

ANNUAL REPORT 2008



Contents

Chairperson's Report	5
CEOs Report	6
Consumer Action Board	8
Consumer Action Staff	9
Directors of Legal Practice Report	10
Director Policy & Campaign Report	13
Working for change: Case work and campaigning in action	18
Standards Australia Project	30
Outreach and Training Program	32
Volunteers and work experience students...	35
Professional Development (internal)	38
Acknowledgements	39
Financial Reports	41

“The CEOs and staff have successfully implemented the Boards’ vision of an integrated and linked up approach to casework and policy.”



Chairperson's Report

It is with pleasure and pride that I present this second Chairperson's report on behalf of the Board of the Consumer Action Law Centre.

The 2007/08 year marks Consumer Action's first full year of operations and a year of significant achievements in our mission to make a difference for consumers. After almost two years of operation, Consumer Action has established itself as a Centre of excellence both in the provision of legal services to consumers (and consumer workers) and policy and campaign work that seeks to improve the rights of Australian consumers at large.

The CEOs and staff have successfully implemented the Boards' vision of an integrated and linked up approach to casework and policy. This approach is evident in the way Consumer Action approaches its day-to-day work, as well as in the identification of casework and policy priorities. Key campaigns that derive directly from the issues and problems brought to our attention by Victorian consumers and their advocates include the campaign focusing on the lending practices of Motor Finance Wizard, and the Centre's work on payday lending.

Of course these achievements are not ours alone. They are possible only with the support and assistance of Consumer Action's many important stakeholders, including its core funders, Victoria Legal Aid and Consumer Affairs Victoria, and our fellow community sector colleagues - in particular financial counsellors, community lawyers and consumer advocates around the country.

During the year we farewelled Paula O'Brien, Nicola Ballenden and Adam Reynolds from the Board. This was the final step in the merger of Consumer Credit Legal Service and Consumer Law Centre Victoria, fulfilling the requirement in Consumer Action's Constitution to replace half of the inaugural Board at the first annual general meeting of the company. I sincerely thank Adam, Nicola and Paula for their significant contributions, and Paula in particular for her outstanding contribution as inaugural Chair.

We also welcomed Barbara Romeril and Roslyn Hunter to the Board. Barbara and Ros have already made a significant contribution, and I look forward to working with them over the coming year. Gerard Brown and Anna Stewart continue to contribute their expertise and commitment as inaugural and ongoing Directors.

Consumer Action's achievements in the past year are due to the expertise, enthusiasm and commitment of our dedicated staff. Working together and with our Victorian and interstate colleagues, Consumer Action staff make a difference for individual consumers and in broader consumer policy. On behalf of the Board I thank them all and in particular, I express our appreciation to Carolyn Bond and Catriona Lowe for their outstanding leadership as Co-CEOs of Consumer Action.

Jan Pentland

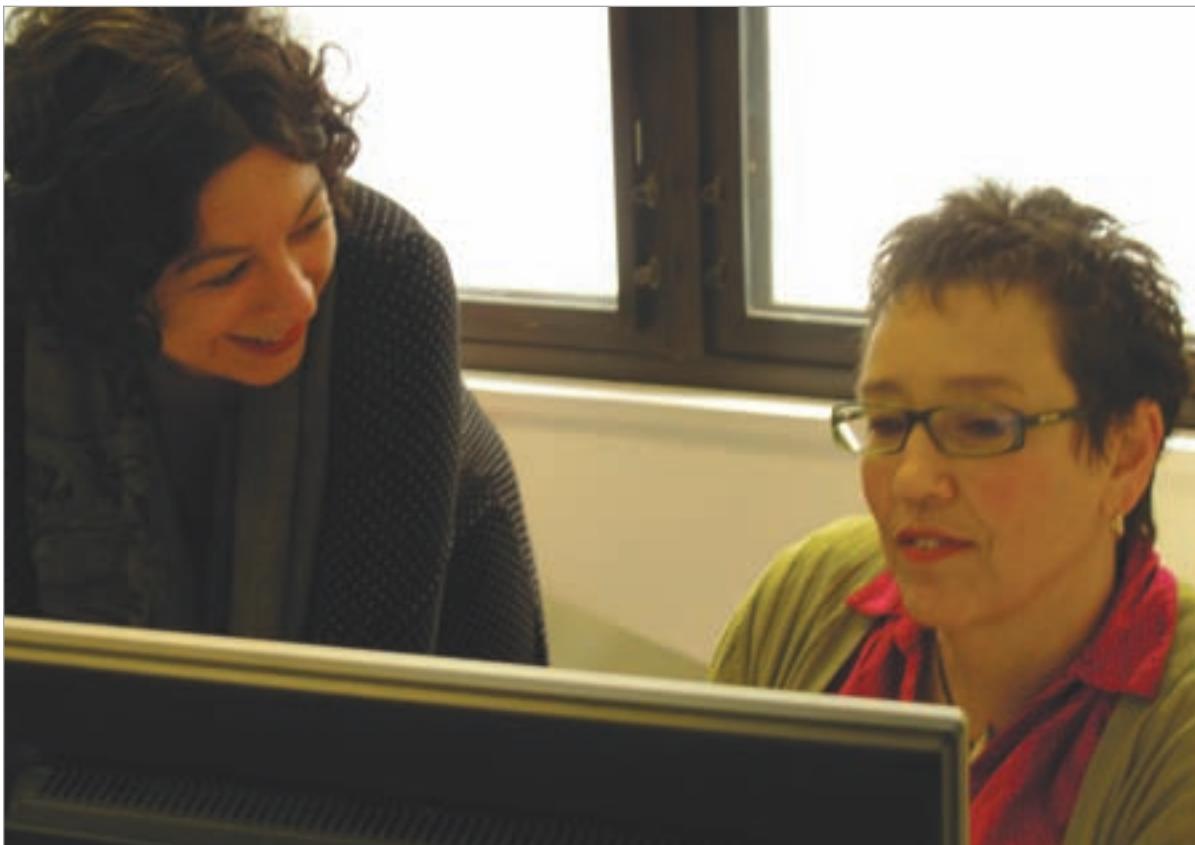
CEOs Report



While Australia has not endured the levels of financial stress being experienced overseas, increases in interest rates and petrol prices, combined with irresponsible lending has had an impact on consumers and the demand for our advice and casework service.

We have assisted a broad range of consumers, with a wide array of consumer protection problems. From those with problems relating to credit and debt, telecommunications and general fair trading issues to those who are exploited by the “usual suspects” - dodgy car deals, high pressure selling of education software, hair loss “cures” and inflexible fitness memberships.

“Consumer Action has continued to play a key role in consumer policy in Victoria – and indeed Australia.”



As the expertise and experience in our legal practice grows, so does our ability to recognise potentially systemic problems from casework and to respond through a combined casework and policy strategy. In this way – and through training provided to consumer advisors (such as financial counselors) we can extend the benefits of our expertise well beyond those who obtain individual assistance.

Consumer Action has continued to play a key role in consumer policy in Victoria – and indeed Australia. We are increasingly recognised as an authority in relation to a broad range of consumer issues receiving regular requests for our input from Government, regulators, industry and the media.

A welcome Increase in external activity in the “consumer policy” sphere has also put more pressure on us as we seek to engage and respond. We have seen the results of the first comprehensive review of consumer policy in decades with the release of the Productivity Commission’s report on Australia’s consumer protection framework; the Federal Government’s decision to adopt a new national consumer law, and the merger of the major financial industry dispute resolution schemes to name a few of this year’s significant events.

In some cases our past work has played a part in bringing about reforms – for example in relation to unfair contracts, bank account transferability, unit pricing and the recent commitment to regulate for irresponsible lending. Over the year Consumer Action had 310 quotes or appearances in the media and made 48 submissions.

While keeping focused on the external environment, we recognise that our success is due, in large part, to engaged and talented staff. We aim to be a workplace of choice, through providing a range of experiences and training to staff, and supporting a culture that recognises the benefits of teamwork as well as the work of individuals, and encourages open communication. Some staff tell us that Consumer Action is the best workplace they have known. We agree – and will work to keep it that way.

Carolyn Bond and Catriona Lowe CEOs



Consumer Action Board



Jan Pentland
(Chair)

We acknowledge the following board members who retired during the year:

- **Nicola Ballenden** (retired 21 November 2007)
- **Paula O'Brien** (retired 19 July 2007)
- **Adam Reynolds** (retired 21 November 2007)



Gerard Brown



Roslyn Hunter
commenced 21 November 2007



Barbara Romeril
commenced 21 November 2007



Anna Stewart

Consumer Action Staff

Neil Ashton

Policy Officer & Solicitor

Carolyn Bond

Co-Ceo

Gerard Brody

Director Policy & Campaigns (acting)

Gerald Cohen

Senior Solicitor

Xan Colman

Senior Solicitor

John Davies

Finance Manager

Paul Gillett

Director Legal Practice

Michael Hermitage

Senior Solicitor

Jo Higginson

Standards Coordinator

Zoe Jackson

Legal Support

Sankaran Kasynathan

Policy Officer

Melanie Keenan

Office Manager

Catriona Lowe

Co-Ceo

Elizabeth Morton

Reception/Admin Assistant

Sarah Pallenberg

Legal Support

Nicole Rich

Director Policy and Campaigns

Janine Rayner

Senior Policy Officer Energy

Celia Tikotin

Director Legal Practice

Joel Townsend

Solicitor

Kylie Trounson

Solicitor

Rene Van De Rijdt

Solicitor

Tom Wilcox

Solicitor

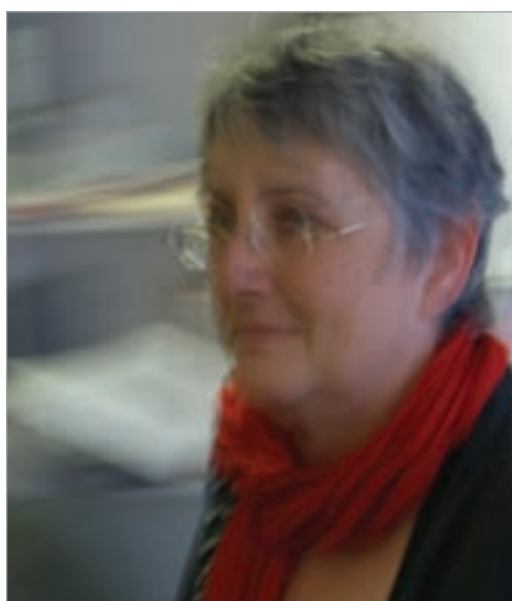
Jillian Williams

Solicitor

Kay Li Yeoh

Law Clerk

Directors of Legal Practice Report



Fully operational

Like the Death Star, Consumer Action is fully operational.

This annual report marks the conclusion of the first full financial year of the Centre's existence. A year in which we are no longer grappling with the challenges of establishing a new organisational structure, but rather are flexing new found strengths and skills.

Our legal practice boasts ten staff with well-rounded legal and professional skills and increasingly specialist knowledge. Like the Death Star, they are formidable when roused. With the initial establishing period behind us, this financial year has been one of much growth in the nature and substance of the work done by the litigation practice. We have increased the number of advices and cases we have conducted, honed areas of technical knowledge, and developed a greater sense of the interaction between our policy and litigation practices.

Sadly, we bade farewell this year to solicitor Kylie Trounson, who has been with us since the first days of Consumer Action and has contributed greatly to the operation of the telephone and email advice practice. However we have welcomed two new solicitors - Gerald Cohen and Michael Hermitage - to the practice. Both have been able to bring a great deal of expertise to our team from their many years of practice in South Africa and the United Kingdom respectively.

“Our legal practice boasts ten staff with well-rounded legal and professional skills and increasingly specialist knowledge. Like the Death Star, they are formidable when roused.”

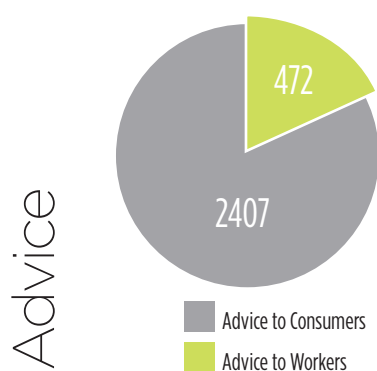
This last financial year has seen a particular focus in our practice upon problems arising in the course of door to door selling of educational mathematics software, the selling of poor quality motor vehicles to low-income consumers at inflated prices and unconscionable debt collection practices.

An important project, which has the potential to make a world of difference to how we conduct our practice, was the creation of a panel of barristers who are willing to provide pro bono advice in an informal setting outside the confines of the Victorian Bar Legal Assistance Scheme. Kate Fischer and Michael McKitterick of PILCH, together with Kristine Hanscombe SC, were instrumental in establishing the panel and we thank them sincerely for their hard work in this respect.

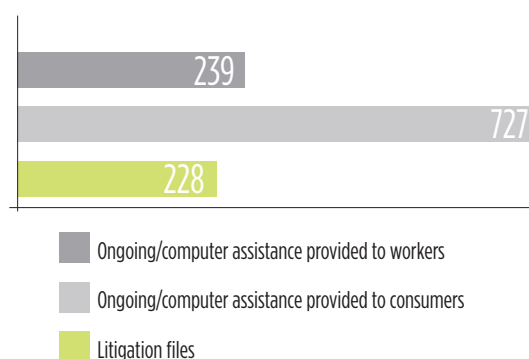
Thank you particularly to all the inaugural members of the Consumer Action barristers' panel:

- Garry Bigmore QC
- Robin Brett QC
- Kristin Hanscombe SC
- Brind Zichy-Woinarski QC
- Jonathan Evans
- Peter Fary
- Caroline Kenny
- Carolyn Sparke

In order to understand more precisely the work we do on the 'front line' in providing advice to the public, we conducted a review of the Centre's telephone and email advice practice. The review analysed call data for a sample period and drew qualitative and quantitative conclusions about the work of the advice practice. The review recommended the assignment of experienced



Cases Opened





members of the Centre's group of volunteer law students to take initial instructions from callers and identify those matters that required urgent attention. Implementation of this recommendation resulted in increased efficiency and capacity in the advice practice, as well as greater job satisfaction amongst the Centre's volunteers.

Most assistance is provided to consumers, and to consumer advisors, by the provision of advice and the drafting of letters and legal documents for use by the consumer. Ongoing advice includes matters where Consumer Action provides ongoing support, examines legal documents or drafts correspondence or documents (such as Tribunal applications) for the consumer or consumer advisor. Consumer advisors include financial counsellors, community legal centre staff, or any other community workers who require our advice/assistance in helping their own client.

A litigation file is opened when it is necessary for Consumer Action to provide legal representation. The majority of these matters settle as a result of negotiation, without the need to issue legal proceedings. However, over the financial year, our litigation practice has filed:

- 33 proceedings and 1 defence in the Victorian Civil and Administrative Tribunal (VCAT) ;
- 5 proceedings in the Magistrates Court;
- 1 proceeding in the Federal Magistrates' Court;
- 2 defences in the Magistrates' Court;
- 2 matters in the Supreme Court (1 interlocutory proceeding and one appeal from a VCAT decision);
- 4 applications in interstate jurisdictions
- 1 defence in an interstate jurisdiction

In addition, our service has assisted unrepresented clients to conduct legal proceedings by preparing:

- 5 Defences in the Magistrates' Court
- 1 Notice of Opposition to a Creditor's Petition in the Federal Magistrates' Court
- 2 applications to stay proceedings in interstate jurisdictions
- 4 VCAT applications
- 1 Complaint in the Magistrates' Court

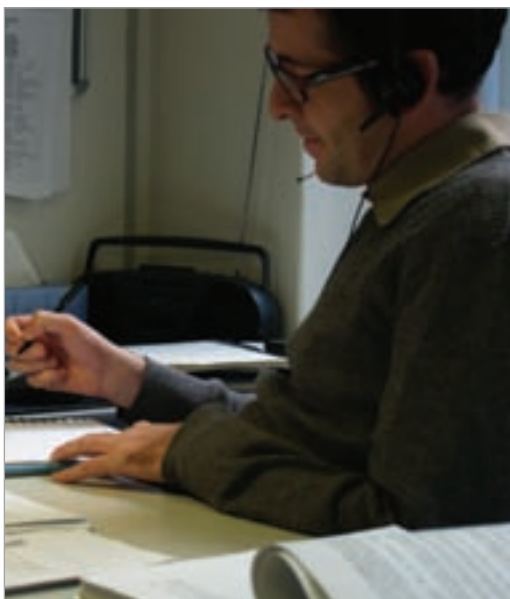
Consumer Action lawyers represented clients at:

- 14 mediations in VCAT;
- 21 hearings in VCAT; and
- 6 other court hearings – including one in the Supreme Court.

Celia Tikotin and Paul Gillett

Directors – Legal Practice

Director Policy Campaign Report



With all the work that Consumer Action has been busily undertaking, it can be easy to forget that the Centre only opened its doors in late 2006. The 2007/08 period therefore represents the first full financial year's worth of policy and campaigning activity on which to report.

Having been appointed the Centre's inaugural Director of Policy and Campaigns in early 2007, the Centre had to cope with my absence for the financial year while I was based in Los Angeles undertaking the Victoria Law Foundation's Community Legal Centre Fellowship as well as some other policy work for the Centre. I left shortly before the start of this financial year and returned to the Centre shortly after its end.

I am very pleased to be able to report that the Centre's policy and campaigns team coped more than admirably without me (and such an experience also serves to remind oneself of the important lesson that one is not irreplaceable). Strongly led by Acting Director of Policy and Campaigns, Gerard Brody, the Centre achieved a great deal over the course of the financial year. Some of this work is described in more detail in the section Working for Change – Casework and Campaigning in Action later in this annual report.

In fact, our policy and campaigns team grew during the financial year. In addition to Gerard, and our CEOs, who contribute some of their time to policy and campaigns work, the Centre



Submissions

Consumer Action made numerous submissions in relation to government and regulatory consultations during 2007/08, including:

JULY 2007

- House of Representatives Standing Committee on Economics, Finance and Public Administration's Inquiry into Home Loan Lending Practices and Processes.
- Ministerial Council on Energy on the Retail Policy Working Group's Composite Paper
- Victorian Government on the application of unfair contract terms legislation to consumer credit contracts
- Australian Energy Market Commission on its Review of the Effectiveness of Competition in Victorian Retail Energy Markets
- Victorian Government on the Review of the Essential Services Commission Act 2001

AUGUST 2007

- Senate Economics Committee on its Inquiry into the Australian Securities and Investment Commission (Fair Bank & Credit Card Fees) Amendment Bill 2007
- Senate Economics Committee on the Inquiry into the Provisions of the Trade Practices Amendment (Small Business Protection) Bill 2007

SEPTEMBER 2007

- Commonwealth Treasury on its Inquiry into the use of bills of exchange and promissory notes in consumer loans
- Ministerial Council on Energy on the National Framework for Energy Efficiency – Stage 2
- Victorian Essential Services Commission on its Draft Decision – Amendments to Energy Retail and Electricity Customer Transfer Codes (Retailer of Last Resort)
- Consumer Affairs Victoria on the Fair Trading Regulations
- Victorian Parliament Law Reform Committee's Inquiry into Property Investments

OCTOBER 2007

- Payment Industry Consultation Paper – Aspects of Account Switching
- Victorian Competition and Efficiency Commission on its review of the metropolitan water retailers.

recruited Janine Rayner as our new Senior Policy Officer – Energy and Neil Ashton, a former law student volunteer with us, as Policy Officer.

Towards the end of the financial year we were also joined by Sankaran Kasynathan as another Policy Officer working specifically on our new payday lending research project, which will be released in the coming financial year. Further, Jo Higginson continued to co-ordinate our project, on behalf of the Consumers' Federation of Australia, which ensures consumer participation in Standards Australia processes for standards development. Funding for two core policy positions came from Consumer Affairs Victoria with the Centre receiving external funding for other positions.

One of the more rewarding aspects of working for the Centre is that the Legal Practice staff also contribute to our policy and campaigns work by helping to address systemic issues that relate to their casework. I thank them for the contribution they have made to our policy work – often in the midst of an already busy caseload.

In early 2008 the Centre engaged in an extensive process to help determine its policy priorities for 2008, which included facilitating feedback from external stakeholders about the Centre's policy and campaigns work. This process was very successful and as a result we intend to undertake a similar exercise in early 2009. Our 2008 policy and campaigns work was broken down into two broad categories, being:

- Fair, efficient and sustainable markets; and
- Consumer protection, regulatory reform.

Within these categories, five priority campaigns were identified for 2008. Our fair, efficient and sustainable markets campaigns are:

“The Centre cemented its place as an expert on consumer issues in 2007/08.”

- fair fees – our joint campaign with CHOICE to eliminate unfair and excessive penalty fees from banking in Australia;
- motor vehicle trading and Motor Finance Wizard – our campaign (involving direct action) against a company whose practices generate a disproportionate number of calls for help to our legal advice line;
- unit pricing – working collaboratively with other Australian consumer groups for this long overdue reform to the way grocery price information is displayed that many consumers in Europe and the US take for granted.

Our consumer protection, regulatory reform campaigns are:

- high cost of credit – campaigning for government regulation that will be effective in preventing exploitative fringe lending that particularly targets low-income and disadvantaged members of our community; and
- smart regulation – linking competition and consumers – campaigning for more effective regulation that promotes both market efficiency and consumer welfare across a broad range of areas.

As in the previous year, we also identified a number of other key policy areas on which we would undertake significant amounts of work in 2008. Our policy plan setting out our priority campaigns and key policy areas, and the considerations that help us to prioritise these policy issues, is made available to our stakeholders and the broader community on our website.

The Centre cemented its place as an expert on consumer issues in 2007/08. Our views on a range of matters were represented in print, radio, television and online media over 200 times and we provided more detailed submissions to a number of government and regulatory

- Victorian Law Reform Commission’s review of Victoria’s civil justice system
- Australian Securities Investment Commission’s consultation paper on unlisted, unrated debentures

NOVEMBER 2007

- Australian Securities and Investment Commission’s Consultation Paper 94 – Debenture Advertising
- Victorian Parliament Law Reform Committee Inquiry into Alternative Dispute Resolution
- Consumer Affairs Victoria’s Motor Vehicle Lemon Laws consultation
- Australian Energy Market Commission on the Victorian Energy Market Competition Review – First Draft Report
- Victorian Essential Services Commission’s Water Tariff Structure Review
- Ministerial Council on Energy on the cost-benefit analysis for the rollout of smart meters

DECEMBER 2007

- Australian Law Reform Commission’s Discussion Paper 72: Review of Australian Privacy Law
- Abacus Australian Mutuals on its Draft Code of Practice

JANUARY 2008

- National Trade Measurement System discussion paper
- Australian Energy Market Commission’s Review of the Effectiveness of Competition in the Victorian Energy Market – Second Draft Report
- Consumer Affairs Victoria on the application of unfair contract term laws to reverse mortgages
- Victorian Competition and Efficiency Commission on its Review of the Metropolitan Retail Water Industry – Draft Report

FEBRUARY 2008

- Commonwealth Treasury Discussion Paper on Criminal penalties for serious cartel conduct
- Victorian Essential Services Commission’s Draft Decision – Retailer of Last Resort Customer Charges

MARCH 2008

- Productivity Commission on its Draft Report – Review of Australia’s Consumer Policy Framework

“The policy and campaigns team looks forward to continuing this work towards better policies, laws and outcomes for consumers into the future.”

- Australian Competition and Consumer Commission's Inquiry into the effectiveness of competition in the grocery sector
- Federal Government on the First Home Owner Saver Accounts.

APRIL 2008

- Senate Economics Inquiry on its Inquiry into the Australian Securities and Investment Commission (Fair Bank & Credit Card Fees) Amendment Bill 2008
- Commonwealth Treasury on the draft Component Pricing Legislation
- Garnaut Climate Change Review on the Emissions Trading Scheme Discussion Paper
- draft National Finance Broking Legislation
- Ministerial Council on Energy on the Cost Benefit Analysis of a National Rollout of Smart Meters (Phase 2)
- Senate Economics Committee on the Inquiry into Mandatory Home Building Warranty Insurance
- Garnaut Climate Change Review on Issues Paper 5 (Transport, Planning and the Built Environment)
- Victorian Essential Services Commission on its Review of Regulatory Instruments

MAY 2008

- Commonwealth Department of Finance and Deregulation on the Strategic Review of Climate Change Programs
- Australian Securities and Investment Commission on its Consultation Paper – Facilitating online disclosure
- Ministerial Council on Energy on the Regulatory Impact Statement – Cost Benefit Analysis of Options for a National Smart Meter Rollout

JUNE 2008

- Reserve Bank of Australia's Review of Payment Systems
- Australian Energy Market Commission's Review of Demand Side Participation in the National Electricity Market
- Australian Energy Market Commission on the National Energy Rule change proposal from EUAA relating to WACC parameters
- Victorian Government's Small Amount Cash Lending Inquiry

consultations and inquiries, as well as continuing to participate in various forum and working group processes. One of the central components of our policy and campaigns work is our demonstrated ability to produce rigorous policy reports on key issues, which may then trigger further action to address identified problems. In 2007/08 we again delivered critical publications:

- Water reform in Victoria: Independent pricing regulation and its outcomes for consumers;
- Defining 'Public Benefit': Social and Environmental Considerations in Part VII of the Trade Practices Act 1974.
- Coercion and harassment at the door: Consumer experiences with energy direct marketers
- The consumer protection provisions of the Trade Practices Act 1974: Keeping Australia up to date

Consumer Action remains committed to working hard for a constituency that is often under-represented or ignored in public debates that almost invariably affect the consumer interest. We make no apology for our strong policy and campaign action on behalf of consumers, particularly low-income, disadvantaged and vulnerable consumers, and we hope that our community, government and industry stakeholders, if not always agreeing with our views, recognise the integrity with which we try to undertake all our work. The policy and campaigns team looks forward to continuing this work towards better policies, laws and outcomes for consumers into the future.

Nicole Rich

Director – Policy & Campaigns



Consumer Actions Speeches:

The speeches and presentations our staff gave during 2007/08 include:

- Updating Australia's consumer protection framework - presentation to Consumer External Dispute Resolution Forum (July 2007)
 - Elements of Industry External Dispute Resolution schemes - presentation to Consumer External Dispute Resolution Forum (July 2007)
 - Formulating a New Approach to Privacy and Trust in the Information Age - Keynote address to national Privacy Conference (July 2007)
 - Debt before dishonour: Penalty fees and the Australian consumer - Paper presented at the 2007 Credit Law Conference (September 2007)
 - Unfair credit contracts: Advocating on behalf of consumers - Presentation to the 2007 South Australian Financial Counsellors Association Conference (September 2007)
 - 'On the Couch' - Consumer viewpoints - Panel discussion at Society of Consumer Affairs Professionals Symposium (September 2007)?
 - What is Responsible Lending? Presentation to Westpac Responsible Lending Summit. (September 2007)
 - Consumer Priorities - Presentation to the 2007 Abacus Convention Regulatory Affairs Conference (October 2007)
 - A consumer advocate's view on effective internal dispute resolution - Presentation to WA Energy Ombudsman/Economic Regulatory Authority Utility Dispute Resolution Forum (November 2007)
 - Fringe lending - how consumer law can and cannot help - Presentation to NILS network meeting (November 2007)
 - What consumers want from complaints handling. Presentation to Superannuation Complaints Tribunal staff conference (December 2007)
 - Lipstick on the Gorilla: Are Responsible Lending Policies Masking Irresponsible Credit Marketing - speech to credit risk managers (February 2008)
 - Does disclosure work? - presentation at National Consumer Congress (March 2008)
 - A perspective on rethinking regulation Presentation to Monash University Masters students (March 2008)
 - Consumer campaigns - how to change law and policy - Presentation to Residents of Retirement Villages Association of Victoria (March 2008)
 - The Foundation Stone: Ombudsman Core Values - Independence - presentation to ANZOA conference (April 2008)
- Reckless lending: integrating casework and effective campaigning for credit reform - Victorian Federation of CLCs state conference (June 2008)

Working for change:

Casework and campaigning in action

We strongly believe that both our legal practice and our policy and campaigns practice are critical to the work we do. It is important that we can provide real help to individual consumers who are struggling with problems. We must also campaign to change bad laws, policies or practices that are causing or contributing to those problems – to help more people than we could reach on a one-on-one basis alone and to stop preventable problems from occurring in the first place.

This section provides examples of how our casework and policy work come together to campaign for change in consumers' interests. (All client names\ changed.)

FAIR FEES

Many consumers have complained to Consumer Action about being charged excessive penalty fees. Banks and other financial service providers charge penalty fees when consumers commit a "default", such as overdrawing their account, having a direct debit or cheque bounce, paying their credit card bill late or exceeding their limit. We think these are unfair fees for a range of reasons. Most are out of all proportion to the costs incurred by banks in processing the "default", with banks raising the amounts charged for their penalty fees at a huge rate over the past 6-7 years. Often it is difficult for consumers to avoid the fees. Worse, many of the consumers who pay very large amounts of money in penalty fees are on low or fixed (pension) incomes and simply cannot afford to do so. We also consider that competition in the banking sector is not an answer to this particular problem, because market forces do not and cannot work to control the imposition fees that are contingent and not considered by consumers up-front.

In addition, bank penalty fees may not be legally enforceable – but there is currently no efficient practical way for consumers or regulators to challenge those fees in Australia. Bank penalty fees have become a significant problem in some other jurisdictions with, for example, the UK regulator determining that there is a need to respond.

Impact on consumers:

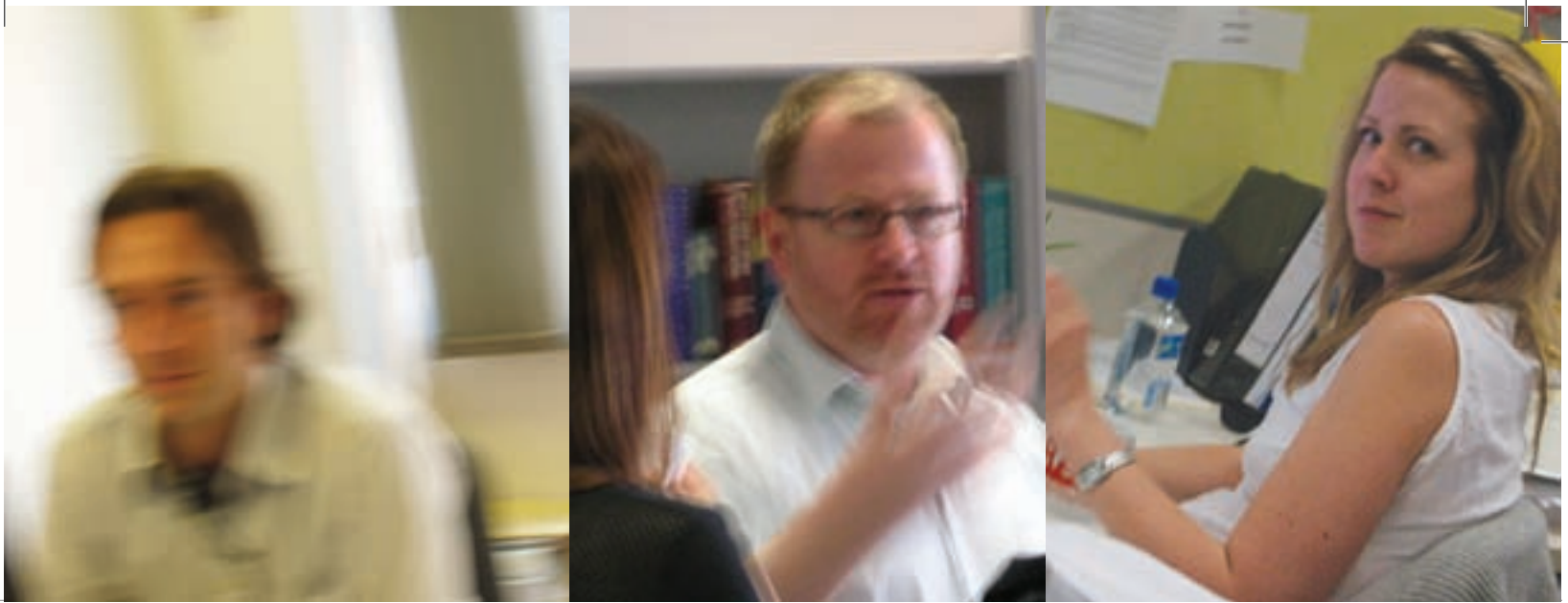
Penalty fees punish customer already in obvious financial hardship

Susan's account with a major bank was overdrawn by \$344.70, solely because of direct debit dishonour fees of \$35 each charged by her bank. Susan and her two children relied on the Sole Parent Pension for income, and the direct debit dishonours related to an arrangement Susan had set up to repay a payday loan. Susan found it difficult to challenge her bank on the penalty fees because she has not completed high school and has trouble writing, even though she had banked with that bank since she was 17 years old.

Credit card late payment fees keep consumer in debt

Mark was having trouble repaying his two credit cards' balances, held with a major bank. His bank charged him \$25 late payment fees almost every month, eventually putting his credit card debt over his limit. Mark told us that "I cannot seem to get ahead."

He tried asking his bank to stop charging the fees to allow him to pay down some debt, consolidate the two cards and cancel at least one card, and work on paying off the rest of the debt, but his bank simply replied that it had the right to keep charging the fees under its credit card contract. The late payment fees he was charged exceeded \$400.



Children learning to save not immune from penalty fees

Sarah has three teenaged children and each opened an account with a major bank. When the children opened their accounts the bank encouraged them to set up a direct debit to save \$10 per month, to be transferred to a savings account. Each of the children had a month in which they did not have enough funds in their accounts to cover the direct debit, and each was charged a \$35 fee. After writing to ask for the fees to be repaid, the bank refunded the youngest child's fee but refused to refund the fees charged to the other two children. After Sarah complained about how the bank had treated her children differently, the bank agreed to refund the other fees.

- secured the almost total elimination of inward cheque dishonour fees
- secured reductions in penalty fees by several banks
- made a joint submission with CHOICE to the Senate Economics Committee Inquiry into the Australian Securities and Investments Commission (Fair Bank & Credit Card Fees) Amendment Bill 2008, and appeared at the hearings into this Bill, which proposed improved regulation to address penalty fees
- lobbied external dispute resolution schemes to address penalty fee complaints

MOTOR CAR TRADING – MOTOR FINANCE WIZARD

Consumer Action has received many complaints about a range of practices engaged in by the licensed motor car trader, Motor Finance Wizard. Complaints include the inflated cost of the vehicles sold, the poor quality of the vehicles, excessive fees and charges, potentially unreliable roadworthy certificates and sales targeted towards low-income and vulnerable consumers. Motor Finance Wizard has deliberately structured its business to evade important consumer protection laws, particularly the Consumer Credit Code, by claiming to provide finance to customers to purchase vehicles “interest-free” through its related company, Kwik Finance. In reality the vehicle cost is inflated so that the difference between the sale price and the real value of the car is effectively the interest. Consumer Action, as well as financial counsellors and other community legal centres, have helped numerous clients to resolve disputes with Motor Finance Wizard individually, and have raised complaints with government regulators, but the complaints continued to be made.

What Consumer Action wants

- all penalty fees to reflect actual costs to the bank or financial institution
- no penalty fees on concession or pensioner accounts
- better systems and options to assist consumers manage their accounts, including real-time warnings that penalty fees may be charged if a transaction proceeds
- bank accounts that suit consumer needs; and
- regulatory powers that address market problems with bank fees.

What Consumer Action has done

- run a major nationwide campaign with CHOICE to stop banks and other financial institutions charging unfair penalty fees, helping thousands of consumers to claim back unfairly charged fees: www.fairfees.com.au
- generated extensive media coverage of the issue



Impact on consumers:

Inflated price for a faulty vehicle

Debbie was a 21 year sole parent of 2 children, whose only source of income was the Sole Parent Pension. She entered into a contract with Motor Finance Wizard for the purchase of a 1995 Mazda 121 hatchback for \$12,990 (when fees, charges and tax were paid, the total price of the vehicle came to \$15,234.60). According to 'Red Book' values, the car was worth in the order of \$3,000.

Debbie paid a \$500 deposit up-front and the remainder was provided by so-called 'interest free' finance from Kwik Finance. While the car Debbie inspected had a stereo, this was removed before she took possession of the car. Soon after Debbie started driving the vehicle, a number of defects with the car emerged and in fact it was quickly rendered unusable due to brake failure.

After Consumer Action intervened on Debbie's behalf, Motor Finance Wizard and Kwik Finance repaid all the money that she had paid and released Debbie from all liability. Debbie returned the vehicle.

Inflated and unaffordable repayments

Hilary, a single mother whose sole source of income was Centrelink benefits, entered a contract to purchase a 1993 Holden Commodore from Motor Finance Wizard for \$11,990 (total price including warranty, stamp duty and transfer fee was \$14,195.30). The vehicle's 'Red Book' value was between \$1,600 and \$3,600.

Hilary paid \$660 up-front, with the remainder being financed by a so-called "interest free" loan from Kwik Finance. Motor Finance Wizard's representative told Hilary that repayments would be \$105 per fortnight, but in fact they were \$220

per fortnight, and Hilary's fortnightly income at the time was only \$710, a fact Motor Finance Wizard's representative was aware of.

After Hilary sought Consumer Action's help, Motor Finance Wizard and Kwik Finance released Hilary from all liability under the contracts of sale and finance and Hilary returned the vehicle.

What Consumer Action wants

- closing of the legal loophole that allows claims of "interest-free" finance while vehicle prices are inflated
- action by regulators to crack down on unfair and unconscionable practices by motor finance wizard, including the sale of faulty vehicles
- access to affordable and efficient dispute resolution for all consumers dealing with motor car traders

What Consumer Action has done

- produced and provided educational material, including fact sheets, to consumers about Motor Finance Wizard's practices on our website and in printed form
- begun a 'direct action' campaign, taking the issues directly to consumers outside Motor Finance Wizard dealerships. We spent time outside Motor Finance Wizard Melbourne dealerships in Maidstone and Dandenong on 12 separate days, with the help of several financial counsellors and the Footscray Community Legal Centre. We offered potential customers free consumer information and legal advice about the lending and business practices of the company and (in Victoria) free RACV mechanical and roadworthy inspections to those considering purchasing a car
- co-ordinated a national 'Say NO to the Wizard day' with interstate colleagues on 28 June 2008, attending company outlets in Sydney, Brisbane and Melbourne to offer potential customers information and advice



- documented details of our many consumer cases against Motor Finance Wizard and provided these details to government regulators such as CAV and ASIC, and met with regulators to discuss our concerns about legal breaches
- attracted significant media attention regarding the company's practices to warn the public about the problems our clients have experienced
- lobbied for law reform to close the loophole under the Consumer Credit Code that allows the company to claim it offers "interest-free" finance (legislation to close this loophole was passed on 7 October 2008)

UNIT PRICING

Unlike in Europe and many states in the US, Australian supermarkets are not required to display the price of pre-packaged products per unit (for example per kilogram or per litre) in addition to the total price of a product. This is the case despite the fact that unit pricing can facilitate price competition by making it easier for consumers to make price comparisons between products and between different product sizes. Research also shows that unit pricing allows consumers to make significant savings on their weekly grocery bill. With the increasing cost of food, there is an urgent need for the Government to facilitate effective competition in the grocery market by legislating for a compulsory, nationally-consistent, high quality and effective unit pricing scheme.

What Consumer Action wants

- a national, uniform and mandatory unit pricing system
- effective minimum standards under such a national scheme that ensure consumers are actually able to read and make use of unit price information
- an accompanying education campaign and in-store information to inform consumers about the use of unit prices

What Consumer Action has done

- worked closely with interstate colleagues, including the Queensland Consumers' Association and CHOICE, to lobby for a high quality unit pricing system in Australia
- conducted research into the potential benefits of unit pricing
- sent information to federal members of parliament about the benefits of a unit pricing system for consumers
- drawn media attention to the need for unit pricing in Australia
- made a submission to the ACCC inquiry into grocery prices (which in July 2008 recommended that a mandatory, nationally-consistent unit pricing regime be introduced – a recommendation accepted by the Federal Government, which is now considering how to implement a national unit pricing system)

DEBT COLLECTION

Large-scale outsourcing of debt collection continues to cause difficulties for consumers, particularly when the debt purchaser or debt collector has inadequate procedures to ensure compliance with the ACCC/ASIC Debt Collection Guideline. Key problems that affect our clients include confusing or misleading correspondence, failure to respond appropriately to disputes, failure to provide documents on request and failure to respond to hardship applications.

Impact on consumer:

Litany of poor debt collection practices

Consumer Action has dealt with numerous matters involving bad, unfair or simply unlawful debt collection practices, including:

- sending repeated demands for payment headed 'Notice of Summons', which can confuse some consumers into believing they are legal documents
- sending repeated 'Final Notices' with threats to forward to solicitors

Crackdown

Government holds firm on energy prices

- Market intervention ruled out
- Users hit by price surge

Review order ignored

Energy con

Grocery un
pricing a g

1 funding a
of the co
age lenders.
gging to
was forced
on business
illion.

RAMS still holds its \$14.5
loan book, analysts are

would it
RESI

Gerard
for the Consumer Action Law

More cohesive consumer policy needed

if clients to refinance their
ans," one analyst said.
at happens, the value of

created
by 0.22
wh

Late yesterday, Water Minister Tim Holding said a review would take place after all.

Push for curb gro

Bank bounced on fees

Callers told to stick it



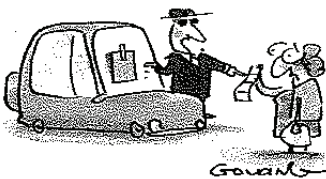
Ban of v

Rudd's blind support of energy

Crackdown on car parking 'bullies'

Supermarket giant's breathtaking hypocrisy

THIS SHOPPER DOCKET SAVES YOU MONEY ON PETROL...& THIS ONE LOSES IT ALL FOR YOU!



CONSUMERS WARNED TO AVOID 'INTEREST FREE' CAR LOANS

As the EU experience mean windfalls to k

The Council on the Aspin... for claiming its reverse mortgage

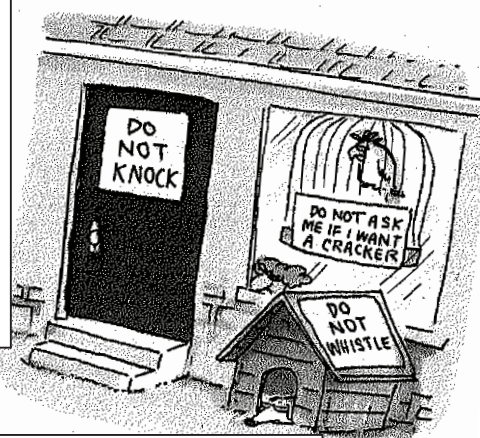
'Leave your card at home'
Beware of Xmas debts

consumers miss out

unit
goer

Group knocks door-to-door sales
BY BRIGID ENNIS

or labels to
rocery prices



...to protect themselves from door-to-door
marketers should they wish to."
The campaign began after complaints

banks take a lend
vulnerable: ABC

people,
ou go back
people you
om were ba
ying fairly high interest

gy industri

t's
crisis

chalks
ne up for
the vulner



**Fees to
get you
if rates
do not**

I BAD DEBT POLICIES 'A JOKE'

rience shows, permits to emit carbon
to business, writes Gerard Brody.

Consumer Action Law Centre
lawyer Lauren Walker said the
loan put Mr Gatluak in a position
of "severe financial hardship".



- sending repeated 'Notice to commence bankruptcy proceedings' before judgment or any legal proceedings have been taken
- refusals to provide supporting documents proving a debt is owed to consumers on request
- failures to investigate genuine disputes relating to a debt, and referring consumers to the original creditor in relation to any dispute despite the fact that the debt collector has purchased the debt and the creditor is no longer involved
- continuing to demand payment despite advice from the consumer that the debt is not owed (or has been paid, or is being collected by another debt collector or is not even the debt of that consumer)
- threats to sue in circumstances where there is no legal cause of action
- disclosures of debt to third parties
- threats to take pensioners to court and take their pensions
- threats to seize a spouse's property where it is clear that the spouse has no liability for the debt
- sending letters from solicitors that may mislead consumers to believe that legal costs are payable before legal proceedings have been issued
- issuing bankruptcy proceedings in relation to small debts, placing consumers' homes at risk

Various acts of misconduct by debt collector

Annie had a credit card debt with a major bank which was assigned to a debt collection company. She disputed the amount that the debt collector said was owing so she sought advice from a financial counselor, who asked the debt collector to provide a statement of account setting out what was owed and why. A representative of the debt collector said that written documentation would be provided.

A week later Annie's financial counselor spoke with the same representative and was told that no documents could be provided as the interest rate changed daily. When the financial counselor asked to speak to the team leader, he told her it was company policy that no documentation

is provided for any client outlining account details. Annie's financial counselor then asked to speak with a manager or member of the debt collector's dispute resolution team but was told he was not available and no return call was ever made.

The next day a representative of the debt collector contacted Annie directly despite the fact that Annie had asked for all communications to go through her authorised financial counselor. Annie was also told that they would not be sending out any paperwork to her. The same company representative contacted Annie directly again a week later to demand repayment. Annie's financial counselor then sent a letter to the debt collector pointing out its legal obligations to provide a statement of account, after which she spoke to a manager at the debt collector who said he would fax the documents to her. After no documents had arrived for over two weeks, Annie's financial counselor tried to contact the manager again and left email and voicemail messages that were never returned. However, the debt collector's representative continued to contact Annie directly.

After Annie and her financial counselor sought Consumer Action's help, we sent a letter to the debt collector informing it that we were acting for Annie and telephoned the manager and the representative who had been contacting Annie directly to clarify details of the case and ask for documents detailing the alleged amount of the debt. Despite these contacts, the debt collector again contacted Annie directly a month later, this time sending her a letter of demand threatening legal proceedings against Annie. This was shortly followed by a 48-hour demand to pay sent directly to Annie. We had to apply to VCAT for the company to produce the statements of account regarding the alleged amount of Annie's debt and then wrote to the company pointing out its failure to respond to our letter and the fact that we had issued proceedings in VCAT. The matter was then settled by the debt collector. However, no documents were ever provided.



It is very common for clients to come to Consumer Action seeking help in relation to credit and debt problems.



What Consumer Action wants

- more enforcement action from regulators in relation to bad debt collection practices
- harsher penalties for debt collectors who breach their legal obligations
- large creditors to monitor the practices of their debt collectors more closely

What Consumer Action has done

- continued to lodge complaints with regulators (including CAV, ACCC, ASIC and the Legal Services Commissioner) in relation to examples of unfair or illegal debt collection practices.
- encouraged regulators to continue to focus on debt collection compliance and dialogue with the debt collection industry and major sellers of debt. The ACCC and ASIC have announced they will hold a debt collection forum later in 2008
- one major firm, ACMS, has informed us that it has ceased sending its 'Notice of Intention to Commence Bankruptcy Proceedings' where judgment has not been obtained
- made a submission to the Law Institute Ethics Committee, jointly with West Heidelberg Community Legal Centre, in relation to solicitors requesting payments of costs before legal proceedings have been issued. The Ethics Committee agreed with our concerns that this may mislead consumers, and changed its Letters of Demand Guidelines
- met with businesses that outsource debt collection to voice our concerns
- facilitated media stories covering debt collection issues

CONSUMER CREDIT AND LENDING REFORM

It is very common for clients to come to Consumer Action seeking help in relation to credit and debt problems. These consumers' experiences highlight a number of concerns with Australia's current system of consumer credit and

debt regulation, including the lack of any effective obligation on lenders to lend responsibly – that is, to extend credit only where the consumer has the capacity to service the repayments – which results in too many cases of reckless lending.

Pre-approved, unsolicited offers of loans, including offers to increase credit card limits, encourage the uptake of more debt. While banks and other lenders often assert that consumers fall into hardship with their debts after a change in their circumstances, we have represented several home owners on fixed Centrelink incomes who have been extended increasing amounts of credit despite no change in their income situation, often putting their home at risk.

Gaps and inconsistencies have emerged between the different states and territories on consumer credit regulation. Credit providers and finance and mortgage brokers do not have to be licensed in every state, nor is any licensing scheme particularly effective. Consumers do not necessarily have access to external dispute resolution if they have a complaint, and lenders do not have to implement appropriate processes to deal with customers in genuine financial hardship. Fringe lending continues to expand in the community, with excessive interest rates and fees charged on products such as payday loans that are explicitly targeted at vulnerable consumers. Some lenders and brokers also structure loans to avoid the application of current consumer credit laws that offer some protection to borrowers, and law reform to address such loopholes is excessively slow. Australia needs a national, uniform and comprehensive consumer credit regulatory scheme to address all of these concerns and more.



Impact on consumers:

Encouraging further debt to cope with existing debt

Kelly is a single mother with four children. She was struggling with her home loan repayments to a major bank, so she visited her bank branch to obtain insurance over her home because she wanted to sell it and avoid repossession by the bank. However, the bank instead suggested that Kelly get a credit card to pay the home loan arrears. Kelly therefore successfully applied for a credit card with a limit of \$7,000. She used \$6,000 to repay her home loan arrears, thereby simply increasing her indebtedness to the bank and prolonging the sale of the house. The bank later issued proceedings against Kelly in the Magistrates' Court in relation to the credit card debt for just over \$8,000.

Using a gap in the Consumer Credit Code against a vulnerable consumer

Sam was a 65 year old who obtained cash advances from three fringe lenders at very high interest rates. His debt spiralled to the point where he would need to spend almost his entire income, a government pension, to meet his repayment obligations. Sam could no longer afford the repayments, so he notified his creditors that he would be unable to meet his obligations. One of the fringe lenders had inserted terms into its loan contract with Sam giving it security over Sam's ordinary household property, and threatened to come around and repossess his household goods. Such household property is protected in bankruptcy and from recovery to pay a judgment debt due to public policy concerns about people's access to essential household goods, but a loophole allows lenders to take a mortgage over such goods directly to secure consumer loans. Our client

was extremely worried and reluctant to default on his repayments to this lender, even though he clearly could not afford the repayments, for fear of his personal goods being repossessed.

Broker unlawfully demands fees before any work undertaken

Tony made a visit to a finance broker with the purpose of obtaining a loan. About three days later, the broker demanded that Tony pay the broker money up-front to undertake negotiations on Tony's behalf. Tony could not afford the amount being demanded but paid what he could afford, with the balance to be paid after the loan had been negotiated. The broker did not give Tony any document setting out the broker fees to be charged, nor had Tony signed any appointment document. There was also no evidence that the broker had procured a loan for Tony or had even entered into negotiations with lenders. Demanding fees in such circumstances is unlawful in Victoria.

What Consumer Action wants:

- a single national regulatory framework for consumer credit regulation
- effective national licensing of credit providers and mortgage and finance brokers
- an upfront obligation on lenders to lend fairly and assess the borrower's capacity to pay – a responsible lending obligation
- mandatory membership of an ASIC-approved external dispute resolution scheme for all licensed credit providers and brokers
- the closure of current loopholes in the Consumer Credit Code
- comprehensive interest rate caps that include fees and charges, to put a stop to excessive usury



- obligations on lenders to deal appropriately with consumers in financial hardship and consumer access to external dispute resolution in hardship cases
- regulators who enforce consumer credit law

What Consumer Action has done:

- garnered extensive media coverage on credit and debt issues, including working with the ABC in relation to a 4 Corners program on debt stress
- participated on the Australian Law Reform Commission advisory panel in relation to its credit reporting review and made a submission to the review, which recommended in May that more comprehensive credit reporting be implemented only after the Australian Government is satisfied that there is an adequate framework imposing responsible lending obligations in Commonwealth, state and territory legislation
- made a submission to the House of Representatives Standing Committee on Economics, Finance and Public Administration's inquiry into Home Loan Lending Practices and Processes
- commenced a large research study into payday lending practices
- made submissions to Consumer Affairs Victoria on the application of unfair contract term laws to reverse mortgages and to small amount credit and consumer lease contracts, and to the Victorian Government's Small Amount Cash Lending Inquiry
- lodged complaints to the regulator about a broker's failure to comply with an enforceable undertaking given to ASIC
- lobbied State and Federal Governments for the introduction of national consumer credit regulation

(The Council of Australian Governments announced in October 2008 that responsibility for the regulation of consumer credit would be transferred to the Commonwealth with, amongst other features, a national licensing scheme for lenders and brokers that requires membership of an external dispute resolution scheme and responsible lending obligations to be implemented by mid-2009)

ENERGY MARKET REFORM

Australia continues to progress the regulatory reforms needed to move to a full national energy market with national regulation. It is critically important that appropriate consumer protections are retained and regulation is targeted at ensuring the best market outcomes for consumers of electricity and gas, which are essential services. This is especially the case given both that the introduction of a Carbon Pollution Reduction Scheme will lead to increased energy prices for households, and that price regulation in Victoria is being removed following the Australian Energy Market Commission's finding that retail competition in Victoria is effective for both electricity and gas. In addition, for consumers to benefit in a competitive retail energy market they need to be able to access accurate and useful information about different market offers and contracts that are available.

Our work in this area is supported through funding from the National Electricity Consumers Advocacy Panel.

Impact on consumers:

Salesperson advised customer all units in complex were changing

Ms J was approached by a door-to-door sales person from Red Energy. The sales person advised her that everyone in their units were changing to Red Energy and he simply was seeking her authorisation to change too. Ms J had already been contacted by AGL, Red Energy and Victoria Electricity so was aware this wasn't the case.

(from Coercion and harassment at the door Report, November 2007)

Salesperson promised customer discount that was not received

Mr A is a pensioner in his 80's. He has been a



TRU Energy customer since 2003. In April 2004 he was approached by a Momentum door-to-door sales person who successfully switched Mr A's account. Mr A was enticed by a promised 5% discount on his bills as well as his pension concession. In early 2006 Mr A rang and complained to Momentum that he still hadn't received his 5% discount nor was he receiving a discounted pension concession rate. He was advised that it would be fixed in his next bill. He rang several times requesting his discount and concession but despite being promised they would be on his next bill, he received neither. In August 2006, Mr A was visited by a Red Energy door-to-door sales person and decided he would change suppliers as he wasn't happy with the service from Momentum. After Momentum received details to transfer his account to Red Energy, Mr A received a call from Momentum to try and entice him back. Mr A explained his issues. Soon after that he received a final account that did not include any back dated 5% discounts, no pension concessions but also included a \$100 fee for "breaking contract".

(from Coercion and harassment at the door Report, November 2007)

Customer confused by salesperson

Mr P lives in public housing, is a single parent and has low literacy and numeracy skills. When he moved into public housing, the housing worker organised his utility connections. The worker organised payment plans with TRU Energy to pay off accumulated debts and ensure payments were on time. Mr P remained unclear as to which energy utility he belonged. In April, 2007, Mr P approached a financial counselling agency with bills from four different companies. Power Direct had visited Mr P and he had signed up with them. He had received

monthly bills from them for providing the service with no charges as he was still being billed by TRU Energy for the actual usage. The next bill was from Origin who had also visited, and even though Mr P told them that he was contracted to TRU Energy, the salesman informed him that "they" had permission for him to change and that he would receive a bonus of electrical goods from them after a qualifying period.

(from Coercion and harassment at the door Report, November 2007)

What Consumer Action wants

- a sustainable, affordable and accessible energy supply
- an appropriate regulatory framework that supports competition, efficiency and the interests of consumers, including the publication of the details of market contracts in a comparable and consistent format-
- regulators and institutions that act fairly and in the interests of consumers and
- fair market conduct and appropriate avenues for redress for consumers.

What Consumer Action has done

- lobbied the Victorian Government to ensure market offers and contracts must be published to enable consumers to effectively compare deals in the marketplace, including releasing and widely distributing a Fact Sheet on ensuring fair energy pricing (the Victorian Government announced in September 2008 that it would introduce legislation to require energy retailers to publish a range of their competitive market offers and to require the regulator to monitor retailers in this regard)
- produced and launched, with the Financial and Consumer Rights Council, a case study report, Coercion and harassment at the door, on consumer experiences with energy direct marketers, which found that energy marketers were engaging in regular misconduct and legal breaches

“Over recent years, regulation became almost a dirty word – many in government and industry equated it simplistically to “red tape”.

- launched a highly visible and successful Do Not Knock campaign to help consumers avoid door-to-door marketers, including producing a much-sought-after Do Not Knock sticker that can be affixed to the front of a home. Around 40,000 copies of the sticker have been distributed so far, and it is also available on our website
- provided several submissions to Government and regulatory bodies, including to the Garnaut Climate Change Review
- continued to facilitate a network of consumer advocates from around Australia interested in energy market reform and convened, with the Consumer Utilities Advocacy Centre, three National Consumer Roundtables on Energy that allow consumer advocates from around Australia to meet, share information and strategies, and make joint representations to Governments, regulators and industry
- participated in consultative forums relating to energy, including the Essential Services Commission's Customer Consultative Committee, the Energy and Water Ombudsman (Victoria) Case Handling Advisory Committee and the AGL Customer Council

SMART REGULATION

Over recent years, regulation became almost a dirty word – many in government and industry equated it simplistically to “red tape”. However, a more sophisticated approach understands that effective regulation is needed to ensure competition and markets work effectively and fairly for consumers and the community generally. Australia's general competition and consumer policy framework needs updating to meet current international best practice, and in markets such as the national energy market, telecommunications and financial services, smarter regulation is also needed. We need to include the demand side in our focus on markets; take account of new thinking emerging, including behavioural economics; and employ a range of regulatory tools rather than reaching for the same ones by default. While competitive markets generally

deliver the best price and service outcomes for most consumers, governments and regulators need to keep a close eye on market conduct to ensure that consumers are in a position to drive competition, including through sound consumer protection regulation and that the benefits of competition are shared fairly not leaving some groups in the community behind.

What Consumer Action wants

- a national, uniform consumer regulatory regime that includes national unfair contract terms laws
- new economy-wide market studies and investigations powers for the competition and consumer protection regulator, including facility for super-complaints by consumer groups
- a general prohibition on unfair trading
- better use of understandings about consumer behaviour, including through behavioural economics, in formulating policy, regulation and approaches to enforcement
- for the needs of disadvantaged and vulnerable consumers to be considered in policy and regulation design and in undertaking enforcement actions
- a strong consumer voice through funding of consumer research and advocacy
- an overhaul of cumbersome and ineffective telecommunications industry regulation, a stronger consumer focus from the telecommunications regulator and a best practice governance structure for external dispute resolution.

Standards Australia Project

Consumer Action continues to act on behalf of the Consumers' Federation of Australia (CFA) in recruiting and supporting volunteer consumer representatives for Standards Australia technical committees. Standards Australia provides an annual administrative grant and travel budget for reimbursing volunteers' travel-related expenses. Meetings are held across all of the eastern states, with most hosted at Standards Australia's office in Sydney. This year consumer representatives also participated on some International Organization for Standardization (ISO) technical committees.

CFA representatives are volunteers and are not paid for the time and effort they spend working to improve standards for Australian consumers. They undertake the work because they have a commitment to using their skills and experience to ensure the consumer point of view is represented in standards development processes.

The CFA makes its decisions on prioritising the involvement of consumer representatives in standards development activity based on six criteria:

- the health, safety and welfare of vulnerable consumers and overwhelming public interest;
- the health, safety and welfare of consumers generally;
- accessibility and fair trading of essential services;
- information and consumers' right to know;
- the environmental impact of services and products; and
- the fair-trading of non-essential services and products.

The project currently supports 26 volunteers on a range of Australian-based committees. Their work covers a diversity of areas including: product safety, child and infant safety, water safety, road and vehicle safety, food quality and safety, sun protection, business management, information management and health informatics, energy and utilities safety and management, environmental management and sustainability, water conservation, disability access, nanotechnology, business processes and complaints handling.

CFA representatives are also involved in four international forums: the ISO's Consumer Policy Committee - COPOLCO (particularly in relation to product safety), the ISO Working Group on Social Responsibility, ISO Working Group relating to standards for testing sunscreens and the ISO Environmental Labeling Technical Committee. These are areas in which Australian consumer representatives have a particular interest and expertise.



“The gathering was a great confirmation of the representatives’ commitment to presenting a robust and often lone consumer voice”

The Environmental Labeling group has recently become active again. Its last key achievement was uniform recycling information, including the numbered mobius loop system. The group is now looking at international harmonisation of labeling and information issues relating to carbon footprint and carbon offset claims, an area in which there is currently high international interest and several schemes being developed by national governments and large retailers.

During this financial year, CFA representatives met as a group for the first time in seven years, for a two day training and networking workshop at Consumer Action. The support of Standards Australia in providing funds for this workshop is acknowledged and appreciated.

The workshop covered a range of issues, including: skills and information sharing; working better as a network; tangible ways in which Standards Australia can facilitate better consumer involvement and engagement; responding to continuing globalisation of the marketplace (and consequently of standards development); and the use of standards in working towards better environmental sustainability. A number of representatives also gave short presentations on their areas of work and interest. The gathering was a great confirmation of the representatives’ commitment to presenting a robust and often lone consumer voice, sometimes amid the din of industry and other professionals with strong and differing views.

Committee activity has generally been more targeted and lower in volume this financial year than in previous years as Standards Australia prepares for transition to a new business model in response to the Productivity Commission’s Review of Standards Setting and Laboratory Accreditation. The new model is aimed at streamlining standardisation activity, offering stakeholders a range of standards development pathways and focusing Standards Australia’s activity in areas of greatest net public benefit.

A Net Benefit Case will now be required for all new proposals to develop an Australian Standard. This includes reasonable consideration of consumer impact issues in assessing whether and how new standards work should go ahead. One of the issues advocated by CFA representatives in recommendations for developing a Net Benefit Case was the inclusion of a brief, plain-language consumer impact statement, which could carry through to the preface of completed standards. It was very pleasing to see this advocacy rewarded when the suggestion was taken up in the form of the non-technical Benefit Statements that will now be required in the preface of all standards.

Jo Higginson

Standards Project Co-ordinator

Outreach and Training Programme



In 2007/08 the Consumer Action Outreach Programme continued to respond to significant, identified need in the consumer community by providing advice and training for rural and regional consumers and regional and metropolitan community workers. The Programme continues to inform Consumer Action's advocacy for policy change and intervention strategies to address consumer legal problems.

Our Outreach Programme also helps increase and maintain awareness of the other services that the Consumer Action Law Centre offers and has resulted in the referral of cases to the our legal practice with positive outcomes for consumers involved. By engaging with consumers and community workers Consumer Action is kept abreast of emerging and continuing systemic issues in the community such as debt collection practices and pay day lending disputes.

Training and workshops are conducted by all members of the legal practice including the directors of legal practice. Outreach projects and training ranges from presentations to small groups of 10 to audiences numbering 120 people.

REGIONAL OUTREACH PROGRAMME

The Outreach Programme endeavours to build and maintain ongoing productive relationships with regional community support groups and rural community legal centres. In the 2007/2008 year the Outreach Programme provided training and advice across Victoria.



“Consumer Action also continued with its commitment to provide outreach services to other local community agencies.”

- Solicitors Celia Tikotin, Paul Gillett, Kylie Trounsen and Jillian Williams attended the Financial and Consumer Rights Council's annual conference in Lorne to present a service overview of the Consumer Action Law Centre to more than 100 attendees.
- Bairnsdale and Morwell were visited by solicitor Jillian Williams who presented legal training on door-to-door sales and telephone marketing contracts.
- Solicitor Michael Hermitage presented on a range of Consumer issues to community workers in Warragul
- Solicitor Tom Willcox traveled to Bendigo and conducted credit and debt workshops with both consumers and community workers.

METROPOLITAN OUTREACH PROGRAMME

VICTORIAN ABORIGINAL HEALTH SERVICE

Consumer Action, through solicitor Lauren Walker, continued its fortnightly outreach service at the Victorian Aboriginal Health Service (VAHS) at Nicholson Street, Fitzroy. The VAHS is a registered Co-operative, controlled by a board of Aboriginal directors elected by the Aboriginal community. The VAHS provides culturally appropriate health and medical services to the Aboriginal community.

The Consumer Action Outreach Programme at VAHS continues to facilitate Indigenous Victorians' access to the services offered by Consumer Action. Consumer Action works with the financial counselors at the VAHS Financial Wellbeing Unit by providing a drop-in service for members of the Aboriginal community who have consumer, or consumer credit, issues.

The VAHS drop-in service is in the process of moving to High Street, Northcote and it is intended that solicitor Jillian Williams will be Consumer Action's representative there on a fortnightly basis.

OTHER

Consumer Action also continued with its commitment to provide outreach services to other local community agencies. These outreach services included:

- information sessions at the Adult Migrant Education Service (AMES) on issues such as mobile phone contracts, consumer finance, door to door sales, gas and electricity contracts and refunds presented by solicitors Tom Willcox and Xan Colman.
- outreach to the African Communities Clinic (ACC) created by the Footscray Legal Service. Solicitor Tom Willcox from Consumer Action has attended the clinic to provide advice on consumer issues and where necessary refer cases to the Consumer Action legal practice. Our involvement in the ACC informs Consumer Action of systemic issues that affect the African communities residing in Victoria.
- a presentation on fringe lending to the No Interest Loan Scheme (NILS) coordinators by Acting Director, Policy & Campaigns, Gerard Brody.
- a presentation on relationship debt and financial abuse to Seniors Victoria by Celia Tikotin, director of legal practice.
- an overview of emerging issues and representative casework to the Financial and Consumer Rights Council (FCRC) by solicitors Gerald Cohen, Kylie Trounsen and René van de Rijdt.



Other ad hoc outreach was provided to ComCare, the Sudanese Australian Integrated Learning Program Inc.(SAIL), the PILCH Homeless Persons Legal Clinic, the Whittlesea Community Legal Service and the Tongan Community Group.

CONSUMER AFFAIRS VICTORIA TRAINING

Upon request from Consumer Affairs Victoria (CAV) Consumer Action provides legal training to CAV metropolitan and regionally based advocates. This year topics included used car sales and credit facilities, predatory lending, door to door sales of educational software and unfair practices regulated by the Fair Trading Act 1999 (Vic). This training was provided by solicitors Lauren Walker, Michael Hermitage and Gerald Cohen.

NEW PROJECTS

Asylum Seekers Resource Centre.

Consumer Action together with several financial counsellors have created a financial counselling clinic at the Asylum Seekers Resource Centre (ASRC). Consumer Action lawyers will attend by appointment as required.

African Refugee Consumer Health Check and Education Program.

Solicitor Jillian Williams and various Consumer Action volunteers are contributing outreach services to this new program, which has been created by the Footscray Legal and Financial Counselling Service. This clinic will operate to educate and provide legal advice to member of the African refugee community on contractual issues dealing with telecommunication contracts, energy providers, whitegoods and car purchases.

TARGETS AND OUTCOMES

Total number of Outreach and training activities were 31 for the year, this equates to approximately a delivered activity every 8 business days.

For funding purposes Consumer Action is required to complete 4 Metropolitan outreach projects, 6 Regional and up to 4 for CAV (as requested). Our targets were all reached or exceeded. We completed 6 regional 23 metro and 2 for CAV, as requested.

Our aim for 2008/09 is to continue providing this essential service with even more compassion and professionalism while striving to exceed the set targets.

René van de Rijdt and Gerald Cohen

Outreach Programme Coordinators

Volunteers and work experience students...

In its second year of operation, the volunteer program at Consumer Action, like the Centre itself, has grown and gained strong momentum. We now have over 35 dedicated volunteers and work experience students each providing at least half a day a week out of their busy schedules to assist the Centre. Indeed, we have apparently gained an international reputation with volunteers coming from the UK and, in the new financial year, France.

Volunteers and work experience students continue to ensure that Consumer Action has the capacity to respond to the legal needs and broader concerns of consumers. As well as continuing to provide excellent research memos and case summaries (not to mention much appreciated administrative assistance) volunteers have this year, picked up the phones. With the advice line in high demand, volunteers have stepped in to assist by answering the phones and taking information from the caller about their problem. This information is disseminated to the solicitors who can then quickly assess the person's legal options and get back to them with the necessary advice. Not only does this assist the Hub, but volunteers have also reported that they enjoy undertaking this role. As one volunteer has reported:

Although we're still not qualified to represent the clients, volunteering at Consumer Action has shown me that this doesn't mean law students can't offer much-needed help and support. Volunteers keep community legal centres like Consumer Action going.

Some examples of research undertaken by our volunteers:

- Research of the different procedures with respect to the compulsory sale of assets in the situation of judgment debt enforcement or bankruptcy. Specifically, in what circumstances a debtor would be able to receive back from the creditor the prescribed threshold amount, and why this varies depending upon the cause of seizure.
- Research into payday lending, including preparation of some responses and arguments for and against payday lending. Also preparation of a memo with recommendations by a number of prominent writers and journals.

As well as providing valuable support to the organisation, the individual experiences, knowledge and personalities of all the volunteers who have walked through our door add to the diversity and excitement of Consumer Action's working environment.

It was also very exciting this year for Consumer Action to be able to take on one of its very hard working volunteers, Neil Ashton, as a full time member of staff.

It is clear that Consumer Action is able to give back to its volunteers as well, with volunteers reporting that...

“Thank you for giving me the opportunity to undertake my field placement at Consumer Action. It has given me an extraordinary insight into the work conducted by such wonderful staff at Consumer Action”

“Being a volunteer at Consumer Action has enabled me to see that a law degree can be very versatile. Life after law school does not necessarily start and end in private practice.”

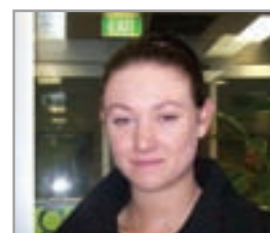
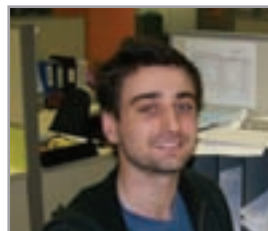
“Thank you for giving me the opportunity to undertake my field placement at Consumer Action. It has given me an extraordinary insight into the work conducted by such wonderful staff at Consumer Action”

“I felt that I learned a lot from this experience and it made me want to take on this path as a career. I really enjoyed sitting in during the...solicitor and client interviews as it gave me a good insight on how often simple contracts can go wrong.”

“At Consumer Action...that feeling of fulfilment becomes a common part of the volunteer experience.”

“A great deal of a volunteer’s time is spent on legal research, searching through case databases, or looking for legal arguments to strengthen a client’s case. There is also client interaction through the legal advice service....”

Jill and Kay Li



Our great appreciation goes out to the following volunteers . . .



Catherine Anderson	Jane Liu
Neil Ashton	Rajneeta Maharaj
Falen Awad	Xavier McLaurin
Ella Bourke	Jarrod McPherson
Joshua Buckland	Kate Minogue
Martin Chung	Diana Muljanto
Giulia Damiano	Tom Mutton
Jenna Donsky	Naomi Newbound
Nicole Droutsis	Lloyd Noske
Claire Flack	Justin Orders
Faye Jofesberg	Renaud Pruvost
David Fixler	Katherine Savage
Emma Frauman	Rachel Soh
Nefertari Georgious	Daniel Song
Matthew Gillet	Elizabeth Stary
Dhanya Gunasekera	Adriane Swinburn
Tanya Haroutiun	Frederick Tai
Ken Harris	Michael Ting
Emily Hart	Toby Verey
Thomas Hobbs	Brendan Wood
Karen Hong	Ao-ling (Arlene) Wu
Caterina Ioannou	Andrew Wright
Amy Jackson	Kay Li Yeoh
Savitri Judiono	Alice Zhang
Anthea Karvounaris	Sue Zhang
Aarati Kelleppan	Andrew Zingler
Chen Lin	Adam Zunica
Feng Lin	Nechama Zwier



Professional Development (internal)



Consumer Action's continuing professional development fosters our expertise in consumer law advocacy and policy development and forms part of our solicitors' continuing education requirements under the Legal Profession Act 2004 (Vic).

Guest speakers further the organisation's skills and knowledge in its areas of practice and have included La Trobe University's Judith Dickson discussing ethics in public interest law, Deakin University's Dr Paul Harrison on consumer behaviour, Consumer Affairs Victoria's Ian Clyde on current issues in consumer credit, and the Legal Services Commissioner, Victoria Marles, on the regulation of the legal profession.

Presentations by Consumer Action staff facilitate the sharing of expertise and retention of knowledge within the organisation. Presentations by staff have included Michael Hermitage reflecting on over 20 years of experience as a solicitor in relation to file management and Neil Ashton discussing unfair contract terms under the Fair Trading Act 1999 (Vic) in light of his research interest on the same topic.

Consumer Action staff have also had the opportunity to access a wide range of external education opportunities, including a series on advanced contract law presented by Blake Dawson's special counsel, Jeffrey Goldberger. Consumer Action also makes funding available to staff who wish to undertake training offered by a private education provider.

Consumer Action wishes to thank the following people for generously sharing their time and knowledge as part of the program: Neil Cleland SC, Ian Clyde, Judith Dickson, Dr Paul Harrison, Victoria Marles, Denis Nelthorpe and Jan Pentland.

Acknowledgements

We thank the following barristers for pro bono assistance:

Stewart Maiden

Penny Neskovicin

Alexandra Richards QC

Also the barristers on the panel of barristers:

Hanscombe, Kristine, SC

Bigmore, Garry, QC

Brett, Robin, QC

Evans, Jonathan

Fary, Peter

Kenny, Caroline

Sparke, Carolyn

Zichy-Woinarski, Brind, QC

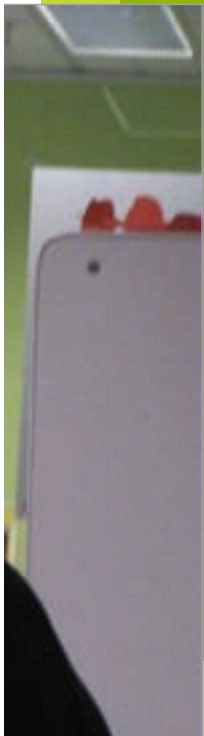
Richard Antill for his advice and drafting and ongoing support in respect of a difficult claim involving a well known hire car company, who refused to indemnify a client in respect of overhead damage to one of its vehicles.

Chris Flaherty for ongoing pro bono design assistance, including our Annual Report

Os Kong – designer of the Do Not Knock Sticker.



Financial Reports



INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

INCOME	Note	2008 \$	2007 \$
Assets Donated		-	41,402
Core Grants		1,152,001	988,606
Non Core Grants		422,302	256,660
Interest received		32,074	11,304
Consulting & Sitting Fees		31,665	7,549
Rental Income		56,001	31,973
Costs Recovered & retained		666	333
Refunds & Reimbursements		32,147	16,145
Profit on Sale of Assets		68	-
Set Up Funds		99,678	-
Transfer to CALC		61,257	113,529
		<u>1,887,859</u>	<u>1,467,501</u>
EXPENDITURE			
Salaries		893,725	585,331
Superannuation		90,328	53,592
Salary On Costs		11,991	6,685
Rent		222,030	161,317
Repairs & maintenance		3,839	774
Occupance		27,815	20,569
Staff Training		5,383	5,525
Staff Recruitment		2,475	3,624
Communications		21,770	20,233
Office Overheads		38,349	13,356
Insurance		4,958	2,471
Finance & Accounting		9,152	8,006
Library Resources & Subscriptions		21,487	13,847
Travel Costs		83,487	53,567
Programming & Planning		87,270	63,943
Client Disbursements		775	750
Depreciation		27,266	4,527
Other		53,107	84,930
Set Up Costs		80,671	-
		<u>1,685,878</u>	<u>1,103,047</u>
Profit (loss) before income tax		201,981	364,454
Income tax expense	2	-	-
Profit (loss) after income tax		201,981	364,454
Retained Profits at the beginning of the financial year		364,454	-
Retained Profits at the end of the financial year		<u>566,435</u>	<u>364,454</u>

BALANCE SHEET AS AT 30 JUNE 2008

	Note	2008 \$	2007 \$
CURRENT ASSETS			
Cash and cash equivalents	3	549,249	389,505
Trade and other receivables	4	139,386	54,115
TOTAL CURRENT ASSETS		<u>688,635</u>	<u>443,620</u>
NON-CURRENT ASSETS			
Property, plant & equipment	5	141,258	36,875
TOTAL NON-CURRENT ASSETS		<u>141,258</u>	<u>36,875</u>
TOTAL ASSETS		<u>829,893</u>	<u>480,495</u>
CURRENT LIABILITIES			
Trade and other payables	6	75,920	41,412
Provisions	7	174,569	62,804
TOTAL CURRENT LIABILITIES		<u>250,489</u>	<u>104,216</u>
NON-CURRENT LIABILITIES			
Provisions	7	12,969	11,825
TOTAL NON-CURRENT LIABILITIES		<u>12,969</u>	<u>11,825</u>
TOTAL LIABILITIES		<u>263,458</u>	<u>116,041</u>
NET ASSETS		<u>566,435</u>	<u>364,454</u>
MEMBERS' FUNDS			
Retained profits		566,435	364,454
TOTAL MEMBERS' FUNDS		<u>566,435</u>	<u>364,454</u>

**STATEMENT OF RECOGNISED INCOME AND EXPENDITURE
FOR THE YEAR ENDED 30 JUNE 2008**

	Retained Earnings	Total
	\$	\$
Balance at 1 July 2006	-	-
Profit attributable to the entity	364,454	364,454
Balance at 30 June 2007	364,454	364,454
Profit attributable to the entity	201,981	201,981
Balance at 30 June 2008	<u>566,435</u>	<u>566,435</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2008

	Note	2008	2007
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers & other sources		163,451	186,626
Core grants		1,026,567	958,821
Non Core Grants		535,052	256,660
Payments to suppliers and employees		(1,465,819)	(982,504)
Interest received		32,074	11,304
Net Cash provided by operating activities	8	<u>291,325</u>	<u>430,907</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of investments		68	-
Payments for purchase of property and equipment		(131,649)	(41,402)
Net Cash provided by (used in) investing activities		<u>(131,581)</u>	<u>(41,402)</u>
Net increase (decrease) in cash held		159,744	389,505
Cash at the beginning of the year		389,505	-
Cash at the end of the year		<u>549,249</u>	<u>389,505</u>

Note 1: Statement of Significant Accounting Policies

This financial report is a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the corporations Act 2001. The directors have determined that the company is not a reporting entity. Consumer Action Law Centre is a company limited by guarantee, incorporated and domiciled in Australia.

Basis of Preparation

The report has been prepared in accordance with the requirements of the Corporations Act 2001, and the following applicable Australian Accounting Standards and Australian Accounting Interpretations:

- AASB 101:** Presentation of Financial Statements;
- AASB 107:** Cash Flow Statements;
- AASB 108:** Accounting Policies, Changes in Accounting Estimates and Errors;
- AASB 110:** Events after the Balance Sheet Date;
- AASB 112:** Income Taxes
- AASB 1031:** Materiality;
- AASB 1048:** Interpretation and Application of Standards.

No other applicable Accounting Standards, Accounting Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

Reporting Basis and Conventions

The financial report has been prepared on an accrual basis and is based on historical costs and financial assets and financial liabilities for which the fair value of accounting has been applied. The following is a summary of material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Accounting Policies**a. Income Tax**

The charge for current income tax expenses is based on profit for the year adjusted for non-assessable or disallowed items. It is calculated using tax rates that have been enacted by the balance sheet date. The company is exempt from paying income tax by virtue of Division 50 of the Income Tax Assessment Act, 1997. Accordingly, tax effect accounting has not been adopted.

b. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

c. Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST). Interest revenue is recognised on a proportional basis taking into account the interest rate applicable to the financial assets.

d. Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of an item of the expense. Receivable and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are described as operating cash flows.

	2008	2007
	\$	\$
Note 2: Income Tax Expense		
Prima facie tax payable on operating profit at 30% (2007 - 30%)	60,594	109,336
Less tax effect of:		
- non-taxable member income arising from principle of mutuality	(60,594)	(109,336)
Income tax expense	-	-
Note 3: Cash and cash equivalents		
Cash on hand	255	35
Cash at bank	462,862	324,120
Cash on Deposit	86,132	65,350
	<u>549,249</u>	<u>389,505</u>
Note 4: Trade and other receivables		
Accounts Receivable	7,415	24,305
Accrued Income	132,808	29,785
Prepayments	(837)	25
	<u>139,386</u>	<u>54,115</u>
Note 5: Property, plant & equipment		
Leasehold Improvements - at cost	127,500	-
Less: Accumulated depreciation	(19,008)	-
	<u>108,492</u>	<u>-</u>
Computer Equipment - at cost	23,714	21,141
Less: Accumulated depreciation	(8,476)	(3,083)
	<u>15,238</u>	<u>18,058</u>
Telephone System - at cost	11,937	11,570
Less: Accumulated depreciation	(1,856)	(675)
	<u>10,081</u>	<u>10,895</u>
Office Equipment - at cost	7,351	7,351
Less: Accumulated depreciation	(2,205)	(735)
	<u>5,146</u>	<u>6,616</u>
Office Furniture - at cost	2,549	1,340
Less: Accumulated depreciation	(248)	(34)
	<u>2,301</u>	<u>1,306</u>
Total Property, plant & equipment	<u>141,258</u>	<u>36,875</u>

Note 6: Trade and other payables

Trade Creditors and accruals	45,200	13,070
PAYG Tax payable	9,004	6,786
GST Payable	21,716	21,556
	<u>75,920</u>	<u>41,412</u>

Note 7: Provisions

CURRENT

Provision for annual leave	53,993	41,004
CALC Set up Funds	120,576	21,800
	<u>174,569</u>	<u>62,804</u>

NON-CURRENT

Provision for Long Service Leave	<u>12,969</u>	<u>11,825</u>
----------------------------------	---------------	---------------

Note 8: Reconciliation of Cash Flow from**Operations with Profit from Ordinary Activities after Income Tax**

Profit after income tax	201,981	364,454
Cash flows excluded from operating profit attributable to operating activities;		
Non-cash flows in profit		
- Depreciation	27,266	4,527
- (Profit)/Loss on sale of assets	(68)	-
Changes in assets and liabilities;		
- (Increase)/decrease in trade and other debtors	(85,270)	(54,115)
- Increase/(decrease) in trade and other payables	34,507	41,412
- Increase/(decrease) in provisions	112,909	74,629
Net cash provided by Operating Activities	<u>291,325</u>	<u>430,907</u>

Note 9: Company Details

The registered office of the company is:
Consumer law Centre of Victoria Ltd
Level 7, 459 Little Collins Street
Melbourne VIC 3000.

Note 10: Accounting Policies, Changes in Accounting Estimates and Errors

There was a change in accounting policy during the year. The nature of the change related to the CALC set up costs. The nature of the funds provided for set up costs was reviewed and subsequently the board of management, and they have determined that the provision of initial funds for set up costs should have been grossed up and recognised as a liability. It was determined that the use of these funds for set up expenses should be expensed and corresponding entry to income be made to match that expenditure.

The funds used to purchase capital equipment should then be capitalised as assets in the balance sheet as a non-current asset. An appropriate entry should then be made to depreciate those assets accordingly and to bring to account income in the income statement corresponding to that depreciation charge. This treatment appropriately matches revenue with those expenses.

**Sean
Denham
& Associates**
Business Advisers
and Accountants

Suite 12
13-25 Church Street
Hawthorn VIC 3122

Telephone: 03 9591 2157
Facsimile: 03 9591 1812
Mobile: 0417 361 611
sean.denham@denham.com.au

CONSUMER ACTION LAW CENTRE
ABN 37 120 056 484

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
CONSUMER ACTION LAW CENTRE**

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Consumer Action Law Centre, which comprises the balance sheet as at 30 June 2008, and the income statement of recognised income and expenditure and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Director's Responsibility for the Financial Report

The directors are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the directors of the members. The director's responsibility also includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the directors. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

The financial report has been prepared for distribution to users for the purpose of fulfilling the director's financial reporting under the Corporations Act 2001. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the director's, or for any purpose other than that for which it was prepared.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Consumer Action Law Centre, would be in the same terms if provided at the date of this auditor's report.

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

Auditor's Opinion

In our opinion the financial report of Consumer Action Law Centre is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of Consumer Action Law Centre financial position as at 30 June 2008 and of its performance for the period ended on that date in accordance with the accounting policies described in Note 1; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporations Act 2001.



Sean Denham
Dated: 30 August 2008
Sean Denham & Associates - CPA's
Suite 12, 13-25 Church Street, Hawthorn VIC 3122

CONSUMER ACTION LAW CENTRE
ABN 37 120 056 484

DIRECTORS' REPORT

Your directors present their financial report on the Consumer Law Centre of Victoria Ltd for the year ended 30 June 2008.

The names of the directors throughout the year and at the date of this report unless otherwise stated are:

Janet Kay Pentland	Gerard John Brown	Anna Lindsay Stewart
Barbara Ann Romeril	Roslyn Isabel Hunter	

The principal activities of the Company during the financial year were:

- To prepare, publish and distribute handbooks, papers, articles and other educational materials, to give seminars and lectures and to advertise in the public media and in consumer and educational publications all with a view to fostering Victorian Consumer Education so that Consumers may make informed choices and decisions.
- To provide free legal advice and representation to consumers who would not otherwise have access to consumer legal advice and representation.

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

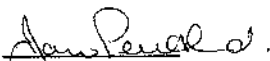
The profit from ordinary activities after income tax amounted to \$201,982

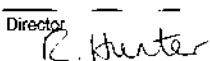
No matters of circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 2.

Signed in accordance with a resolution of the Board of Directors:


 Director
 Dated: 15.9.08


 Director
 Dated: 16.9.08

The accompanying notes form part of this financial report.

Page 1

Printed Campaigns

Bookmarks



Stickers



Information





Level 7, 459 Little Collins Street
Melbourne Vic 3000
AUSTRALIA

The Consumer Action Law Centre is an independent, not-for-profit, campaign
focused, casework and policy organisation.

www.consumeraction.org.au