are reasonable grounds to believe that Financial Rights Legal Centre Inc will be able to pay its debts as and when they fall due.
- 3 The financial statements and notes satisfy the requirements of the ACNC Act.

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

  
Margaret Ruffan

 22.10.2014  
Paul Baker

Dated this 21st day of October 2014



Level 32 MLC Centre  
19 Market Street  
Sydney NSW 2000  
Australia

Postal Address:  
GPO Box 9615  
Sydney NSW 2001  
Australia

Tel: +61 2 9221 2099  
Fax: +61 2 9221 1742

www.pitcherpartners.com.au  
partners@pitcher-partners.com.au

Pitcher Partners, including its related entities,  
is an association of independent firms.  
Melbourne | Sydney | Perth | Adelaide | Brisbane

### FINANCIAL RIGHTS LEGAL CENTRE INC. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINANCIAL RIGHTS LEGAL CENTRE INC.

We have audited the accompanying financial report, being a special purpose financial report, of Financial Rights Legal Centre Inc. (the Association), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income and statement of changes in members' funds for the year ended on that date, a summary of significant accounting policies and other explanatory information, and the statement by the members of the committee.

#### *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 preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Associations Incorporation Act 2009*, the *Australian Charities and Not-for-profits Commission Act 2012* and financial reporting needs of the members.

The committee's responsibility also includes such internal control as the committee determine is necessary to enable the preparation and fair presentation of the 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 and fair presentation of the financial report 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 Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by those charged with governance, 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*

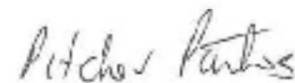
In conducting our audit, we have complied with APES 110 *Code of Ethics for Professional Accountants* and the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

#### *Auditor's opinion*

In our opinion, the financial report presents fairly, in all material respects, the financial position of Financial Rights Legal Centre Inc. as at 30 June 2014 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial report and the financial reporting requirements of the *Associations Incorporation Act 2009* and the *Australian Charities and Not-for-profits Commission Act 2012*.

#### *Basis of Accounting*

Without modifying our opinion, we draw attention to Note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared to assist Financial Rights Legal Centre Inc. to meet the requirements of the *Associations Incorporation Act 2009* and the *Australian Charities and Not-for-profits Commission Act 2012* and the financial reporting needs of the members as determined by the committee. As a result, the financial report may not be suitable for another purpose.



PITCHER PARTNERS



MARK GODLEWSKI

Partner

Registered Company Auditor - 172348

Sydney, 29 October 2014



## FINANCIAL RIGHTS LEGAL CENTRE

Level 1, 80 Cooper St. Surry Hills NSW  
PO Box 538 Surry Hills NSW 2010

Credit and Debt Hotline: 1800 007 007  
Insurance Law Service: 1300 663 464  
Advice Hours: (EST) 9:30am – 4:30pm weekdays

Email: [info@financialrights.org.au](mailto:info@financialrights.org.au)

Websites: [www.financialrights.org.au](http://www.financialrights.org.au) & [www.insurancelaw.org.au](http://www.insurancelaw.org.au)

Office Hours: 9:30am – 5:00pm weekdays  
Administration: (02) 9212 4216  
Fax: (02) 9212 4711

ABN: 40 506 635 273