



Financial Rights
LEGAL CENTRE

ANNUAL REPORT



2017



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

National Debt Helpline: 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: financialrights.org.au insurancelaw.org.au mva.financialrights.org.au

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

ABN: 40 506 635 273

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

We have also been fortunate enough to be the beneficiary of significant funds provided by financial services providers as Community Benefit Payments as a result of enforcement action and market surveillance activity undertaken by ASIC.



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ABOUT US

ADVICE & ADVOCACY FOR CONSUMERS IN FINANCIAL STRESS.

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

Michelle Burge

Solicitor

Karen Cox

Coordinator

Tracy Cusack

Financial Counsellor

Julia Davis

Policy & Communications Officer

Marie Druon

Financial Counsellor

Jane Foley

Senior Solicitor

Trevor James

Aboriginal Paralegal Caseworker

Louise Jansson

Solicitor

Miriam Jay

Financial Counsellor

Lynda Johns

Senior Financial Counsellor

Anjuma Kammanankada

Solicitor

Alexandra Kelly

Principal Solicitor

Amy Knox

Solicitor

Katherine Lane

Principal Solicitor

Jennifer Lewis

Senior Solicitor

Alice Lin

Senior Solicitor

Drew MacRae

Policy & Advocacy Officer

Marianna Minhinnick

Financial Counsellor

Helen Rees

Financial Counsellor

Greg Russell

Financial Counsellor

Peter Schulz

Financial Counsellor

Claire Shidiak Khoury

Solicitor

Allison Smith

Solicitor

Ma'ata Solofoni

Solicitor

Lara Song

Solicitor

Harshanie Sooriyabandara

Solicitor

Nicola Sutton

Office Manager

Susan Winfield

Solicitor



Financial Rights

LEGAL CENTRE




STAFF
PHOTOS



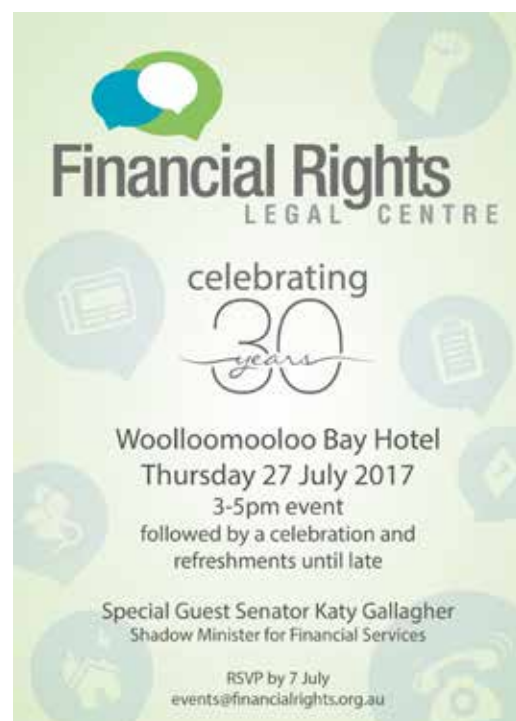
30 YEARS OF FINANCIAL RIGHTS

In 2017, the Financial Rights Legal Centre celebrated 30 years of independent operation. Financial Rights started life as the Consumer Credit Legal Centre way back in 1987 and has worked tirelessly ever since empowering low income consumers with credit, debt and insurance problems.

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.

In July 2017 we celebrated our anniversary with nearly 100 friends, ex-staff, and supporters from government, industry and the community sector attend our party in Woolloomooloo. The event featured speeches from Senator Katy Gallagher, Uncle Charles (Chicka) Madden, former Financial Rights lawyers Greg Kirk, Gig Moon, current board member and Choice Policy Manager Erin Turner and Minister Kelly O'Dwyer with a heart-felt video message.

We are also grateful to all our funders over the years who have supported the work we have taken. And despite the perennial fragility of CLC 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.



BARRISTERS PROVIDING PRO BONO ADVICE

John Kelly SC
Paul Batley
Adrian Moroya
Glen Fredericks

VOLUNTEERS

Josh Beale
Nikki Teo

MANAGEMENT COMMITTEE

Margaret Raffan
President

Dave McMillan
Vice-President

Daniel Maurer
Treasurer

Paul Baker
Secretary

Erin Turner
Ordinary Member

Nicola Sutton
Staff Committee Member

Karen Cox
Coordinator



PRESIDENT'S REPORT

Financial Rights celebrated its 30th Anniversary in July 2017 at an event in Woolloomooloo. Attended by stakeholders and staff from over the full span of its existence, speakers drew attention to the incredible growth of the Centre, from one lonely staff member in 1987 to its present team of 25 or more.

At the 30th Anniversary we unveiled a lovely original artwork commissioned for Financial Rights by Aboriginal Artist, Pauline Coxon, along with flyers and web-based information for indigenous Australians using various components of the artwork. I am very pleased to report that Aboriginal clients made up 17% of the centre's casework clients this financial year.

Once again Financial Rights has achieved great results for individual clients, at the same time as developing innovative online resources like the Sample Letter Generator and Motor Vehicle Accident Problem Solver, and maintaining an influential policy presence. Policy work included 38 written policy submissions, some very significant in size such as the joint consumer submission to the Review of the Banking Code of Practice, and many other contributions in the form of attendance at meetings, presentations at conferences, evidence before senate inquiries and media coverage. The continuing impact of the insurance investigations report released by Financial Rights in 2016, and now resulting in substantial changes in industry codes of practice is a testament to the centre's tireless advocacy on behalf of disadvantaged consumers.

We sincerely thank our funding sources: Commonwealth and State Attorneys General; the NSW Department

“Once again Financial Rights has achieved great results for individual clients, at the same time as developing innovative online resources.”

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. Financial Rights 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

This year has seen some fabulous results for our clients, examples of which are found throughout this report, and some new challenges for staff.

In April 2017 we moved to a new database, after the Attorney General's Department decommissioned the aging database previously supplied and supported by the government. As a centre which takes 80-100 calls per day and enters all client data "live", our database is a key tool. The transition was quite difficult and I congratulate all staff on making the adjustment with minimal impact on our client services. Unfortunately the impact on our reporting ability has been significant and repeat readers may notice a lack of detail compared to previous Annual Reports. We are still waiting for some of the functionality of the new system to be delivered, and we hope that next year we will be able to provide the full range of statistical information about our services as reported previously.

Financial Rights has recently been the fortunate recipient of significant funds from industry by way of Community Benefit Payments directed by ASIC in the course of their enforcement work. Only last year we were concerned about the ongoing viability of the Insurance Law Service and now we have more funds for the service than ever in its 10

year history, our government funding also having been continued for the next 3 years. To deal with this feast or famine situation we have negotiated to spend the Community Benefit Funds over the next 3 years or so also, allowing us to invest in new staff and offer a consistent service over a more prolonged period. We have also discovered that having insufficient funds is not the only problem a service can face, with the need to provide additional office space and recruit and train new staff demanding in entirely different ways. With the national Insurance Law Service advice line ringing relentlessly, these are problems we are very happy to have!

I sincerely thank our voluntary Management Committee for their continued commitment. Finally, I want to thank all of the staff at Financial Rights for their fabulous work and patience in times of change.

Karen Cox
- Coordinator



KAREN COX



KATHERINE LANE



ALEXANDRA KELLY

PRINCIPAL SOLICITORS' REPORT

What another amazing, busy, dynamic year for Financial Rights!

We launched our first ever class action against MyBudget in the Federal Court of Australia.

Our lawyers kept themselves busy advocating for consumers in matters in the NSW Civil and Administrative Tribunal, Local Court, Supreme Court and Federal Court as well as running many matters in the Financial Ombudsman Service, Credit and Investments Ombudsman amongst other external dispute resolution schemes.

Our financial counsellors and lawyers visited regional areas and engaged with consumers and other community workers.

We complained a lot to regulators and code compliance bodies on behalf of our clients to see systemic changes in the financial system.

Our staff represented the Centre in everything from government lobbying at Parliament House to local community legal presentations; advocating constantly for the reform of financial services and fairness in financial products.

Closer to home we saw the introduction of a new database, CLASS, and the staff transitioned from the old system to the new system with only minor impact on our delivery of effective, quick, thorough plain English financial counselling and legal advice for consumers. Unfortunately there was a fairly substantial impact on staff, and we

are working with others in the sector to secure improvement to the system.

We launched our digital tools including the Debt Dating website www.yourfinancialrights.org.au in our never ending quest to raise the profile of financial counselling and highlight the differentiation from the growing number of for-profit debt management firms and our sample letter generator to improve our online tools for consumers.

This year we have seen long serving staff members bid us farewell, and the joining of new staff in an ever growing team.

As always, we want to thank all the staff at Financial Rights for their ongoing support and amazing work and we look forward to the new challenges of a bigger team, and representing more consumers in asserting and enforcing their Financial Rights.

Katherine Lane & Alexandra Kelly
- Principal Solicitors

SERVICE AT A GLANCE

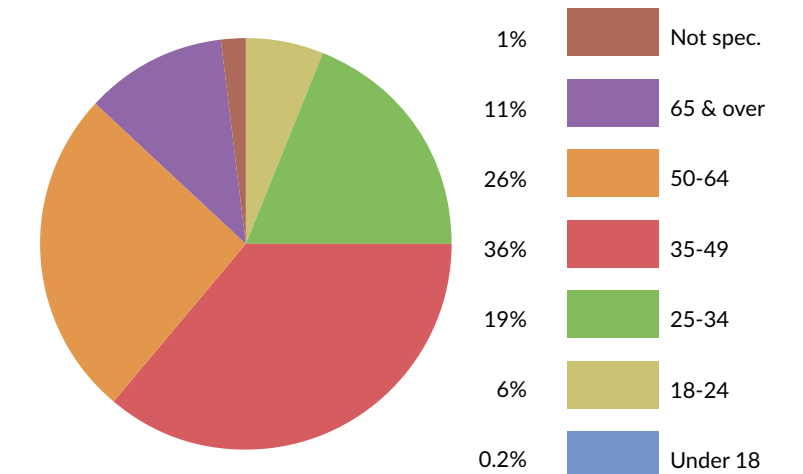
24,957	CONTACTS FOR FREE LEGAL ADVICE OR FINANCIAL COUNSELLING (INCLUDING INFORMATION & REFERRAL)
17,363	CONTACTS ANSWERED THROUGH NATIONAL DEBT HELPLINE (PHONE & EMAIL)
7,594	CONTACTS ANSWERED THROUGH INSURANCE LAW SERVICE (PHONE & EMAIL)
1,077	INSURANCE LAW EMAILS ANSWERED
126	CREDIT & DEBT EMAILS ANSWERED
405	CASES OPENED
374	CASES CLOSED
69	LEGAL TASKS
22	CLE SESSIONS LED BY SOLICITORS & FINANCIAL COUNSELLORS TO COMMUNITY SOLICITORS, FINANCIAL COUNSELLORS & THE GENERAL PUBLIC.
129	MEDIA MENTIONS INCLUDING INTERVIEWS BY PRINCIPAL SOLICITORS & COORDINATOR
38	POLICY SUBMISSIONS GIVEN TO FEDERAL & STATE GOVERNMENT ENQUIRIES, INDUSTRY CONSULTATIONS, NATIONAL REGULATORS & OMBUDSMAN SERVICES.
33	COMPLAINTS TO REGULATORS AND AUTHORITIES

ACCESS & DEMOGRAPHICS

GENDER - ADVICE



AGE - ADVICE



INDIGENOUS STATUS



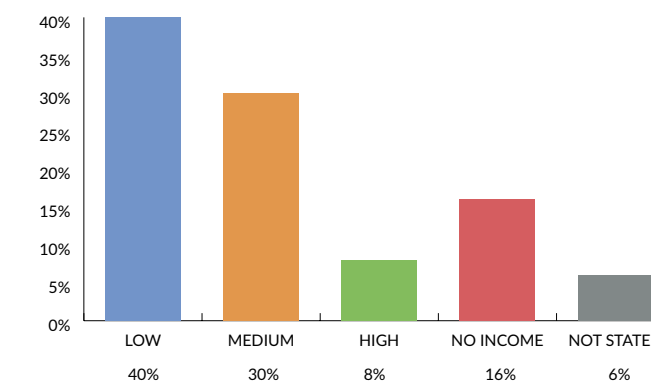
ADVICE 3%
CASEWORK 17%

LANGUAGE



ADVICE 8%
CASEWORK 11%

INCOME LEVEL - ADVICE

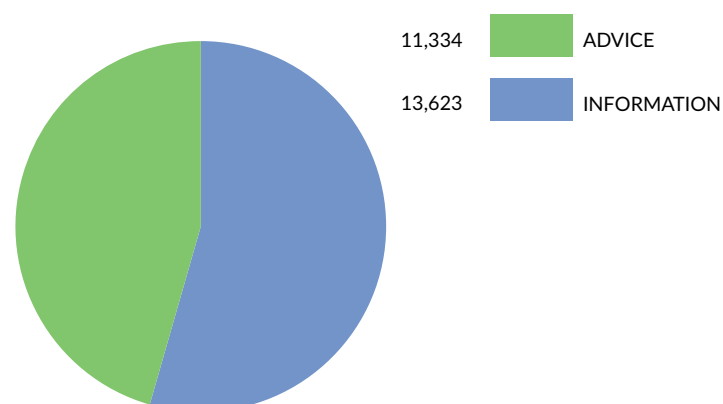
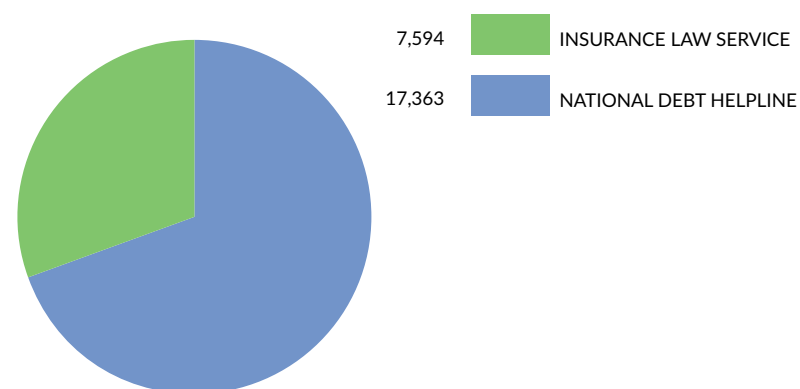


ADVICE & INFORMATION

Financial Rights Legal Centre operates three telephone advice lines. The first is the National Debt Helpline (NDH) which 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 NDH 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 and is also national. Calls to the AAS are included in the NDH or ILS statistics depending on the nature of the call.



24,957
TOTAL CONTACTS



NATIONAL DEBT HELPLINE

In December 2016, the Credit and Debt Hotline was rebranded along with services in every State and Territory in Australia, as the National Debt Helpline. The National Debt Helpline also has a dedicated website www.ndh.org.au maintained by Financial Counselling Australia.

The 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 NDH 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. Many callers to the NDH are referred on for further assistance by face-to-face financial counsellors in the community.

The NDH 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.

CASE STUDY

Doug called the National Debt Helpline from a remote NSW town. He is a 65 year old man on the aged pension. He was struggling to live on the pension, let alone pay off a credit card debt of just under \$4000 and rang to enquire about bankruptcy. Our financial counsellor asked a few probing questions and discovered he owned an old caravan, which he lived in. The caravan was worth very little but it was the client's only accommodation and it would not be protected in bankruptcy.

The caller lived hundreds of kilometres from the nearest face to face financial counselling service so our financial counsellor explained how to contact the right people at the bank and how to explain his situation. Doug called back the very next day to say that the bank had agreed to waive the debt. He was very relieved and grateful for the assistance.

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.

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. Other calls relate to travel insurance, life insurance, total and permanent disability, consumer credit, accident, funeral and pet insurance.

The ILS is funded by the Commonwealth and State Attorney General's Department on an ongoing basis. In 2016/17 we were fortunate enough to be the beneficiary of Community Benefit payments directed by ASIC as part of their enforcement role. These funds will put us in good stead to try to meet the sustained demand for advice by consumers nationally on insurance issues.

Whenever possible our solicitors try to give people sufficient guidance and assistance to run their own dispute with the relevant insurance company, often with great success as the following feedback attests:

"In January 2016 the Financial Services Ombudsman advised me to ring you with some questions I had about a travel insurance claim dispute.

I spoke with [solicitor] who picked the relevant information from my story. For example, she said in this case it all came down to the wording of the policy; and that I should ask for the document upon which they decided not to accept my claim.

Within a few days the travel insurance company conducted a review, and did not supply the document because the reviewer did not agree with the original assessment. The settlement was for more than I expected when I first made the claim."

CASE STUDY

Carly contacted the Insurance Law Service in late November 2016, after being notified of the rejection of a travel insurance claim lodged by herself and her husband. Her husband suffered from diabetes and they had been forced to cancel a trip to the US because of a condition which is often a complication of diabetes. Later the same week our solicitor, having reviewed the policy documents and the insurer's rejection letter, e-mailed the client with her advice and a draft letter to send back to the insurer pointing out why the claim should have been paid.

Early in 2017 our solicitor received the following reply from Carly:

"Thank you for all your help with our [insurer's name] travel insurance claim, which has now been settled in our favour.

I am sure that without your help we still would have been pursuing [insurer's name], but after rejecting our claim twice on the basis of very thin reasoning we sent the letter you drafted, and upon the threat of referring the claim to the Ombudsman, they suddenly had a change of heart in January and settled the claim for the full amount claimed."



IMPROVING OUR SERVICES FOR ABORIGINAL & TORRES STRAIT ISLANDER PEOPLE

ABORIGINAL ADVICE SERVICE

The Aboriginal Advice Service (AAS) is a national specialist advice line offered by the Financial Rights Legal Centre. Legal advice and financial counselling assistance is available nationally via 1800 808 488.

The AAS is one of the ways Financial Rights gives priority to Aboriginal and Torres Strait Islanders clients. We have also developed new targeted promotional materials, with more substantive targeted resources in the pipeline. We have seen a substantial increase in Indigenous clients since launching the AAS with 3% of overall clients and 17% of substantive casework clients identifying as Aboriginal or Torres Strait Islander.

CASE STUDY

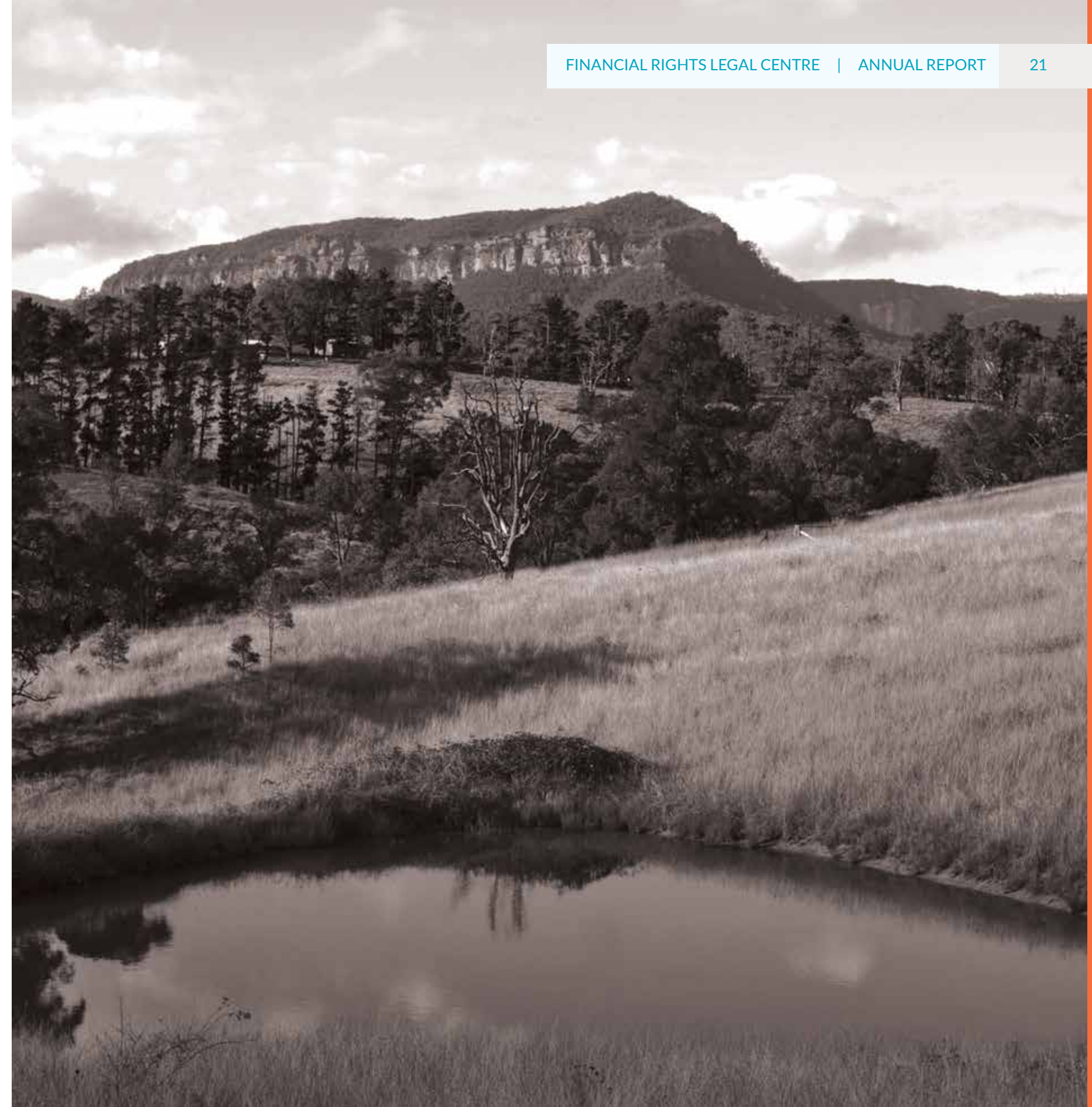
Dorothy, an Aboriginal client on the aged pension, contacted us last year when her life insurance premiums reached \$115.20/fortnight (having commenced at \$40/fortnight when the policy was taken out in 2010). The premiums had been rising each year, and she had tried in 2015 and 2016 to dispute the price hikes, to no avail.

The policy was incepted during a telephone call (contact having been initiated by the insurer after our client supposedly filled in Readers Digest survey). Dorothy told the insurer she was a pensioner with no dependents, and that her only concern was not to leave her children out of pocket for her funeral expenses. The insurer sold her a \$100,000 life insurance policy with stepped premiums. At no stage did anyone explain to Dorothy that the premiums payable under the policy

would increase each year, as she got older.

We raised a dispute with the insurer, alleging that the policy was wholly unsuitable and that, as a result, the manner in which the policy was sold breached the insurer's duty of utmost good faith, constituted misleading and deceptive conduct, and was unconscionable in all the circumstances. We also pointed out that, while the Life Insurance Code of Practice was not in force at the time, it nonetheless represented best practice, and the conduct of the insurer failed comprehensively to meet those best practice standards.

The insurer denied any wrongdoing, but agreed to settle the matter confidentially by refunding a substantial proportion of the premiums Dorothy had paid over the life of the policy.



CASE STUDY

Financial Rights received a referral from Wirringa Baya Aboriginal Women's Legal Centre.

Marta is an Aboriginal woman who was served with a Statement of Claim ("SOC") for repossession of her property whilst she was on remand for various drug related charges. She was convicted and sentenced to a term of imprisonment.

She had been a victim of long term domestic violence and had separated from her husband (co-borrower and first defendant in the SOC), after a domestic violence incident where one of her children was the victim. She obtained an ADVO against her ex and he moved out of the property. Her ex had been in charge of paying the mortgage and was telling Marta that he was paying it as part of child support. He wasn't. There were also a lot of problems with the house related to the family violence.

The mortgage was taken out in 2014 for \$60,000. The current value of the property is upwards of \$500,000. Marta had previously requested hardship assistance but failed to keep up with the arrangement terms. The last time she made a hardship application, part of the conditions was that she had to set up a different account for direct debits to come out of and she had to arrange for a Financial Counsellor to assist her – it was when she went into town to organise all of this that the police arrested her and she yet again failed to meet an agreement.

Financial Rights tried without success to negotiate directly with the lender on Marta's behalf. We then lodged in the Credit and Investments Ombudsman.

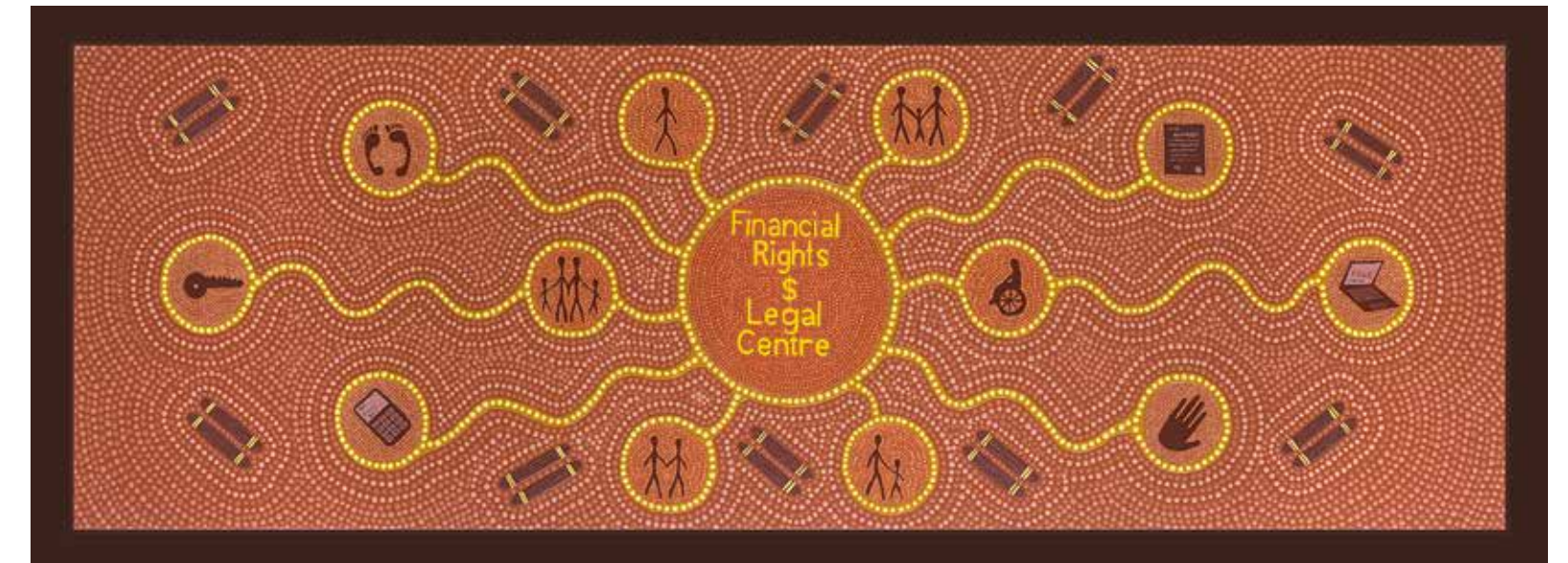
Financial Rights argued that Marta was entitled to make a financial hardship application on more than one occasion and due regard must be given to her current situation. Even though she made several applications in the past that she did not keep, it was during a very difficult time where she was heavily affected by substance addiction. She is now in a position where she has a reasonable expectation that she would be able to meet her obligations moving forward.

The lender ultimately agreed to our requested hardship variation which was:

1. A 6 month moratorium on payments while she was in gaol;
2. Normal minimum repayments to commence on a specified date;
3. No default fees or charges for the duration of the moratorium;
4. The term of the loan be extended and the arrears capitalised;
5. No default listing on Marta's credit report; and
6. The SOC be discontinued.

An added win is that Marta's good behaviour and hard work whilst in gaol earned her an early release date and she headed home a full month earlier than her original release date.

NEW ARTWORK & PROMOTIONAL MATERIALS



ARTWORK BY ABORIGINAL ARTIST PAULINE COXON

Aboriginal Artist Pauline Coxon used to be a Tenant Advocate, and in 2016 she created this brilliant painting about consumer and financial rights issues.

The Financial Rights Legal Centre commissioned her to paint the story of our services.

We're so happy with the painting and the powerful messages it contains! Thanks Pauline. If you would like to learn more about Pauline, please visit her website: paulinecoxon.com.

THE STORY BEHIND THE PAINTING

The use of Meeting Circles, natural Earth Ochre colours and message sticks/clap sticks are an important theme for the message of the Financial Rights Legal Centre.

The Financial Rights Legal Centre connects with the Aboriginal Community, with a visual presentation that tells the story.

The inner circle is the logo Financial Rights \$ Legal Centre

designed in yellow ochre and red ochre dot art. A clear simple design that is easy to read.

A design of six meeting circle's orbits the inner logo.

Each circle represents the diversity in the people/clients accessing the Financial Rights Legal Centre service.

From single mum and child, to a same sex couple, an average family, a single person, a small family and people with a disability.

Each meeting circle is connected to the inner circle. This represents communication and connection to Financial Rights Legal Centre.

The flow of the circles goes in and flow out. The message sticks surrounding the meeting circles also represent communication. The design of the waves represents sound waves, communication waves. The message and information of the Financial Rights Legal Centre reaching out to the Aboriginal Community.

THE STORY BEHIND THE PAINTING (CONTINUED)

Another 6 meeting circles continue out, going clockwise from the first image:

CONTRACT

This is an important image as most people in financial difficulty are bound with a contract. Understanding a contract is very important and often in Aboriginal communities where English is not the 1st language Contracts are not understood.



COMPUTER/TECHNOLOGY

This image represents our society today even in remote Aboriginal Communities. We have in some capacity access to digital Technology. A good online information system is crucial for cultural understanding. Financial Rights Legal Centre can reach everyone in the community with information, and can be utilised as one form of getting the message out.



HAND

The symbol of the hand to Aboriginal people goes back to our ancestors leaving their hand prints in Ochre on our cave walls. This was our signature of who we are. The symbol of the hand is many things. Financial Rights Legal Centre also lends a hand to people in need of assistance.



PHONE/CALCULATOR

This image represents a mobile phone and can also be interpreted as a calculator. Today we can use APPS on our mobile phones to access information. The use of the calculator is an important tool as Aboriginal people become familiar with using these tools to manage our money. Like learning a new language, the language of money is still a new skill that a lot of Aboriginal people need to know. Financial knowledge is not part of our oral or spiritual history. This is a new path for us all to learn. Financial Rights Legal Centre can assist in information about your financial rights.



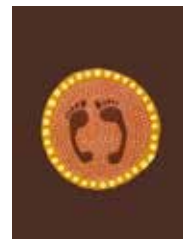
KEY

Financial Rights Legal Centre is the key to unlocking your financial questions.

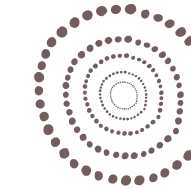


FEET

Financial Rights Legal Centre will help you get your feet back on the ground. Sound financial legal advice will keep you grounded.



GRAPHIC DESIGN BY NGAKKAN NYAAGY



Ngakkan Nyaagy (NGNY) is a 100% Aboriginal owned and operated Digital Agency. NGNY digitally designed all the artwork on the Aboriginal Advice Service webpage

(financialrights.org.au/aboriginal-advice-service) based on Pauline's painting. Find out more about this amazing company at ngny.com.au



CASE STUDY

Dave was referred from an Aboriginal service in Tasmania.

He was being pursued for a debt of over \$60,000 by an insurer and their solicitors. The debt arose from a car accident where he crashed into council property and wrote off his car. Dave disputed that he owed the amount claimed and believed he had caused less damage than alleged. He had a low paying but permanent job.

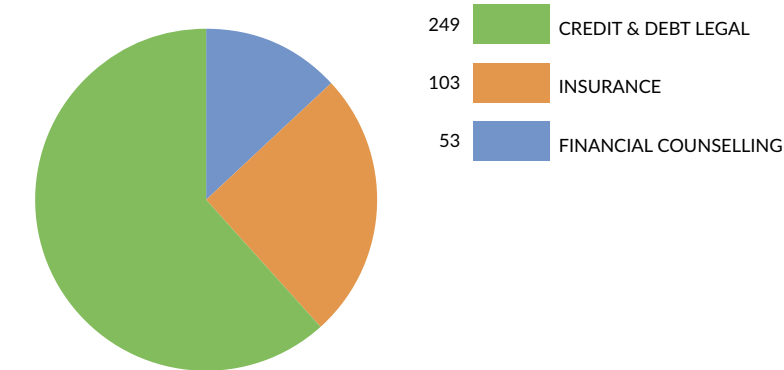
The Tasmanian service had tried to make a repayment arrangement but this was difficult given the client disputed the debt.

Financial Rights took over the matter and started by convincing Dave to enter into repayment arrangement negotiations while we requested relevant documents about the accident (on the basis that he admitted he owed at least some of the debt). Dave finally filled out a statement of financial position which showed he could only afford around \$100 a month in repayments.

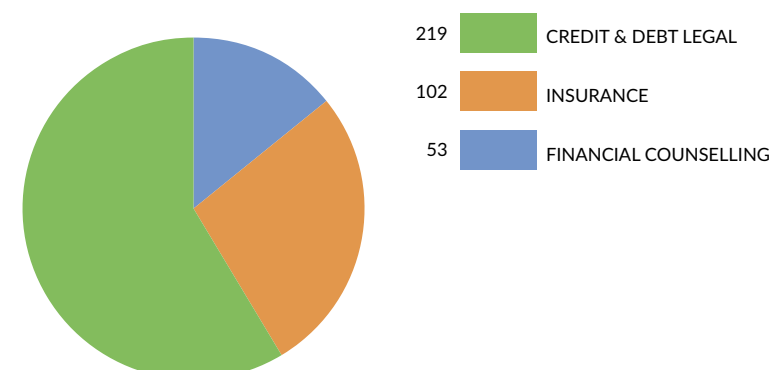
After receiving this information the insurer then offered to settle the dispute in full and final settlement for a few thousand dollars. Our client managed to raise the funds, accepted the offer and the matter was settled.

CASEWORK

CASES BY SUBJECT



TOTAL CASES OPENED - 405



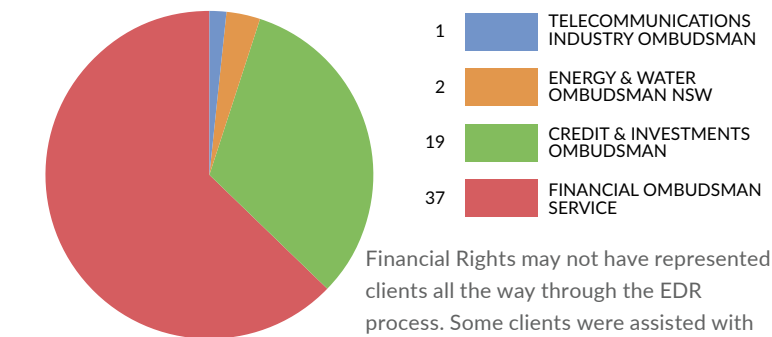
TOTAL CASES CLOSED - 374

COMPLAINTS



TOTAL - 33

CLOSED CASES IN EDR



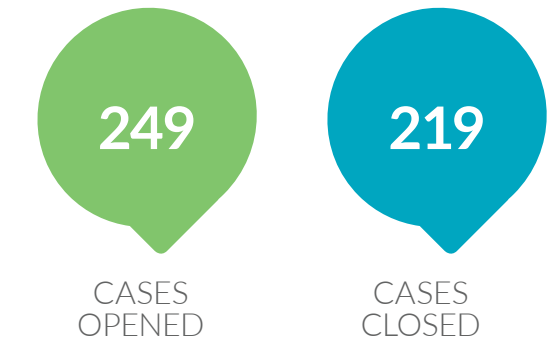
TOTAL - 59

Financial Rights may not have represented clients all the way through the EDR process. Some clients were assisted with lodging their disputes or with submissions, but were otherwise able to self-advocate.

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), consumer leases, other personal loans and motor vehicle loans.

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.



REPRESENTATIVE COMPLAINT

A series of complaints were lodged with the Privacy Commissioner in late 2014 by the Financial Rights Legal Centre, Consumer Action Law Centre, Financial Counselling Australia and the Australian Privacy Foundation on behalf of consumers generally in relation to breaches of the Privacy Act by Veda Advantage Information Services and Solutions Ltd (Veda).

In December 2016 the Privacy Commission decided that Veda must refund thousands of consumers who paid to obtain credit reports under Veda's expedited delivery deal. The Commissioner found that Veda breached a series of privacy rules when they:

- charged for "expedited delivery" of a credit report where the consumer had not sought access to a credit report in the previous 12 months;
- failed to prominently state on its websites that consumers have a right to obtain their credit reporting information free of charge;
- did not take reasonable steps on its websites and

phone line to ensure that the option of free access to a credit report was as available and easy to identify as access to paid credit reports; and

- used personal information it held on consumers for the purposes of direct marketing in breach of privacy rules.

A small number of further allegations were not upheld by the commissioner. These related to:

- Veda not including 'Vedascor' information in free reports: the Commissioner found that the Veda Score was not information 'held' by Veda, rather it is dynamically generated at the point of application;
- Veda not providing the credit report within 10 days: the Commissioner found that there was no evidence of a systemic problem rather the incident complained of was a singular breach;
- Veda charging for credit reports when a consumer

hadn't received a free report: The Commissioner found that if a consumer has had the opportunity to choose a free credit report but chooses a paid report in the hope of additional value, then this is not a breach; and

- Veda excessively charging for credit reports after a free report has been provided: The commissioner found that there was not enough information to

CASE STUDY

Bill is 70+ years of age and his only source of income is the aged/carer's pension. In 2013, he purchased solar panels to cover the roof of his home and paid for them outright. They cost \$5,000 after the solar panel rebate.

In July 2016, a salesman approached Bill's house, uninvited, selling solar panels. Bill advised he already had solar panels but the salesman said you can always use more. Two days later, the salesman returned with an agreement and information on how Bill could fund the purchase.

Bill was advised there was sufficient space on the roof of his shed to put more panels and that the savings he would make on his electricity bill would cover the cost - \$8,500. He was told:

1. instead of paying \$120 a month to the electricity company, pay \$99 a fortnight for the solar panels and you will save.
2. Company A will give you an interest free loan to pay for the panels. They will direct debit the money from your account.

After 3 months, Bill had saved only \$30 on his electricity bills. He also could not afford the fortnightly repayments.

know whether \$79.95 is excessive.

This decision upheld the central principles that consumers are entitled to a free credit report and credit reporting agencies can't manipulate the system for their own commercial advantage.

We contacted Company A and alerted them to the fact that, among other things:

1. the value of the solar panels was around \$5,000 not \$8,500 and as the cash price was less than the amount our client had to repay, Company A must be regulated by the National Consumer Credit Protection Act 2009 (NCCP Act). To date, Company A deny they are regulated by the Act and do not carry out any affordability assessments etc. prior to advancing funds.
2. our client was never told the company supplying the solar panels was not a Clean Energy Council Member which meant he would not get the solar panel rebate.
3. they breached consumer law when they failed to outline to our client his cooling off rights.

Company A agreed they breached consumer law by failing to outline our client's cooling off rights but denied they are regulated by the NCCP Act and refused to comment on the allegations made.

Company A released our client from the contract, refunded the amounts he paid to date and allowed Bill to retain the solar panels.

CASE STUDY

In March 2014 Belinda, who lives in regional NSW, had to flee with her 2 special needs children at gunpoint from her violently abusive husband with the Police in tow. She had to leave all her possessions behind including her purse and handbag in the urgency to get away to a refuge.

The next day she called the banks and cancelled her credit cards. At the time she had a credit card with a \$4000 limit, and estimates the outstanding balance was about \$400. She was the only cardholder.

She had to change accommodation and move to different areas several times in the intervening years because her abusive husband always managed to track her down, and she thought she had finally managed to escape him in her new secure address.

So you can imagine her trauma when 2 years later a debt collector managed to track her down to her secure address and knocked on her door out of the blue demanding she pay nearly \$58,000. The debt collector began ringing and harassing our client and her support caseworker, sometimes several times a day.

After obtaining documents we discovered that despite our client requesting the bank cancel her card, they had subsequently increased her credit limit to \$40,000

and someone had been regularly paying small amounts to the maxed out card.

Our client suspected her former husband was behind it all.

We raised a dispute with the debt collector stating:

1. They accepted an assigned debt where the original bank did not act on instructions to cancel the card;
2. The increased limit was not asked for, was unaffordable and the debt was incurred fraudulently;
3. An investigation should be made into the granting of the unauthorised increased limit pursuant to the e-payments code; and
4. The debt collector had breached the debt collection guidelines in contacting an associate of our client multiple times daily.

The debt collector agreed to waive the debt. Belinda was very happy with the outcome but angry her ex-partner had "gotten away with it".

CASE STUDY

Leonie had a credit card, personal loan and overdrawn account fees all with same bank totalling approximately \$16,000. She contacted a Debt Agreement Administrator (“DAA”) because she was having difficulty in meeting the repayments as a result of reduced employment. The DAA entered her into a Part IX debt agreement (“DA”). Her only asset was a car worth \$3000. The DAA had included itself as a creditor in the DA, listing their debt of approximately \$4000 as a liability.

She contacted Financial Rights after falling ill and failing to meet repayments on her DA. We raised a dispute

with the DAA on the grounds that the agreement had been inappropriate in the first place – she only had one creditor, making a negotiated hardship arrangement quite achievable. Even if she had gone bankrupt, her only asset would have been protected. They agreed to propose a variation on her DA, that \$1300 (being the total in fees the client had paid to the DAA) be offered as the final dividend in payments to the bank. The bank accepted the proposal, and upon acceptance, our client was released from further liability to the DAA or the bank.

CASE STUDY

Allison went to a Debt Management Firm (“DMF”) in 2014 to remove a telco default listing. She agreed to pay the DMF \$2180, half of which was an admin fee and the other half a success fee. The DMF negotiated with the telco, who agreed to remove the listing if she paid the full \$1420 owing within a reasonable time, but it was up to her to negotiate the exact repayments. She was working at the time but had a lot of other debt. When she contacted the telco, she was told the debt had been sold to a debt collector who refused to remove the listing even if she negotiated a repayment arrangement. Allison stopped paying the DMF.

By March 2016, the debt to the DMF had grown from \$2180 to \$6980. The DMF had continued to direct

debit her account unsuccessfully every 3-4 days for around one and a half years, and was adding on a \$50 dishonour fee each time. She contacted us after getting a letter from the DMF’s solicitors

Finance Rights lodged a complaint in the Credit & Investments Ombudsman. The phone recordings from the DMF were very helpful, because she was promised a full refund after 12 months if the listing could not be removed.

The DMF agreed to waive the whole amount.

COURT & TRIBUNAL CASES

CASE STUDY

Ted, a disability pensioner, had a default judgment and order for possession of his home entered against him in the Supreme Court of NSW.

While Ted knew he had signed a mortgage over the property, he had done so at the request of his (now estranged) grandson, who told him it was to secure a joint loan so he and his grandson could purchase an investment property together. Ted was told the loan would be secured by the investment property, and that the mortgage over his house was just “back-up”. In fact, there was no joint purchase of an investment property and no other security for the loan, and our client had transferred a 10% interest in his property

to his grandson for no consideration. Our client had no capacity to pay the loan, and thought his grandson was taking care of it. He wasn’t. The grandson had drawn down on the loan and spent the money himself (while pretending to our client they had purchased an investment property), and then disappeared.

We went on the record in the Supreme Court, and prepared a draft defence and application to set aside the bank’s default judgment. We then entered into negotiations with the bank and certain other parties involved in setting up the loan transaction (including a NSW solicitor). The bank has agreed to put enforcement action on hold while those negotiations are on foot.

COURT/TRIBUNAL CASES

	IN COURT	APPEARANCES
LOCAL COURT	2	8
FEDERAL COURT	1	3
SUPREME COURT	4	12
TRIBUNAL	1	1

CASE STUDY

Tanya is a young woman in her twenties. She has had a difficult childhood, including substance abuse and family relationship problems. Her highest level of education is Year 10. She inherited an unencumbered apartment not long after she turned 20. She obtained a loan secured against the property for about \$70,000, which she struggled to manage. She also had a number of smaller loans and debts totalling approximately \$22,000. Tanya started looking for a consolidation loan to help her manage her debt, but matters deteriorated even further when she lost her job in late 2013.

Tanya approached a mainstream lender for a consolidation loan but they were unable to help her because she was unemployed and had no way of repaying a loan. They referred her to a broker who arranged a loan with an unlicensed credit provider (lenders do not need a credit license if they do not provide loans for personal and domestic purposes, or investment in residential property). The broker and the lender seem to be related entities - they share the same directors.

Tanya entered into a loan agreement in the belief that it would act as a consolidation loan and pay out her unsecured personal debts. She was required to sign a Business Purpose Declaration, despite the broker and lender being aware that she was unemployed at the time and was in receipt of Centrelink while applying to be accepted into the armed forces; the term would be 4 months and it was secured against her property. The interest rate was 15% per annum, with a default rate of 25% per annum. There was a fee of \$25,000 in addition to the loan of \$40,000, to pay out her outstanding unsecured personal debts, bringing the total amount financed to \$65,000. In fact the client only ever received about \$19,000, some paid directly to her creditors and some in cash deposits.

Tanya defaulted on the loan and the lender filed a statement of claim in the Supreme Court for possession of her property to be sold to meet the outstanding amounts, including the \$19,000 borrowed, the

\$25,000 fee, and default interest on the total amount.

Financial Rights instructed counsel and a defence and cross claim were filed in relation to breaches of the National Consumer Credit Protection Act (the credit law), in effect challenging the false business declaration purposes and asserting breaches of the credit law and an alternative argument under the Contracts Review Act 1980. After a long protracted process, the lender amended their statement of claim; they no longer sought possession of the property or payment of the \$25,000 fee. They sought only the amount paid to Tanya and her creditors and interest as set out in the loan agreement. The lender also attempted to have the matter transferred from the Supreme Court to the Local Court. We were successful in defending that motion as the Local Court did not have the jurisdiction to consider our cross claim for civil penalties under the credit law or our claims under the Contract Review Act 1980.

While that matter was awaiting a hearing date in the Supreme Court, the broker filed a statement of claim in the Local Court to recover the \$25,000 fee. They had obtained a judgment against Tanya before the matter was brought to our attention. We successfully appeared for Tanya with an application to set aside the judgment and also to have the matter transferred to the Supreme Court to be dealt together with lender's application as they were related matters, the parties were already in the Supreme Court, and it was appropriate for the matters to be dealt with together.

The matter was eventually settled to our client's satisfaction on confidential terms on the first scheduled day of hearing.



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.



CASES
OPENED



CASES
CLOSED

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.

CASE STUDY

Our client had credit card debts with four banks totalling over \$50,000.

He is in his late 60s and lives in a rental property on the Far North Coast. He receives the aged pension which is supplemented by his allocated pension fund.

When he called us all of his credit facilities were maxed out. He had been drawing down additional income from his allocated pension

fund, thereby depleting his fund in 6 months from \$99,000.00 to \$55,000.00. Analysis of his income and expenses showed a deficit of \$800 per fortnight, with a substantial amount going to meet just the minimum repayments on his credit card accounts. At the rate he was going he would have nothing but his pension in another 6 months or so and he would have inevitably defaulted.



One card provider agreed to waive their debt immediately. Getting arrangements in place with the remainder took a lot more work. Eventually arrangements were made with all creditors to accept lump sums of between 10 and 12% of the amounts outstanding. Our client met these payments with his pension fund, thereby preserving the rest of it for living expenses rather than just debt servicing. Bankruptcy was never a realistic option for him for several reasons.

CASE STUDY

Our client is a 70 year old receiving the age pension who lives in van in a holiday park on the Mid North coast. He was struggling to service his 2 credit card debts and an overdrawn deposit account with a bank. One card had a balance owing of about \$2,000 and the other of roughly \$16,000, and interest and late fees were mounting up. The only way he could afford the repayment arrangement he had entered into with the bank was to borrow money from his daughter. He has serious health issues including heart disease, requiring an in-situ defibrillator, diabetes and kidney failure. He also needs knee replacement surgery.

He used his super to buy a car and van after he retired. The car is worth \$5,500 and the van about \$28,000. He was worried that the bank would force him to sell his van to pay his debts.

His money plan showed a substantial deficit.

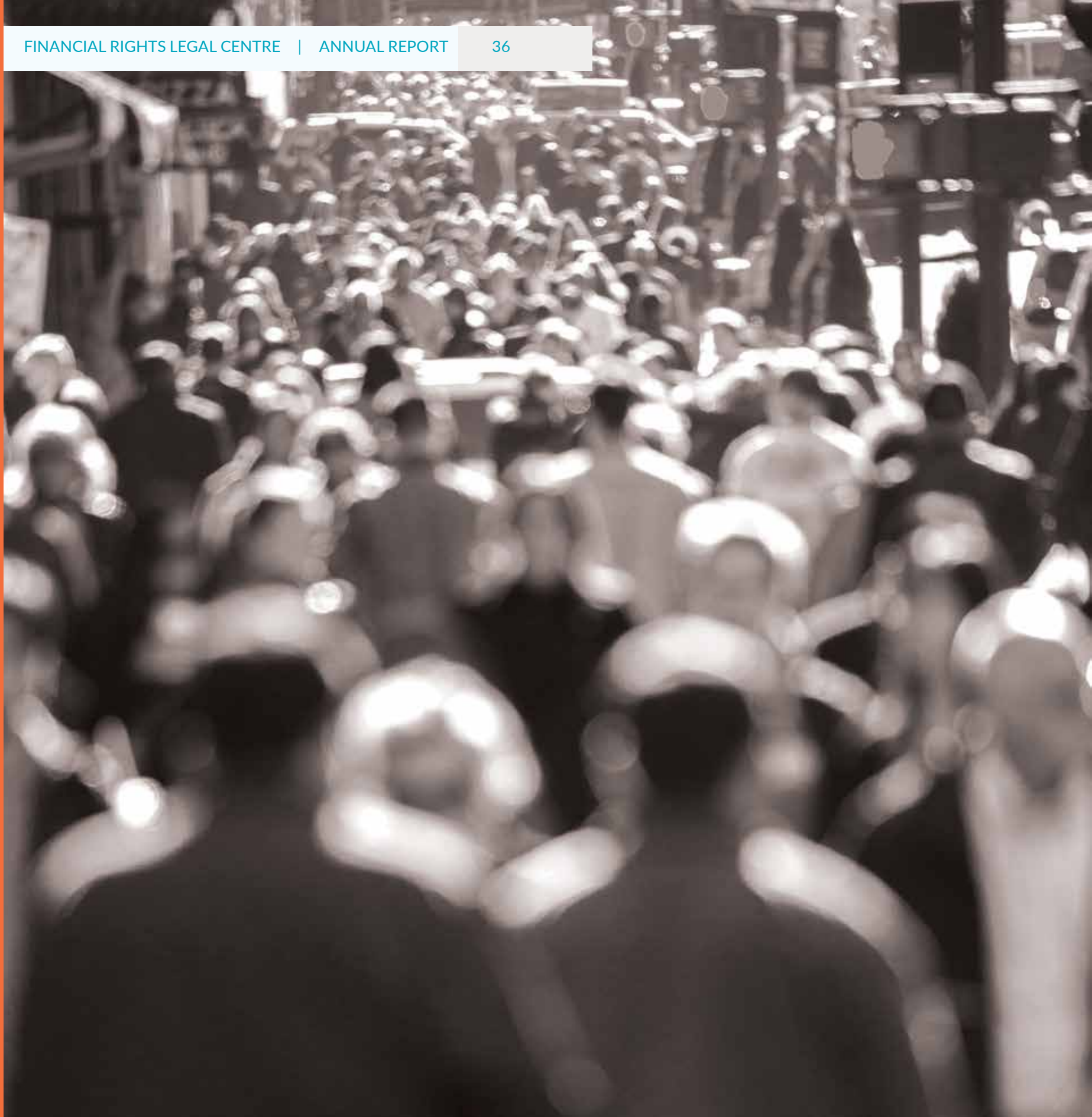
Our client is now thinking of relocating closer to town and looking at different ways to reduce his living expenses to stretch his pension fund further. We have referred him to work with his local financial counsellor towards gaining better money management skills.

After getting assurances from the bank that they would not regard his van as a realisable asset, a Financial Rights financial counsellor requested that they waive all of his debts on compassionate grounds.

They agreed to waive all the debts except his smaller credit card, and proposed a repayment plan for that debt of \$20 per fortnight, with all fees and interest stopped.

The client was happy with this deal and relieved his van was now safe from debt collection.

After making various changes, including a move to a cheaper van site; giving up his funeral insurance; and reducing his alcohol intake with support from his doctor, he was able to achieve a surplus in his budget and afford the repayment arrangement.



CASE STUDY

FINANCIAL COUNSELLORS & SOLICITORS WORKING TOGETHER

Phillip came to Financial Rights Legal Centre via the NDH, wanting to get out of his personal budgeting contract, as he could not afford their fees and was still defaulting on his loans. His particular concern was his secured car loan, as he lives remotely and does shift work, and cannot get to work without the car. He had spoken to the budgeting service about how to deal with this but they just told him to “get more income”.

When he became a client of Financial Rights Legal Centre, Phillip had three loans secured over his car, a consumer lease, and two pay day loans. He was also in arrears on his child support and his phone bill.

Our solicitor raised disputes with each lender regarding failure to comply with responsible lending legislation and sought waivers or reduced payment plans as a fall back. She also assisted the client to terminate his personal budgeting contract arrangement, and then sought a refund of his fees on the basis that the firm had failed to provide services which were fit for purpose as required by the Australian Consumer Law.

Our financial counsellor prepared statements of Phillip’s financial position at the time each loan was taken out, and the time he entered into the personal budgeting contract, to support the legal arguments. Critically, he was able to help Phillip realistically assess his actual living expenses far more accurately than any of the lenders or the budgeting service had been able to do (or had troubled to).

Phillip has now had his fees for the budgeting service refunded in full, and his loans reduced to the amounts borrowed (no interest or fees) and affordable repayment arrangements. He has retained his car in return for paying off a reasonable amount for usage with no further interest or fees. Negotiations continue with the consumer lease provider.

Our financial counsellor also worked with Phillip to help him prioritise his payments and budget so that he was able to make the best use of his fluctuating salary, and to ensure he covered rent and food, child support and the car, and got his phone back on the air.

INSURANCE LEGAL CASEWORK

Files ranged from drafting letters disputing insurers decisions, to cases which went all the way to determination at the Financial Ombudsman Service in both the general insurance and life space (including TPD and funeral insurance). 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.

There are a wide variety of issues including disputes over quantum or scope of works/repairs, delays in processing claims, misleading representations, non-disclosure, unsuitable products, allegations of fraud, excess disputes and automatic renewals of premiums the most common.

We have continued to focus some of our casework attention on consumer disputes about insurance investigations, including fraud investigations. This has been a policy priority area for the Centre this year and running a number of cases assists us in determining what improvements have been made since the release of our report "Guilty Until Proven Innocent".



CASE STUDY

Nathan lodged a claim under home contents insurance policy for theft of jewellery and other items in Nov 2012. The insurer refused to pay on the basis that he had not disclosed his past criminal convictions relating to fraud and dishonesty offences when he took out the policy in Sept 2012.

The sales consultant had asked the client the question "Have you got any unspent criminal convictions in relation to fraud, theft, dishonesty, arson or malicious damage" and he had answered "No".

Nathan did in fact have 4 "unspent" criminal convictions at the time he took out the policy and two of these related to 'fraud, theft or dishonesty'. These convictions occurred in 1995 & 1998. We assisted the client to dispute this decision in Financial Ombudsman Service ("FOS").

FOS found the law relating to spent convictions is complex and varied and that a reasonable person in the circumstances would not be expected to understand what was meant by the expression "unspent criminal convictions" when used in isolation and without any further explanation. Further, the sales consultant had failed to ask the relevant question in line with the insurer's standard script, specifically the part which stated "We do not need to know about criminal offences or convictions that the law permits you not to disclose. If you are unsure, you must seek legal advice".

FOS found that it was reasonable for Nathan to believe that he was not required to disclose the convictions in response to the specific question asked by the sales consultant and his claim was paid.

CASE STUDY

Jackie had an existing funeral insurance policy covering herself and her husband. She took this out as she was concerned her husband's veteran's benefits would not be enough to cover his funeral expenses if something happened.

In 2006 Jackie spoke to the insurer about taking out life insurance as well, because they had an outstanding loan that she would not be able to afford herself. After speaking with family, she decided to put her money into paying off the loan faster rather than on life insurance premiums. The company then rang her back to try and persuade her into the policy again. The salesperson encouraged her to cancel her funeral insurance and take out life insurance in its place for

an amount to include both the loan and the original funeral insurance. He said it would be "larger cover, which is going to cover both the loan and also your funerals". He never mentioned the policy would end at age 70, but did check she received the PDS (that had a guarantee of renewal to age 70 hidden towards the end of a badly worded policy). Eventually Jackie agreed.

Jackie cancelled the policy last year after being told her husband would no longer be covered as he had reached aged 70. After Financial Rights raised a dispute, the insurer agreed to refund all the premiums on the life policy.



CASE STUDY

Sonya's car was stolen and she claimed on her insurance. The insurer refused to pay the claim, and accused our client of fraud. We represented her in the Financial Ombudsman Service ("FOS"). FOS investigated the dispute, including interviewing our client, and ultimately found in her favour.

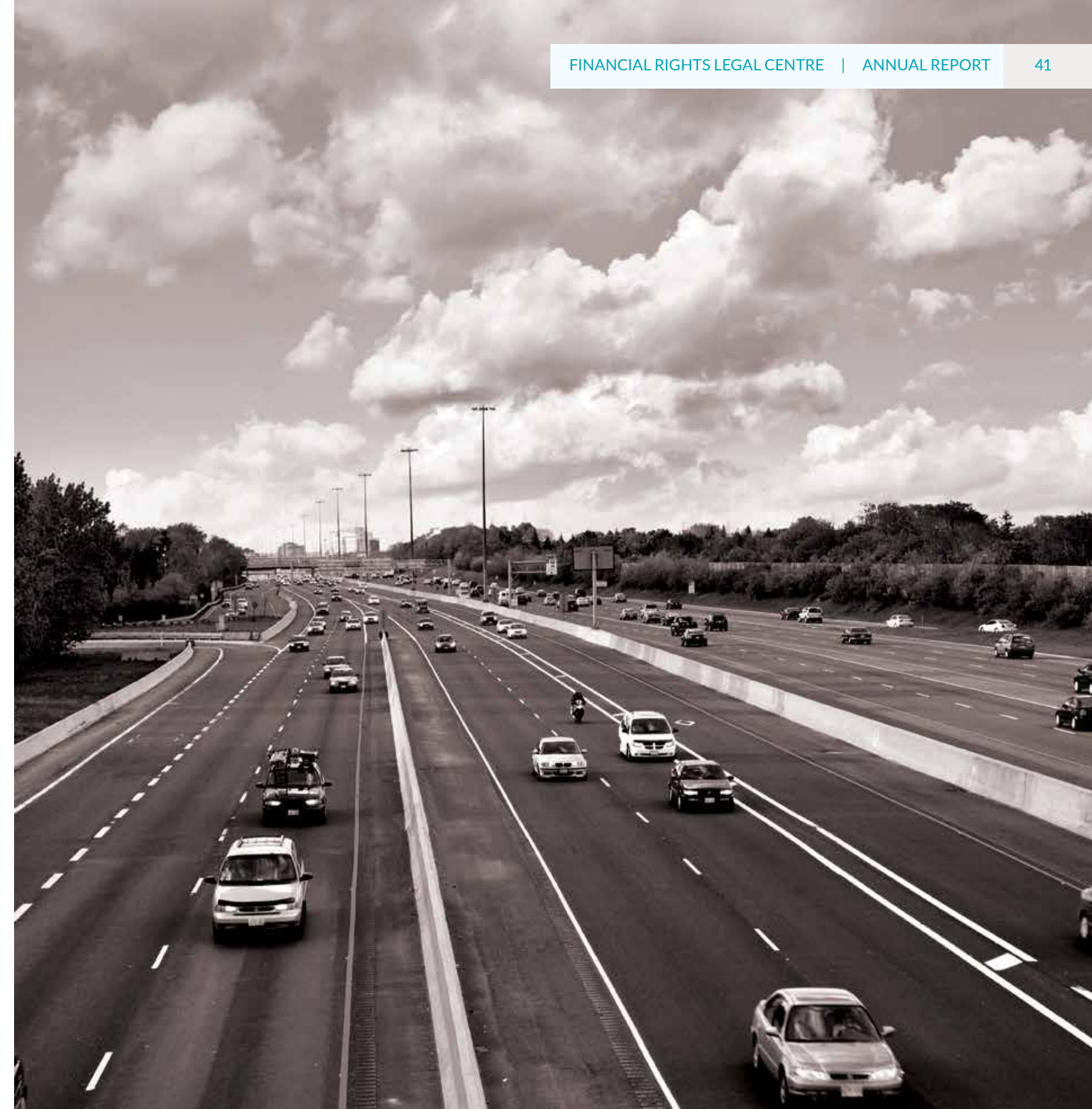
FOS found that Sonya's account of the theft was plausible, and the police report did not indicate that she was in any way suspected of being involved. There was nothing in the evidence exchanged physically linking our client to the theft. In those circumstances, FOS found our client had established a loss covered by the policy, and the onus to prove an exclusion applied shifted to the insurer.

The insurer relied on a report from a forensic locksmith which stated that the car could only have been driven by a correctly coded key. However, FOS found the report was incomplete because the insurer did not provide the locksmith with our client's keys. FOS further noted that it was aware that "thieves are becoming more sophisticated and it is difficult for the security industry to keep up with or stay ahead of that

sophistication ... The fact that [the forensic locksmith] was unaware of any electronic devices that could bypass the immobiliser system at that time does not necessarily mean that there are not electronic devices available".

The insurer also argued that Sonya had not done enough to make her then boyfriend available to be interviewed. She had provided a statutory declaration from the ex-boyfriend, and given the insurer his phone number and email address. The insurer made one attempt to phone him; he did not answer and there was no voicemail facility. FOS found that, in those circumstances, a single attempt by the insurer to contact the witness was insufficient to discharge the insurer's onus, given it was alleging fraud.

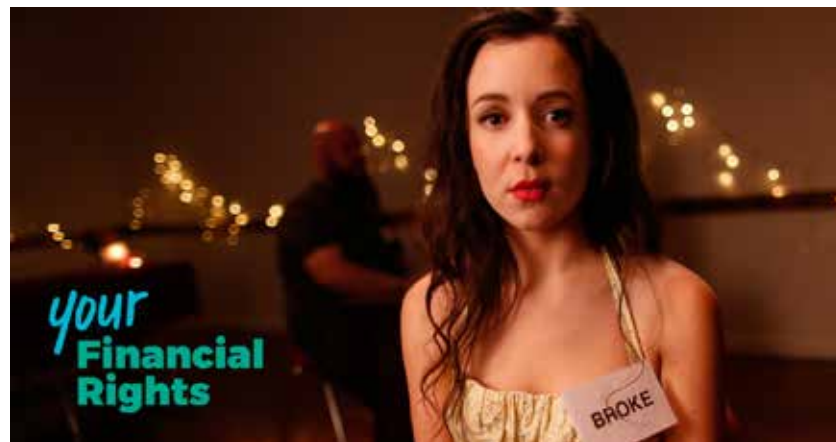
During the period it took the matter to get through Internal Dispute Resolution and then FOS, our client and her two young children became homeless. She stuck the process out nonetheless, and is now in rental accommodation. She has used the money from the insurance claim to buy a cheap car outright.



PUBLICATIONS

YOUR FINANCIAL RIGHTS: “DEBT DATING” VIDEO AND FINANCIAL LITERACY CAMPAIGN

“If you’re in debt, who is best to help you?” This is the central question posed in Financial Rights’ “debt dating” video launched in September 2016 at yourfinancialrights.org. The video follows the pitfalls many Australians face when looking for help with their financial problems. The video and accompanying website are part of a new financial literacy campaign aimed at steering consumers away from “Debt Management Firms,” otherwise known as Debt Vultures, towards free and independent financial counselling services.

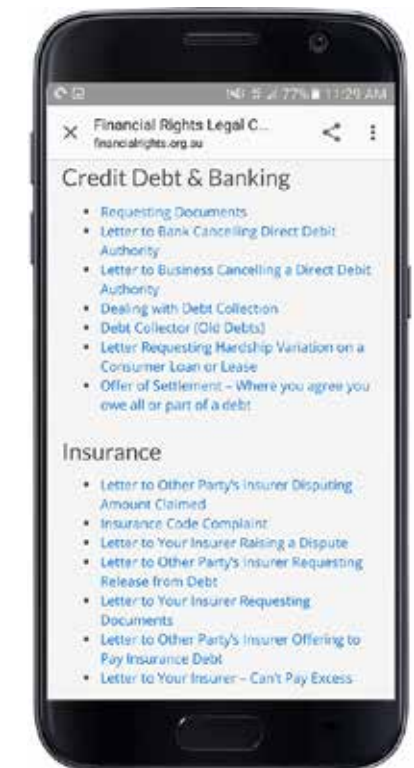


NEW SAMPLE LETTER GENERATOR

Financial Rights launched an interactive letter generator that can help consumers, or community workers create professional and legal letters to send to financial service providers like banks, creditors and insurance companies. The tool is designed for consumers to use without assistance, and also for community workers to use with their clients. Letters about credit, debt and banking are only applicable in NSW, but the insurance-related letters can be used all over Australia. There are currently 14 sample letter generators including:

- Letter to Bank Cancelling Direct Debit Authority
- Letter Requesting Hardship Variation on a Consumer Loan or Lease
- Letter to Insurer Disputing Amount Claimed
- Letter to Insurer Requesting Release from Debt

The Sample Letter Generator can be accessed from the home page of financialrights.org.au or insurancelaw.org.au



NEW FACTSHEETS

Financial Rights has over 70 factsheets on our websites providing Australians with useful legal and practical information to help themselves in their dealing with credit, debt and insurance. Financial Rights is always adding to our library of resources and this year launched factsheets on written off vehicles, tolling debts, insurance excess and pet insurance.

FIN NOT AT FAULT, WHY DO I HAVE TO PAY MY EXCESS?

This fact sheet is for information only. It is recommended that you get legal advice about your situation.

CASE STUDY

John's car was parked on the street overnight. The next morning the wheels up to find his car had been damaged by another car. The police were in attendance. They told him that a car had been parked on the street for a few days and another car had run into it. John's car was damaged. There was no one else around. John was sure that the car was parked there. He was sure that the car was parked there. He was sure that the car was parked there.

WHY DO I HAVE TO PAY MY EXCESS?

An insurance excess is your contribution to a claim. The general rule is that an excess is always payable when you make a claim, whether you are at fault or not.

Sometimes insurers will split terms into the Product Disclosure Statement (PDS) where they agree to "waive" the excess that is not payable to give your excess or reduce the excess in some limited circumstances. This is common in some types of claims like a windshield breakage. This is regularly associated with situations where you are "not at fault".

However, insurers often place certain conditions, requirements, limitations or qualifications to when they will "waive" an excess. You should read your PDS - the contract of insurance between you and the insurer - carefully to work out if you can meet the conditions of where the excess will not be payable. These can include the following scenarios:

- The insurer agrees you are in no way at fault.

This can be a difficult condition to meet. Sometimes in accidents you may have contributed to the accident, or the other party is not 100% at fault. Equally it may be difficult to prove or establish definitively that you were not at fault.

Financial Rights Legal Centre
Tel: 1300 653 464

PET PEEVES - PET INSURANCE AND YOU

This fact sheet is for information only. It is recommended that you get legal advice about your situation.

Your dog Spot and cat Beedee are your best friends - a part of your family. And you look after them just as much as you would yourself. If anything were to happen to Spot and Beedee you would be devastated. You take them to the vets and there in the surgery you have pet insurance. You've seen the Spot's in your vet's reception letters and bills. You've also seen the ads on TV. And you think to yourself: I became insured with health insurance and my car with car insurance, so I should really insure Spot and Beedee. It's the right thing to do - the expensive thing to do to have Spot and Beedee covered right?

The answer is not so straightforward.

CASE STUDY 1

Smith is a pet insurance policyholder and the insured dog Spot has been hit by a car when playing in a park. Smith has contacted the insurer and the insurer has agreed to pay the excess. Smith has contacted the insurer and the insurer has agreed to pay the excess. Smith has contacted the insurer and the insurer has agreed to pay the excess.

WHAT IS PET INSURANCE?

Pet insurance is a contract of general insurance that is taken out to cover the cost incurred when your pet is injured in an accident and/or falls ill. Some pet insurance policies also provide so-called routine or wellness care.

Financial Rights Legal Centre
Tel: 1300 653 464

TAKING A TOLL: WHAT DO I DO ABOUT UNPAID TOLLS?

This fact sheet is for information only. It is recommended that you get legal advice about your situation.

CASE STUDY

The owner of a car, Steve, had his car parked overnight. The car was parked in the car park. Steve had his car parked overnight. The car was parked in the car park. Steve had his car parked overnight. The car was parked in the car park.

WHAT HAPPENS IF I DON'T PAY A TOLL?

Under law, motorists are required to pay a toll whenever they drive on a toll road.

In New South Wales, all toll roads are electronic. If you do not pay your toll using an e-tag when you drive or do not arrange to pay your toll within 3 days after it is charged, toll recovery processes will be commenced against you as described below. It is important to remember that for each time a toll is unpaid, a separate toll recovery process may be commenced.

- 1. Toll Notice**

The registered owner of the vehicle will receive a Toll Notice asking them to pay the toll and an administration fee. The administration fee is currently \$1.10 if paid with an electronic tag account, or otherwise \$10.

- 2. Final Toll Notice**

If the toll is still unpaid, the registered owner will receive a Final Toll Notice asking them again to pay the toll. This may include a further administration fee.

- 3. Penalty Notice**

If the toll is still unpaid, the registered owner will receive a Penalty Notice asking them again to pay the toll. This may include a further administration fee.

Financial Rights Legal Centre
Tel: 1300 653 464

YOUR VEHICLE HAS BEEN "WRITTEN OFF"

This fact sheet is for information only. It is recommended that you get legal advice about your situation.

CASE STUDY

Andrew's car was involved in an accident with a truck on a highway. The car was involved in an accident with a truck on a highway. The car was involved in an accident with a truck on a highway. The car was involved in an accident with a truck on a highway.

WHO DECIDES WHETHER TO REPAIR OR WRITE OFF MY CAR?

Under most car insurance policies it is the insurer's choice whether to:

- Repair your car;
- Pay you to buy a replacement;
- Declare your car a total loss and "write it off".

Financial Rights Legal Centre
Tel: 1300 653 464

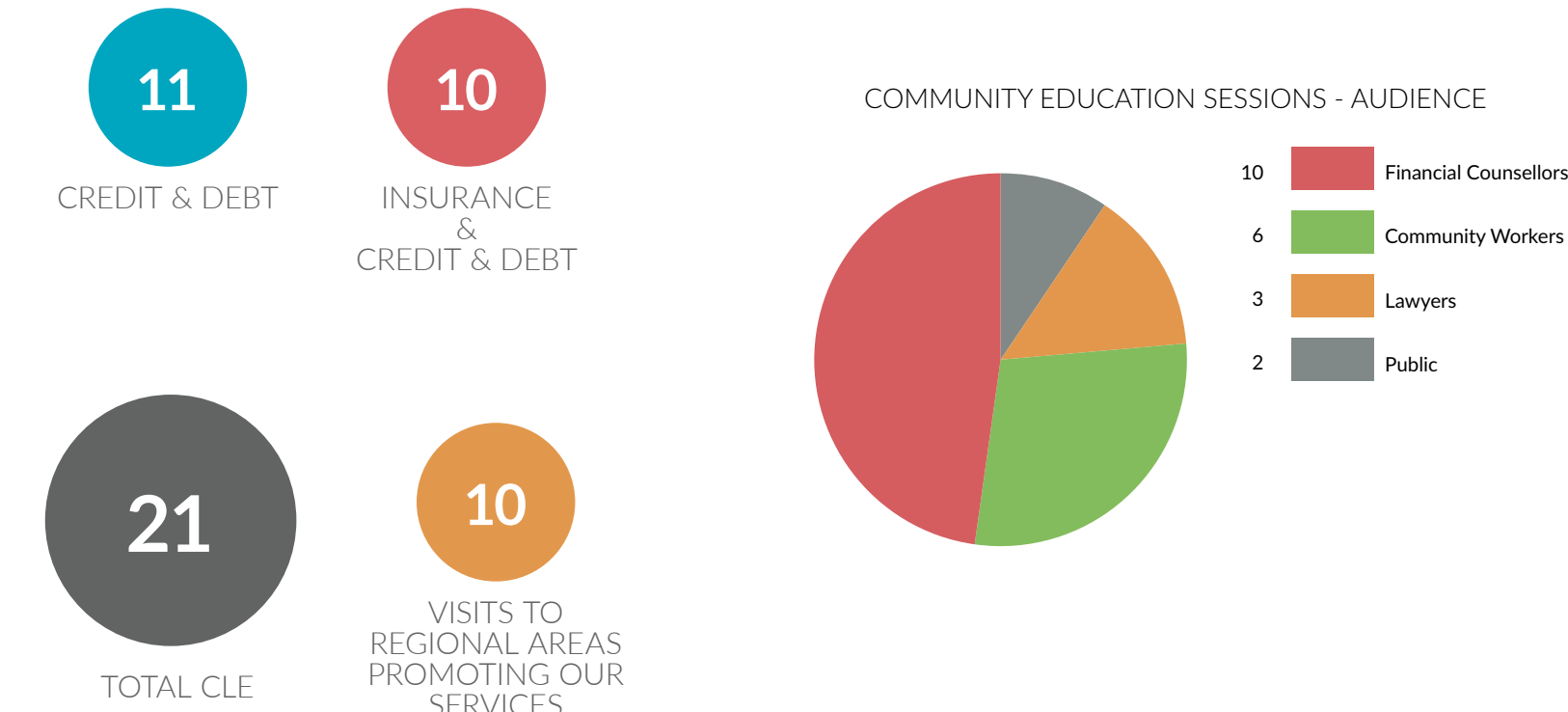
COMMUNITY LEGAL EDUCATION

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 credit reporting, payday lending and mortgage stress to financial counsellors in Albury;
- A presentation to Central West Lifeline on payday loans, rent to buy schemes and Centrelink "robodebts"; and
- Various presentations, panel discussions and workshop contributions at the FCA Conference.





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.

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.

TWITTER

Financial Rights has been actively engaged on Twitter for three years now, with over 800 followers and 2000 tweets.



WEBSITES

Financial Rights launched two new websites over 2016/17.

The first was yourfinancialrights.org.au with its accompanying Debt Dating video. YourFinancialRights is a financial literacy campaign aimed at steering consumers away from “Debt Management Firms,” otherwise known as Debt Vultures, towards free and independent financial counselling services. The video and website sought to explain in easy to understand language the different forms of debt management firms out there and how to avoid falling into their trap.

The second website was the Motor Vehicle Accident Problem Solver at mva.financialrights.org.au, The Motor Vehicle Accident Problem Solver can help people through the complications, pitfalls and hurdles of car insurance. Click on the Motor Vehicle Accident Problem Solver button, answer a few simple questions and the Problem Solver will lead you to the actions you should take and provide you with all advice, sample letters, detailed fact sheets you require. Available on your tablet, smart phone or desktop at mva.financialrights.org.au, the Motor Vehicle Accident Problem Solver is accessible any time of the day to help answer some of the most common questions people face when they have an accident and are navigating the tricky insurance terrain. The tool is designed for consumers to use without assistance, and also for lawyers, community workers and



community advocates to use with their clients.

Financial Rights of course also operates the two websites: financialrights.org.au and insurancelaw.org.au. Both 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 year we also enhanced our web tools with the addition of a sample letter generator.

Financial Rights also added web information for our new Aboriginal Advice Service (AAS). The AAS is providing legal advice and assistance to Aboriginal and Torres Strait Islander people across Australia on credit, debt and insurance matters.

This financial year our websites were visited by over 29,000 unique users.

EDUCATIONAL CAMPAIGNS 2016-2017

- 1 Debt Dating**
 Financial Rights launched the Your Financial Rights: Debt Dating video and website at yourfinancialrights.org - a financial literacy campaign aimed at rebranding debt negotiators, credit repair services, debt admin brokers, budgeting services and to raise awareness of the exploitative nature of these businesses.
- 2 Sample Letter Generator**
 Financial Rights launched a new, free interactive letter generator that can help consumers, or community workers create professional and legal letters to send to financial service providers like banks, creditors and insurance companies. The tool is designed for consumers to use without assistance, and also for community workers to use with their clients.
- 3 Pay Day Lending**
 Financial Rights are currently collaborating with Consumer Action Law Centre on a financial literacy project on pay day lending. With 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, an educational programs exploring the true costs of payday loans is being developed.

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

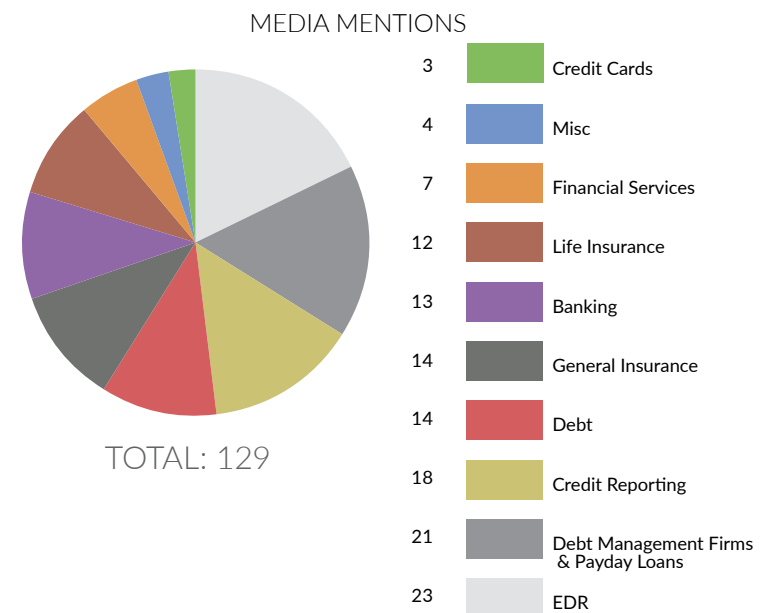
Educate consumers about their rights & warn about potential pitfalls

Encourage & facilitate debate on law-reform issues

The majority of the media work has been undertaken by co-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 Guardian, and many more. This year our main contributions to the news in the financial rights space were to do with the new Life Insurance Code of Practice, the government review into the financial services complaints framework, the continuing scourge of exploitative pay day loans, consumer leases and debt management firms, and the need to lift claims handling standards in general insurance.

Our media presence included:

- Kat Lane and Alexandra Kelly appearing on ABC's The Checkout to warn about pay day loans and the pitfalls of insurance disclosure
- Karen Cox spoke out on the consumer lease trap appearing on ABC News, Network Ten and other news services
- Alexandra Kelly appearing on Network Ten's The Project to discuss the do's and don'ts of travel insurance.



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 2016-2017

- 1 Debt Management Firms**
 Our aim is to combat the detriment to consumers caused by largely unregulated businesses like credit repairers, personal budgeting services, debt negotiators and debt agreement brokers through increasing consumer awareness of the free alternatives, advocacy and law reform.
- 2 Insurance claims handling**
 Insurance claims handling practices and investigations continue to be a major source of consumer complaints. We believe that both the life and general insurance industries must act to improve their standards of conduct in claims handling and must inform their customers of their rights and responsibilities during the claims process. We also support stronger regulation to ensure effective consumer protections are in place.
- 3 Insurance Product Suitability**
 We remain concerned with the large number of insurance products being sold to consumers that are unsuitable for their needs. This is arising because of poor disclosure, exploitative sales practices, and a lack of genuine dialogue with a consumer regarding their actual needs. We will work to improve industry practice whether through legislated suitability requirements, enhanced codes of practice or other regulatory instruments to ensure consumers are purchasing appropriate products to meet their needs and insurers are appropriately marketing, selling and issuing products.
- 4 Payday Lending and consumer leases**
 Reducing the widespread use of expensive short term lending has long been a priority for Financial Rights. We intend to encourage greater enforcement of responsible lending for pay day loans and consumer leases. We also want to work towards greater public awareness of the financial hardship that relying on payday lenders and consumer leasing arrangements can cause.
- 5 Motor vehicle dealership finance and sales practices**
 The sales driven culture of motor vehicle dealerships has led to systemic unfair and exploitative practices including high interest loans, high broker fees and high pressure sales tactics particularly with respect to add-on insurance products. Financial Rights will work to identify and promote effective law reform, promote greater compliance with responsible lending laws and support improved consumer awareness of the pitfalls of motor vehicle purchases.

HIGHLIGHTS IN POLICY AND LAW REFORM

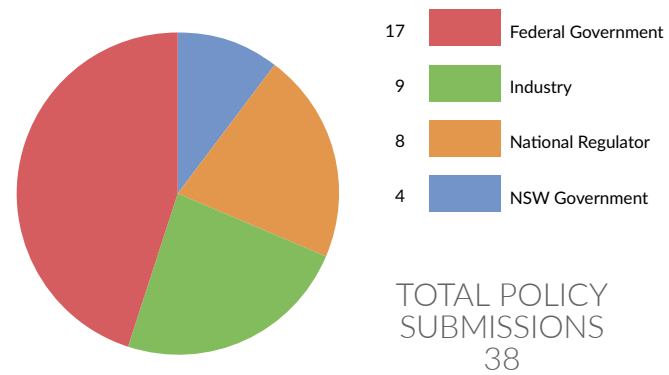
- Financial Rights' 2016 report *Guilty Until Proven Innocent: Insurance Investigations in Australia* has led to significant moves to industry reform. The newly enacted Life Insurance Code of Practice includes industry commitments to higher investigations standards and practices. The report also led to the General Insurance Code Compliance Committee undertaking an Own Motion Inquiry into General Insurance Investigations of Claims and Outsourced Services which recommended a raft of changes to industry practice, in line with many of our recommendations.
- Financial Rights has led the charge to raise standards in the financial services sector through improved Codes of Practice and seeking a commitment from industry to gain approval of their Codes from the Australian Securities and Investment Commission in accordance with ASIC's regulatory guide. The Australian Bankers Association have become the first sector association to publicly announce their intention to do so, as a part of their current Code Review. The Federal Government has also established an ASIC Enforcement Review including investigating the establishment of a Co-Regulatory regime where Codes of Practice will be mandatory.
- Financial Rights has worked hard to raise awareness on the continuing problem of debt management firms including credit repairers, personal budgeting services, debt agreement brokers and debt negotiators. The Consumer Minister's Council has committed to developing an education campaign to raise awareness of the risks of DMFs and the Federal Government have also committed to working on determining the merits and feasibility of bringing DMFs within the financial services regulatory framework. ASIC too announced a crackdown on misleading advertising by DMFs in mid-2017.
- Pay day lending continues to wreak havoc on financially vulnerable Australians, with Financial Rights long arguing the need for regulatory reform. Significant legislative reform was announced in early 2017 with legislation expected to be introduced by the end of the year.

IMPORTANT POLICY SUBMISSIONS

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

- Joint consumer submission to the independent review of Code of Banking Practice;
- 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.



CONSUMER GROUPS & STAKEHOLDER ENGAGEMENT

- Australian Bankers Association Consumer Stakeholder Forum
- Australian Bankers Association Financial Abuse Forum
- ARCA Consumer Advisory Panel
- Australian Securities and Investments Commission Consumer Advisory Panel
- Australian Securities and Investments Commission Add-on Working Committee
- Commonwealth Bank Customer Advocate Community Council
- Credit and Investments Ombudsman Consumer Liaison Committee
- Financial Ombudsman Service Australia's Consumer Liaison Group
- Financial Services Council Life Insurance Code of Practice Steering Group
- IAG Consumer Advisory Board
- Insurance Council of Australia National Consumer Reference Group
- Insurance Council of Australia's Consumer Liaison Group
- Insurance in Superannuation Working Group
- NSWCLC Communications and Technology Network
- NSW Attorney General's Civil Justice Collaboration Group
- NSW Law Council Consumer Committee
- Office of the Australian Information Commissioner Consumer Privacy Network
- Possessions List Users Group Supreme Court

FINANCIAL RIGHTS LEGAL CENTRE INC.
40 506 635 273

FINANCIAL REPORT FOR THE YEAR ENDED
30 June 2017

FINANCIAL RIGHTS LEGAL CENTRE INC
ABN: 40 506 635 273

Financial Report for the Year Ended 30 June 2017
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 2017.

Committee Members

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

Margaret Raffan, President
David McMillan, Vice President
Daniel Maurer, Treasurer
Paul Baker, Secretary
Erin Turner
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 surplus of \$3,280,134 for the financial year ended 30 June 2017.

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


Margaret Raffan


David McMillan

Dated this 10th day of October 2017

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 2017

	Note	2017 \$	2016 \$
INCOME			
Grants	2	1,868,776	1,773,069
Project income	3	3,495,130	48,803
Interest received		56,534	46,858
Other income	4	10,394	16,778
		<u>5,430,834</u>	<u>1,885,508</u>
EXPENDITURE			
Salaries		1,592,085	1,567,182
Superannuation		148,423	145,626
On costs		13,778	94,227
Rent		133,232	131,902
Repairs and maintenance		2,310	1,377
Other Premises Costs		44,885	40,982
Staff Training		6,362	6,492
Staff Recruitment		602	1,347
Communications		64,581	52,093
Office Overheads		31,897	35,972
Insurance		5,826	5,604
Finance, Audit & Accounting Fees	5	8,764	11,147
Library, Resources & Subscriptions		23,890	22,851
Travel		16,078	14,096
Programming and Planning		35,334	154,507
Client Disbursements		2,246	6,790
Minor Equipment		2,097	1,176
Depreciation		18,310	21,779
Other		-	1,154
TOTAL EXPENSES		<u>2,150,700</u>	<u>2,316,304</u>
Current year surplus/ (deficit)		3,280,134	(430,796)
Other comprehensive income		-	-
Total comprehensive surplus/(deficit)		<u>3,280,134</u>	<u>(430,796)</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 2017

	Note	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents		1,286,663	460,700
Financial Assets	6	3,699,050	973,080
Trade and other receivables	7	31,353	21,458
Prepayments		14,307	9,057
GST receivable		-	11,250
TOTAL CURRENT ASSETS		5,031,373	1,475,545
NON-CURRENT ASSETS			
Rental Bond		36,066	36,066
Financial assets	6	10,052	10,052
Property, plant and equipment	8	36,294	40,508
TOTAL NON-CURRENT ASSETS		82,412	86,626
TOTAL ASSETS		5,113,785	1,562,171
CURRENT LIABILITIES			
Employee Benefits	9	493,866	487,864
Grants received in advance	10	289,668	19,884
Other provisions	11	47,857	47,857
GST liabilities		19,122	-
Employee liabilities		82,650	84,583
Creditors & Accruals		29,666	51,885
TOTAL CURRENT LIABILITIES		962,829	692,073
NON-CURRENT LIABILITIES			
Employee Benefits	9	15,246	14,522
TOTAL NON-CURRENT LIABILITIES		15,246	14,522
TOTAL LIABILITIES		978,075	706,595
NET ASSETS		4,135,710	855,576
MEMBERS' FUNDS			
Reserves	12	21,916	21,916
Retained surplus	13	4,113,794	833,660
TOTAL MEMBERS' FUNDS		4,135,710	855,576

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 2017

	Reserves \$	Retained surplus \$	Total Equity \$
Balance as at 1 July 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 deficit for the year	-	(430,796)	(430,796)
Transfer between reserves	-	-	-
Balance as at 30 June 2016	21,916	833,660	855,576
Surplus for the year	-	3,280,134	3,280,134
Other comprehensive income for the year	-	-	-
Total comprehensive surplus for the year	-	3,280,134	3,280,134
Transfer between reserves	-	-	-
Balance as at 30 June 2017	21,916	4,113,794	4,135,710

The accompanying notes form part of this financial report.

FINANCIAL RIGHTS LEGAL CENTRE INC
ABN: 40 506 635 273

STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from grants and project income		5,634,189	2,022,260
Interest received		38,821	54,313
Payments to suppliers and employees		(2,106,981)	(2,370,326)
	17(b)	<u>3,566,029</u>	<u>(293,753)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for rental bonds		-	-
Payments for financial assets		(2,725,970)	(973,080)
Payments for property plant & equipment		(14,096)	(3,846)
		<u>(2,740,066)</u>	<u>(976,926)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
NET INCREASE (DECREASE) IN CASH		825,963	(1,270,679)
CASH AT THE BEGINNING OF THE YEAR		460,700	1,731,379
CASH AT THE END OF THE YEAR	17(a)	<u>1,286,663</u>	<u>460,700</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 2017

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.

- Income Tax**
The Association is exempt from Income Tax in accordance with the provisions of the Income Tax Assessment Act 1997.
- 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.
- 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.
- 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, or as at 30th June 2017.
- 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.

FINANCIAL RIGHTS LEGAL CENTRE INC

ABN: 40 506 635 273

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

- 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.
- Community benefit payments are non-reciprocal contributions and recognised as revenue when the Association obtains control or the legal right to receive the contribution.
- 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 property plant and equipment, 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.
- j. Financial Instruments**
Classification
The company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets. The classification depends on the nature of the item and the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.
- Held to maturity investments**
Held to maturity investments are non derivative financial assets that have fixed maturities and fixed or determinable payments, and the company intends to hold the investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

FINANCIAL RIGHTS LEGAL CENTRE INC

ABN: 40 506 635 273

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter company balances and loans from or other amounts due to director related entities.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

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 2019).

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
ABN: 40 506 635 273

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

AASB 1058: Income of Not-for-Profit Entities (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 1058 replaces the income recognition requirements in AASB 1004: Contributions applicable to not-for-profit entities with a model based on the principles of AASB 15: Revenue from Contracts with Customers. Consequently, AASB 1058 requires not-for-profit entities to recognise all revenue from contracts with customers when the related performance obligations are satisfied, irrespective of whether the ultimate beneficiary of the goods or services provided by the not-for-profit entity is the grantor of the funds or another entity. An agreement involving a not-for-profit entity would be classified as a contract with a customer if the agreement:

- creates enforceable rights and obligations between the parties; and
- includes a promise by the not-for-profit entity to transfer a good or service that is sufficiently specific for the entity to determine when the obligation is satisfied.

For contracts with customers that comprise a donation component, AASB 1058 requires such components to be treated as part of the performance obligation(s) unless the entity can demonstrate that component is not related to the promised goods or services.

When an arrangement does not meet the criteria for a contract with a customer, the inflows are accounted for in accordance with AASB 1058, which requires:

- the asset received by the not-for-profit entity to be accounted for in accordance with the applicable Australian Accounting Standard; and
- any difference between the consideration given for the asset and its fair value to be recognised in accordance with its substance (such as a contract liability, a financial instrument and/or a contribution by owners), and any residual amount recognised as income.

AASB 1058 also permits a not-for-profit entity to recognise volunteer services as an asset or expense (as applicable) and any related contributions by owners or revenue as an accounting policy choice, provided that the fair value of the services can be measured reliably.

Although the directors anticipate that the adoption of AASB 1058 and related Standards may have an impact on the Group's reported revenue, it is impracticable at this stage to provide a reasonable estimate of such impact.

FINANCIAL RIGHTS LEGAL CENTRE INC
ABN: 40 506 635 273

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2: GRANTS INCOME	2017	2016
	\$	\$
Commonwealth Attorney General - CLSP Generalist services	230,826	198,400
State Attorney General - CLSP Generalist services	153,851	148,722
NSW Fair Trading - FCSP NSW	766,992	741,279
Department of Social Services - FWCP	349,410	345,841
Commonwealth Attorney General - CLSP Insurance	367,697	338,827
	<u>1,868,776</u>	<u>1,773,069</u>

CLSP - Community Legal Services Program
FCSP NSW - Financial Counselling Services Program NSW
FWCP - Financial Wellbeing and Capability Program

NOTE 3: PROJECT INCOME	2017	2016
	\$	\$
Community Benefit Payments	3,475,279	-
Project Income	19,851	-
Bankruptcy Tool Kit Project	-	1,213
Pay Day Lending Campaign Research	-	47,590
	<u>3,495,130</u>	<u>48,803</u>

NOTE 4: OTHER INCOME	2017	2016
	\$	\$
Consultancy fees	9,317	8,957
Disbursement Recovered	-	6,744
Sitting fees	1,077	1,077
	<u>10,394</u>	<u>16,778</u>

NOTE 5: EXPENSES	2017	2016
	\$	\$
Audit fees	7,450	9,923
	<u>7,450</u>	<u>9,923</u>

NOTE 6: FINANCIAL ASSETS	2017	2016
	\$	\$
Term deposits - current	3,699,050	973,080
Term deposits - non-current	10,052	10,052
	<u>3,709,102</u>	<u>983,132</u>

NOTE 7: TRADE AND OTHER RECEIVABLES	2017	2016
	\$	\$
Sundry debtors	6,600	14,418
Interest receivable	24,753	7,040
	<u>31,353</u>	<u>21,458</u>

FINANCIAL RIGHTS LEGAL CENTRE INC
ABN: 40 506 635 273

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 8: PROPERTY, PLANT AND EQUIPMENT	2017	2016
	\$	\$
Computer Equipment - at cost	50,553	46,485
Accumulated depreciation	(44,706)	(41,934)
	<u>5,847</u>	<u>4,551</u>
Office furniture and equipment - at cost	56,904	51,858
Accumulated depreciation	(28,478)	(26,394)
	<u>28,426</u>	<u>25,464</u>
Office Equipment - at cost	52,159	59,749
Accumulated depreciation	(50,138)	(55,380)
	<u>2,021</u>	<u>4,369</u>
Leasehold improvements - at cost	51,595	51,595
Accumulated depreciation	(51,595)	(45,471)
	<u>-</u>	<u>6,124</u>
Total Plant and equipment	<u>36,294</u>	<u>40,508</u>
NOTE 9: EMPLOYEE BENEFITS	2017	2016
	\$	\$
Current Liabilities		
Provision for Annual Leave	222,509	214,108
Provision for Long service Leave	271,357	273,756
	<u>493,866</u>	<u>487,864</u>
Non-Current Liabilities		
Provision for Long service Leave	15,246	14,522
Total Employee Benefits	<u>509,112</u>	<u>502,386</u>
NOTE 10: GRANTS RECEIVED IN ADVANCE	2017	2016
	\$	\$
NSW Fair Trading - FCSP NSW	269,784	-
Bankruptcy Tool Kit Project	19,884	19,884
	<u>289,668</u>	<u>19,884</u>
NOTE 11: OTHER PROVISIONS	2017	2016
	\$	\$
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 2017

NOTE 12: RESERVES	2017	2016
	\$	\$
Reserve for future projects	11,959	11,959
Reserve for office equipment	9,957	9,957
	<u>21,916</u>	<u>21,916</u>
NOTE 13: RETAINED SURPLUS	2017	2016
	\$	\$
Balance brought forward – tied	5,784	36,733
Balance brought forward – untied	827,876	1,227,723
Current year surplus/(deficit) – tied	(5,784)	(30,949)
Current year surplus/(deficit) – untied	3,285,918	(399,847)
Transfer (to)/ from reserves	-	-
	<u>4,113,794</u>	<u>833,660</u>
Balance carried forward – tied	-	5,784
Balance carried forward – untied	4,113,794	827,876
	<u>4,113,794</u>	<u>833,660</u>
Tied funds represent surplus deficits from funding bodies that are carried forward as per their funding agreements. These are as follows:		
	2017	2016
	\$	\$
As reported to AG	-	5,784
As reported to OFT	-	-
As reported to DSS	-	-
	<u>-</u>	<u>5,784</u>
NOTE 14: LEASING COMMITMENTS	2017	2016
	\$	\$
Operating Lease Commitments		
Being for office rental		
Minimum lease payments:		
not later than 12 months	55,743	133,232
between 12 months and 5 years	-	55,743
greater than 5 years	-	-
	<u>55,743</u>	<u>188,975</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 15: 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 2017

NOTE 16: INCOME & EXPENDITURE

	Commonwealth and State Attorney General	Office of Fair Trading	Department of Social Services
	\$	\$	\$
INCOME			
Grants	752,374	766,992	349,410
Interest received	11,534	11,758	5,357
	<u>763,908</u>	<u>778,750</u>	<u>354,767</u>
EXPENDITURE			
Salaries	579,587	589,397	267,012
Superannuation	53,478	55,221	25,071
On costs	4,822	4,822	2,205
Rent	46,631	46,631	21,317
Repairs and maintenance	808	808	370
Other Premises Costs	15,710	15,710	7,182
Staff Training	2,227	2,227	1,018
Staff Recruitment	211	211	96
Communications	25,832	26,478	12,270
Office Overheads	11,272	13,413	7,213
Insurance	4,774	2,248	1,037
Finance, Audit & Accounting Fees	3,506	3,593	1,665
Library, Resources & Subscriptions	8,171	7,396	3,422
Travel	5,174	5,304	2,458
Client Disbursements	2,246	-	-
Minor Equipment	839	860	398
Depreciation	4,404	4,431	2,033
TOTAL EXPENSES	<u>769,692</u>	<u>778,750</u>	<u>354,767</u>
Current year surplus/ (deficit)	(5,784)	-	-

FINANCIAL RIGHTS LEGAL CENTRE INC
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTE 17: STATEMENT OF CASH FLOWS

	2017	2016
	\$	\$
(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	350
Cash at bank	<u>1,286,313</u>	<u>460,350</u>
	<u>1,286,663</u>	<u>460,700</u>
(b) Reconciliation of cash flow from operations with surplus		
Surplus (deficit) for ordinary activities after income tax	3,280,134	(430,796)
Adjustments and non cash items:		
Depreciation	<u>18,310</u>	<u>21,779</u>
	<u>3,298,444</u>	<u>(409,017)</u>
Changes in assets and liabilities		
(Increase)/decrease in receivables	(9,895)	5,105
(Increase)/decrease in other assets	6,000	(12,708)
Increase/(decrease) in other liabilities	17,189	15,478
Increase/(decrease) in payables	(22,219)	19,504
Increase/(decrease) in grants received in advance	269,784	(1,213)
Increase/(decrease) in provisions	<u>6,726</u>	<u>89,098</u>
Cash flows from/(used in) operation activities	<u>3,566,029</u>	<u>(293,753)</u>

NOTE 18: 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
ABN: 40 506 635 273

STATEMENT BY MEMBERS OF THE COMMITTEE

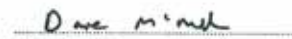
The committee has determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Committee the financial report as set out on pages 2 to 15:

1. Presents a true and fair view of the financial position of Financial Rights Legal Centre Inc as at 30 June 2017 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*.
4. Pursuant to Schedule 1, Section 7(3) of the *NSW Charitable Fundraising Regulations 2008*:
 - (a) the Statement of Profit or Loss and Other Comprehensive Income is drawn up so as to give a true and fair view of income and expenditure of the Association for the year ended 30 June 2017 with respect to fundraising appeals;
 - (b) the Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Association as at 30 June 2017 with respect to the fundraising appeals;
 - (c) the provisions of the *Charitable Fundraising Act (NSW) 1991* and the regulations under the Act and the conditions attached to the Association have been complied with for the year ended 30 June 2017; and
 - (d) the internal controls exercised by the Association are appropriate and effective in accounting for all income received and applied by the Association from any of the fundraising appeals.

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


David McMillan

Dated this 10th day of October 2017



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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 2017 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

Partner

PITCHER PARTNERS
Sydney

16 October 2017



FINANCIAL RIGHTS LEGAL CENTRE
ABN 40 506 635 273
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FINANCIAL RIGHTS LEGAL CENTRE

Report on the Audit of the Financial Report

Opinion

We have audited the financial report, being a special purpose financial report of Financial Rights Legal Centre, "the Association", which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in members' funds, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by members of the committee.

In our opinion, the accompanying financial report of Financial Rights Legal Centre, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- giving a true and fair view of the Association's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* "ACNC Act" and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Financial Rights Legal Centre to meet the requirements of the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Committee Members for the Financial Report

The committee members are responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the ACNC Act and for such internal control as the committee members determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the committee members are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless they either intend to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those committee members are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.

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- Conclude on the appropriateness of the committee' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. We communicate with the committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We communicate with the committee members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



MARK GODLEWSKI
Partner
16 October 2017



PITCHER PARTNERS
SYDNEY



FINANCIAL RIGHTS LEGAL CENTRE

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

Email: info@financialrights.org.au

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

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