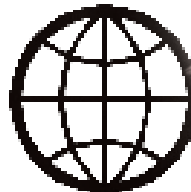




**Financial Rights**  
LEGAL CENTRE

## ANNUAL REPORT

**2015**





# 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 (now the Financial Capability and Wellbeing 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. Sydney Water also provided funding for the Credit and Debt Hotline via the NSW Financial Counselling Trust Fund.

We also acknowledge project and other funding from Legal Aid NSW. This year we continued to receive funds via a process set up by the former Fire Services Levy Monitor in Victoria, which are being put towards our insurance advice, casework and policy activities. Finally, thank you to the Law & Justice Foundation NSW for a grant to build a new sample letter generator for our websites.

## CONTENTS

MISSION, GOALS & OBJECTIVES	4
OUR STAFF	5
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	26
PUBLICATIONS	34
COMMUNITY LEGAL EDUCATION	37
POLICY & LAW REFORM	42
FINANCIAL REPORTS	45

# 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

**Todd Buttsworth**  
Solicitor

**Elisabeth Coroneo**  
Senior Solicitor

**Karen Cox**  
Coordinator

**Julia Davis**  
Policy & Communications Officer

**Marie Druon**  
Financial Counsellor

**Miriam Flannery**  
Financial Counsellor

**Jane Foley**  
Senior Solicitor

**Ji-Beom Jang**  
Solicitor

**Lynda Johns**  
Senior Financial Counsellor

**Anjuma Kammanankada**  
Solicitor

**Alexandra Kelly**  
Principal Solicitor

**Anthony Lane**  
Office Manager

**Katherine Lane**  
Principal Solicitor

**Jen Lewis**  
Senior Solicitor

**Alice Lin**  
Senior Solicitor

**Drew MacRae**  
Policy & Advocacy Officer

**Chrisanthi Maddison**  
Locum Finance Officer

**Adrienne Michael**  
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

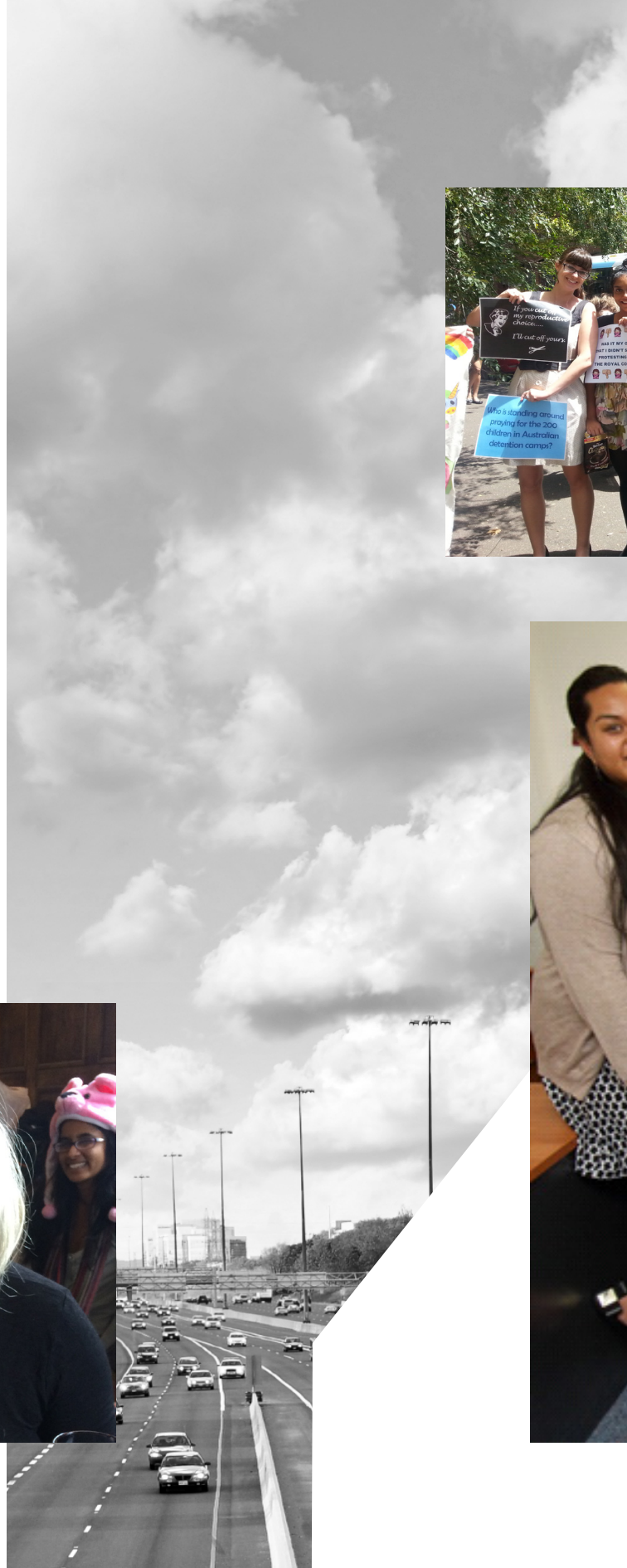
**Harshanie Sooriyabandara**  
Solicitor

**Nicola Sutton**  
Office Manager

**Paul Thompson**  
Solicitor

**Susan Winfield**  
Senior Solicitor

**Kaliopi Zervos**  
Office Manager



## BARRISTERS PROVIDING PRO BONO ADVICE

John Kelly SC  
Paul Batley  
David O'Connor

## PRO BONO PARTNERS

### Minter Ellison Lawyers:

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

### Woinarski Pty Ltd, Accountants:

Fiona Moncrieff

Particular thanks to **Hamish Wallace** at Minter Ellison Lawyers who has been helping us set up a Public Ancillary Fund for consumer advocacy purposes.

Special thanks to **Lesley Walker** for enhancing our NSW financial counselling database and building the Financial Counsellor Search Tool on our website pro bono.

## MANAGEMENT COMMITTEE

### Margaret Raffan

President

### Paul Baker

Ordinary Member

### Emma Curtis

Secretary

### Daniel Maurer

Treasurer

### Dave McMillan

Vice-President

### Karen Cox

Coordinator

### Nicola Sutton

Staff Committee Member



## PRESIDENT'S REPORT

By any measure, the Financial Rights Legal Centre has had a remarkably good year. One of those measures is its performance in relation to the targets it sets for itself for arguably one of its most visible and important core functions: the provision of advice and information direct to the public on those issues for which it has responsibility, and which feature credit and debt problems as well as those related to insurance. The Centre has again surpassed previous years in the number of contacts with both advice lines, but particularly in relation to insurance matters. So – congratulations are in order for all concerned.

There is, however, one rather worrying note. While insurance issues constitute a large percentage of total inquiries, there is no certainty of ongoing dedicated funding for this issue past mid-2017, so that the future

“The Centre has again surpassed previous years in the number of contacts with both advice lines, but particularly in relation to insurance matters. ”

provision of services on this issue is not assured. We are then very grateful for the funding received this year from the Victorian Fire Services Levy Monitor scheme which has allowed the Centre to increase its insurance advice provision and hire an insurance-focused policy officer to work on policy priorities such as insurance investigations, transparency and contestability in insurance premiums, as well as improving insurance disclosure. It is notable

that casework on insurance complaints has identified exclusions and conditions as the basis of most disputes.

We are, as always, very appreciative of the funding received from the Commonwealth and New South Wales Attorneys General; the NSW Department of Finance and Services and the Department of Social Services, as well as Sydney Water. It is notable, however, that our reliance on funding in these uncertain times has encouraged the Centre to seek alternative sources, one of which is a Public Ancillary Fund into which funds can be deposited on an arms-length basis to advance consumer rights and improve consumer outcomes through independent consumer research, policy analysis, systemic advocacy and related consumer education. Any funds received would be available to any not for profit organisation in Australia. Such a fund is, as yet, in the development stage.

The team at the Financial Rights Legal Centre is exceptionally talented and dedicated and is constantly seeking ways to improve its services to the public as well as its advice to Government. Again, the Management Committee extends its thanks for the inspirational leadership provided by its senior officers, Karen Cox, Co-ordinator, and the joint Principal Solicitors Kat Lane and Alexandra Kelly.

### Margaret Raffan

- President

## COORDINATOR'S REPORT

The Centre has gone from strength to strength in the past few years. While our specialist mortgage hardship practice is no longer funded, we have obtained additional much needed resources for insurance. We have moderately increased our financial counselling staff in the final months of the financial year with additional funds provided by the Commonwealth Government - something we hope will pay off in the new financial year with increased call intake capacity. Demand on both advice lines remains strong, with unmet demand persisting despite additional resources and efficiency measures.

At Financial Rights we pride ourselves on providing a flexible and responsive service for those in financial difficulty. Our solicitors and financial counsellors continue to work together to produce outstanding results, as shown throughout this report. The expertise so developed is also used to great effect in providing practical and realistic advice to the thousands of callers in contact with our service throughout the year.

We use the rich range of experience reported by our clients to work to improve the lot of consumers generally, by lobbying for law reform and best corporate practice. Our policy work this year has spanned credit reporting, disaster funding arrangements,

insurance fraud investigations and a large range of credit, debt, and insurance issues considered by the Financial System Inquiry. As always, we push to keep the interests of the most vulnerable in our community from falling of the national agenda.

I would like to extend a big thank you to our voluntary Management Committee and to all our staff, whose dedication and skill is perhaps best described in words of one of our satisfied clients:

**“I was treated with the utmost courtesy and professionalism from the beginning until the completion of my problem.”**

**- Financial Rights Legal Centre client satisfaction survey, late 2014**

**Karen Cox**  
- Coordinator



KAREN COX



KATHERINE LANE



ALEXANDRA KELLY

## PRINCIPAL SOLICITORS' REPORT

The job share arrangement between Kat and Alexandra has continued another year. The centre remains very busy with demand still constantly high. The last year has also included funding uncertainty which caused a lot of worry. Fortunately, most of that funding uncertainty has been resolved although the funding for the Insurance Law Service is still in doubt after 2017. It has been a continuous and seemingly unending work to keep the Insurance Law Service going even when there is a high demand for it Australia-wide.

**“It has been a continuous and seemingly unending work to keep the Insurance Law Service going even when there is a high demand for it Australia-wide.”**

Previous Principal Solicitor reports have focussed on advice and casework. This year we'd like to focus on the education activities of the Centre. After rebranding, the centre now has two revamped websites being [www.financialrights.org.au](http://www.financialrights.org.au) and [www.insurancelaw.org.au](http://www.insurancelaw.org.au). The websites contain 57 fact sheets and 24 sample letters. We are currently in the process of developing a sample letter generator to add to these resources. Both websites provide for email advice to the public

to broaden access for those consumers unable to access our busy phone lines. The resources have been built up over many years and we continually add more information. We are very proud of what we consider a great resource.

We have also developed a regional outreach approach which involves visiting regional financial counsellors and community legal centres to provide community legal education and ongoing support. This approach has been successful and will be continued.

Lastly, we both want to thank all staff for their ongoing support and efforts.

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

SERVICE AT A GLANCE

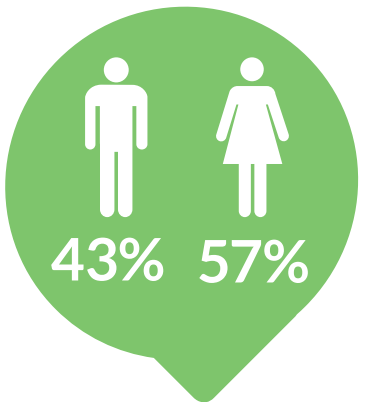
26,531	AUSTRALIANS THAT RECEIVED FREE LEGAL ADVICE OR FINANCIAL COUNSELLING (INCLUDING INFORMATION AND REFERRAL)
17,988	CONTACTS ANSWERED THROUGH CREDIT & DEBT HOTLINE (PHONE & EMAIL)
8,543	CONTACTS ANSWERED THROUGH INSURANCE LAW SERVICE (PHONE & EMAIL)
590	INSURANCE LAW EMAILS ANSWERED
44	CREDIT & DEBT EMAILS ANSWERED (NEW SERVICE OFFERED FROM MARCH 2015)
514	CASES OPENED
488	CASES CLOSED
12	NUMBER OF APPEARANCES IN COURT RELATED TO OUR CASEWORK
21	CLE SESSIONS LED BY OUR SOLICITORS AND FINANCIAL COUNSELLORS TO COMMUNITY LAWYERS, FINANCIAL COUNSELLORS AND THE GENERAL PUBLIC.
70	MEDIA INTERVIEWS GIVEN BY OUR PRINCIPAL SOLICITORS AND OTHER STAFF
23	POLICY SUBMISSIONS GIVEN TO FEDERAL & STATE GOVERNMENT ENQUIRIES, INDUSTRY CONSULTATIONS, NATIONAL REGULATORS AND OMBUDSMEN SERVICES.
2	PARLIAMENTARY COMMITTEE HEARINGS WHERE WE GAVE EVIDENCE
55	COMPLAINTS TO REGULATORS AND AUTHORITIES

ACCESS & DEMOGRAPHICS

GENDER

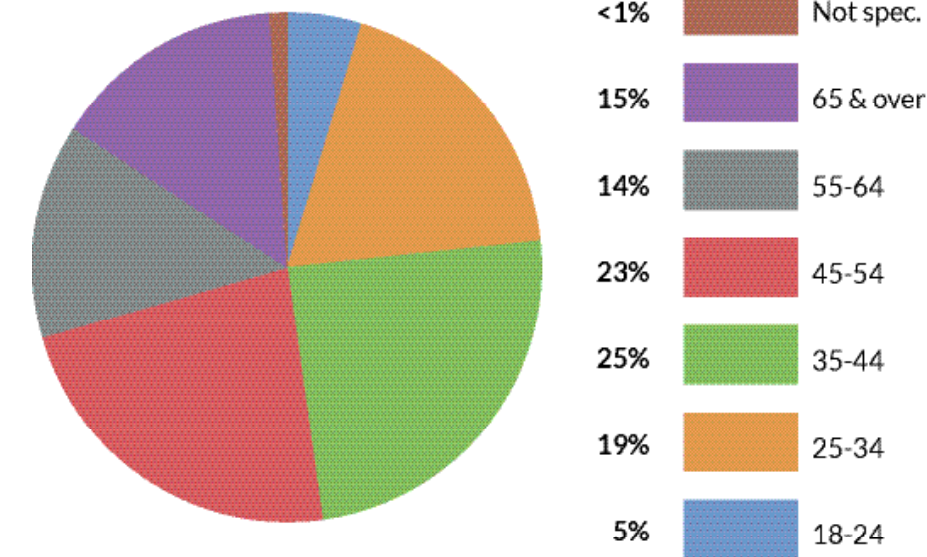
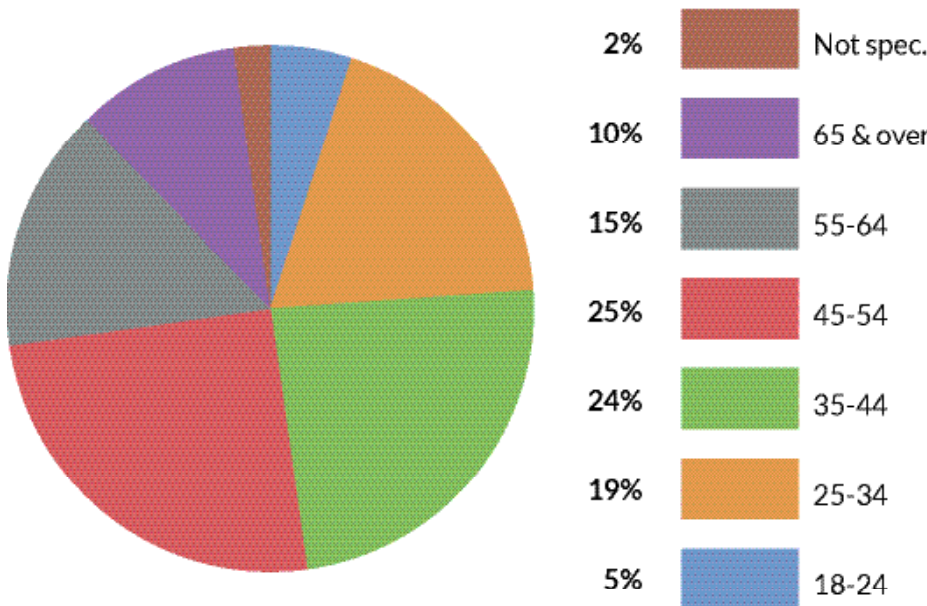


ADVICE



CASEWORK

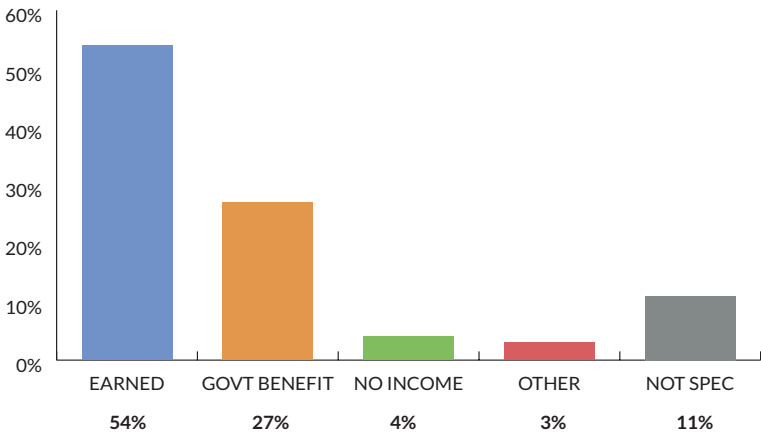
AGE



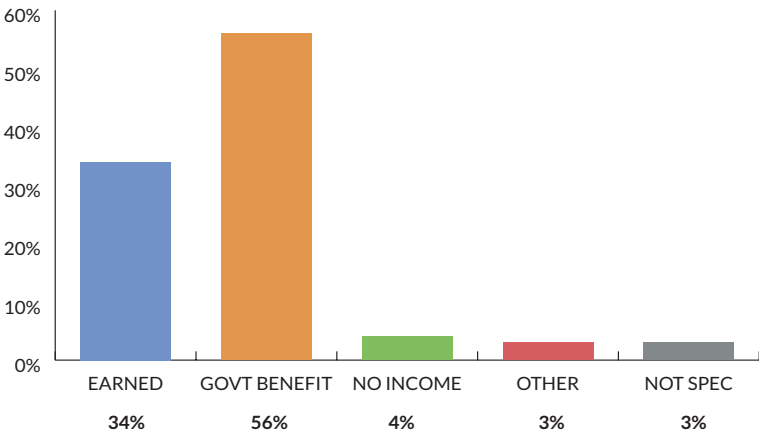
CASEWORK

ACCESS & DEMOGRAPHICS

INCOME SOURCE (\$) 

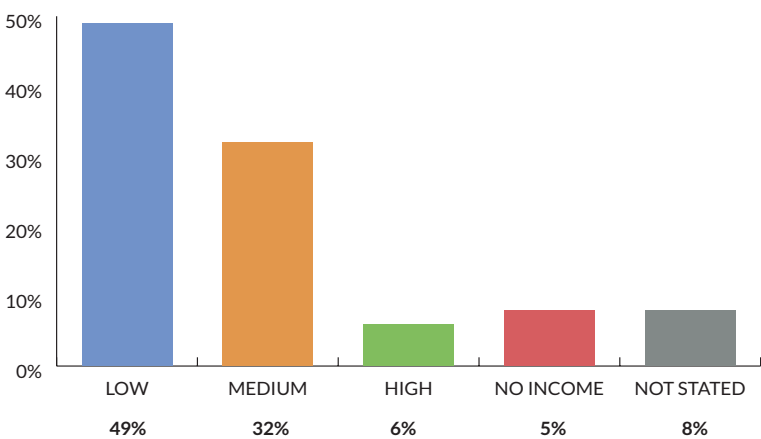


ADVICE

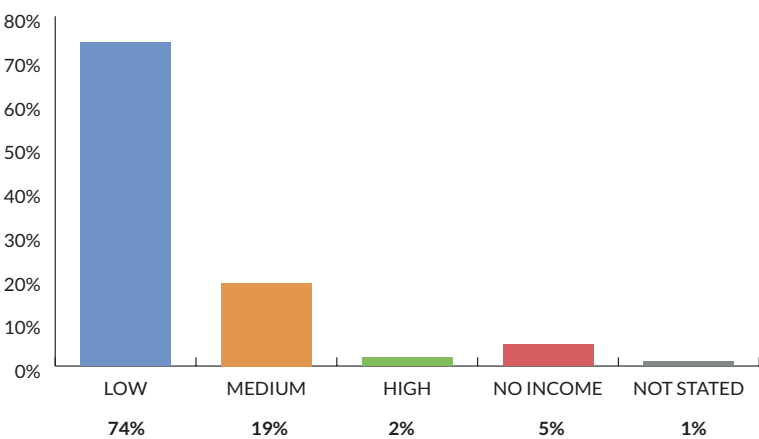


CASEWORK

INCOME LEVEL (\$) 



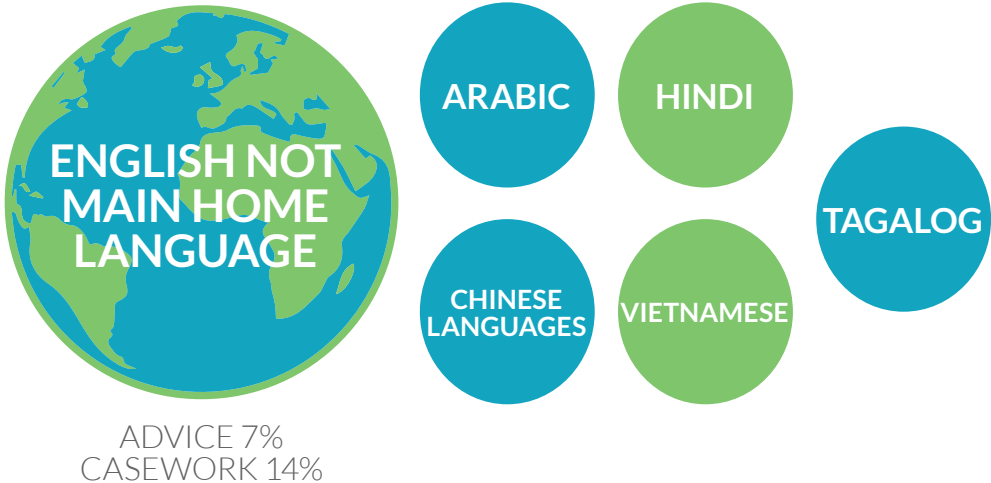
ADVICE



CASEWORK

ACCESS & DEMOGRAPHICS

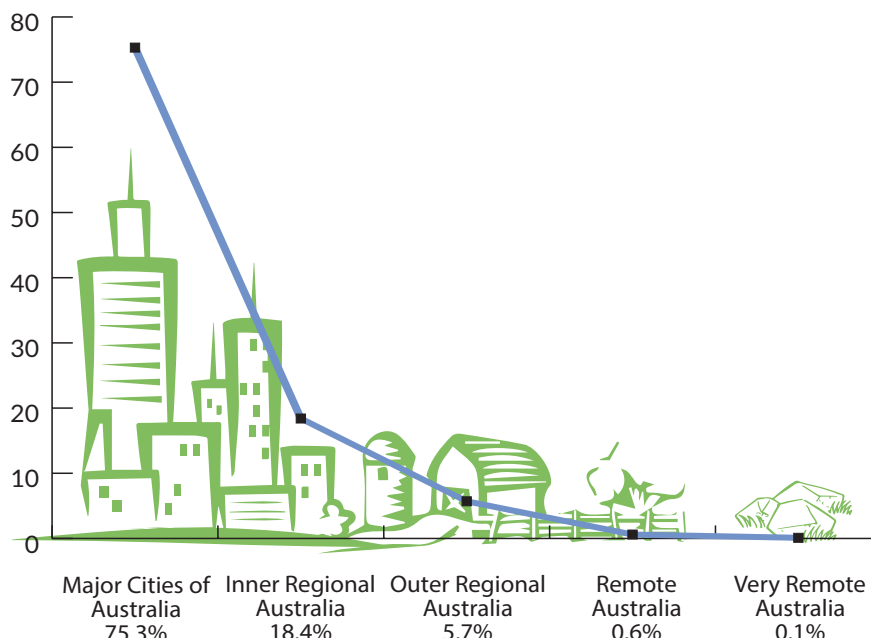
MAIN HOME LANGUAGE



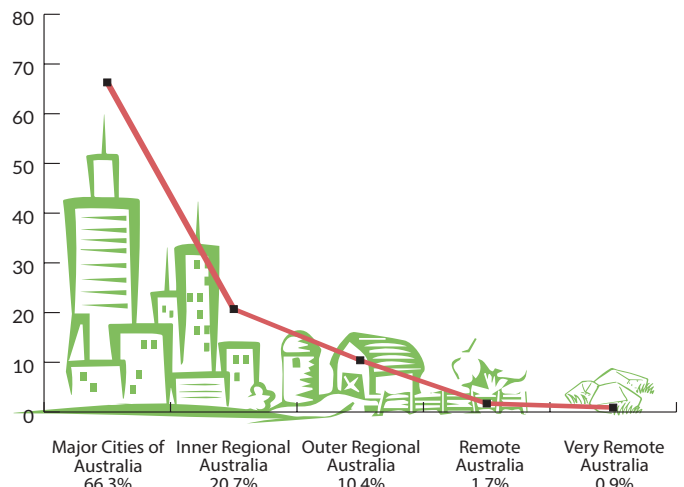
INDIGENOUS STATUS



REMOTENESS INDEX



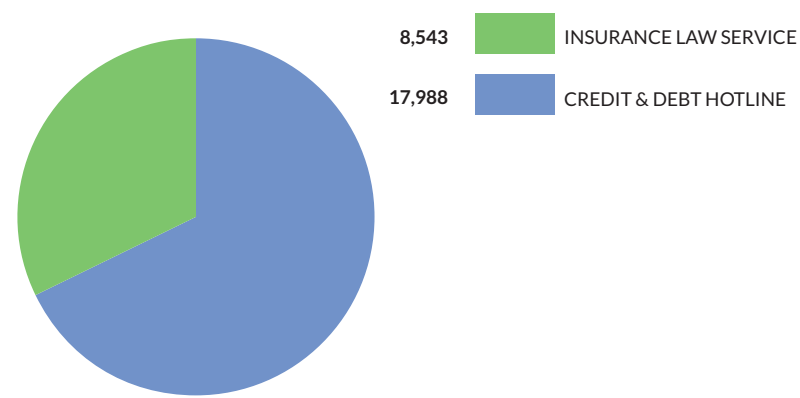
ADVICE CALLERS



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. Web-enquiries may result in a return e-mail or a return phone call depending on the nature and complexity of the question.



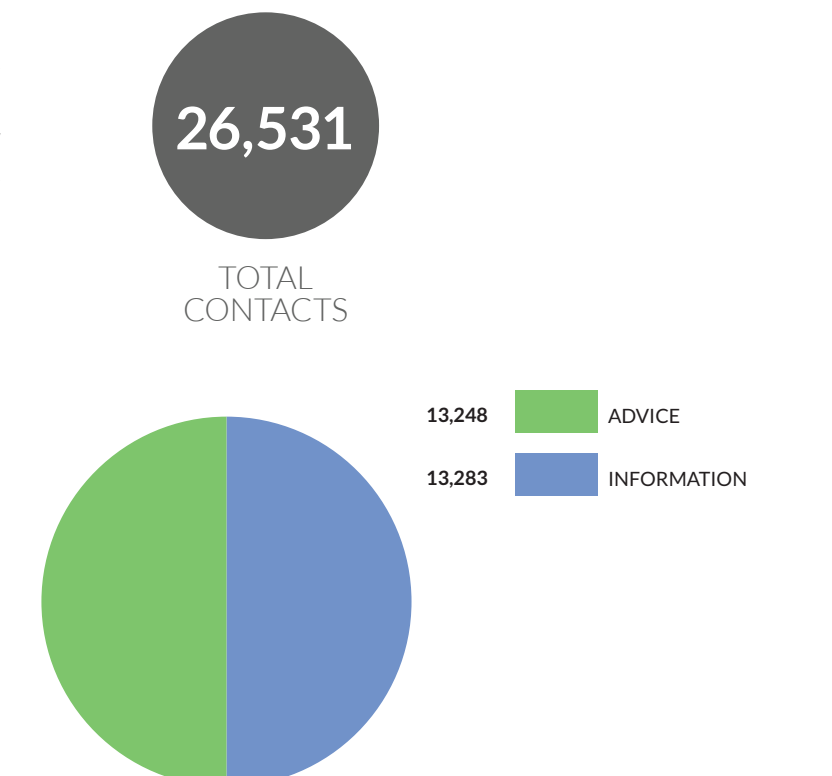
## CREDIT & DEBT HOTLINE

The Credit and Debt Hotline (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. This can include one off discrete advice, or ongoing conversations as matters progress including updating advice and strategies as consumers navigate their

problem. Many consumers who are able to self-advocate are referred to our online resources and provided advice over the phone. For consumers who are unable to self-advocate, either because of the complexity of their problem, or their level of disadvantage, assistance may be provided in-house, by solicitors, financial counsellors, or both.

The CDH cultivates 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. We also have a dedicated telephone number for financial counsellors to access our service as a priority for when they have clients present.

Credit cards remain the most common product held by consumers seeking assistance, but home loans are close behind. About 16% of the calls about personal loans involved

payday loans and other small amount, high cost contracts (often multiple contracts for a single caller). Energy advices increased more than three fold this year and is now the most common debt type after motor vehicle loans, followed by council rates 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

8,347

## CASE STUDY

Our client is 59 years old and has been on Centrelink Disability Support Pension for many years. She lives in government housing and she has no assets. The caller phoned our service and could not stop crying. At the beginning of the call she advised she had to go bankrupt now.

Many years ago she had obtained finance with a finance company and she believed she paid this debt in full. Out of the blue, a company contacted the caller saying that they had purchased her old account. They told the client to produce receipts for the amounts paid or pay the amount not claimed (including significant additional interest). The caller no longer had any receipts. She made repayments for a short time before stopping because she had insufficient funds left to live on.

A few years later the caller's son phoned and chastised her angrily because her "friend" was harassing his girlfriend with messages for his mother. The caller had never even

met her son's girlfriend and did not recognise the name of the woman who had been calling. It transpired the "friend" was a debt collector who had likely made the connection from Facebook.

The debt collector advised our client that she had an outstanding debt for \$7,754. She kept telling them she that had no money. In the end they wore our client down and she agreed to a repayment plan she could not afford for the second time.

Our financial counsellor wrote to our contact at the debt collector and the client was released from the alleged debt within three weeks of her initial call.

When the client was advised of the outcome she cried again but this time with relief.



# INSURANCE LAW SERVICE

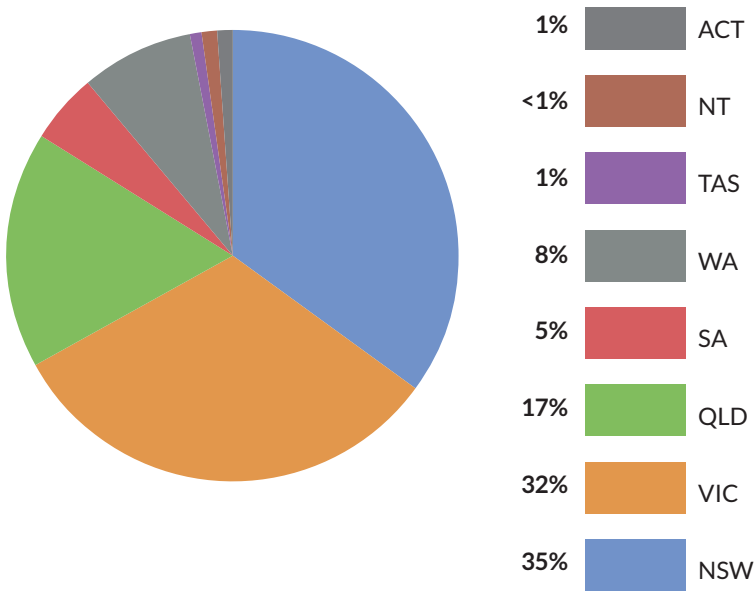
The Insurance Law Service (ILS) is a national specialist service offered by the Financial Rights Legal Centre. Legal advice is available nationally via 1300 663 464 and this year calls were received from every State and Territory in Australia. Callers from NSW and especially Victoria remain over-represented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

Calls relating to motor vehicle insurance, home building insurance and debts arising from motor vehicle accidents (in which the driver was uninsured) still dominate the advice line. Call in relation to income protection insurance increased, overtaking calls about home contents insurance. Other calls relate to travel, life, total and permanent disability, consumer credit, accident, funeral and pet insurance.

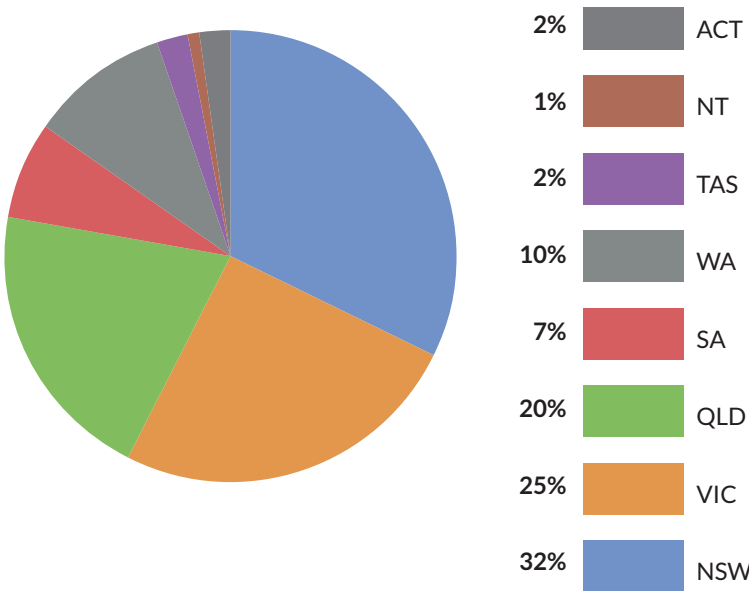
This year we continued to receive funds from overpaid premiums paid by consumers in Victoria which were the directed to identified consumer services by the the Fire Services Levy Monitor (FSLM) when direct consumer refunds were not feasible. This new source of funding has made it possible for us to secure an additional full time solicitor to answer our very busy ILS hotline, which has greatly increased the number of ILS calls we could answer this year. It has allowed us to hire a new insurance-focused policy officer to work on several of our ILS policy priorities such as insurance investigations, transparency & contestability in insurance premiums, and improving insurance disclosure.

Recurrent funding for the ILS was again at risk during this year since our funding from Legal Aid NSW and from the

## INSURANCE CALLS BY STATE CF POPULATION



ADVICE CALLS



DISTRIBUTION OF AUSTRALIAN POPULATION

Federal Government were both due to expire. At the eleventh hour the Federal Government reversed its previous decision to cut the Community Legal Centres program and restored funding for two more years. However, both of these sources of

funding will expire in mid-2017, so the future of the ILS remains in question even as demand for the service continues to grow.

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



2,197

MOTOR VEHICLE  
INSURANCE  
(COMPREHENSIVE  
POLICY HOLDERS)



777

HOME  
BUILDING  
INSURANCE



474

MOTOR VEHICLE  
INSURANCE  
(UNINSURED  
DRIVERS BEING  
PURSUED FOR DEBTS)



345

INCOME  
PROTECTION  
INSURANCE



332

HOME  
CONTENTS  
INSURANCE

## CASE STUDY

Our caller (like many others who contact the ILS) had been involved in a car accident and was uninsured. He had received a demand from the other party's insurer and he wanted to clarify what they could claim. He did not deny liability for the accident but he felt the amount was excessive.

He was given some initial advice about how to obtain evidence to refute their estimated damages from another repairer. Two months later he called again because he had received another demand and the amount had increased significantly. In addition, he worked but was receiving a

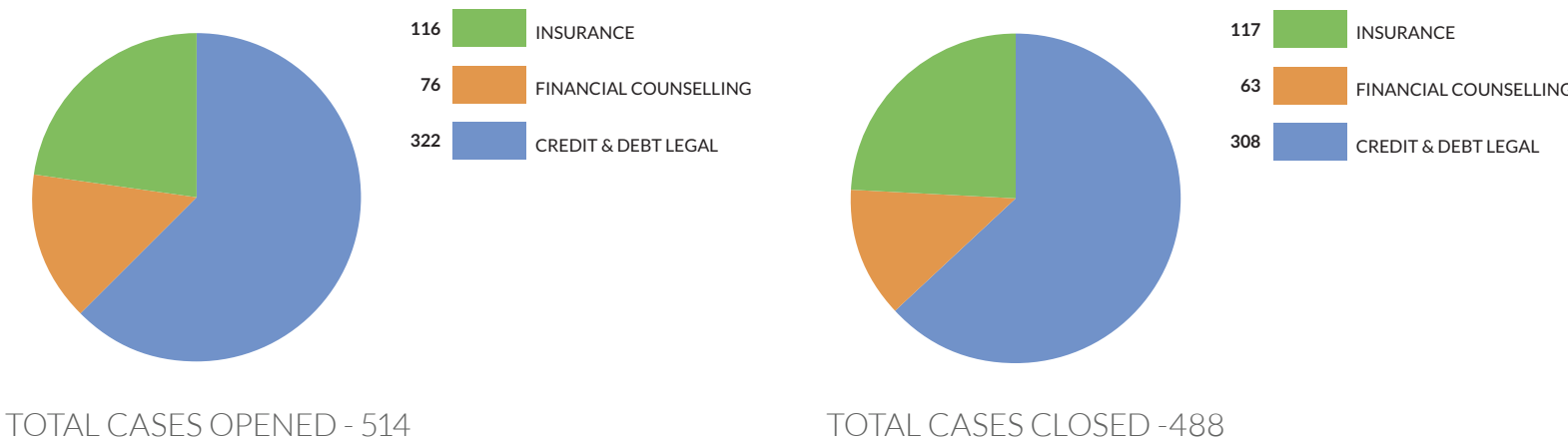
fairly low income and would struggle to pay the amount claimed.

The solicitor advised him to use our sample letter to dispute the amount claimed (attaching the evidence he had obtained), claim financial hardship under the General Insurance Code of Practice, and make a without prejudice offer of settlement.

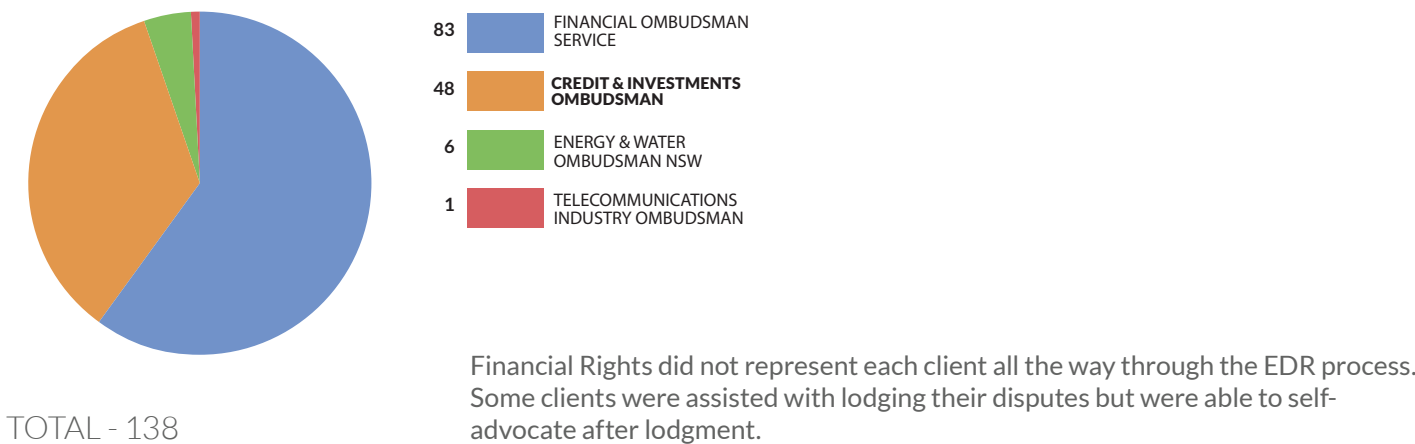
He later called back to thank the ILS staff - he had successfully negotiated a settlement he could manage and was appreciative of the assistance.

# CASEWORK

## CASES BY SUBJECT



## CLOSED CASES IN EXTERNAL DISPUTE RESOLUTION



# CASE STUDY

Our clients, a couple in their late fifties and early sixties respectively, went to a well-known non-bank lender to enquire about applying for a reverse mortgage over their (then) unencumbered home. They were then contacted by a broker who signed them up to a low-doc line of credit with the non-bank lender for \$280,000 in Feb 2006. They thought incorrectly that they were dealing with the lender at the time. Unknown to the clients, the broker had completed all the loan documents with false information.

The lender's loan portfolio was subsequently sold. In 2012 the new lender demanded repayments because the couple had reached their credit limit. It was at this point that our clients realised that this was not a reverse mortgage. They sought advice from our service. We raised a dispute with the lender and ultimately, the Financial Ombudsman Service ("FOS").

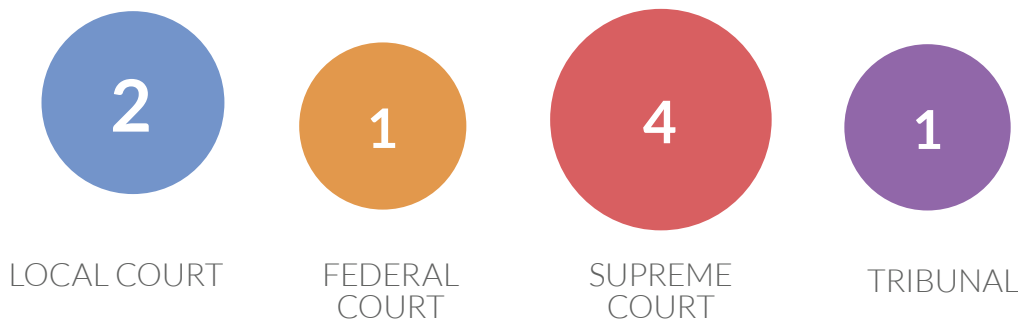
FOS found (Determinations: Case Number 287764) that the broker was an agent of the lender; that the clients had no capacity to repay the loan and were in any event misled about its nature; and that the lender had failed to make further enquiries of the borrowers despite a number of red flags being apparent on the face of the lending application. All fees and interest on the loan were to be reversed and a further sum credited for non-financial loss for each borrower. This reduced the amount outstanding substantially.

Unfortunately our clients still could not afford to repay the remaining balance representing the value of the amounts they had drawn down over the period of the facility and had to sell their home. However, they did have several hundred thousand dollars in sale proceeds after repayment of the loan with which to re-establish themselves in a quiet country location.

## COMPLAINTS

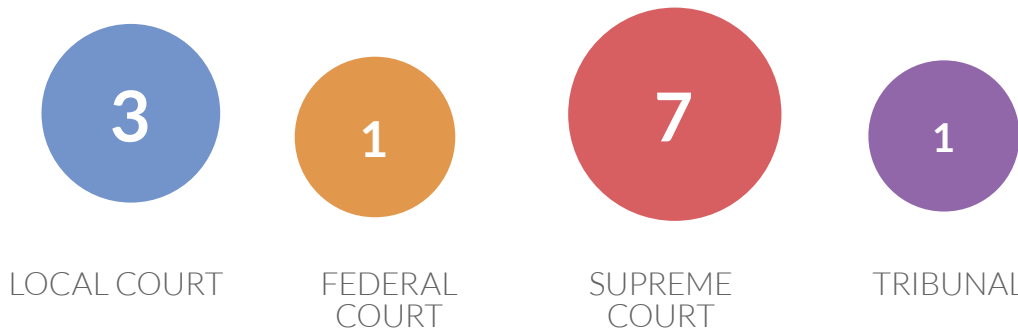


CLOSED CASES IN COURT



TOTAL - 8

CLOSED CASES IN COURT - NUMBER OF APPEARANCES



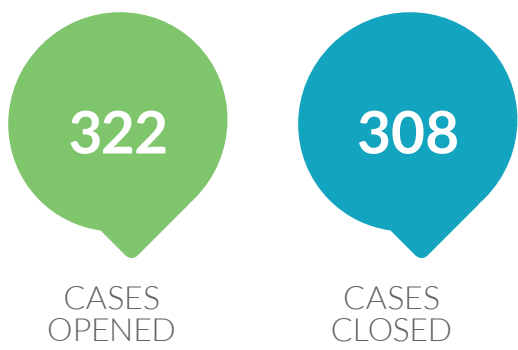
TOTAL NUMBER OF APPEARANCES - 12



# CREDIT & DEBT LEGAL CASEWORK

Credit and Debt casework conducted by solicitors included cases about home loans, credit cards, pay day loans (small amount credit contracts), other personal loans and motor vehicle loans, with home loans and credit cards being the most common and the rest following in that order. However, after removing the minor case assistance matters (cases under 5 hrs) a different picture emerges. Casework about payday loans are at the top of the list, followed by home loans, personal loans, credit cards and consumer leases. The solicitors were also involved in a number of matters involving credit repair, pawn broking, debt negotiation and budgeting services.

A significant number of these disputes were conducted through the Financial Ombudsman Service and the Credit and Investments Ombudsman service, with some matters proceeding all the way to determination. Many also resulted in complaints to mainly ASIC, but also other regulators.



## CASE STUDY

Our client is in his seventies. He immigrated to Australia in the 1960s. He worked in various manual jobs. In the late 1970s he got married and bought a house for \$55,000. He had a small mortgage with a bank. His wife, whose English was better, took care of all of the finances. He worked 7 days a week to pay the mortgage, however, as he got older and industry changed he found it harder and harder to get work without any English and due to his age. They had three children. A loan was obtained when the eldest son was about 20 - \$60,000 which refinanced the security on our client's home and an additional \$60,000 to purchase a courier business for the son.

In 2004 our client's wife died and the eldest son took over "looking after the finances". In about 2006, keen to impress his new fiancé, the son took our client to look at a house. At this time our client had been solely reliant on Centrelink for some time. Another man was present, presumably a mortgage broker, who later had our client to sign certain documents. Everything was translated by the son. A mortgage of \$240,000 was arranged with another bank and secured over our client's house (\$120,000 discharging the previous mortgage and \$120,000 paid into the account of the son for the purchase of the new house). The loan documents purported that our client was a landscape architect and was investing in his son's business.

At this time, the son convinced our client to hand over his bank ATM card for the account into which his pension was paid. The son said he will pay the mortgage and gave our client his "portion" to live on. From 2006 onwards our client was given a few hundred dollars here and there and sometimes nothing at all. He survived with some help from his other children.

Unknown to our client, the son's house was sold in 2012 and a new house in his wife's name only was purchased. It transpired that the mortgage was regularly behind, default notices and a statement of claim were issued against the property, and the bank dealt with the son to finalise the proceedings. The bank then proceeded to try to enforce the mortgage against our client's home.

## CASE STUDY

A firm promised our client that they would remove a judgment (that had since been marked paid) from his credit file. Our client paid them \$1095. They sent him a booklet of information downloaded from various ombudsman websites. They also told him to file a Notice of Motion in court seeking a discontinuance of the original proceedings (even though he had no legal basis for doing so).

They completed his court paperwork and told him what to say in court. The judgment creditor also attended and sought costs from our client for the pointless proceedings.

Luckily the Registrar had some sympathy for our client's

The client found us through a friend's daughter and we lodged in FOS. We argued that the mortgage was unjust, and that our client received no benefit from the 2006 refinance. The bank accepted that the mortgage was unjust very quickly but quibbled about an appropriate remedy. We gathered further evidence of the above chain of events and fought on. The matter was eventually settled, with the mortgage reduced to an amount our client can afford to pay from his pension. He can remain in his home and says we have extended his life by 10 years.

position, awarded no further costs, and suggested the client call us.

Our client was out of pocket for the fee, plus the inconvenience of a wasted day in court. After failed attempts at negotiation, we lodged in NCAT against the firm for a refund. We were not granted leave to represent the client and, after a discouraging conciliation experience, he later settled the matter for a partial refund. We are working to lobby for greater protection for consumers of these unlicensed and largely unregulated credit and debt related services.

# 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, because 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. The largest number of financial counselling files did not identify a credit product type because the role of the counsellor was to assess the person’s overall financial situation, often including producing a statement of financial position for use in one or more legal matters. Of those files where a credit product was identified, credit cards were overwhelmingly the most common.



CASES  
OPENED



CASES  
CLOSED



# CASE STUDY

*Our client had a credit card debt with a major bank and owed over \$6,000. She had been wholly dependent on Disability Support Pension for a while due to severe scoliosis which meant she had a twisted spine and ribcage, not to mention constant back pain. She had two young children and lived in a caravan which she rented. We successfully sought our client’s release from the debt on compassionate grounds.*

# CASE STUDY

*Our client contacted us after receiving a Notice to Vacate his home, the final stage in the enforcement process before the arrival of the sheriff to evict the occupants. He had separated from his wife, who would normally make sure that the mortgage payments were made, and he didn’t realise that the mortgage had gone into arrears. One of our solicitors filed for an urgent stay of the eviction. Consent orders were filed after negotiating with the bank on the basis that our client would sell the property within a specified time and pay out the loan.*

*One of our financial counsellors then looked into our client’s financial situation and determined that he could afford to pay the mortgage going forward, plus an additional \$50 per week towards his arrears. He could not, however, come up with a lump sum. The client commenced making these payments and wanted very much to avoid having to sell his home. The solicitor later went back to the bank and sought a variation to the arrangement on the basis that the client would access*

*his superannuation to pay the arrears rather than sell the home. With the client’s recent payment record the bank agreed.*

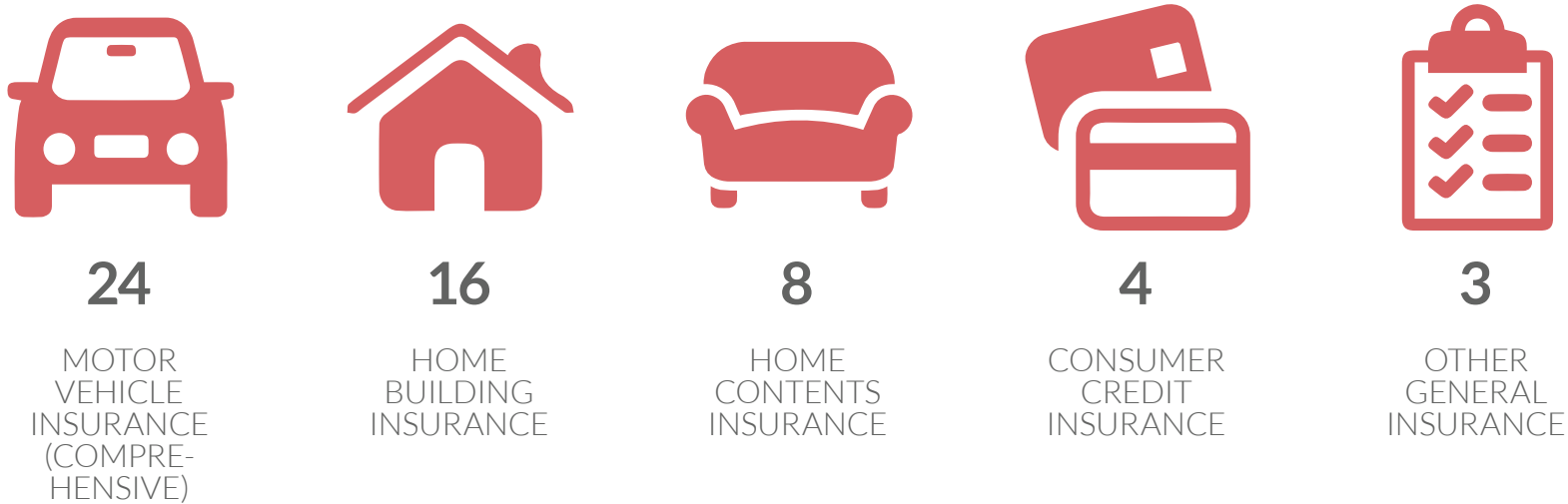
*It took several months to make it through the early release of superannuation process, with several unexpected twists and turns along the way. Then the bank’s solicitors also threw a spanner in the works, demanding \$14,000 in enforcement fees at the eleventh hour. The matter concluded with the bank accepting the superannuation towards the remaining arrears, plus some of the enforcement expenses. The remainder of the enforcement expenses were capitalised and the client was to remain in the home, making his usual repayments.*

# 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. This year we have focused some of our casework attention on consumer disputes about insurance investigations, including fraud investigations. This is a policy priority area for the Centre this year and running a few cases through the Financial Ombudsman Service helped inform our policy activities.



## CASE STUDY

Our client developed a hernia working as a labourer. He was put on the public hospital waiting list for surgery and in the meantime was able to continue to work so did not claim on his income protection insurance. He had to wait around 18 months for his surgery, and was off work for almost 7 weeks with recovery time. Once he did claim, his insurer declined the claim because the policy only covered temporary total disablement that arises within 12 months of the illness or injury arising. We assisted the client to lodge a dispute in the Financial Ombudsman Service ("FOS").

FOS made a determination in our client's favour under section 54 of Insurance Contracts Act. In short the provision says that an insurer cannot refuse to pay a claim because of an act or omission of the insured (or another

person) which occurs after the contract was entered into, except to the extent that the insurer's interests have been prejudiced by that act or omission. FOS found that the client was covered because the diagnosis was within the period of cover and that the client's failure to have surgery within the 12 month period was an act or omission covered by section 54 – either being an omission of either the client or the public hospital system in not performing the surgery earlier. Medical evidence showed the insurer suffered no prejudice from the delay. The client received a payout to cover the 6-7 weeks he was off work.

## CASE STUDY

*In mid-2012 our client's house was burnt down by arson. Her adult son, Daniel (not his real name), was home at the time and was taken to the hospital and treated for injuries to his shoulder and smoke inhalation. Our client's home, where she had lived for 26 years and raised her children as a single mother was completely destroyed. Our client had been paying the mortgage off by herself for most of the preceding 26 years and was finally approaching owning the house outright.*

*Immediately after the fire our client made a claim on her home building and contents insurance policies. The insurer appointed an investigator to ascertain whether Daniel had intentionally started the fire. Daniel was also investigated by the police as a suspect for arson. Daniel was interviewed, forensic evidence was collected and DNA samples were analysed. After 9 months it was established that there was not enough evidence linking Daniel to the fire, nor was there any viable motive for him to have started the fire. He was not a beneficiary under either insurance policy, and his mother was underinsured anyway. Daniel was officially eliminated as a suspect by the police, but the insurer continued to insist that he was to blame for the fire and pursued their suspicions aggressively.*

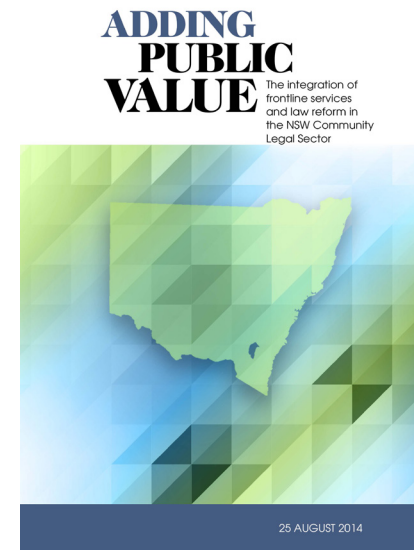
*By the time our client found our service she and her son had already been investigated by the insurance company for over a year and they had been told on the phone that their claims were going to be rejected. Meanwhile she had been sinking further and further into financial hardship as she continued to pay off the mortgage on her destroyed property, rent on her temporary accommodation, and the cost of replacement belongings and furniture. Our service was able to help our client lodge her dispute with the Financial Ombudsman Service and assist her to comb through and respond to the hundreds of pages of documents that the insurer supplied as evidence for its conclusion of Daniel's guilt and our alleged client's fraud.*

*After months of arguing about the insurer's lack of evidence and burden of proof under the law the Ombudsman agreed with us that the insurer had failed to prove Daniel had started the fire or that our client had made any fraudulent statements. The insurer has now paid our client the proceeds of the policy plus interest and she will be able to get her life back on track.*



## PUBLICATIONS

### ADDING PUBLIC VALUE REPORT: THE INTEGRATION OF FRONTLINE SERVICES & LAW REFORM IN THE NSW COMMUNITY LEGAL SECTOR



This Report was prepared for Community Legal Centres NSW and the Financial Rights Legal Centre by Judith Stubbs & Associates. The Report seeks to understand, document and quantify the impact of linking policy and law reform as part of an integrated service provided by CLCs in NSW. It also seeks to test the claims made by the sector and academics in relation to the value of policy and law reform.

We had a very successful launch of the Report in November and were thrilled to have The Hon. Michael Kirby AC CMG as our key note speaker. Special thanks to Minter Ellison Lawyers for providing the venue and refreshments for our launch.

FINANCIAL RIGHTS STAFF WITH THE HON. MICHAEL KIRBY AC CMG



KAREN COX PRESENTING AT LAUNCH



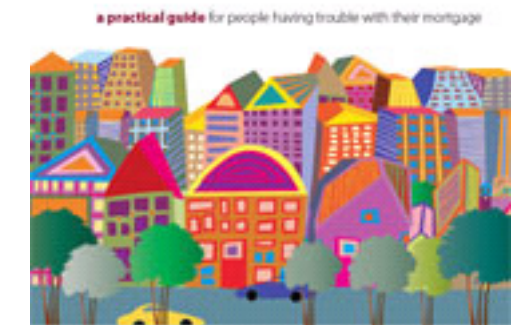
## BANKRUPTCY TOOLKIT

The Financial Rights Legal Centre and Lismore & District Financial Counselling have this year published a Bankruptcy Toolkit for community workers. The purpose of this toolkit is to assist financial counsellors and community lawyers to be able to explain to their clients the consequences of bankruptcy, the alternatives (such as Debt Agreements), the process and the practical details of completing the forms. The publication had been available online in draft form for financial counsellors but has now been finalised, printed and released into the sector.



## MORTGAGE STRESS HANDBOOK (3RD ED.)

This is a joint handbook written by Legal Aid NSW and the Financial Rights Legal Centre. It is a practical guide for consumers that explains your options if you are having problems with your home mortgage. It has sample documents you can use and a list of useful contacts.



## COMMUNITY LEGAL EDUCATION

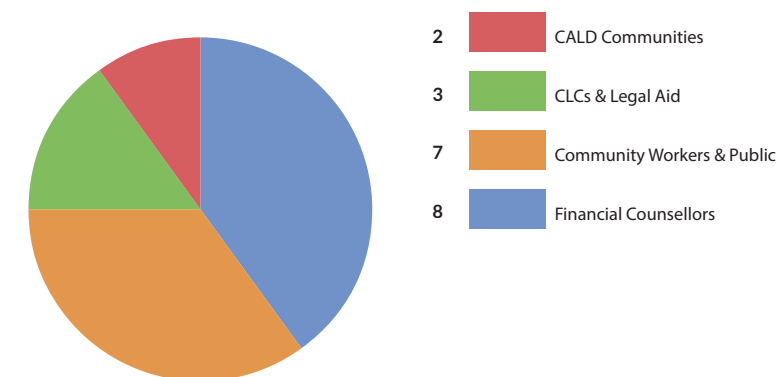
### COMMUNITY EDUCATION

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 in 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 financial counsellors, community workers and the general public in NSW. Some 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);
- Training on credit and debt fundamentals for the Homeless Persons Legal Service;

- A presentation in Burwood with Senator Dastyari and Minister Butler on debt traps and payday lending;
- A webinar on domestic violence and debt with the Women's Legal Service; and
- Presentations on our services for LIAC (local libraries) and Sydney Water.



CLE AUDIENCE



TOTAL



CREDIT &  
DEBT



INSURANCE



VISITS TO  
REGIONAL AREAS  
PROMOTING OUR  
SERVICES

## WEBSITES

Financial Rights operates two consumer-facing websites: [www.financialrights.org.au](http://www.financialrights.org.au) and [www.insurancelaw.org.au](http://www.insurancelaw.org.au). Both websites contain a wealth of resources designed to help consumers self-advocate and feel more confident about their rights when dealing with debt collectors, negotiating with financial service providers, or even lodging disputes with an ombudsman service. Both websites combined contain over 80 legal information factsheets, sample letters, 'Know Your Financial Rights' checklists and much more. This financial year our websites were visited by over 43,000 unique users.

This year we launched a new financial counsellor search tool for consumers in NSW. The search tool links directly with our own internal database so we

can assure consumers that the financial counselling agencies' contact details are always up to date. This has been especially important in NSW where funding for face-to-face financial counselling services has been constantly changing in recent years and the availability of services has been unpredictable.

This year we also received a \$12,000 grant from the Law and Justice Foundation of New South Wales to build a new sample letter-generating program which will enable consumers to type in their personal details and generate professional legal letters for dispute resolution purposes. At the end of the 2014-2015 financial year we were testing the new tool and planning to launch the program in early 2016.

## TWITTER

Financial Rights joined the Twitter community in September 2014. This has been our first foray into the social media universe and it has been very exciting. We now have over 300 followers and have made over 600 tweets.

Some of our most popular tweets:

- Centrepay's new Deduction Statement helps Centrelink customers manage their money @FCAupdate: (link)
- ASIC continues to crackdown on breaches of responsible lending laws, well done @asicmedia (link)
- Take that payday lenders! @asicmedia record penalty for taking unconscientious advantage of vulnerable consumers (link)

- New Car Accident Flow-Chart added to our Insurance Law website #auslaw #knowyourrights: (link)
- Excited to say we now accept NSW credit & debt legal and financial counselling inquiries through email! [@FCAupdate](http://ow.ly/KsPZH)
- ASIC's financial advisers register is now live! <http://goo.gl/8z6wzP> - check whether an adviser is authorised to provide #financialadvice
- Affected by #nswstorms #nswfloods check out our web resources and fact sheets <http://insurancelaw.org.au> Stay safe.
- Proud to be a #Privacy Awareness Week Partner! #2015PAW Remember you can check your credit report FREE every 12months (Pic)

## REGIONAL VISITS

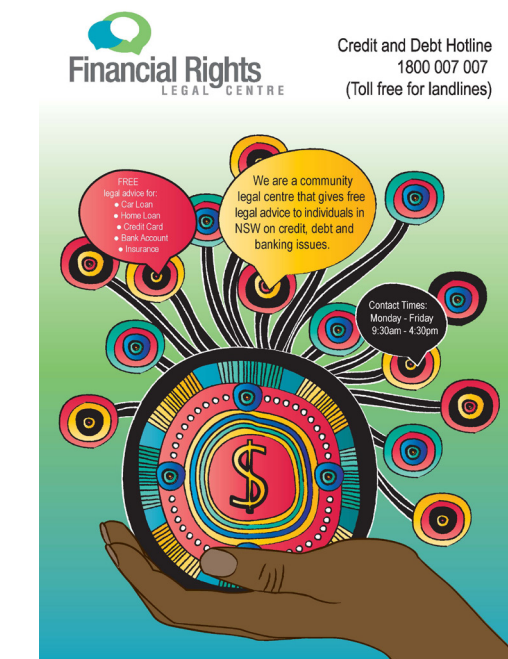
Financial Rights conducts regular visits to regional areas of NSW in order to reach a broader demographic of people than we are likely to reach with our phone services and online resources. Sometimes those people most in need are often those who cannot make use of such services and need face-to-face assistance. Our efforts of late have concentrated on forming closer ties with financial counsellors and other community workers in regional areas to better assist them in their roles and increase referrals.

This year we have visited Lismore, Newcastle, Gosford, Raymond Terrace, and Broken Hill. Where possible we open casework files for clients identified through our regional visits and where necessary we

work with an agency in the client's local area to stay in contact with the client and assist us with obtaining instructions and documentation.

Each of our solicitors and financial counsellors are assigned a specific regional area in NSW so that we can reach out to all corners of the state in a systematic and consistent manner.

This year we've also continued to distribute ATSI appropriate promotional materials including wallet cards, posters and flyers. These materials have been well-received by the ATSI FCAN working group and in several regional communities where we participated in local activities.



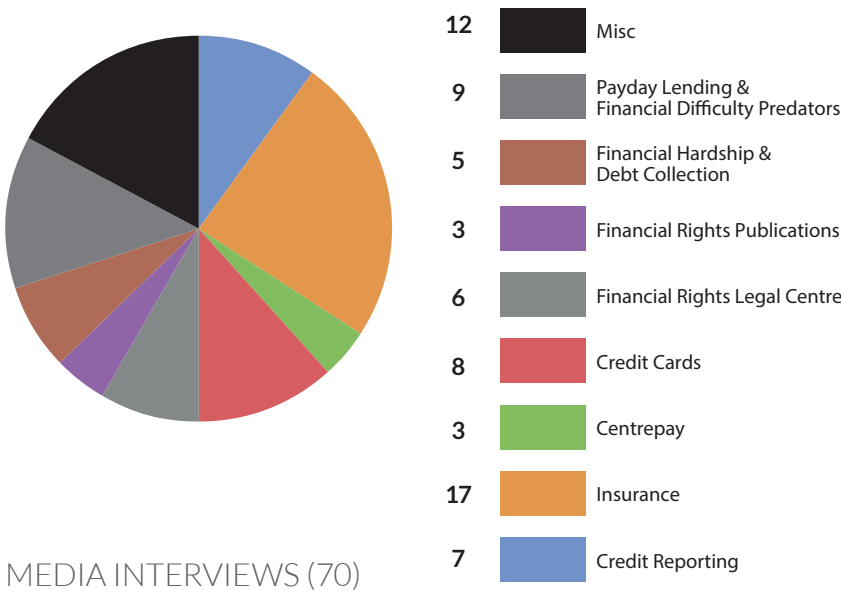
MEDIA

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:

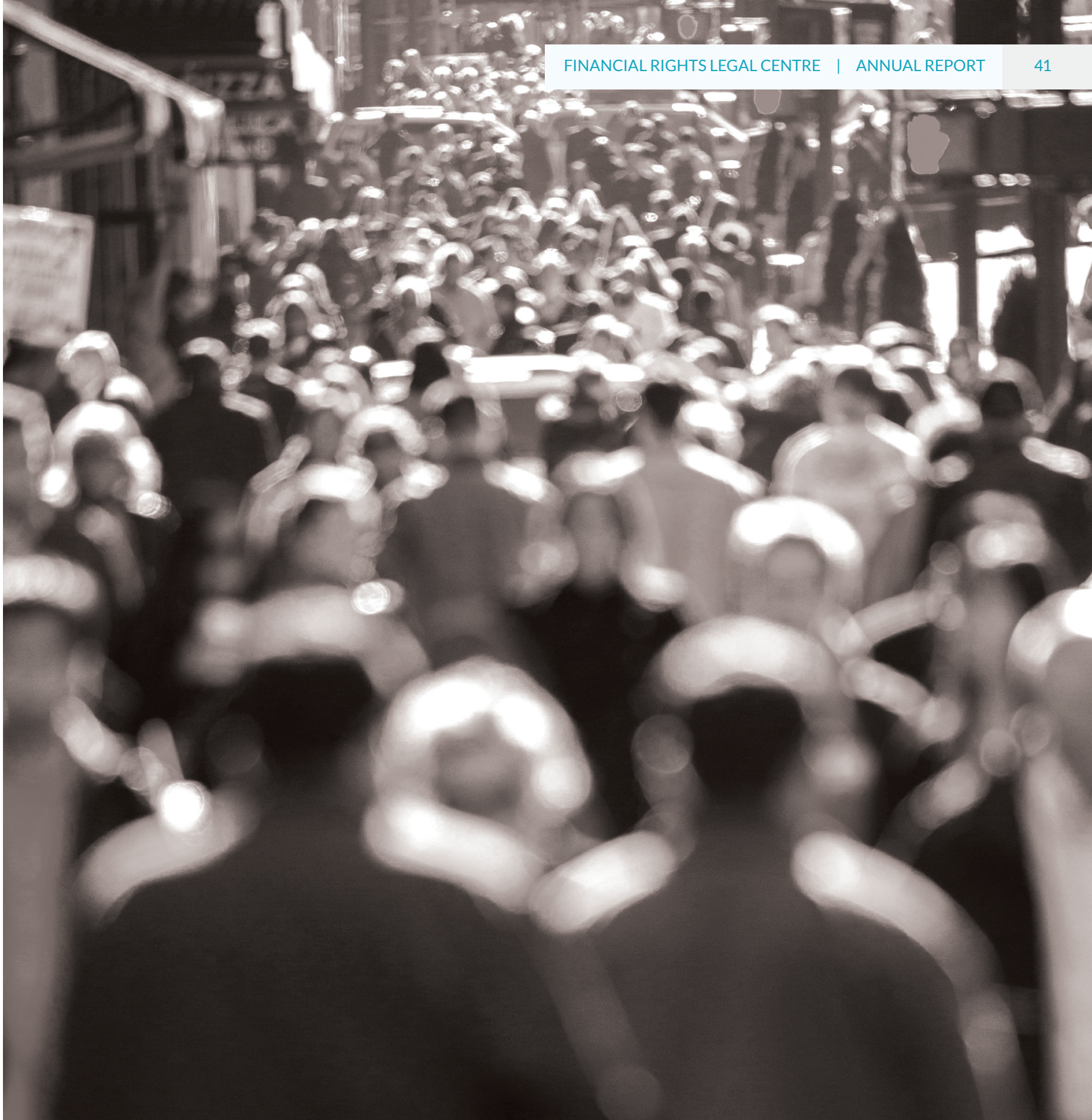
- Increase awareness of our services with the general public
- Educate consumers about their rights and warn about potential pitfalls
- Encourage and facilitate debate on law-reform issues

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 our main contributions to the news in the financial rights space was in insurance, credit reporting, credit cards, life insurance regulation, payday lending and financial difficulty predators. Our media presence also included a long-form article written by Alexandra Kelly on the history of payday lending reform published in the Law Society Journal, an opinion piece on My Budget published in Money Magazine and several important stories on our representative consumer complaint to the Privacy Commissioner against Veda Advantage.

MEDIA INTERVIEWS



MEDIA INTERVIEWS (70)



# 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 2014-2015

**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 for these services, exacerbating their existing financial problems.

**2 Insurance Fraud Investigations**  
Increased complaints about insurance fraud investigations have led us to believe there needs to be some industry-wide standards of conduct in place for insurance investigations, and consumers should be informed of their rights and responsibilities during a fraud investigation up front.

**3 Insurance Premium Transparency & Contestability**  
We believe there is a lack of transparency in premium pricing and a lack of contestability when it comes to weighting and rating factors used by insurance companies. We will work towards improving consumer access and rights in relation to information about their individual risks and how premiums are calculated.

**4 Utilities & Electricity (hardship & disconnections)**  
We encourage consistent and uniform hardship programs across major energy providers; minimising the practice of insisting that hardship customers see a financial counsellor before getting a hardship arrangement (while not discouraging appropriate referrals); and improving access to hardship arrangements and compassionate releases from past providers.

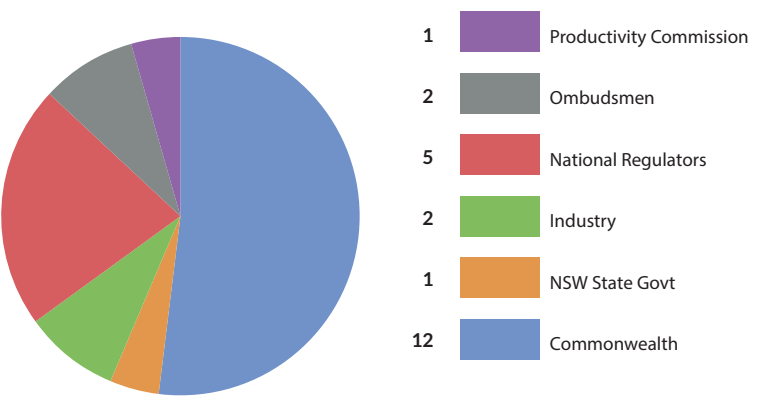
**5 Payday Lending**  
Reducing the widespread use of expensive short term lending has long been a priority for Financial Rights. This year we intend to encourage greater enforcement of responsible lending laws, and greater public awareness of the financial hardship that relying on payday lenders can cause.

# HIGHLIGHTS IN POLICY AND LAW REFORM

- We made 3 representative complaints on behalf of all Australian consumers against Veda Advantage to the Privacy Commissioner. Our complaints allege that access to free credit reports are not as easy to access or identify as paid reports via Veda’s websites; Veda charges consumers for accessing their credit reports when they are entitled to free reports; and the cost of paid credit reports is excessive and unreasonable. CALC, FCA and the APF are also Complainants. The complaints have had media attention and Veda have already changed parts of their websites in response. We are currently waiting for a determination.
- We submitted two sets of detailed comments to the Productivity Commission’s Inquiry into Natural Disaster Funding Arrangement and gave evidence at their Sydney hearings. The final report quoted our submissions multiple times and one of the main recommendations of the report about providing better information to homeowners came from us.
- We made three submissions to the Financial System Inquiry and participated in several stakeholder consultations with other consumer groups. Overall we were pleased with the final FSI report and we think that it provides the potential to produce good outcomes for consumers. Much will be depend on how the recommendations are ultimately implemented.
- Alexandra Kelly presented at the Annual FOS Conference on some of the consumer issues we commonly see regarding insurance fraud investigations. This presentation caused quite a stir and we have been building on it with extensive engagement with the insurance industry as well as systematic analysis and presentation of our client’s experiences.

## IMPORTANT POLICY SUBMISSIONS

Treasury Consultation on the 44 Recommendations in the Financial System Inquiry; 2 submissions to the Life Insurance and Advice Working Group (Trowbridge Inquiry); Submission to Treasury on the Insolvency Law Reform Bill; Comments on the Productivity Commission’s draft report on Natural Disaster Funding Arrangements; Submission to ACCC on ARCA’s application to register it’s PRDE code; Joint submissions on a Last Resort Compensation Scheme & Lifting Standards in Financial Advice.



TOTAL POLICY SUBMISSIONS - 23

**2**  
INQUIRY  
HEARINGS  
WHERE WE GAVE  
EVIDENCE

EDUCATIONAL CAMPAIGNS 2014-2015

**1 Motor Vehicle Accidents**  
This is by far the most common type of dispute that a consumer in Australia will have with an insurance company. Through our extensive advice and casework experience we believe that the balance of power in these situations is unfairly in the hands of the insurance industry, especially for drivers that are uninsured, youth, non-English speaking consumers and anyone in a dispute with an insurance company that cannot afford legal advice.

**2 Credit Reporting**  
Major changes have taken place this year in credit reporting. Along with other consumer advocates we are actively pursuing better enforcement of the new Credit Reporting Code through the Privacy Commissioner. We also want to continue raising consumer awareness of the new credit reporting regime, including the right to a free credit report and the availability of free advice about disputes. We will also monitor the impact of the new credit reporting regime on consumers in financial hardship.

**3 Insurance Disclosure Research**  
We will be conducting an extensive research report into insurance disclosure regimes. Our research will examine what works and what doesn't work about current disclosure requirements (PDS, KFS, etc.) and what alternatives might work better. We would like to be able to provide the industry and the Treasury with real data and evidence about how disclosure is working and how outcomes for consumers can be improved.

CONSUMER GROUPS AND STAKEHOLDER ENGAGEMENT

- NSW Attorney General's Civil Justice Collaboration Group
- ARCA Consumer Advisory Panel
- NCAT's General and Commercial Consultative Forum
- NSW Financial Hardship Working Group
- Possessions List Users Group Supreme Court
- Consumer Liaison Group FOS
- ASIC Consumer Advisory Panel
- Insurance Council of Australia National Consumer Reference Group
- Australian Bankers Association Consumer Stakeholder Forum

NEW POLICY & ADVOCACY OFFICER

This year we have created a new position in our Policy Team with funds from the Fire Services Levy Monitor. Our new Policy & Advocacy Officer, Drew MacRae has been a welcome new addition, hitting the ground running with several big projects.

**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 2015**

Financial Report for the Year Ended 30 June 2016  
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 2015.

Committee Members

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

Margaret Raffan, Chair  
David McMillan, Deputy Chair  
Emma Curtis, Secretary  
Daniel Maurer, Treasurer  
Paul Baker  
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 Association recorded an operating deficit of \$ 12,095 for the financial year ended 30 June 2015.

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

  
Margaret Raffan

  
Daniel Maurer

Dated this 16th day of September 2015

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
INCOME			
Grants	2	1,543,792	1,798,470
Project income	3	322,949	834,500
Interest received		62,795	38,225
Other income	4	1,485	6,765
		<u>1,931,021</u>	<u>2,677,960</u>
EXPENDITURE			
Salaries		1,369,580	1,170,444
Superannuation		129,964	107,530
On costs		55,528	73,338
Rent		132,287	129,852
Repairs and maintenance		1,469	2,196
Other Premises Costs		33,172	29,768
Staff Training		13,138	7,016
Staff Recruitment		1,258	495
Communications		59,585	50,372
Office Overheads		27,691	29,190
Insurance		5,779	8,566
Finance, Audit & Accounting Fees	5	9,204	10,279
Library, Resources & Subscriptions		20,927	20,055
Travel		11,055	11,466
Programming and Planning		47,232	9,960
Client Disbursements		176	- 975
Minor Equipment		2,495	812
Depreciation		22,325	23,184
Other		255	597
TOTAL EXPENSES		<u>1,943,117</u>	<u>1,684,146</u>
Current year surplus/ (deficit)		- 12,095	993,815
Other comprehensive income		-	-
Total comprehensive income/(deficit)		<u>- 12,095</u>	<u>993,815</u>

The accompanying notes form part of this financial report.

**STATEMENT OF FINANCIAL POSITION**  
As at 30 June 2015

	Note	2015 \$	2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,731,379	2,279,196
Trade and other receivables	6	26,563	2,436
Prepayments		7,599	3,024
GST receivable		-	-
<b>TOTAL CURRENT ASSETS</b>		<b>1,765,542</b>	<b>2,284,656</b>
<b>NON-CURRENT ASSETS</b>			
Rental Bond		36,066	15,030
Financial assets		10,052	10,052
Property, plant and equipment	7	58,441	27,480
<b>TOTAL NON-CURRENT ASSETS</b>		<b>104,559</b>	<b>52,563</b>
<b>TOTAL ASSETS</b>		<b>1,870,100</b>	<b>2,337,219</b>
<b>CURRENT LIABILITIES</b>			
Employee Benefits	8	413,288	388,138
Grants received in advance	9	21,097	502,104
Other provisions	10	47,857	22,000
GST liabilities		10,046	57,109
Employee liabilities		59,060	39,280
Creditors & Accruals		32,380	30,120
<b>TOTAL CURRENT LIABILITIES</b>		<b>583,728</b>	<b>1,038,751</b>
<b>TOTAL LIABILITIES</b>		<b>583,728</b>	<b>1,038,751</b>
<b>NET ASSETS</b>		<b>1,286,373</b>	<b>1,298,468</b>
<b>MEMBERS' FUNDS</b>			
Reserves	11	21,916	25,292
Retained surplus	12	1,264,455	1,273,175
<b>TOTAL MEMBERS' FUNDS</b>		<b>1,286,371</b>	<b>1,298,467</b>

The accompanying notes form part of this financial report.

**STATEMENT OF CHANGES IN MEMBERS' FUNDS**  
As at 30 June 2015

	Reserves \$	Retained surplus \$	Total Equity \$
Balance as at 1 July 2013	25,292	279,360	304,652
Surplus for the year	-	993,815	993,815
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	993,815	993,815
Balance as at 30 June 2014	25,292	1,273,175	1,298,467
Deficit for the year	-	- 12,095	- 12,095
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	- 12,095	- 12,095
Transfer between reserves	- 3,376	3,376	-
Balance as at 30 June 2015	21,916	1,264,455	1,286,371

STATEMENT OF CASH FLOWS  
For the Year Ended 30 June 2015

	Note	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from grants and project income		1,490,298	3,241,292
Interest received		50,736	40,496
Payments to suppliers and employees		- 2,014,531	- 1,806,508
		<u>- 473,497</u>	<u>1,475,280</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for rental bonds		- 21,035	6,950
Payments for property plant & equipment		- 53,285	-
		<u>- 74,320</u>	<u>6,950</u>
CASH FLOWS FROM FINANCING ACTIVITIES		<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH		- 547,817	1,482,230
CASH AT THE BEGINNING OF THE YEAR		2,279,196	796,986
CASH AT THE END OF THE YEAR	16	<u>1,731,379</u>	<u>2,279,216</u>

The accompanying notes form part of this financial report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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.
- 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

- 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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Critical Accounting Estimates and Judgements

The members evaluate 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.

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 2018)

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 15: Revenue from Contracts with Customers

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The adoption of AASB 15 may have an impact on the Association’s financial statement it is impracticable at this stage to provide a reasonable estimate of such impact.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2: GRANTS INCOME	2015	2014
	\$	\$
Commonwealth Attorney General - CLSP Generalist services	168,215	168,241
State Attorney General - CLSP Generalist services	143,636	138,881
NSW Fair Trading - FCSP NSW	716,282	696,070
Department of Social Services - CFCP	187,033	177,294
Commonwealth Attorney General - CLSP Insurance	266,625	219,984
Legal Aid NSW - Insurance Law Service	-	336,000
Financial Counselling Trust Fund (Sydney Water)	62,000	62,000
	<u>1,543,792</u>	<u>1,798,470</u>
CLSP - Community Legal Services Program		
FCSP NSW - Financial Counselling Services Program NSW		
CFCP - Commonwealth Financial Counselling Program		
FCH - Financial Counselling Helpline		
NOTE 3: PROJECT INCOME	2015	2014
	\$	\$
Bankruptcy Tool Kit Project	21,632	12,310
Fire Services Levy Over-collection Funds	134,742	822,190
Interactive Brokers	149,574	-
Law Reform Research	5,000	-
Law & Justice Foundation	12,000	-
	<u>322,949</u>	<u>834,500</u>
NOTE 4: OTHER INCOME	2015	2014
	\$	\$
Consultancy fees	-	5,688
Legal Costs recovered	767	-
Sitting fees	718	1,077
	<u>1,485</u>	<u>6,765</u>
NOTE 5: EXPENSES	2015	2014
	\$	\$
Audit fees	7,920	7,500
	<u>7,920</u>	<u>7,500</u>
NOTE 6: TRADE AND OTHER RECEIVABLES	2015	2014
	\$	\$
Sundry debtors	12,068	-
Interest receivable	14,495	2,436
	<u>26,563</u>	<u>2,436</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 7: PROPERTY, PLANT AND EQUIPMENT	2015	2014
	\$	\$
Computer Equipment - at cost	42,639	39,186
Accumulated depreciation	<u>- 40,088</u>	<u>- 37,969</u>
	2,551	1,217
Office Equipment - at cost	51,858	52,940
Accumulated depreciation	<u>- 19,476</u>	<u>- 35,529</u>
	32,382	17,411
Office furniture and equipment - at cost	59,749	25,164
Accumulated depreciation	<u>- 50,530</u>	<u>- 16,312</u>
	9,219	8,852
Leasehold improvements - at cost	51,595	35,265
Accumulated depreciation	<u>- 37,307</u>	<u>- 35,265</u>
	14,289	-
Total Plant and equipment	<u>58,441</u>	<u>27,480</u>
NOTE 8: EMPLOYEE BENEFITS	2015	2014
	\$	\$
Provision for Annual Leave	195,314	171,596
Provision for Long service Leave	217,974	190,685
Provision for Parenting Leave	-	16,622
Provision for Sick Leave	-	9,235
Total Employee Benefits	<u>413,288</u>	<u>388,138</u>
NOTE 9: GRANTS RECEIVED IN ADVANCE	2015	2014
	\$	\$
Office of Fair Trading - FCSP NSW	-	454,375
Bankruptcy Tool Kit Project	21,097	42,729
Community Legal Centres NSW Inc - Research Project	-	5,000
	<u>21,097</u>	<u>502,104</u>
NOTE 10: OTHER PROVISIONS	2015	2014
	\$	\$
Provision for Make good	37,857	12,000
Provision for PI Insurance excess	10,000	10,000
	<u>47,857</u>	<u>22,000</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

## NOTE 11: RESERVES

	2015	2014
	\$	\$
Reserve for future projects	11,959	14,000
Reserve for office equipment	9,957	11,292
	<u>21,916</u>	<u>25,292</u>

## NOTE 12: RETAINED SURPLUS

	2015	2014
	\$	\$
Balance brought forward - tied	268,480	91,560
Balance brought forward - untied	1,004,695	187,800
Current year surplus/(deficit) - tied	- 231,748	176,920
Current year surplus/(deficit) - untied	219,652	816,895
Transfer (to)/ from reserves	3,376	-
	<u>1,264,455</u>	<u>1,273,175</u>
Balance carried forward - tied	36,733	268,480
Balance carried forward - untied	1,227,723	1,004,695
	<u>1,264,455</u>	<u>1,273,175</u>

Tied funds represent surplus deficits from funding bodies that are carried forward as per their funding agreements

These are as follows:

	2015	2014
	\$	\$
As reported to AG	5,945	257,243
As reported to OFT	368	9,266
As reported to DSS	30,419	1,971
	<u>36,733</u>	<u>268,480</u>

## NOTE 13: LEASING COMMITMENTS

	2015	2014
	\$	\$
<b>Operating Lease Commitments</b>		
Being for office rental		
Minimum lease payments:		
not later than 12 months	131,913	54,105
between 12 months and 5 years	188,975	-
greater than 5 years	-	-
	<u>320,889</u>	<u>54,105</u>

The property lease is a non-cancellable lease with a 3 year term commencing 1 December 2014 terminating 30 November 2017. Rent is payable monthly in advance with a one (1 %) percentum rent increase annually at each anniversary. An option exists to renew the lease at the end of the lease term for an additional 3 year 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 2015

## NOTE 15: INCOME &amp; EXPENDITURE

	Office of Fair Trading	Commonwealth and State Attorney General \$	Department of Social Services \$	Department of Social Services \$
<b>INCOME</b>				
Grants	716,282	578,476	72,952	114,081
Interest received	12,571	9,940	1,552	1,477
Other income		718	-	-
	<u>728,853</u>	<u>589,135</u>	<u>74,504</u>	<u>115,558</u>
<b>EXPENDITURE</b>				
Salaries	539,984	622,684	63,201	58,699
Superannuation	51,554	58,649	5,696	6,060
On costs	20,003	21,292	3,219	5,951
Rent	51,132	56,716	5,447	7,082
Repairs and maintenance	537	596	16	195
Other Premises Costs	12,903	14,312	1,483	1,467
Staff Training	5,822	5,676	493	263
Staff Recruitment	285	316	-	129
Communications	27,540	22,095	4,066	3,191
Office Overheads	8,597	10,002	1,632	1,803
Insurance	2,510	2,069	547	-
Finance, Audit & Accounting Fees	3,451	3,781	107	915
Library, Resources & Subscriptions	6,668	10,773	1,587	85
Travel	4,441	4,167	547	711
Programming and Planning	1,170	6,147	333	-
Client Disbursements	72	64	11	9
Minor Equipment	1,082	840	220	57
Depreciation	0	-	13,172	-
Other	0	254	-	-
<b>TOTAL EXPENSES</b>	<u>737,750</u>	<u>840,433</u>	<u>101,777</u>	<u>86,615</u>
Current year surplus/ (deficit)	<u>-8,898</u>	<u>- 251,298</u>	<u>- 27,273</u>	<u>28,943</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 16: STATEMENT OF CASH FLOWS	2015	2014
	\$	\$
<b>(a) Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash on hand	270	270
Cash at bank	254,921	1,503,144
At call deposits with financial institutions	726,188	775,782
	<u>981,379</u>	<u>2,279,196</u>
<b>(b) Reconciliation of cash flow from operations with profit after income tax</b>		
Profit for ordinary activities after income tax	- 12,095	993,815
Adjustments and non cash items:		
Depreciation	22,325	23,184
	<u>10,230</u>	<u>1,016,999</u>
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in receivables	- 24,127	7,791
(Increase)/decrease in other assets	- 4,575	4,484
(Increase)/decrease in other liabilities	- 27,285	27,129
(Increase)/decrease in payables	2,260	- 30,764
(Increase)/decrease in grants reveived in advance	- 481,007	386,565
(Increase)/decrease in provisions	51,008	63,076
Cash flows from operation activites	<u>- 473,495</u>	<u>1,475,280</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 13:

- 1 Presents a true and fair view of the financial position of Financial Rights Legal Centre Inc as at 30 June 2015 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 *Australian Charities and Not-for-profits Commission Act 2012*.

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

  
Margaret Raffan

  
Daniel Maurer

Dated this 16th day of September 2015

**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 2015, the statement of profit or loss and other comprehensive income, statement of cash flows 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 is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

*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, 17 September 2015



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

In relation to the independent audit for the year ended 30 June 2015, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*; and
- (ii) No contraventions of any applicable code of professional conduct.

Mark Godlewski

Partner

PITCHER PARTNERS  
Sydney

17 September 2015



## FINANCIAL RIGHTS LEGAL CENTRE

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