



Financial Rights
LEGAL CENTRE

ANNUAL REPORT

2016



FINANCIAL RIGHTS LEGAL CENTRE ACKNOWLEDGES THE TRADITIONAL OWNERS, CUSTODIANS AND ELDERS OF THE LANDS ACROSS AUSTRALIA AND PARTICULARLY THE GADIGAL PEOPLE OF THE EORA NATION, PAST AND PRESENT, ON WHOSE TRADITIONAL LAND THE FINANCIAL RIGHTS LEGAL CENTRE'S OFFICE IS SITUATED.

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
Aboriginal Advice Service: 1800 808 488
Advice Hours: (EST) 9:30am – 4:30pm weekdays

Email: info@financialrights.org.au

Websites: www.financialrights.org.au & 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.

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.



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ABOUT US

Financial Rights Legal Centre is a community legal centre that specialises in helping consumers understand and enforce their financial rights in relation to consumer credit, banking, insurance, debt recovery and related issues. It is the only such Centre in NSW, and it has a particular focus on issues that affect low income and disadvantaged consumers. We provide free and independent financial counselling, referral, legal advice and casework to individuals about a broad range of financial services and we advocate for law reform and regulation that benefits consumers in these areas.

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.

PURPOSE & OBJECTIVES

To help alleviate poverty, disadvantage, and financial exclusion by:

1. Assisting consumers of financial services (including but not limited to consumer credit, banking, insurance and debtor advisory services), particularly disadvantaged consumers, to effectively assert their legal rights and protect their legitimate interests;
2. Educating, counselling and advocating for members of the public, particularly people facing economic disadvantage and financial exclusion, in relation to managing their personal finances and asserting their rights in relation to income and access to affordable essential services;
3. Achieving positive financial outcomes and, where appropriate, redress for individual clients of the Centre through, financial counselling, legal advice, legal representation and other complementary activities;
4. Promoting better consumer understanding of financial system laws, regulation, policies and industry practices and informing public debate in relation to consumer protection policy; and
5. 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, and promote financial inclusion.



OUR STAFF

Anne Bissaker
Finance Officer

Elisabeth Coroneo
Senior Solicitor

Karen Cox
Coordinator

Julia Davis
Policy & Communications Officer

Marie Druon
Financial Counsellor

Jane Foley
Senior Solicitor

Trevor James
Aboriginal Paralegal Caseworker

Ji-Beom Jang
Solicitor

Miriam Jay
Financial Counsellor

Lynda Johns
Senior Financial Counsellor

Anjuma Kammanankada
Solicitor

Alexandra Kelly
Principal Solicitor

Anthony Lane
Office Manager

Katherine Lane
Principal Solicitor

Jennifer Lewis
Senior Solicitor

Alice Lin
Senior Solicitor

Drew MacRae
Policy & Advocacy 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



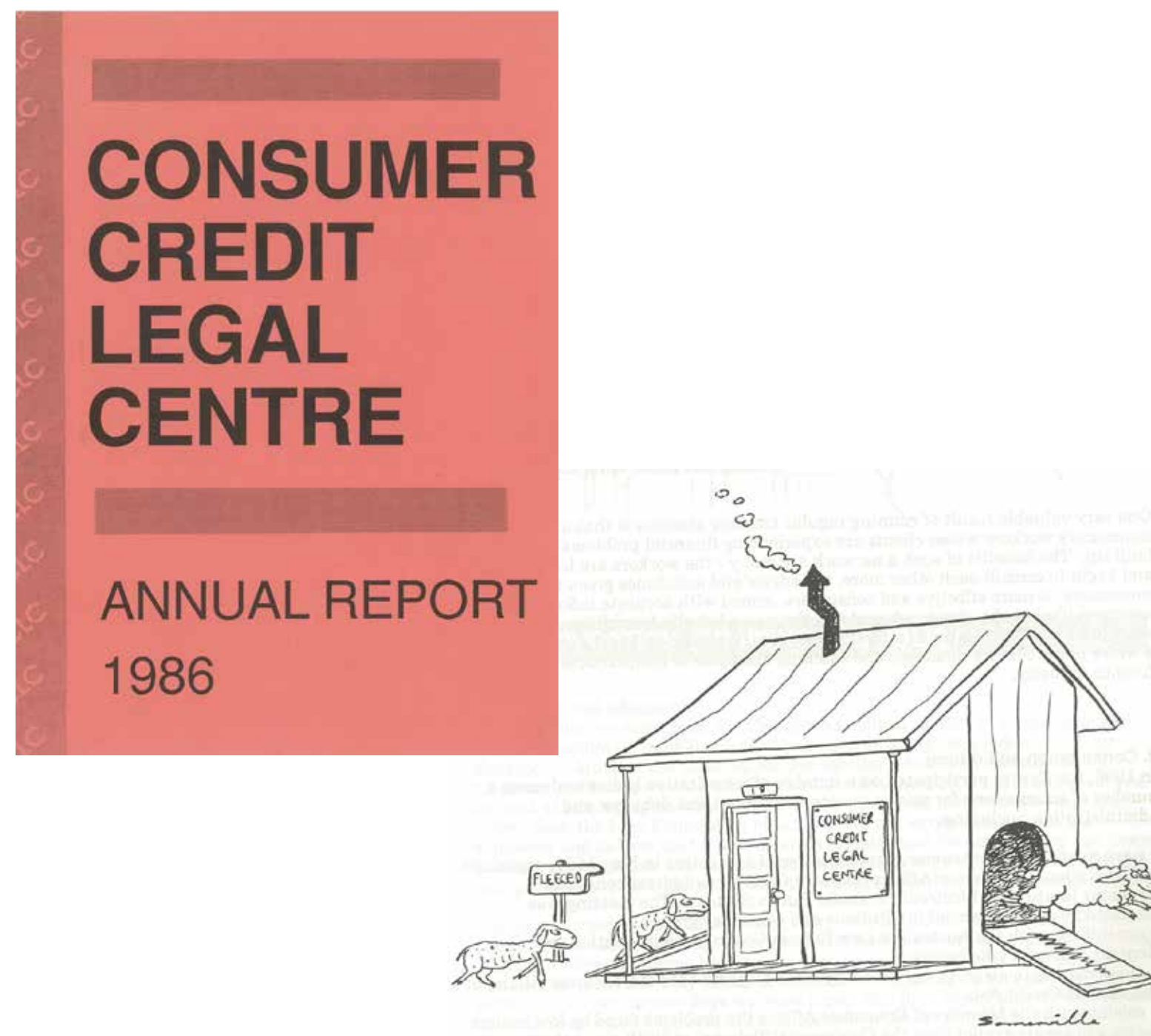
30 YEARS OF FINANCIAL RIGHTS

In 2017, the Financial Rights Legal Centre will be celebrating 30 years of independent operation. We started life as the Consumer Credit Legal Centre way back in 1987, established at the instigation of a Redfern Legal Centre-led working group including the NSW Council of Social Services, the Combined Pensioners Association, the Australian Consumers' Association, the Institute of Financial Counsellors and the Combined Community Legal Centres' Group. Its aim was to consider how to better serve the needs of low income consumers with credit and debt problems. After almost three years of work, the first one-off grant of \$39,400 for the Consumer Credit Legal Centre was provided in late 1985 under the auspices of the Macquarie Legal Centre at Parramatta and then shortly after, Redfern Legal Centre near Central. It was in 1987 when the Consumer Credit Legal Centre became a standalone, independent community legal centre in its own right.

In our very first year we provided advice and assistance to a grand total of 94 consumers and 89 agency workers. 30 years later our almost 30 staff members advised 25,290 Australians, in 2015/16, on credit debt and insurance matters, worked on 437 cases and contributed 29 policy submissions to federal and state government review and industry consultations. We are proud that over 30 years our committed and ever evolving team of financial counsellors and solicitors have built a centre that works tirelessly every day to make the lives of the most vulnerable Australians just that little bit easier.

We are grateful to all our funders over the years who have supported the work we have taken. And despite the perennial fragility of Community Legal Centre funding and the fact that we still don't come close to meeting the ever-increasing demanded for our service we very much look forward to continuing Financial Rights work beyond our 30th year and into the future.

See you all at our 30th celebrations in 2017!



Images from 1986 Annual Report.

BARRISTERS PROVIDING PRO BONO ADVICE

John Kelly SC
Paul Batley
Adrian Moroya

VOLUNTEERS

Asha Tanaja
Alexandra Lane
Holly Fredericks

PRO BONO PARTNERS

Thanks to **Hamish Wallace** at **Minter Ellison Lawyers** for assistance in setting up the Public Ancillary Fund for consumer advocacy purposes.

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

The Financial Rights Legal Centre has again had a good year, despite funding uncertainties which inevitably result in reduced staff numbers and services. We have been extremely fortunate in being the beneficiary of funds from the Victorian Fire Services Levy Monitor scheme which have allowed continued assistance to consumers with insurance problems. These number approximately half of all approaches to the Centre, and without that additional funding could not have received our help. However, this does not constitute ongoing funding.

Recognising the uncertainties experienced by all community legal centres, we have proactively instituted a potential funding source which can be accessed by any not for profit organisation and will operate completely

“We have been extremely fortunate in being the beneficiary of funds from the Victorian Fire Services Levy Monitor scheme which have allowed continued assistance to consumers with insurance problems.”

outside the auspices of the Financial Rights Legal Centre. We in fact will compete with others for any funds which may become available. This was flagged in our previous Annual Report and it is with great pleasure that we

can announce that the Public Ancillary Fund is up and running and wants only the deposits from individuals or institutions that will allow its potential to be fulfilled. We are very grateful for the pro-bono services of Minter Ellison in setting up the Fund and hope that their generosity will be mirrored by depositors!

The Centre has also been a major contributor to policy development initiatives in this year, either by providing input on drafts already in circulation, such as the Life Insurance Code, or by leading and writing the consumer submission on the Code of Banking Practice and contribution to others, such as the External Dispute Resolution review. This is in addition to developing educational materials such as a video warning consumers of pitfalls in dealing with debt management firms.

We sincerely thank our funding sources: Commonwealth and State Attorneys General; the NSW Department of Finance and Services and the Department of Social Services, as well as the wonderful staff members whose commitment to service provision never wavers. In addition, the organisation's continuous improvement ethic ensures that we give exceptional value for all dollars invested by funders. The Centre continues to be very ably led by joint Principal Solicitors Kat Lane and Alexandra Kelly, and Coordinator Karen Cox and the Management Committee recognises their essential role in the success of the organisation.

Margaret Raffan
- President

COORDINATOR'S REPORT

The last financial year has been another exciting year for Financial Rights. As Coordinator, it is always great to expand the advice services we provide. We currently provide a Credit and Debt advice service in NSW which is about to be rebranded as the National Debt Helpline (where Financial Rights answers NSW calls). We also have a national Insurance Law Service advice line and a dedicated advice line for financial counsellors. It was pleasing to add another service being a national Aboriginal Advice Service (AAS).

The AAS will provide legal and financial counselling support for Aboriginal and Torres Strait Islander people nationally in credit, debt and insurance issues. As part of setting up the AAS we also employed a dedicated Aboriginal Caseworker, Trevor. It has been wonderful to watch the demand for this service start to grow. There was clearly a need for this advice and a key objective for next financial year is to raise awareness for this service. The AAS has been funded out of non-recurrent funds so it will be a challenge to keep it going but we are determined to do so given there have been a number of very positive outcomes already.

Financial Rights now has a mix of national services and state advice services. It gives us the ability to identify systemic issues facing consumers on both a state level (NSW) and nationally.

It also enables us to target services at areas that have little access to advice or other services. We hope to continue our work in identifying areas of need and targeting resources effectively while still maintaining access to advice for our many callers.

Financial Rights wants to acknowledge the support of our main funders being: Office of Fair Trading (Financial Counselling Services Program), Commonwealth Attorney-General (Community Legal Services Program), and the Department of Social Services. Financial Rights also received one-off funding following the over-collection of fire service levies in Victoria. We used this funding to start a disclosure project (in progress), an insurance investigation research report, funding the Insurance Law Service and the AAS. We believe that the advice service and research work will lead to meaningful benefits for consumers.

I want to sincerely thank our voluntary Management Committee. Our Management Committee continues to provide sound governance and strategic direction for Financial Rights. Finally, I want to thank all of the staff at Financial Rights for their ongoing support and commitment to Financial Rights Legal Centre.

Karen Cox
- Coordinator



KAREN COX



KATHERINE LANE



ALEXANDRA KELLY

PRINCIPAL SOLICITORS' REPORT

Financial Rights answered 25,290 calls last financial year. This number shows the continuing strong demand for our service. The call statistics, however do not show the commitment of the Centre to provide quality practical advice to consumers to assist them to solve their problems. We consider ourselves to be experts in our areas of law: credit, debt and insurance. This expertise translates into not only accurate advice about the law but also practical tips and strategies to resolve the problem.

Financial Rights has put in place a number of strategies to ensure that consumers get the best possible advice. They are:

1. Providing plain language advice;
2. Providing a list of clear actions for the consumer to do to start solving their problem;
3. Assuring consumers they can call back as they work to solve the problem;
4. Working as a multi-disciplinary team of financial counsellors and solicitors to give advice on the entire financial problem not just part of it;
5. Conducting casework (both financial counselling and legal) so we know how a case is likely to be resolved and on what terms;
6. Explaining a proposed strategy and other options in detail.

Financial Rights' is committed to continuous improvement as a community legal centre. As part of that we are committed to continually improving the quality of advice we give. We already receive calls from grateful consumers who ring us to say they have solved their problem. We know there is more work to do on improving advice and more work to do on trying to evaluate the impact of advice. That said, we remain focussed on making sure consumers get the best advice possible from Financial Rights.

It was also our pleasure to see a concern that arose from consumers calling the Insurance Law Service translate into major industry reform. We were receiving many calls from consumers who felt that the investigations process by insurers was aggressive, intimidating and the process was completely unclear. We took those complaints, collected the many stories and our policy officer wrote "Guilty Until Proven Innocent: Insurance Investigations in Australia (March 2016). This report has led to improved industry practices and will be used to improve insurance industry codes of practice.

As always, we both want to thank all the staff at Financial Rights for their ongoing support and amazing work.

Katherine Lane & Alexandra Kelly
- Principal Solicitors

SERVICE AT A GLANCE

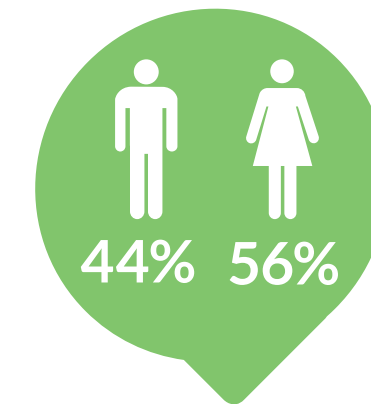
25,290	AUSTRALIANS THAT RECEIVED FREE LEGAL ADVICE OR FINANCIAL COUNSELLING (INCLUDING INFORMATION & REFERRAL)
16,942	CONTACTS ANSWERED THROUGH CREDIT & DEBT HOTLINE (PHONE & EMAIL)
8,348	CONTACTS ANSWERED THROUGH INSURANCE LAW SERVICE (PHONE & EMAIL)
691	INSURANCE LAW EMAILS ANSWERED
180	CREDIT & DEBT EMAILS ANSWERED
437	CASES OPENED
485	CASES CLOSED
7	NUMBER OF APPEARANCES IN COURT RELATED TO CASEWORK
23	CLE SESSIONS LED BY SOLICITORS & FINANCIAL COUNSELLORS TO COMMUNITY SOLICITORS, FINANCIAL COUNSELLORS & THE GENERAL PUBLIC.
72	MEDIA MENTIONS INCLUDING INTERVIEWS BY PRINCIPAL SOLICITORS & COORDINATOR
29	POLICY SUBMISSIONS GIVEN TO FEDERAL & STATE GOVERNMENT ENQUIRIES, INDUSTRY CONSULTATIONS, NATIONAL REGULATORS & OMBUDSMEN SERVICES.
2	PARLIAMENTARY COMMITTEE HEARINGS WHERE WE GAVE EVIDENCE
47	COMPLAINTS TO REGULATORS AND AUTHORITIES

ACCESS & DEMOGRAPHICS

GENDER

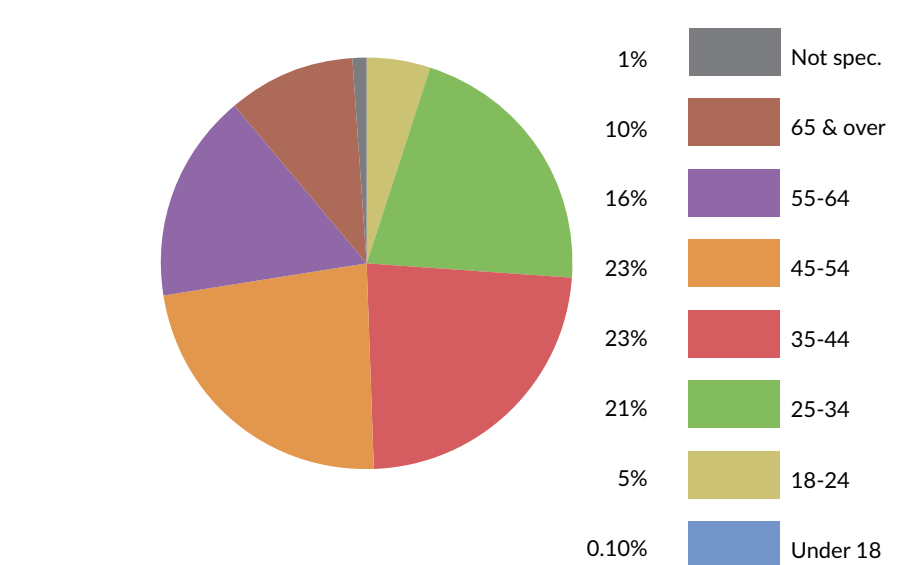


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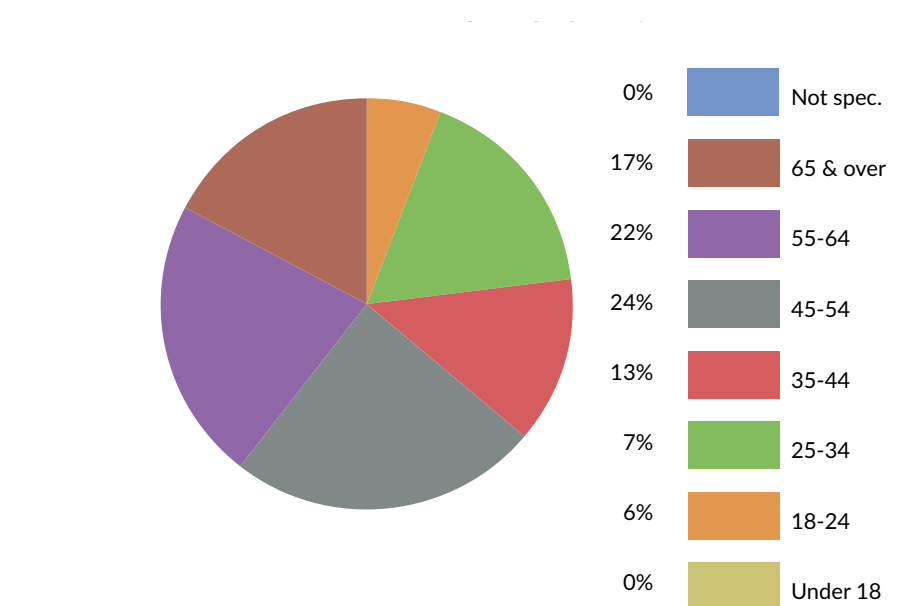


CASEWORK

AGE



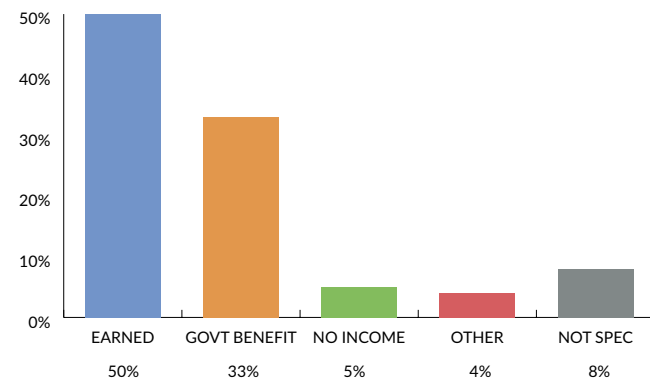
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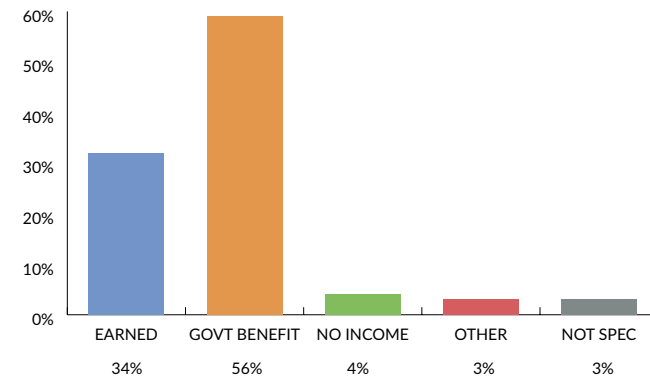
CASEWORK

ACCESS & DEMOGRAPHICS

INCOME SOURCE

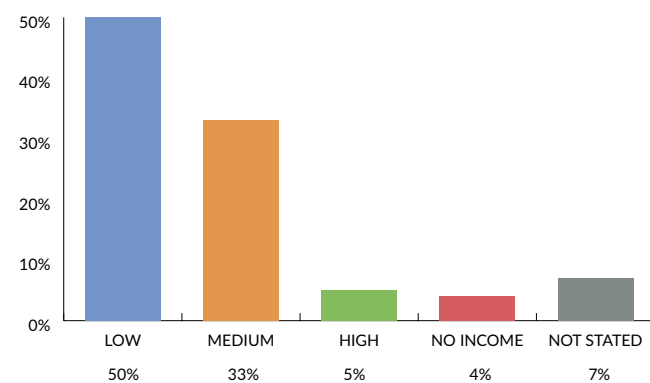


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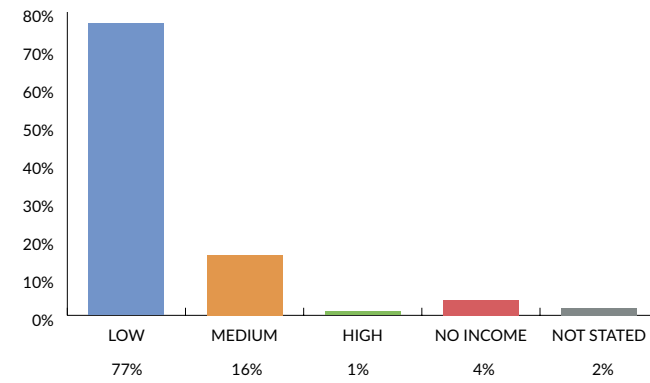


CASEWORK

INCOME LEVEL



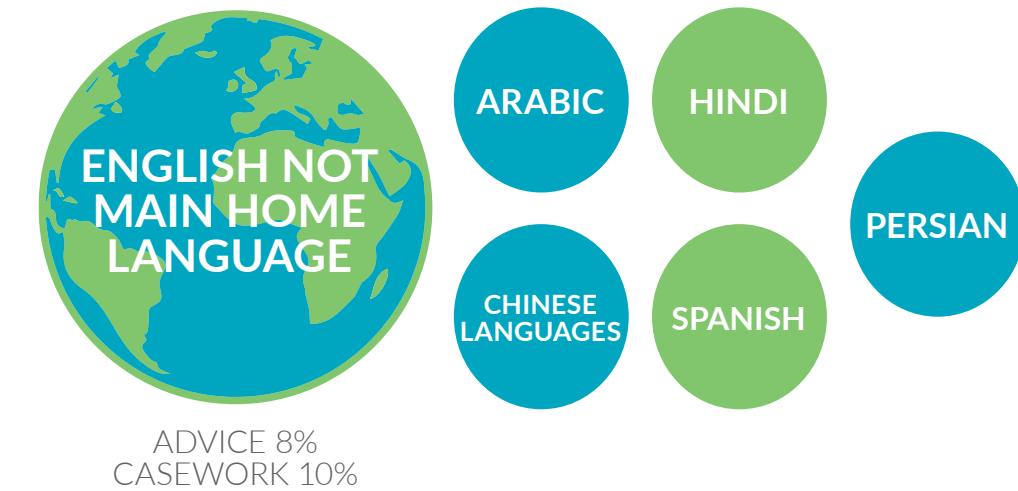
ADVICE



CASEWORK

ACCESS & DEMOGRAPHICS

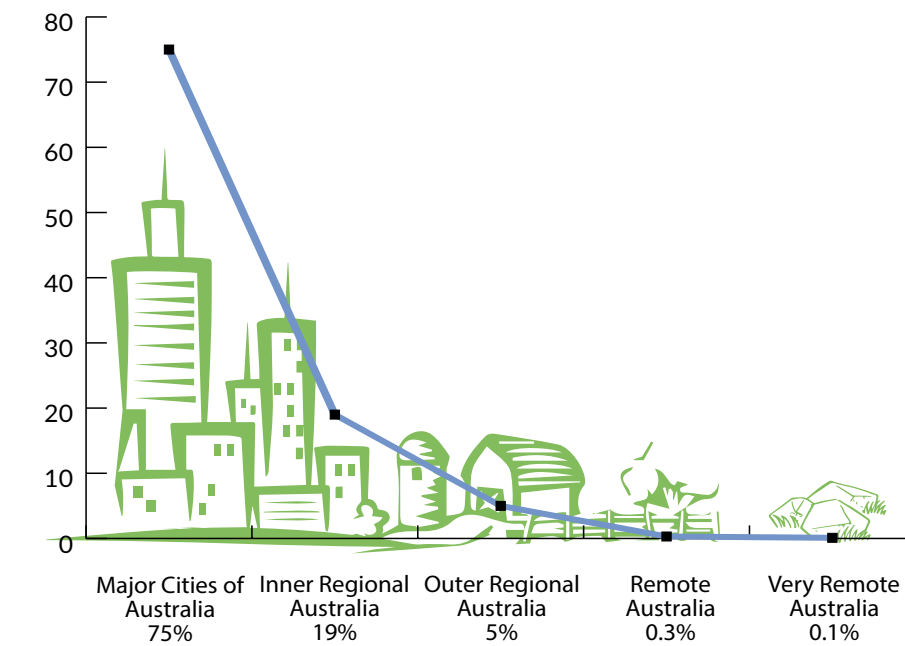
MAIN HOME LANGUAGE



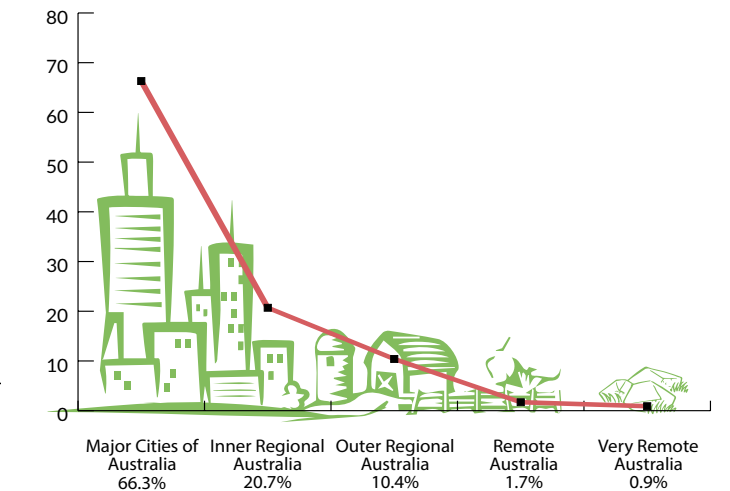
INDIGENOUS STATUS



REMOTENESS INDEX



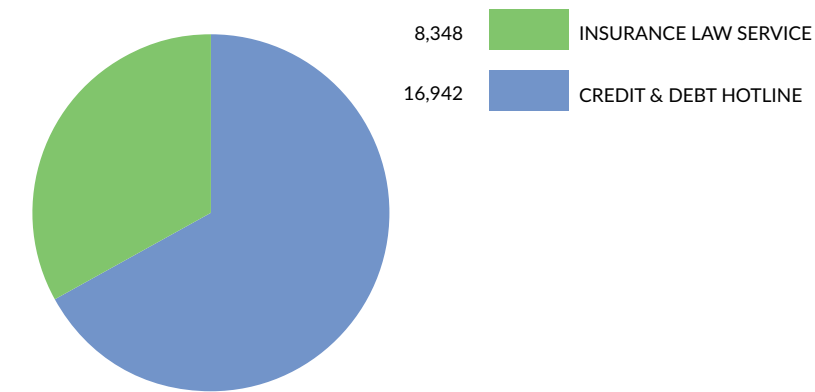
ADVICE CALLERS



DISTRIBUTION OF AUSTRALIAN POPULATION

ADVICE & INFORMATION

Financial Rights Legal Centre operates three telephone advice lines. The first is the Credit & Debt Hotline (CDH) which is for NSW residents and is answered by both solicitors and financial counsellors. The second is the Insurance Law Service (ILS), a national legal advice line answered by solicitors. Both CDH and 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. The Aboriginal Advice Service (AAS) is for Aboriginal or Torres Strait Islanders seeking legal advice on credit, debt and insurance matters or financial counselling. As it had only just started at the end of the financial year, its statistics are not included in the comparison.



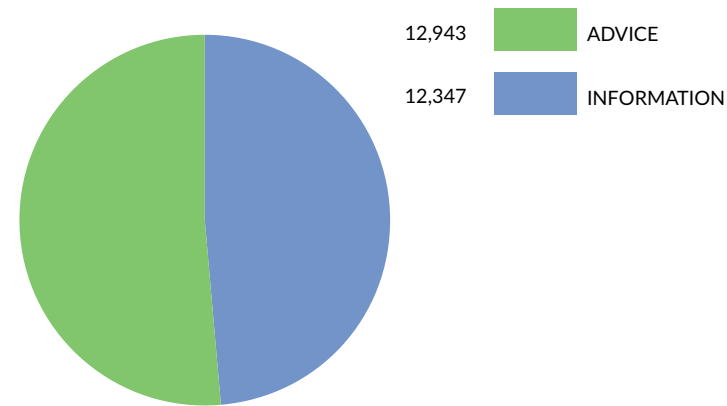
CREDIT & DEBT HOTLINE

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. The 1800 007 007 number is a national number called the National Debt Helpline but Financial Rights only answers NSW calls. The Credit & Debt Hotline will be rebranded to the National Debt Helpline in 2016/2017.

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.



TOTAL CONTACTS



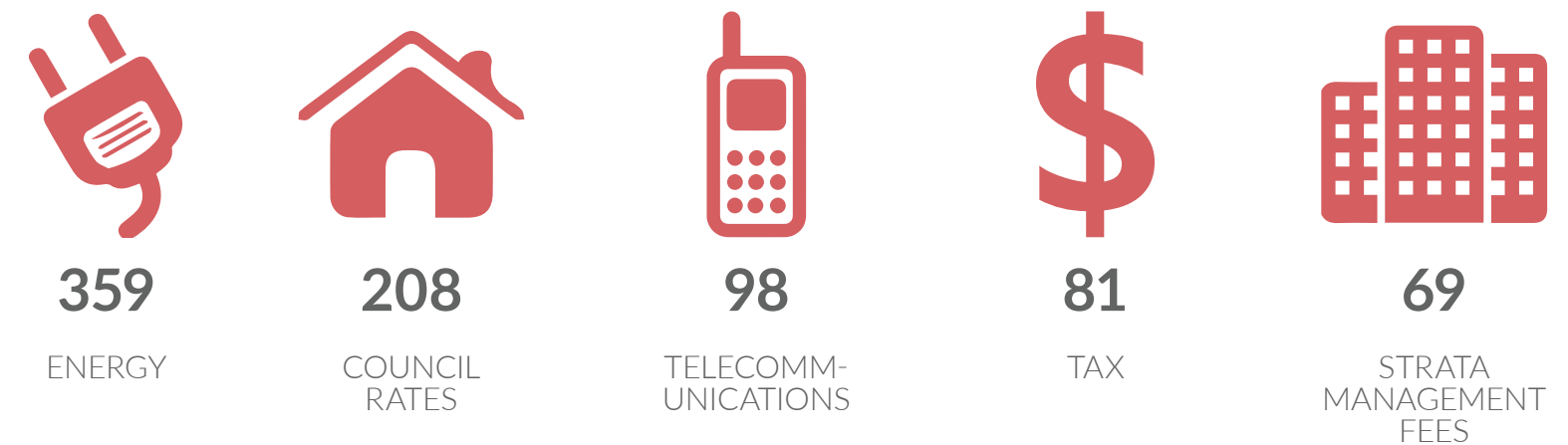
The CDH cultivates support networks and contacts with financial counsellors by visiting regional and remote regions, providing training both in Sydney and in regional and remote areas on relevant issues, and attending financial counselling meetings and conferences. We also have a dedicated telephone 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. Approximately 15% of the calls about personal loans involve payday loans and other small amount, high cost contracts (often multiple contracts for a single caller). Personal loans are closely followed by car loans. Energy advice is still the most common debt type (that is not credit). It is noted that information were given on energy debt.

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

8,135

CASE STUDY

Harold rang the Credit and Debt Hotline at 4.30pm on a Friday afternoon. He was very distressed because his energy company was threatening to cut off his electricity. The caller was very unwell with emphysema and had been trying to contact his energy company all afternoon to try and stop them cutting off his electricity. By the time he called the Credit and Debt Hotline he had run out of credit. He could call the hotline because it was a free call.

The financial counsellor who answered the phone immediately arranged to call his energy company and explain the situation. The energy company then called him directly and he made a repayment arrangement he could afford. The energy company agreed that a repayment arrangement was in place and he would not be cut off. He was so relieved.

CASE STUDY

Daniel took out a loan a payday loan for about \$2000 in 2006 to pay for his mother's funeral. He made a few payments but stopped in about 2007 due to ongoing financial hardship. A debt collector bought the debt and contacted Daniel in 2014 seeking recovery of the loan. Daniel started making payments in about October 2014 after being pressured by the debt collector. He contacted Financial Rights because he was struggling to make those agreed repayments. By this time had had paid approximately \$485.

Financial Rights requested copies of Daniel's loan contracts and account statements from the debt collector. Financial Rights was concerned that the debt collector may be

attempting to collect a statute barred debt. A statute barred debt is when a person would have a complete defence to a debt claimed in court under the Limitations Act (NSW). The debt collector did not respond to the request and kept calling and contacting our client. We sent a follow up request for documents and raised the issue of the debt collector's breach of the ACCC/ASIC Debt Collection Guideline as they were contacting Daniel directly when they knew he was represented. The debt collector then responded and provided the loan contracts but not the account statements. The debt collector eventually released Daniel from the debt claimed because they could not find the account statements.



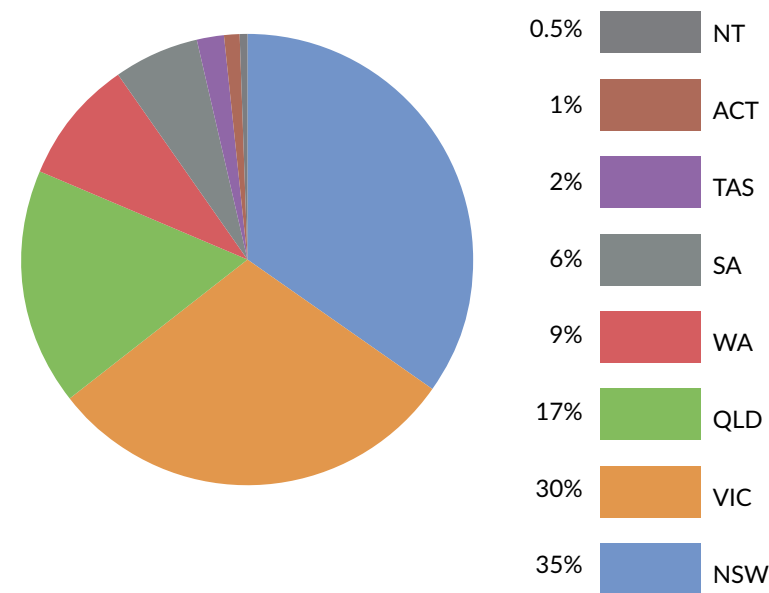
INSURANCE LAW SERVICE

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.

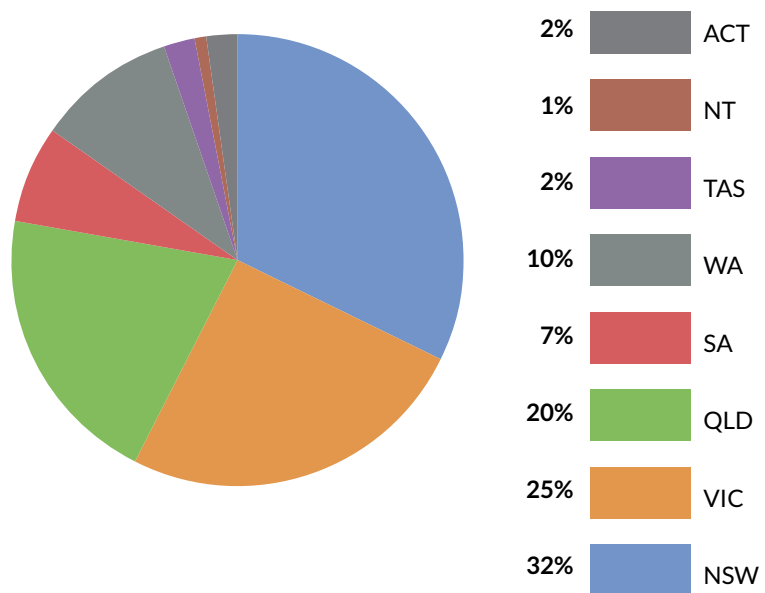
Calls relating to motor vehicle insurance, home building insurance and debts arising from motor vehicle accidents (in which the driver was uninsured) still dominate the advice line. Calls in relation to travel insurance increased, overtaking calls about income protection insurance. Other calls relate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

This year we continued to use funding received from overpaid premiums paid by consumers in Victoria which were directed to identified consumer services by 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.

INSURANCE CALLS BY STATE CF POPULATION



ADVICE CALLS



DISTRIBUTION OF AUSTRALIAN POPULATION

The ILS still faces a funding crisis with the FSLM funding due to run out next year and the Commonwealth Attorney-General Funding expiring in mid-2017. The future of the ILS remains in question even as demand for the service continues to grow.

TYPES OF INSURANCE (TOP 5 MENTIONED BY CALLERS)



2,017

MOTOR VEHICLE INSURANCE (COMPREHENSIVE POLICY HOLDERS)



883

HOME BUILDING INSURANCE



417

MOTOR VEHICLE INSURANCE (UNINSURED DRIVERS BEING PURSUED FOR DEBTS)



311

TRAVEL INSURANCE



294

INCOME PROTECTION INSURANCE

CASE STUDY

Robert's car was stolen from the side of a local road in rural Tasmania. Robert had left his car on the side of the road after it had broken down during a drive. He is an army veteran with extensive injuries. He left the car on the side of the road because he could not afford to have it towed until his next pay day. Over the course of the next few days, he visited the car daily to make sure it was still there.

One day he returned to find the car had gone. It turned out the car had been stolen and was found burnt out. Robert lodged a claim with his Insurance company. Robert was interviewed twice and was asked to provide

copies of his phone, bank and credit card statements, and obtain a criminal history record. After three months of investigations, the insurance company rejected the claim and alleged the claim was fraudulent. The insurance company did not provide any documents or evidence to verify their finding.

Financial Rights acted for Robert and lodged a dispute with the Financial Ombudsman Service (FOS). FOS found in Robert's favour on the basis that the insurance company had failed to provide any evidence that the claim was fraudulent. FOS also awarded Robert an additional \$800 for personal effects left in the car.

ABORIGINAL ADVICE SERVICE

The Aboriginal Advice Service (AAS) is a national specialist service offered by the Financial Rights Legal Centre. Legal advice and financial counselling assistance is available nationally via 1800 808 488. The AAS only began taking calls at the end of the financial year so the statistical data will be published next year. Financial Rights has employed an Aboriginal caseworker (Trevor James) to assist with answering the AAS and to arrange outreach and education for Aboriginal communities.

The AAS will be offering the following free services:

1. Phone advice
2. Information and referrals (with a warm referral if a referral is required)
3. Casework

4. Referral pathways and support for Aboriginal Legal Services
5. Community legal education
6. Outreach to targeted areas

Another important part of the AAS is to secure recurrent funding for the service. We also plan for the AAS to embed a commitment to reconciliation in Financial Rights. We have started work on a Reconciliation Action Plan and look forward to getting that plan finalised over the next year.

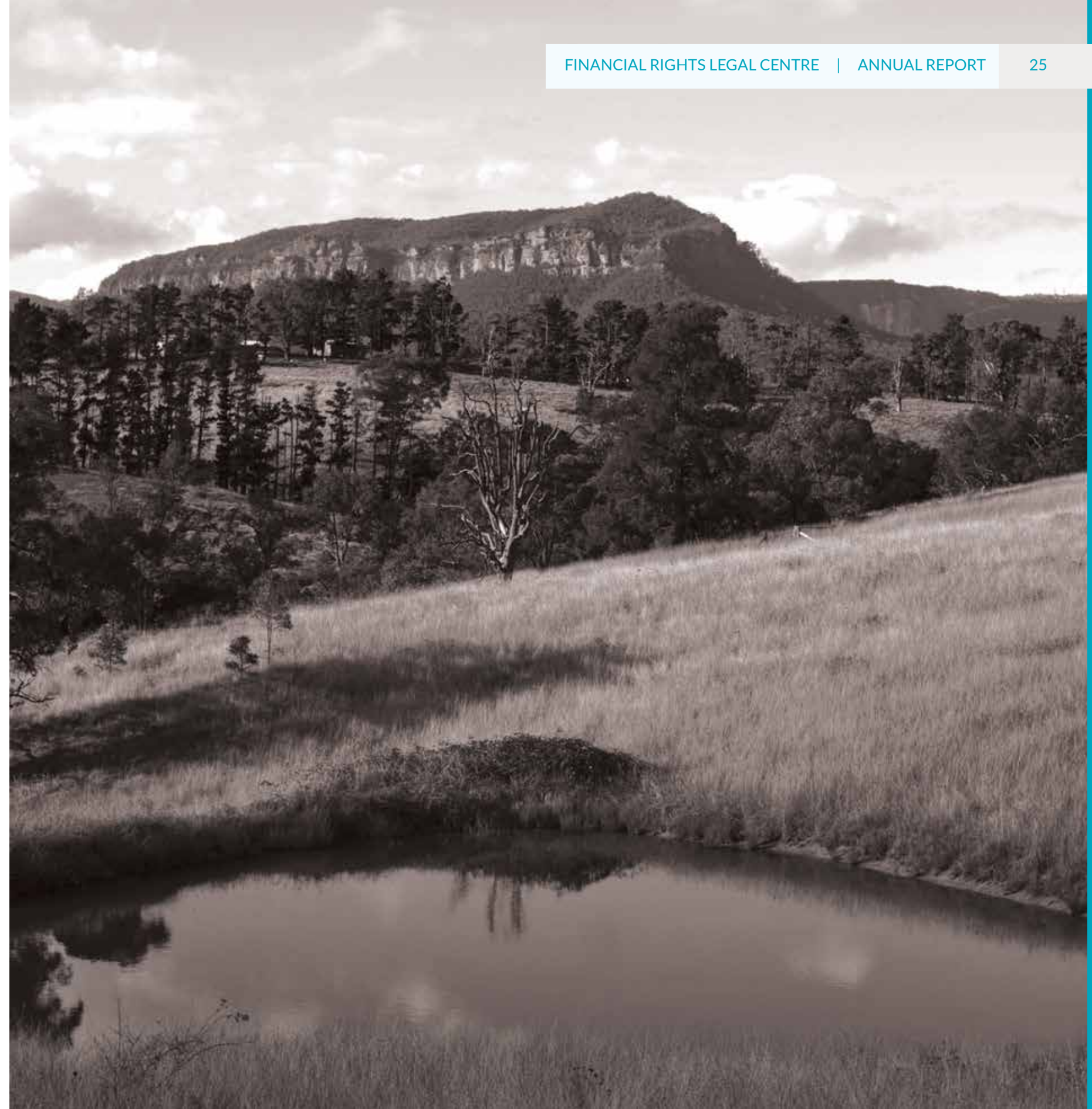


Trevor James

CASE STUDY

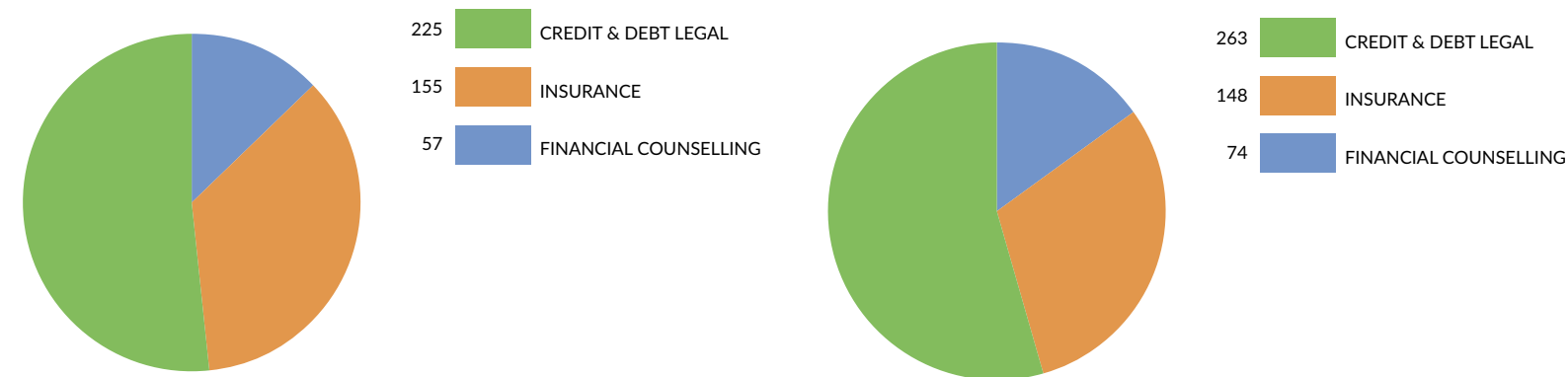
The AAS received a call from an Aboriginal Legal Service. They had a blind Aboriginal client, Mary, being pursued for a credit card debt by a debt collector. The debt collector had a court judgment and was seeking to get a court order for the sale of Mary's home. The Aboriginal Legal Service had tried to set aside the judgment without success. This had led to significant costs being added to the debt. Mary was very upset as she knew her way around her own home and her support network lived nearby.

AAS then assisted Mary to make a repayment arrangement with the debt collector. Both a solicitor and financial counsellor worked on the matter to show that Mary could afford the proposed repayments. This was very important in negotiating a workable repayment arrangement. Mary's home was saved.



CASEWORK

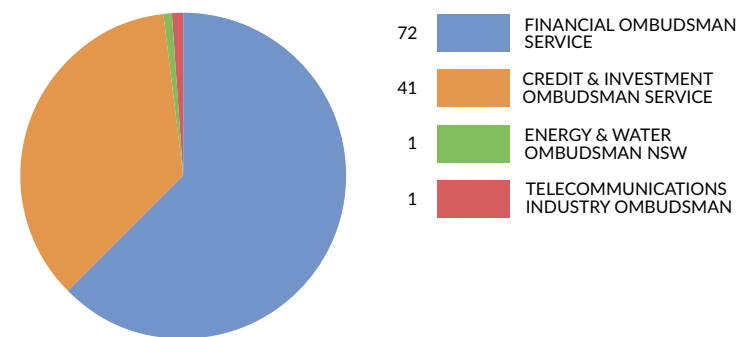
CASES BY SUBJECT



TOTAL CASES OPENED - 437

TOTAL CASES CLOSED - 485

CLOSED CASES IN EXTERNAL DISPUTE RESOLUTION



TOTAL - 115

Financial Rights did not represent each client all the way through the EDR process. Some clients were assisted with lodging their disputes but were able to self-advocate after lodgment.

CASE STUDY

Sally is a single mother with 2 children. She has no assets and rents her home. Sally had one secured loan with a finance company and a bank credit card debt and she was up to date with her repayments. In early 2015, Sally discovered a website offering to make her debt interest free with one payment. Sally wanted to consolidate her debts as she believed this would lower the repayments. Sally called them and after several phone conversations, Sally filled in a form and was told to stop making payments to her debts. Sally was told instead to start making payments of \$50 a week to them via direct debit to start paying their fee.

Sally did not understand that she had contacted a Part IX Debt Agreement broker and she was now in the process of applying for a Debt Agreement and paying the broker's fee. The Debt Agreement broker did not apply for the Debt Agreement for months while Sally

slowly made payments to pay their fee. Again, none of this was explained. The finance company eventually sent Sally a default notice as she had not been making repayments.

Australian Financial Security Authority (AFSA) ultimately rejected Sally's Debt Agreement proposal as the Debt Agreement broker had incorrectly described the Secured loan as being unsecured. By this time, Sally had paid a \$1020 fee to the Debt Agreement broker, the Debt Agreement proposal had been rejected, her creditworthiness had deteriorated and she was now in serious default on both her debts and facing enforcement action.

Financial Rights assisted Sally to get a refund of the fee paid and referred her to a financial counsellor to assist with negotiating with her creditors.

COMPLAINTS



TOTAL - 59

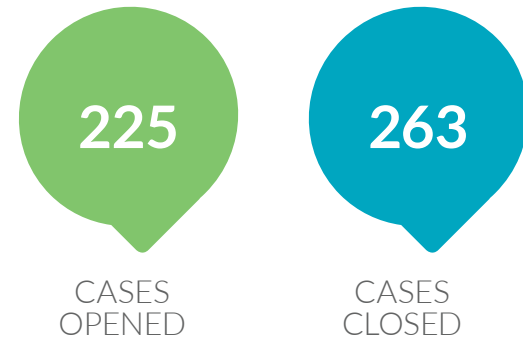
CLOSED CASES

	IN COURT	APPEARANCES
LOCAL COURT	1	3
SUPREME COURT	1	1
TRIBUNAL	1	0

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.

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



CASE STUDY

Frances is an Aboriginal woman with the aged pension as her sole source of income. She has tried to stay away from payday loans after seeing the devastation it caused her granddaughter. However the cost of living, and pressures in helping her family were too much, and she succumbed. Frances ended up signing up for seven loans in a row with a major payday lender.

Frances constantly missed repayments with the first loan but this did not stop the payday lender approving six subsequent loans. Frances could not afford to repay the debts and should not have been granted any of the loans. The debt caused Frances a great deal of stress.

She eventually rang Financial Rights for help. Financial Rights assisted her to negotiate a significant reduction in the outstanding debt and a repayment arrangement she could afford.

CASE STUDY

Amelika had seen advertisements by a major retail chain for their interest-free finance offers and decided she would like a new bed set. She went into the store to purchase the bed set under their interest-free finance. The bed set cost around \$2000 and after paying a deposit of \$500, she applied to have the balance of about \$1500 placed under finance.

During the finance application process, Amelika was asked if she was working and how much she earned. She advised them that she worked full-time and her fortnightly income was approximately \$1100-\$1200 before tax. She was not asked to provide any payslip or bank account statements but was asked about her assets. Amelika was of the understanding that the credit was interest free and that her repayments

would only be \$49 per month which she thought was affordable. However, the limit on the card was not \$1500 but instead was \$12,000. Amelika was sure she could not afford the repayments on a \$12,000 debt.

Amelika used the card to pay for everything and it was not long before she had spent the entire \$12,000 limit. The monthly repayments increased to about \$360 a month and Amelika was struggling to make the repayments. She got very stressed about this and had to take sick leave from work. She was placed on a mental health plan by her doctor. Financial Rights assisted Amelika to negotiate a reduction in the debt and a repayment arrangement she could afford.

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

Rob was self-employed and had applied for and obtained a number of credit cards. He then became chronically unwell and applied for and was granted a Centrelink Disability Support Pension. He continued to make his credit card payments although he was finding it very difficult to cope.

Rob then committed a crime and was sent to jail. Rob contacted the Credit and Debt Hotline through his

support worker in jail to seek help. A financial counsellor at Financial Rights agreed to assist Rob and started negotiations with his creditors. After doing a money plan, it became obvious that Rob could not afford to repay any of his debts and would not be returning to work in the foreseeable future. Rob had no assets. A financial counsellor at Financial Rights negotiated with each of his creditors all of which agreed to release Rob from his debts on compassionate grounds.

CASE STUDY

In April 2016, Eva, an Aboriginal mother of three, living in Western Sydney, was referred to us by Wirringa Baiya after she received a statement of claim from a debt collector for \$32,000 for a former credit card debt.

Eva fled with her children from her house in 2014 after suffering domestic violence for years. She incurred substantial debts on her credit card and energy companies after her partner refused to assist with living expenses. She and her children suffered psychological problems due to the domestic violence and were receiving ongoing counselling.

Apart from the debt to the debt collector; Eva had multiple other smaller debts. Our financial assessment showed she had no assets and was struggling to live within her means. Eva was working part time with an Aboriginal health service.

The debt collector agreed to cease legal action and waive the debt after we provided medical reports about psychological trauma experienced by Eva and her children, details of her domestic violence situation and her desperate financial situation.

We then approached all other creditors with similar evidence, focussing on the impact of domestic violence, and all debts were waived.

INSURANCE LEGAL CASEWORK

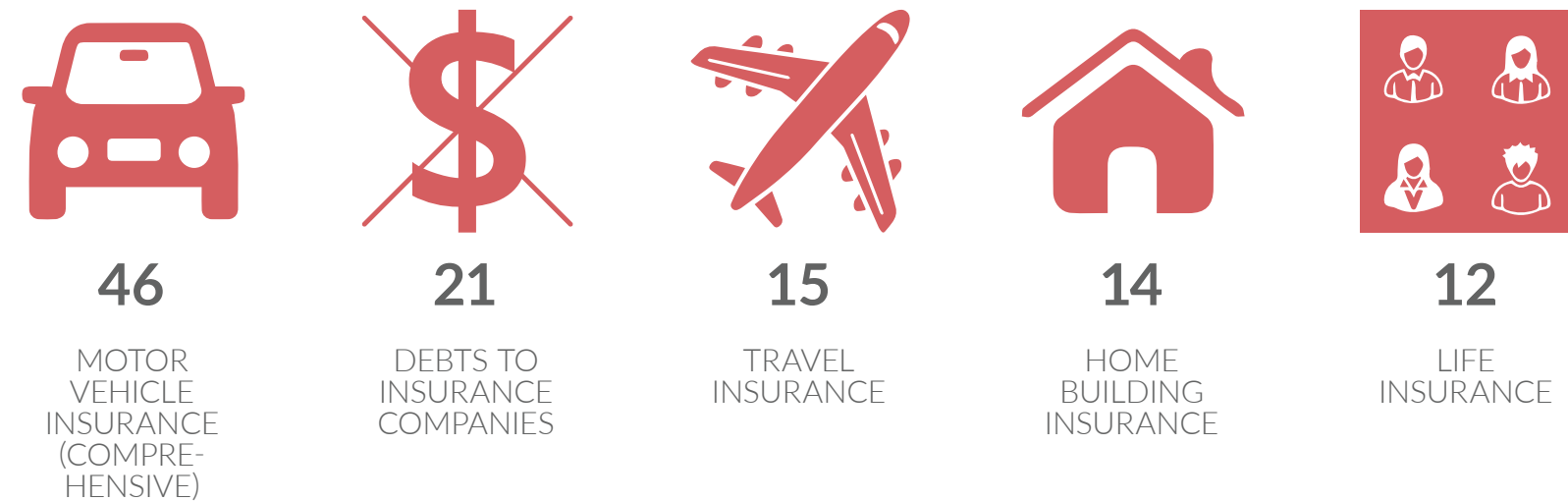
Files opened ranged from clients who were only given written advice on their prospects of success after a review of documents and instructions, to cases which went all the way to determination at the Financial Ombudsman Service. Comprehensive motor vehicle insurance matters were the most common among 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 uninsured 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 number of cases through the Financial Ombudsman Service helped inform our policy activities.



INSURANCE CASEWORK TOP 10



CASE STUDY

Sara booked a flight to go to Europe. She spent \$2,000 in flight costs. The actual trip was scheduled to take place 6 months later. Sara also took out a travel insurance policy at the same time. Sara was excited about the trip.

During the next month, Sara became a victim of serious workplace harassment. Worksafe investigated the incident. Sara's medical specialist provided letters that Sara would be unable to proceed with the scheduled trip.

Sara lodged a claim with her insurer. The insurer declined the claim, in reliance on an exclusion which excluded claims arising due to a mental condition.

Financial Rights lodged a complaint with the insurer.

We argued that:

1. The exclusion clause was ambiguous and unclear
2. Exclusion clause was discriminatory

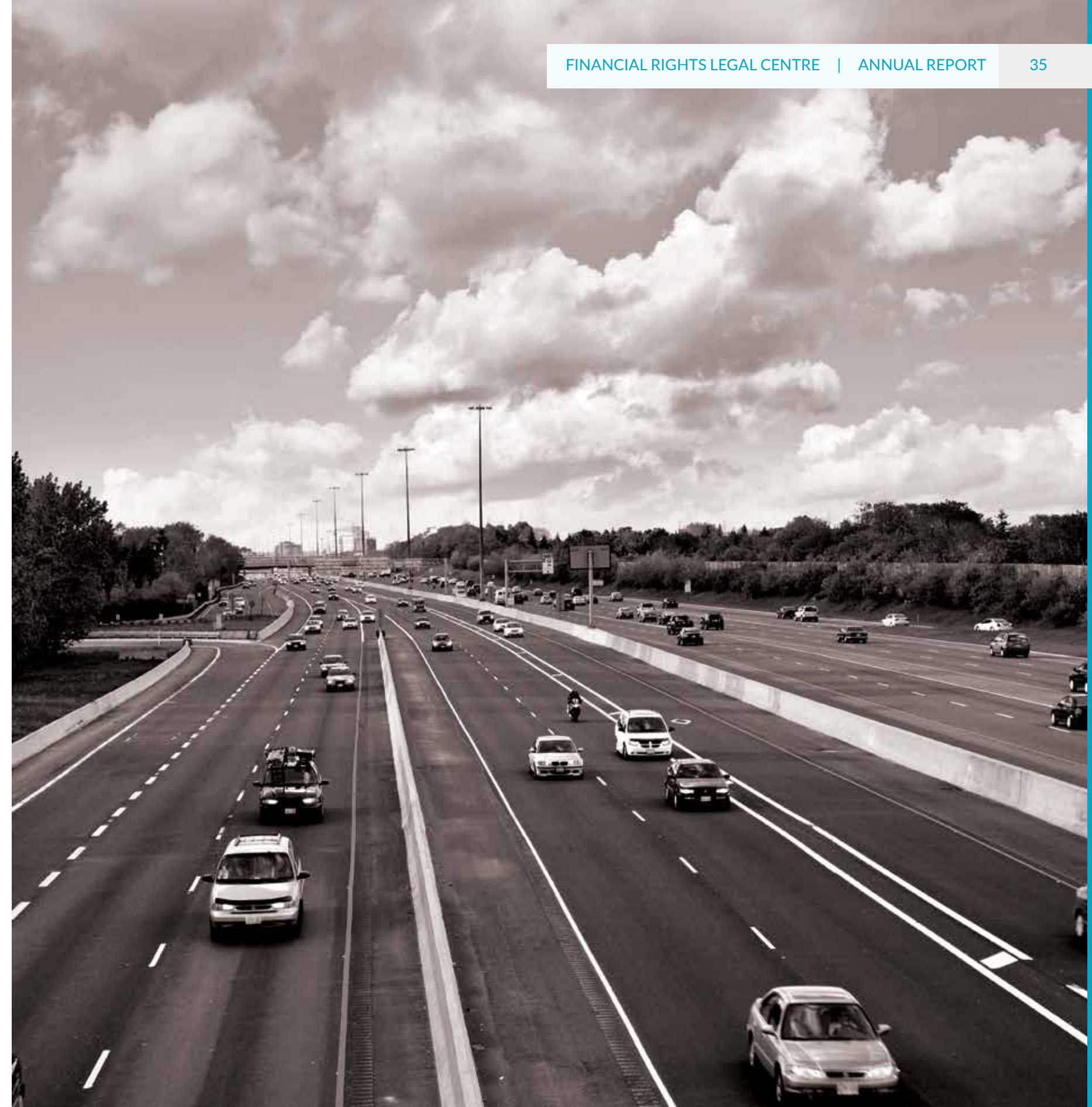
Financial Rights argued that it amounted to breaches of discrimination law to exclude mental conditions. Financial Rights highlighted that the insurer cannot produce any statistical and actuarial data to justify in what ways the insurer would suffer "unjustifiable hardship" for it to collect statistical data concerning mental health conditions. In another words, our argument was that mental disability ought to be treated like any other forms of physical disability. The insurer accepted the claim.

CASE STUDY

Maggie and her ex-partner had parked her car at a cinema carpark. The car was sitting at this carpark while they had dinner and watched a movie. Maggie had insured the car comprehensively with the insurer for an agreed value of \$16,500. When the movie finished, Maggie discovered that her car was missing.

Maggie immediately reported the incident to the police and lodged a claim with her insurer. The insurer rejected the claim because the witness statement of an employee at the cinema did not match Maggie's version of events. Financial Rights assisted Maggie with her dispute with her insurer. After reviewing the cinema employee's witness statement it became obvious that many of the details recalled by the employee were incorrect.

A dispute was lodged in the Financial Ombudsman Service on the basis that the insurer had not demonstrated the claim was fraudulent. The Financial Ombudsman Service found in favour of Maggie and ordered the insurer to pay the claim plus interest and \$1500 for stress and inconvenience.

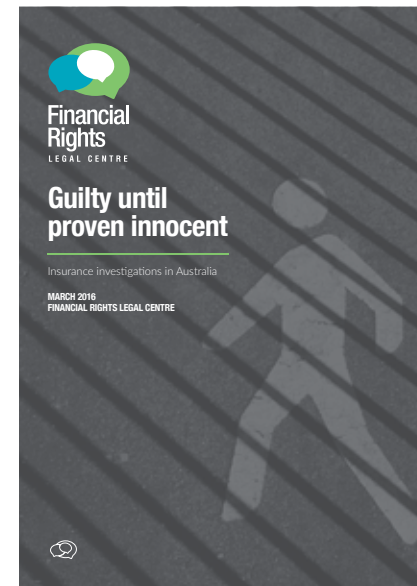


PUBLICATIONS

GUILTY UNTIL PROVEN INNOCENT: INSURANCE INVESTIGATIONS IN AUSTRALIA

Since the Financial Rights Legal Centre established its Insurance Law Service in 2007 solicitors have felt that a large portion of their time has been dedicated to providing advice to clients on how to deal with the experience of being investigated by insurers. Financial Rights decided to take a closer look at the issue and published its findings in this March 2016 report. The report found that almost a quarter of all calls to the Insurance Law Service hotline are about insurance investigations raising serious concerns about tactics used by general insurance companies in claims handling and assessment. Many of our clients feel that they have been subject to racial profiling and others with poor English skills have not had access to appropriate translators. Consumers are also subject to incredibly long interviews – sometimes over five hours in length. Our clients routinely feel bullied, harassed and intimidated by investigators and often describe being treated like criminals. It also found that the average investigation and dispute length is close to 18 months with some taking over three years.

The report has received significant media coverage at launch and has led to industry working on implementing a number of the key recommendations



ALEXANDRA KELLY & JULIA DAVIS ON ABC'S 7.30 LAUNCHING THE REPORT

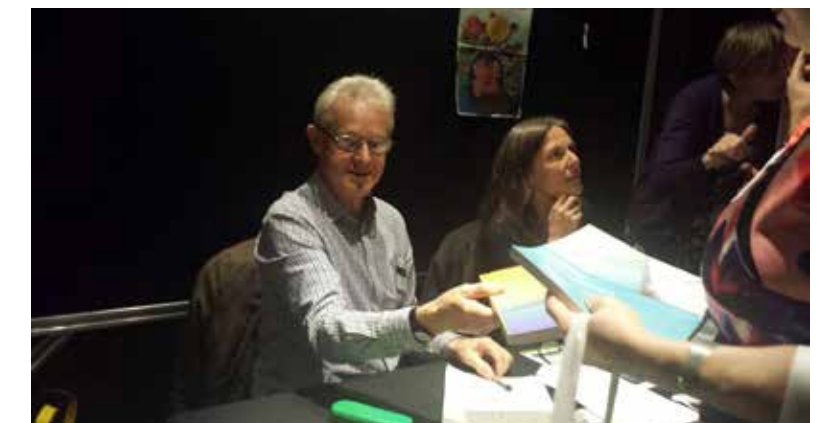


CREDIT LAW TOOLKIT, 2ND EDITION

The new Credit Law Toolkit has been jointly produced by the Financial Rights Legal Centre and Legal Aid NSW and covers the law as at December 2015. It is aimed at both financial counsellors and lawyers, particularly those lawyers in legal aid offices and generalist community legal centres who do a range of civil law work, but do not necessarily specialise in credit law. The toolkit is also intended to assist financial counsellors to assist their clients more effectively, but not to replace timely legal advice. The toolkit was launched in March 2016 at the FCA Conference.



KAREN COX PRESENTING AT FCA CONFERENCE



PETER & KAREN AT FCA CONFERENCE



COMMUNITY LEGAL EDUCATION

COMMUNITY EDUCATION

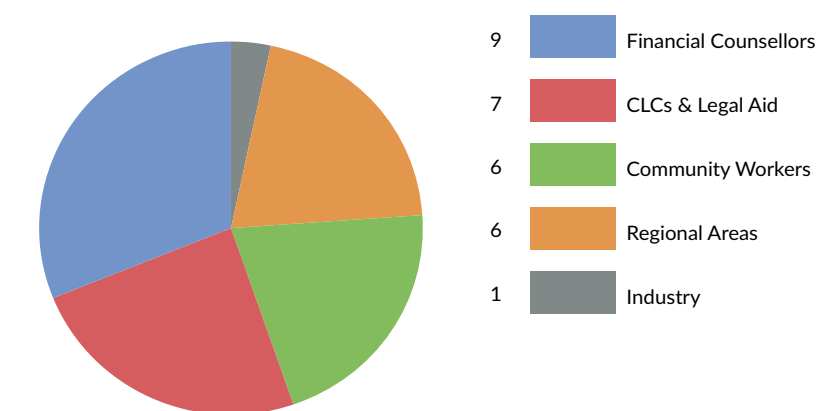
Community Legal Education (CLE) presentations and workshops continue to be a vital part of the Centre’s work. Our solicitors and financial counsellors regularly present CLE to community workers, other financial counsellors, lawyers and the general public. Our CLE strategy is geared toward spreading our 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 CLE 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:

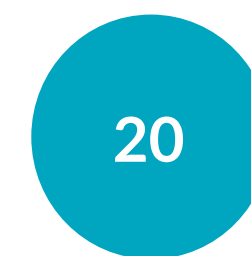
- A presentation on payday lending and pawnbroking to private solicitors who assist the Homeless Person’s Legal Service;
- A presentation for Tamworth region financial counsellors on Risk Management;

- A workshop on Bankruptcy and the Bankruptcy Toolkit at the FCA Conference; and
- A day long series of presentations on hardship variations, uninsured motor vehicle accident debts and responsible lending obligations.

COMMUNITY EDUCATION - AUDIENCE



TOTAL



CREDIT & DEBT



INSURANCE



VISITS TO REGIONAL AREAS PROMOTING OUR SERVICES

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, Dubbo, Wagga Wagga, Albury, Nowra, Griffith, and Tamworth. 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.

WEBSITES

Financial Rights operates two consumer-facing websites: www.financialrights.org.au and 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. The websites contain over 80 legal information factsheets, sample letters, 'Know Your Financial Rights' checklists, a financial counsellor search tool for consumers in NSW and much more. This financial year our websites were visited by over 29,000 unique users.

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.

We continue to distribute ATSI appropriate promotional materials including wallet cards, posters and flyers.

We have also worked with non-profit social media firm Agency to build a new financial literacy website directed at raising awareness on the dangers of debt management firms.

TWITTER

Financial Rights has been actively engaged on Twitter for two years now, with over 600 followers and 1500 tweets.



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

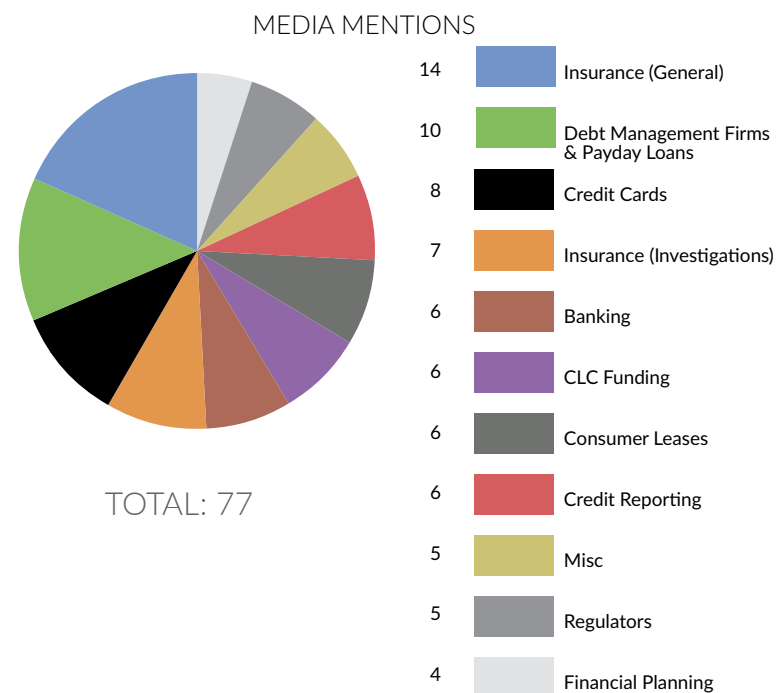
Educate consumers about their rights & warn about potential pitfalls

Encourage & facilitate debate on law-reform issues

The majority of the media work has been undertaken by the Principal Solicitors, Katherine Lane and Alexandra Kelly and Coordinator Karen Cox, with contributions from other staff members at times. They have appeared on ABC Radio National, ABC TV's 7:30, the Sydney Morning Herald, The Age, the Australian, SBS TV, The New Daily, The Guardian, and many more. 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 included:

- Alexandra Kelly discussing and answering caller questions on Tony Delroy's Nightlife on ABC Radio regarding insurance, commenting on the dangers of debt management firms in the Sydney Morning Herald and talking about payday loan statistics with Yahoo News.
- Karen Cox discussing community legal centre funding on Radio National Breakfast,
- Katherine Lane on 7:30 discussing Veda Advantage and the provision on incorrect credit information and in Insurance News discussing additional funding to ASIC.



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 2015-2016

1 Debt Management Firms
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 Codes of Practice
Industry Codes of Practice set rules for the financial services sector to adhere to and are intended to raise industry standards, complement legislative requirements, and serve to protect consumer interests. We will work with self-regulatory bodies to raise these standards and bolster the consumer protection framework.

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

- Financial Rights made two submissions over 2014-2016 to the NSW State Government on its Strata Schemes Management reforms. Financial Rights has long advocated for greater recognition of financial hardship suffered by property owners. The government introduced a new legislative regime that now includes the ability to establish payment plans for overdue contributions and internal dispute resolution processes.
- Financial Rights, working closely with the Consumer Action Law Centre, to raise awareness on the growing problem of debt management firms including credit repairers, personal budgeting services, debt agreement brokers and debt negotiators. Off the back of an ASIC Report on the sector, we organised an industry roundtable including regulators and industry stakeholders, which resulted in a communique calling for the Government to regulate this exploitative sector.
- Pay day lending has wreaked havoc on many financially

vulnerable Australians, and the Financial Rights has long argued the need for regulatory reform to curb the excesses of the industry. We made three substantial submissions to the Federal Government's review of the Small Amount Credit Contract laws. The Final Report quotes Financial Rights extensively and has made a number of recommendations for significant reform.

- For many years the life insurance sector has been without a code of practice with policyholders suffering from delays and other poor claims handling and assessment practices. Financial Rights led a joint consumer submission to an early draft of the Financial Services Council's Life Insurance Code of Practice. The FSC then proceeded to establish a steering committee to which Financial Rights provided a significant amount of input, fighting to ensure the life insurance sector boost its standards to best practice claims and assessment handling. A Code was recently finalised and introduced.

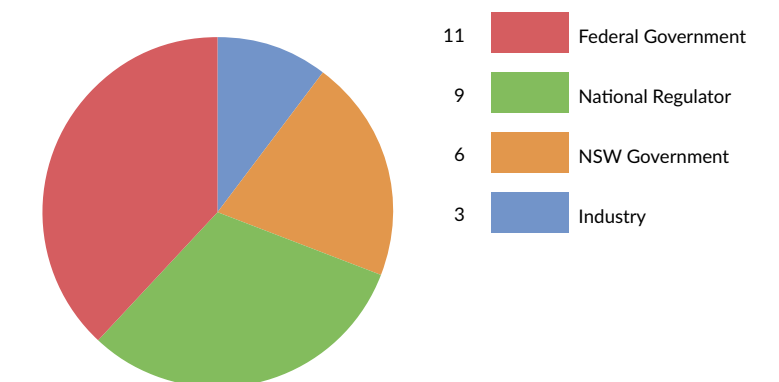
IMPORTANT POLICY SUBMISSIONS

Financial Rights has made significant contributions to a number of law reforms including:

- The Federal Government's move to improve bankruptcy and insolvency laws;
- The Federal Government's plans to tighten responsible lending obligations on credit card providers;
- The Australian Energy Regulator's work to establish a Sustainable Payment Plans Framework;
- ASIC review of mortgage broker remuneration and modifications to the ePayments Code and;
- The NSW government's review of pawn-broking regulations.

Financial Rights has also worked tirelessly to ensure a consumer voice is heard in the development of the credit reporting regime.

POLICY SUBMISSIONS



TOTAL POLICY SUBMISSIONS - 29

EDUCATIONAL CAMPAIGNS 2015-2016

1 Pay Day Lending

Financial Rights collaborated with the Consumer Action Law Centre, Good Shepherd Micro-Finance and Digital Finance Analytics to produce research and analysis on pay day lending habits. The report reviews detailed data from the 2005, 2010 and 2015 surveys as a means to dissect and analyse the longitudinal trends. This research found some disturbing developments including a dramatic increase in the number of Australians using pay day loans, a sharp rise in the number of financially stressed households and a huge explosion in online lending avenues. The report was used to inform the Small Amount Credit Contract review. This research is also informing the development of educational programs on issues such as the cost of payday loans and the availability of alternative forms of credit.

2 Insurance Disclosure Research

We are conducting an extensive research report into insurance disclosure regimes. Our research is examining what works and what doesn't work about current disclosure requirements (PDS, KFS, etc.) and what alternatives might work better. The research will provide both industry and the Treasury with real data and evidence about how disclosure is working and how outcomes for consumers can be improved.

3 Debt Management Firms

Financial Rights Legal Centre has seen a proliferation in the last few years of consumer complaints against debt management firms. We have planned and built a financial literacy campaign to rebrand debt negotiators, credit repair services, debt admin brokers, budgeting services and raise awareness of the exploitative nature of these businesses. Financial Rights has been working with social media firm Agency to develop a website and video.

CONSUMER GROUPS & 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
- Credit and Investments Ombudsman Consumer Panel
- Financial Ombudsman Service Australia's Consumer Liaison Group
- Energy and Water Consumers' Advocacy Program Reference Group
- Insurance Council of Australia National Consumer Reference Group
- Australian Bankers Association Consumer Stakeholder Forum
- Financial Services Council Life Insurance Code of Practice Steering Group
- NSWCLC Communications and Technology Network

FINANCIAL RIGHTS LEGAL CENTRE INC.
40 506 635 273

FINANCIAL REPORT FOR THE YEAR ENDED
30 June 2016

FINANCIAL RIGHTS LEGAL CENTRE INC
ABN: 40 506 635 273

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 2016.

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
Daniel Maurer, Treasurer
Paul Baker, Secretary
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.

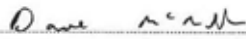
Significant Changes

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

Operating Result

The Association recorded an operating deficit of \$430,796 for the financial year ended 30 June 2016.

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


David McMillan


Daniel Maurer

Dated this 5th day of October 2016

FINANCIAL RIGHTS LEGAL CENTRE INC
ABN: 40 506 635 273

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Year Ended 30 June 2016

	Note	2016 \$	2015 \$
INCOME			
Grants	2	1,773,069	1,543,792
Project income	3	48,803	322,949
Interest received		46,858	62,795
Other income	4	16,778	1,485
		<u>1,885,508</u>	<u>1,931,021</u>
EXPENDITURE			
Salaries		1,567,182	1,369,580
Superannuation		145,626	129,964
On costs		94,227	55,528
Rent		131,902	132,287
Repairs and maintenance		1,377	1,469
Other Premises Costs		40,982	33,172
Staff Training		6,492	13,138
Staff Recruitment		1,347	1,258
Communications		52,093	59,585
Office Overheads		35,972	27,691
Insurance		5,604	5,779
Finance, Audit & Accounting Fees	5	11,147	9,204
Library, Resources & Subscriptions		22,851	20,927
Travel		14,096	11,055
Programming and Planning		154,507	47,232
Client Disbursements		6,790	176
Minor Equipment		1,176	2,495
Depreciation		21,779	22,325
Other		1,154	255
TOTAL EXPENSES		<u>2,316,304</u>	<u>1,943,117</u>
Current year surplus/ (deficit)		(430,796)	(12,095)
Other comprehensive income		-	-
Total comprehensive income/(deficit)		<u>(430,796)</u>	<u>(12,095)</u>

The accompanying notes form part of this financial report.

FINANCIAL RIGHTS LEGAL CENTRE INC
ABN: 40 506 635 273

STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents		1,433,780	1,731,379
Trade and other receivables	6	21,458	26,563
Prepayments		9,057	7,599
GST receivable		11,250	-
TOTAL CURRENT ASSETS		1,475,545	1,765,542
NON-CURRENT ASSETS			
Rental Bond		36,066	36,066
Financial assets		10,052	10,052
Property, plant and equipment	7	40,508	58,441
TOTAL NON-CURRENT ASSETS		86,626	104,559
TOTAL ASSETS		1,562,171	1,870,100
CURRENT LIABILITIES			
Employee Benefits	8	487,854	413,288
Grants received in advance	9	19,884	21,097
Other provisions	10	47,857	47,857
GST liabilities		-	10,046
Employee liabilities		84,583	59,060
Creditors & Accruals		51,885	32,380
TOTAL CURRENT LIABILITIES		692,073	583,728
NON-CURRENT LIABILITIES			
Employee Benefits	8	14,522	-
TOTAL NON-CURRENT LIABILITIES		14,522	-
TOTAL LIABILITIES		706,595	583,728
NET ASSETS		855,576	1,286,373
MEMBERS' FUNDS			
Reserves	11	21,916	21,916
Retained surplus	12	833,650	1,264,455
TOTAL MEMBERS' FUNDS		855,576	1,286,371

The accompanying notes form part of this financial report.

FINANCIAL RIGHTS LEGAL CENTRE INC
ABN: 40 506 635 273

STATEMENT OF CHANGES IN MEMBERS' FUNDS
As at 30 June 2016

	Reserves \$	Retained surplus \$	Total Equity \$
Balance as at 1 July 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	1,264,456	1,286,372
Deficit for the year	-	(430,796)	(430,796)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(430,796)	(430,796)
Transfer between reserves	-	-	-
Balance as at 30 June 2016	21,916	833,660	855,576

FINANCIAL RIGHTS LEGAL CENTRE INC
ABN: 40 506 635 273

STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from grants and project income		2,022,260	1,490,298
Interest received		54,313	50,736
Payments to suppliers and employees		(2,370,326)	(2,014,531)
		<u>(293,753)</u>	<u>(473,497)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for rental bonds		-	(21,035)
Payments for property plant & equipment		(3,846)	(53,285)
		<u>(3,846)</u>	<u>(74,320)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
NET INCREASE (DECREASE) IN CASH		(297,599)	(547,817)
CASH AT THE BEGINNING OF THE YEAR		1,731,379	2,279,196
CASH AT THE END OF THE YEAR	16	<u>1,433,780</u>	<u>1,731,379</u>

The accompanying notes form part of this financial report.

FINANCIAL RIGHTS LEGAL CENTRE INC
ABN: 40 506 635 273

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

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 107: Statement of Cash Flows
AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors
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.

FINANCIAL RIGHTS LEGAL CENTRE INC
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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, the 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 financial statements. 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 financial statements 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.

Lease payments for operating leases are recognised as an expense over the lease term.
- 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.

FINANCIAL RIGHTS LEGAL CENTRE INC
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Critical Accounting Estimates and Judgements

Management 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) **Provision for Make Good**

Included in provisions at the end of the reporting period is a amount for making good the office premises. This is 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 (applicable for annual reporting periods commencing on or after 1 January 2018).

The standard include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments.

AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2018).

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.

AASB 16: Leases (applicable for annual reporting periods commencing on or after 1st January 2019).

- Recognition of a "right to use" asset and liability for all leases, excluding leases less than 12 months of tenure and leases relating to low value assets.
- Depreciation of right to use assets in line with AASB 116: Property, Plant and Equipment and unwinding of the liability in principal and interest components over the life of the lease
- Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or the rate at the commencement of the lease
- A lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease
- Additional disclosure requirements

The transitional provisions of the standard allow a lessee to either retrospectively apply the standard or recognise the cumulative effect of retrospective application as an adjustment to opening equity on initial application.

Although the directors anticipate that the adoption of the above standards will impact the financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

FINANCIAL RIGHTS LEGAL CENTRE INC
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2: GRANTS INCOME	2016	2015
	\$	\$
Commonwealth Attorney General - CLSP Generalist services	158,400	168,215
State Attorney General - CLSP Generalist services	148,722	143,636
NSW Fair Trading - FCSF NSW	741,279	716,282
Department of Social Services - CFCF	345,841	187,033
Commonwealth Attorney General - CLSP Insurance	338,827	266,625
Financial Counselling Trust Fund (Sydney Water)	-	62,600
	<u>1,773,069</u>	<u>1,543,792</u>
CLSP - Community Legal Services Program		
FCSF NSW - Financial Counselling Services Program NSW		
CFCF - Commonwealth Financial Counselling Program		
NOTE 3: PROJECT INCOME	2016	2015
	\$	\$
Bankruptcy Tool Kit Project	1,213	21,632
Pay Day Lending Campaign Research	47,590	-
Fire Services Levy Over-collection Funds	-	134,742
Interactive Brokers	-	149,574
Law Reform Research	-	5,000
Law & Justice Foundation	-	12,000
	<u>48,803</u>	<u>322,949</u>
NOTE 4: OTHER INCOME	2016	2015
	\$	\$
Consultancy fees	8,957	-
Disbursement Recovered	6,744	-
Legal Costs recovered	-	757
Sitting fees	1,077	718
	<u>16,778</u>	<u>1,485</u>
NOTE 5: EXPENSES	2016	2015
	\$	\$
Audit fees	9,923	7,920
	<u>9,923</u>	<u>7,920</u>
NOTE 6: TRADE AND OTHER RECEIVABLES	2016	2015
	\$	\$
Sundry debtors	14,418	12,068
Interest receivable	7,040	14,495
	<u>21,458</u>	<u>26,563</u>

FINANCIAL RIGHTS LEGAL CENTRE INC
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 7: PROPERTY, PLANT AND EQUIPMENT	2016	2015
	\$	\$
Computer Equipment - at cost	46,485	42,639
Accumulated depreciation	(41,934)	(40,088)
	<u>4,551</u>	<u>2,551</u>
Office furniture and equipment - at cost	51,858	51,858
Accumulated depreciation	(26,394)	(19,476)
	<u>25,464</u>	<u>32,382</u>
Office Equipment - at cost	59,749	59,749
Accumulated depreciation	(55,380)	(50,530)
	<u>4,369</u>	<u>9,219</u>
Leasehold improvements - at cost	51,595	51,595
Accumulated depreciation	(45,471)	(37,307)
	<u>6,124</u>	<u>14,289</u>
Total Plant and equipment	<u>40,508</u>	<u>58,441</u>
NOTE 8: EMPLOYEE BENEFITS	2016	2015
	\$	\$
Current Liabilities		
Provision for Annual Leave	214,108	195,314
Provision for Long service Leave	273,756	217,974
	<u>487,864</u>	<u>413,288</u>
Non-Current Liabilities		
Provision for Long service Leave	14,522	-
Total Employee Benefits	<u>502,386</u>	<u>413,288</u>
NOTE 9: GRANTS RECEIVED IN ADVANCE	2016	2015
	\$	\$
Bankruptcy Tool Kit Project	19,884	21,097
	<u>19,884</u>	<u>21,097</u>
NOTE 10: OTHER PROVISIONS	2016	2015
	\$	\$
Provision for Make good	37,857	37,857
Provision for PI Insurance excess	10,000	10,000
	<u>47,857</u>	<u>47,857</u>

FINANCIAL RIGHTS LEGAL CENTRE INC
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 11: RESERVES	2016	2015
	\$	\$
Reserve for future projects	11,959	11,959
Reserve for office equipment	9,057	9,057
	<u>21,916</u>	<u>21,916</u>
NOTE 12: RETAINED SURPLUS	2016	2015
	\$	\$
Balance brought forward - tied	36,733	268,480
Balance brought forward - untied	1,227,723	1,004,695
Current year surplus/(deficit) - tied	(30,949)	(231,748)
Current year surplus/(deficit) - untied	(399,847)	219,652
Transfer (to)/ from reserves	-	3,376
	<u>833,660</u>	<u>1,264,455</u>
Balance carried forward - tied	5,784	36,733
Balance carried forward - untied	<u>827,876</u>	<u>1,227,723</u>
	<u>833,660</u>	<u>1,264,455</u>
Tied funds represent surplus deficits from funding bodies that are carried forward as per their funding agreements.		
These are as follows:		
	2016	2015
	\$	\$
As reported to AG	5,784	5,945
As reported to OFT	-	368
As reported to DSS	-	30,419
	<u>5,784</u>	<u>36,733</u>
NOTE 13: LEASING COMMITMENTS	2016	2015
	\$	\$
Operating Lease Commitments		
Being for office rental		
Minimum lease payments:		
not later than 12 months	133,232	131,913
between 12 months and 5 years	55,743	188,975
greater than 5 years	-	-
	<u>188,975</u>	<u>320,889</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 %) per centum 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.

FINANCIAL RIGHTS LEGAL CENTRE INC
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 15: INCOME & EXPENDITURE

	Commonwealth and State Attorney General	Office Of Fair Trading	Department of Social Services
	\$	\$	\$
INCOME			
Grants	685,949	741,279	345,841
Interest received	13,741	14,479	6,923
Other income	-	-	-
	<u>699,690</u>	<u>755,758</u>	<u>352,764</u>
EXPENDITURE			
Salaries	480,997	558,801	281,301
Superannuation	45,153	51,409	26,142
On costs	53,032	22,758	9,355
Rent	43,528	44,847	23,743
Repairs and maintenance	454	458	248
Other Premises Costs	13,524	13,934	7,377
Staff Training	2,143	2,207	1,159
Staff Recruitment	458	458	243
Communications	20,368	21,452	10,262
Office Overheads	11,717	14,024	7,792
Insurance	4,444	2,106	1,056
Finance, Audit & Accounting Fees	4,358	4,593	2,196
Library, Resources & Subscriptions	8,978	7,521	3,631
Travel	5,278	5,561	2,797
Programming and Planning	-	-	-
Client Disbursements	18	19	9
Minor Equipment	460	485	232
Depreciation	4,493	4,629	2,450
Other	450	476	227
TOTAL EXPENSES	<u>699,853</u>	<u>755,758</u>	<u>380,230</u>
Current year surplus/ (deficit)	<u>(163)</u>	<u>0</u>	<u>(27,466)</u>

FINANCIAL RIGHTS LEGAL CENTRE INC
ABN: 40 505 635 273

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

NOTE 16: STATEMENT OF CASH FLOWS	2016	2015
	\$	\$
(a) Reconciliation of cash		
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	350	270
Cash at bank	460,350	254,921
At call deposits with financial institutions	973,080	726,188
	<u>1,433,780</u>	<u>981,379</u>
(b) Reconciliation of cash flow from operations with surplus		
Surplus(deficit) for ordinary activities after income tax	(430,796)	(12,095)
Adjustments and non cash items:		
Depreciation	21,779	22,325
	<u>(409,017)</u>	<u>10,230</u>
Changes in assets and liabilities		
(increase)/decrease in receivables	5,105	(24,127)
(increase)/decrease in other assets	(12,708)	(4,575)
Increase/(decrease) in other liabilities	15,478	(27,285)
Increase/(decrease) in payables	19,504	2,260
Increase/(decrease) in grants received in advance	(1,213)	(481,007)
Increase/(decrease) in provisions	89,098	51,008
Cash flows from(used in) operation activities	<u>(293,753)</u>	<u>(473,495)</u>

NOTE 17: CAPITAL MANAGEMENT

Management prepare budgets and cash flows forecasts for the next 12 months and monitor cash flows on a regular basis.

FINANCIAL RIGHTS LEGAL CENTRE INC
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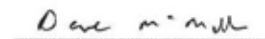
STATEMENT BY MEMBERS OF THE COMMITTEE


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 14:

- 1 Presents a true and fair view of the financial position of Financial Rights Legal Centre Inc as at 30 June 2016 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 *Associations Incorporation Act 2009* and 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:


David McMillan


Daniel MaGrer

Dated this 5th day of October 2016



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINANCIAL RIGHT 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 2016, 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 *Associations Incorporation Act 2009* and 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 2016 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.

Mark Godlewski
MARK GODLEWSKI
Partner

Pitcher Partners
PITCHER PARTNERS
Sydney, 7 October 2016

Registered Company Auditor - 172348



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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE MEMBERS OF FINANCIAL RIGHTS LEGAL CENTRE INC.**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2016 there have been no contraventions of:

- i. the auditor's independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Financial Rights Legal Centre Inc. during the year.

Mark Godlewski
MARK GODLEWSKI

Partner

PITCHER PARTNERS
Sydney

5 October 2016



FINANCIAL RIGHTS LEGAL CENTRE

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Credit and Debt Hotline: 1800 007 007
Insurance Law Service: 1300 663 464
Aboriginal Advice Service: 1800 808 488
Advice Hours: (EST) 9:30am – 4:30pm weekdays

Email: info@financialrights.org.au

Websites: www.financialrights.org.au & www.insurancelaw.org.au

Office Hours: 9:30am – 5:00pm weekdays
Administration: (02) 9212 4216
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ABN: 40 506 635 273