



#### Professor Allan Fels AO - Patron

Professor Fels is the foundation Dean of the Australian and New Zealand School of Government. Previously he was Chairman of the Australian Competition and Consumer Commission from 1995 until 2003. He was also Chairman of the former Trade Practices Commission from 1991 until 1995 and Chairman on the Prices Surveillance Authority from 1989 until 1992.

Professor Fels remains active at the OECD in relation to consumer and competition issues.

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an organisation that truly demonstrates its vision:
Just outcomes.
For and with consumers

# Chairperson's Report



The 2012-2013 year at Consumer Action has been both challenging and rewarding so it is with great pleasure that I present this year's annual report. Along with my fellow board members, I am honoured to be a part of an organisation that truly demonstrates its vision: *Just outcomes. For and with consumers*.

The Board has again been impressed with the passion and commitment of all staff at Consumer Action and would like to commend the financial counselling, legal, policy and administration teams for exhibiting the type of collaboration that results in positive change for all consumers. We also wish to recognise the support of our consumer advocacy, financial counselling and community law peers around Australia as in many cases it is only with their input that we have been able to accomplish so much.

It is with gratitude, and a little sadness, that the Board wish to thank former co-CEOs Carolyn Bond and Catriona Lowe for their service to the centre and the consumer sector as a whole over the past seven years. They can both be proud of the legacy they have created here at Consumer Action as they leave behind a robust, best practice organisation filled with talented and passionate staff. Happily, the Board is delighted to have appointed Gerard Brody to the CEO role and look forward to continuing our important work with him at the helm. He offers a wealth of experience in consumer advocacy and critically, a strategic approach for Consumer Action.

Consumer Action continues to engage all teams across the organisation in its advocacy and campaign work for consumers using casework from the financial counselling and legal practices to bolster the work done by our policy and campaigns team and then using that evidence base to engage with stakeholders and colleagues in the sector to move issues forward in a larger way.

For a second year running, our "Do Not Knock" Campaign is a great example of this approach. The

campaign collaborated with other organisations around Australia to distribute Do Not Knock stickers and raise awareness of consumer rights with respect to door-knocking and unsolicited sales through a well coordinated media campaign and persistent lobbying of industry and government alike. We were thrilled to see the Australian Competition & Consumer Commission taking further action in the Federal Court against multiple energy retailers and even happier to hear that a number of large energy retailers have decided to stop using door knocking as a marketing tool. This result would not have been possible without the input of the wider consumer and financial counselling sectors, or in fact without industry engagement—in short, a broad campaign approach delivered a great outcome.

The Board wish to acknowledge the support of our key funders—Victoria Legal Aid, the Federal Attorney-General and Consumer Affairs Victoria. My sincere thanks also go to my fellow Directors: Anna Stewart, Paul Murfitt, Peter Gartlan, Roslyn Hunter and Victoria Marles—without whose contribution my job would be far more difficult.

Finally, I would like to mention the Jan Pentland Foundation. As in other years, a number of our staff attended the Jan Pentland dinner held to commemorate the incredible contribution our beloved former Chair made to the financial counselling and community sector. The scholarships have now helped a number of individuals who have received assistance to study financial counselling. One of our former CEOs, Carolyn Bond, continues to be a trustee of the Foundation, and Consumer Action continues to do what we can to support the work of the Foundation.

The foundation has received donations from some members of the finance industry as well as from individuals. If you would like to donate to the foundation, see details here:

http://www.janpentlandfoundation.org/donations.htm

## Consumer Action Board



Barbara Romeril (Chair)



Roslyn Hunter



Paul Murfitt



Anna Stewart



Vic Marles



Peter Gartlan

## CEOs' Report



# ...demonstrable outcomes that advance consumer interests

In 2013, Consumer Action has notched up some significant wins for consumers. Last year, our annual report suggested a theme of 'maturity' for Consumer Action, after six years' of advancing the interests of consumers. This year, we can report that with maturity comes impact—that is, demonstrable outcomes that advance consumer interests.

Consumer Action's unique capabilities include deep understanding of issues affecting disadvantaged consumers from our specialist advice and casework services, building on that understanding through solid research and policy analysis, and then being effective at agitating for change so that consumers are better protected and consumer markets produce fairer outcomes.

Probably our biggest win this year has been in relation to that perennial consumer issue, unsolicited door-to-door selling. Our Do Not Knock campaign benefited from partnerships with Victoria Legal Aid and Financial Counselling Australia, and we were pleased to see the regulators get behind the campaign. The Australian Competition & Consumer Commission not only adopted its own version of the Do

Not Knock sticker, but instituted high profile enforcement action against a number of national energy retailers. At the date of writing, three of the largest energy retailers in Australia had agreed to voluntarily stop door-knocking, and instead focus on less risky sales channels, following a call Consumer Action made to that industry in 2012.

Our national payday lending campaign, End the Debt Trap, was also significant and culminated with enactment of new national laws regulating payday lending. This was again a strong partnership effort with financial counsellors and consumer credit lawyers from around Australia banding together to communicate the inherent risks of payday lending. The same legislative package also resulted in the historic legal recognition of the term 'financial counsellor', restricting its use to those that provide free, confidential and independent financial counselling such as the MoneyHelp service here at Consumer Action.

Solid research continues to inform our views and advocacy. This year we published three major research reports, partnering with expert researchers to produce better understanding



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of consumer, market and regulatory issues. Our report A Policy Trilemma: Creating an Affordable, Secure and Sustainable Energy Market authored by energy market expert Allan Asher seeks to further the policy debate about consumer interests in energy extending beyond regulators' and governments' interests in efficient prices and reliability. Our landmark report Regulator Watch: The Enforcement Performance of Australian Consumer Protection Regulators opened up a new dialogue with consumer protection regulators about the effectiveness of regulatory enforcement. We've been particularly pleased that regulators have agreed to improve public reporting on enforcement activities and outcomes. Our most recent research report, Like Juggling 27 Chainsaws: Understanding the experience of default judgment debtors authored by Dr Eve Bodsworth of Brotherhood of St Laurence, confirms anecdotal evidence about the significant stresses involved in managing debts, and uncovers procedural failings in default judgment processes. It will serve as a solid foundation from which to pursue better outcomes for indebted consumers.

Consumer Action maintains an ongoing commitment to excellence in delivery of our legal and financial counselling work. This has encouraged us to prioritise evaluation of our services, and seek client feedback. We have been fortunate enough to have the assistance of Dr Liz Curran of Australian National University College of Law to assist with evaluation of our legal advice services, and we continue to make refinements to the service in an effort for it to reach and better service the most vulnerable in the community. We

also participated in Consumer Affairs Victoria's review of the financial counselling program, and welcome its findings that telephone financial counselling plays a central role in the overall program.

During 2012, we launched our new website, which not only provides consumers with improved information about their consumer rights, but serves as an entry-point to our advice services. Pleasingly, the refreshed design helps us communicate better and shape the agenda for consumers.

Personally, being appointed as Consumer Action's CEO has been an honour. I would like to acknowledge the significant leadership of the previous CEOs Carolyn Bond and Catriona Lowe who departed from the centre in March 2013. They established a significant legacy in a bold and smart consumer advocacy organisation, which will continue in the years to come. I want to thank the talented and passionate staff team, as well as our many wonderful volunteers, who make for a vibrant and happy workplace. I also acknowledge and thank the support of our board, particularly our chair Barbara Romeril, who has provided the centre with strong governance and shown commitment to the mission of Consumer Action. With the dedication of staff, volunteers and the board, Consumer Action will continue to seek just outcomes for consumers, particularly the most vulnerable and disadvantaged, through legal advice and representation, financial counselling and through our effective policy work and campaigns.

### Consumer Action Staff

Carolyn Bond (part year)
Catriona Lowe (part year)
Gerard Brody (part year)
Co-CEOs / CEO

Administration

Yvonne Musat

Reception/Administration

**Peta Hepburn** Legal Support

Skye Forster

Office Manager / PA to CEO

Nila Martin

Finance Manager

**Denise Lawry** 

Human Resources Manager

Legal Practice

Tom Wilcox

Jillian Williams

Co-Directors Legal Practice

Gerald Cohen
Michael Hermitage
Senior Solicitors

Lachlan Edwards (part year) Nic Fitzgerald (part year)

Farah Hassim

Maria Nicolof (part year)

Katia Sanderson

Amanda Storey (part year)

Agata Wierzbowski

Ben Zika

Solicitors

Celia Tikotin

Special Projects - Legal Practice

Indiana Bridges (part year) Bree Ryan (part year)

Knowledge Management

MoneyHelp

Penelope Hill

Services Manager

**Heather Brown** 

Dianne Dejanovic

John Hartnett

**Heather Keen** 

Vanessa Taylor

Senior Financial Counsellors

Colin Harte

**Brian Kerr** 

Anna Tiakanas

Lesley Chambers (part year)

Financial Counsellors

Sarah Brown-Shaw

Trainee Financial Counsellor

Felicity Elkiana (part year) Thuyen Mai (part year)

Intake Workers

Policy and Campaigns

Denise Boyd (part year) Gerard Brody (part Year)

Director Policy and Campaigns

Sarah Wilson

Senior Campaigner

Janine Rayner

**David Leermakers**Senior Policy Officers

**Cathy Thwaite** 

Policy Officer

Dan Simpson

Media and Communications Officer

Regina Godfredson

Standards Coordinator

Lizzie Senior (part year) Sabine Prahl (part year)

**CFA** Coordinator







# Legal Practice Report

The precedent library will allow us to undertake our advice line and casework services more efficiently and to the highest standards now and for many years to come

#### Hours of operation

Public advice line

10 am - 1 pm Monday to Friday

Worker advice line

10am - 1 pm and 2pm - 5pm Monday to Friday This year, thanks to some fantastic pro bono support, Consumer Action's legal team has had a great opportunity to develop and consolidate its provision of high standard legal advice and assistance to vulnerable and marginalised members of the community, through the evaluation of its legal services and the development of a precedents library.

#### Evaluation Work

Since June 2012, the Australian National University has seconded Dr Liz Curran one day per fortnight to our centre. As part of her role at Consumer Action, Liz has helped us develop an evaluation plan for our advice line, which has allowed us to draw on Liz's considerable expertise in evaluating legal service delivery. Consumers have benefited from Liz calling them, checking how they were



going in resolving their dispute and getting their feedback on our service.

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> > This evaluation plan has focused on monitoring and improving how our telephone advice service supports vulnerable and disadvantaged consumers to resolve their consumer disputes. Consumer Action hopes to become a leader in tailoring its telephone legal services to best assist this cohort of consumers.

As a component of the evaluation work we've done, we undertook a consumer survey, the results of which have been overwhelmingly positive: 78% found Consumer Action treated them very well and 22% found Consumer Action treated them quite well; 0% found Consumer Action did not treat them well. Importantly, a significant majority (78%) of those responding to our survey

reported that their problem was resolved with our assistance and a number of clients provided unsolicited feedback such as:

- 'The gentleman was extremely knowledgeable and put me on to specific sections of the Act which I quoted to the other party.'
- 'Many thanks to Consumer Action. Please keep continuing to help poor people can [sic] release from some cheating companies or from bad people.'
- 'The advice and the follow-up was thorough and thoughtful.'
- 'The confidence gained in the advice strengthened our negotiation position.'

#### Precedent Project

In January this year, Maurice Blackburn generously offered to provide us with their



wonderful knowledge support lawyer, Bree Ryan. Bree worked with us on a part time basis for approximately 8 months to develop a knowledge management and precedent library supported by Softdocs' Lawdoc program. The precedent library will allow us to undertake our advice line and casework services more efficiently and to the highest standards now and for many years to come. We are very grateful to Maurice Blackburn for their generous contribution to this project and also wish to thank Reliable Legal Precedents, Insightful Systems and Thomson Reuters/Softdocs which all provided valuable, low cost assistance and support to this project.

#### Staffing

We are constantly amazed at the dedication, experience and passion demonstrated by our fantastic team of lawyers who deliver high quality advice and casework services.

This year we were fortunate to have two new solicitors, Farah Hassim and Amanda Storey, join our team. We were also very grateful to Maddocks which generously agreed to second one of its experienced solicitors, Nic Fitzgerald, to our legal team for a period of 6 months. Nic filled a short term gap in the team, allowing us to continue to offer the same high level legal advice and casework to our clients.

#### Civil Law Support Project: Keeping Food On The Table

Through a grant from the Legal Services Board, Consumer Action was able to undertake an exciting project aimed at building capacity within Victorian Community Legal Centres to better assist disadvantaged clients with consumer issues, particularly in relation to debt related matters.

The Project was managed by Celia Tikotin who undertook broad consultation across the sector about the best ways of delivering training and support to individual CLC's. Following this consultation she was able to deliver tailored training to 29 CLC's with over 280 CLC lawyers participating. Materials, including template letters and pleadings amongst other things, were also produced and published to assist CLC's in advocating for disadvantaged clients. The theme, "Keeping Food on the Table" emphasised the importance of ensuring that the income of low income and marginalised consumers is protected when they are being pursued for debts that they either do not owe or do not, by law, have to pay.

The majority of centres rated the training and materials highly with feedback such as the following from a principal solicitor at one generalist centre:

"To have a specialist centre support generalist CLCs by training and by sharing its knowledge of the recent laws and the precedents it develops, as well as sharing its skills through expert advice and casework support when requested, improves community legal centres' ability to advocate for their clients and achieve better outcomes."

# fair trading disputes continue to be at the heart of many of our advice line enquiries

#### Legal Advice Line

This year we provided one-off legal advices to 2,582 consumers and 684 community workers. We provided an additional 950 consumers and 213 community workers with extended assistance through our legal advice line. Due to the significant changes made to our advice line service last year, we spent time this year bedding down these changes and evaluating the service to ensure that the changes actually resulted in a more targeted and effective service.

While the kinds of disputes can vary considerably, fair trading disputes continue to be at the heart of many of our advice line enquiries, with the main concerns raised being breaches by traders of consumer guarantees. Common complaints also relate to the sale of vehicles which are not of acceptable quality; high pressure sale techniques used in the sale of educational software products (sold in the home) and timeshare; and difficulties repaying debt whether due to financial hardship or irresponsible lending.

#### Case Work

In 2012/2013 we made 37 complaints or substantive responses to EDR schemes; filed 28 court or tribunal documents; 56 complaints to State and/or Federal regulators and appeared in 21 court or tribunal hearings. Through our casework alone (not taking into account the thousands of advices we provide each year to the public and community workers) we saved consumers a total of \$476.101.42.

We could not do this without the support of a number of barristers who generously contribute their valuable time for free. Special thanks and congratulations goes to Mr Paul Bingham who has, for many years, contributed hundreds of hours to assisting our clients and this year was awarded the 2013 Victorian Bar Pro Bono Trophy for his extraordinary commitment to advocacy for low income and vulnerable consumers.

Through our advice and case work services we identified a number of problematic practices by traders which we were able to assist individual consumers with as well as feed through to our policy and campaigns team for broader action.

The following case studies provide a snapshot of the type of advocacy undertaken by the Legal Practice this year.





#### We continue to challenge Payday lending practices in court

In April this year we once again issued proceedings in the Magistrates Court against two Cash Converters lenders on behalf of our client, a disability support pensioner. Our client alleged that over approximately a three year period he was provided with 55 short-term 'cash advance' credit contracts by Victoria Point Pty Ltd (which trades as Cash Converters Morwell) under which he paid \$3,762.50 in fees and charges. Consumer Action's client also alleged that he entered into four 'personal loan' contracts with Cash Converters Personal Finance Pty Ltd (previously known as Safrock Finance Group Pty Ltd) under which he paid \$1,512.73 in fees and interest.

#### The Court was asked to consider whether:

- the Cash Converter entities complied with the responsible lending provisions of the National Consumer Credit Protection Act 2009 (Cth) with respect to certain loans;
- certain contracts should be reopened on the basis that they were unjust under the National Credit Code;
- certain contracts have met the disclosure obligations under the National Credit Code;
- the Cash Converter entities engaged in unconscionable conduct with respect to certain loans.

#### Working with other services to get positive outcomes for marginalised consumers

Last year we worked closely with financial counsellors and the Murray Mallee Community Legal Service to assist them in a systemic issue they had identified involving a household goods leasing company that was targeting low income areas and indigenous communities in northern Victoria using irresponsible lending practices. Under the consumer leases, vulnerable consumers were paying significantly more than market value for the goods in circumstances where the lease payments caused them significant financial hardship. The financial detriment experienced by consumers who had signed the leases was exacerbated because the company had been allowed to use Centrepay to collect the lease payments. This meant repayments came out of the consumer's income before the consumer could prioritise food and other necessary living expenses.

As a result of this collaboration, we were able to contribute to Murray Mallee convincing ASIC and Centrelink to take action which resulted in the company losing its credit licence and being ineligible to use Centrepay. We were also able to support Murray Mallee in obtaining individual outcomes on behalf of consumers.

Due to the significant ongoing problems we are seeing with consumer leases through our advice line (including MoneyHelp) and casework services we have made this issue a priority campaign for 2013/14.



#### Getting a default judgment set aside to save client's home

Our client contacted us after she discovered that her home was at risk of being sold by the Sheriff because of a \$13,000 judgment debt obtained by a water installation company. Years ago she had signed up for a \$3000 water tank but refused to pay for it because it was left in her driveway without notice.

However, she had not realised that the company had registered a caveat over her house and obtained a default judgment requiring her to pay \$13,000 or risk the sale of her home.

We were able to swiftly act to negotiate on our client's behalf to get the judgment set aside and settle the matter for an amount that she could afford.

This is an example of the many cases we see in which consumers are disadvantaged by the default judgment process which we highlighted in our report: *Like Juggling 27 Chainsaws*, authored by Dr Eve Bodsworth of the Brotherhood of St Laurence.

#### Early intervention

One of the many cases in which we were able to provide early intervention in a dispute involved a couple who had purchased a car but then realised that they needed to terminate the contract. When they attempted to terminate within the cooling off period prescribed by the Motor Car Traders Act (Vic), the dealer advised them they would have to pay more, and would not get their deposit back. Following our advice, the couple was able to approach the dealer again, knowing their legal rights and as a result were able to get a full refund of their deposit.

The couple's niece, who assisted them, reported to us that: "With the knowledge you gave me I was able to speak with the salesman, he really did a double take and while [sic] he initially tried to fob them off and say they had to pay more. I was able to point out to him where he was mistaken. I then urged him to finally do the right thing [and provide a full refund of the deposit]... they [the clients] are very happy, not just for the money but because a wrong has been righted."

# Financial Counselling Practice Report





#### Hours of operation

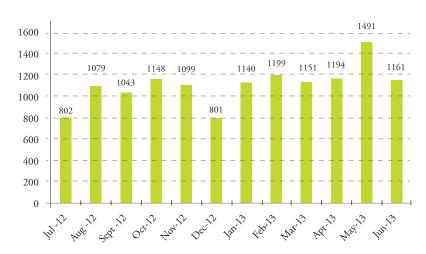
Monday to Friday 9:30 am - 5 pm Everyone needs help from time to time, but when it comes to financial troubles, too many Australians keep their problems to themselves. They feel embarrassed and often hide their money troubles, even from their closest family members. That's why the free and independent financial counselling phone service offered by our financial counselling team (known as MoneyHelp) is so valuable. It gives Victorians somewhere to turn to—it connects them to a financial counsellor who won't judge them and who has their best interest at heart—and it gives them a reassuring voice with the expertise to get them back on their feet.



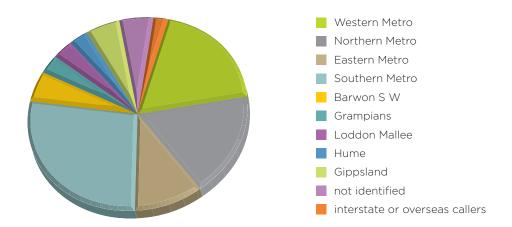
A 35 per cent increase in the number of calls to our financial counselling team shows there is a need for its services, and the 36 per cent increase in the number of Victorians assisted by the financial counselling practice shows the team is answering the call. A total of 13,072 calls were answered and 10,887 Victorians were assisted, the most in the financial counselling team's four year history.

Coinciding with the increased calls to the phone line was an upward trend in the number of people visiting our website, <a href="www.moneyhelp.org.au.">www.moneyhelp.org.au.</a>. The website is both a source of information and assistance in its own right, featuring many tools and tips, as well as being a tool the financial counsellors can use as they guide callers through complex matters. Each month, an average of 16,500 unique visitors considered the free and independent information on our website.

## Answering Calls to MoneyHelp 1/7/12 to 30/6/13



#### Callers to MoneyHelp place of residence by region



#### Building a strong, professional team

One of the strengths of the financial counselling team, which equates to 6.6 full time positions, is its mix of experienced financial counsellors, financial counselling students, and dedicated 'triage' staff who provide the friendly front line of the service. The group's mix of experience, enthusiasm, and an eagerness to learn makes for a dynamic team. It also means the team is playing a key role in developing the next wave of financial counsellors.

The team's financial counsellors participated in a wide range of professional development courses over the course of the year, including:

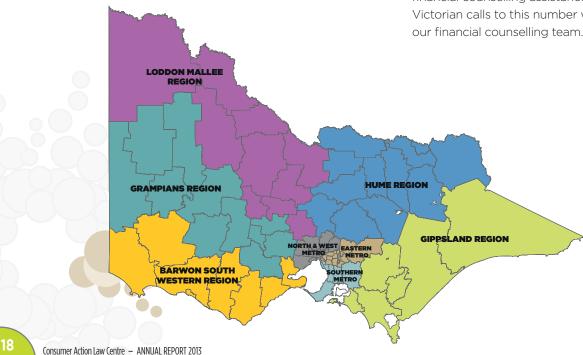
- welfare rights
- mortgage defaults and bankruptcy
- the Australian Consumer Law
- voice and telephone technique

- smart meters
- peer supervision
- home energy saver scheme
- rural financial counselling
- early release of superannuation

#### Part of a growing sector

In a significant milestone for the sector, 2013 saw financial counsellors recognised and the term 'financial counsellor' protected in federal legislation. This formal recognition is due reward for a growing sector, and means 'for-profit' organisations will no longer be able to use the term 'financial counselling' for financial gain.

By working closely with our colleagues in other states, and with the support of Department of Families, Housing, Community Services and Indigenous Affairs, we've helped establish a central phone number for anyone in Australia who needs financial counselling assistance—1800 007 007. All Victorian calls to this number will be handled by our financial counselling team.





#### Feedback keeps spirits high

Once again the team has taken comfort from and found motivation in the kind feedback of callers. During the 2012/2013 year our financial counsellors have been described as 'amazing', 'angels', 'empathetic', 'professional' and 'life savers'. But more important is the tangible impact the team has on people's lives. Callers to the financial counselling practice have spoken of the weight off their shoulders, tears of relief, and feeling empowered. This tells us that the advice our service is providing does more than just help Victorians get their finances in order; it helps improve their general wellbeing.

#### Examples of our financial counselling

Rent arrears

Our client called because she was one month behind in her private rental, which cost \$1650 per month. Her partner worked casually, she worked part time, and they had a young child to care for.

Our financial counsellor:

- discussed the long term sustainability of the tenancy;
- discussed breaking the lease and gave the phone number for the Tenant's Union of Victoria to obtain legal advice; and
- explained the three step process for eviction and advised that Tenant's Union can also give specialist advice in relation to eviction.

When we spoke to the client three months later as part of our ongoing service review she described the financial counselling service as "awesome" and told us that the housing service was able to assist her also.

Mortgage arrears

This client was referred to us by her bank. She and her husband had \$50,000 in credit card debt to various lenders, due to the client's illness and subsequent loss of income, plus a home loan of around \$340,000. The client was on a hardship arrangement with her home loan and the next

payment was due soon. She also had some hardship arrangements with her credit cards. The client was about to start a full time job.

Our financial counsellor:

- calculated the weekly income and payments on loans for the client and her husband and discussed whether the amount left over, \$310, was going to be sufficient to pay for food, rates and other expenses;
- discussed the option of selling the house;
- considered whether a debt administration agreement could be suitable; and
- referred the client to Insolvency and Trustee Services Australia (now known as the Australian Financial Security Authority) for more information on debt administration agreements.

Helping clients onto the Bulk Debt program

The financial counselling team submitted eleven clients to the National Bulk Debt Project run by Legal Aid Victoria, Legal Aid NSW and West Heidelberg Community Legal Service. The Project negotiates debt waivers so that Australians on very low incomes, or with no income, can spend their money on food, shelter and household bills rather than repaying debts. The negotiation process takes some time but so far five of the Victorians we have helped onto the Project have had approximately \$36,000 waived. We helped:

- a 65 year old disability pensioner with mental health problems have a \$3,400 debt waived
- a long term unemployed client who was caring for his elderly father have \$6,400 worth of debts waived;
- a 64 year old who had lost his job because of an injury and was unlikely to be able to re-enter the workforce have a \$17,000 debt waived;
- a disability support pensioner who had survived multiple heart attacks and has mental health issues have \$7,000 worth of debt waived; and
- an ill, single parent of four children have \$3,000 of debt waived.





# Policy & Campaign Report

Consumer Action, with its unique blend of policy development and community campaigns, drawn from and informed by the experiences of its legal and financial counselling services, continues to deliver real outcomes for low income and vulnerable consumers.

The policy and campaigning team identify key consumer issues, provide strong evidence-based policy recommendations and engage consumers, media, business and politicians on the case for change.

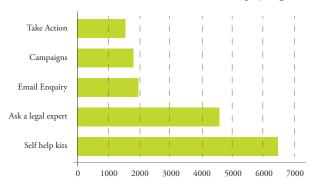
Throughout the year, we wrote 52 submissions to government, regulatory or other reviews, and submitted 109 complaints to regulators. We published 24 media releases and were quoted or interviewed by media 250 times. We published policy reports, got online via Facebook and Twitter, and recorded 50,499 total visits to our website with 35,836 of those being unique visitors.

October marked the launch of Consumer Action's redesigned website. The new layout is more flexible, has improved accessibility measures, and allows visitors to search the site using key terms.

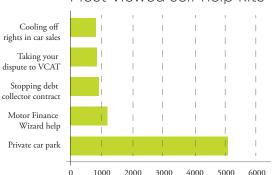
The new site also allows us to monitor the usage patterns of visitors. In the nine months between its October launch and the end of July www. consumeraction.org.au had:

- 50,499 visits
- 35,859 unique visits
- 136,640 page views
- An average visit of 2min 15 sec
- A steady increase in the number of visitors accessing the site from mobile devices

#### Number of visits to key pages



#### Most viewed self help kits





#### Campaigns

**Exploitative Credit - Payday Lending and** Consumer Leases: Our policy and campaign efforts placed the regulation of payday lending on the Government's agenda, and small amount credit contracts are now regulated specifically at the Federal level with the passing of the Consumer Credit and Corporations Legislation Amendment (Enhancements) Act 2012 (the Credit Enhancements Act) in August 2012. While the final bill did not adopt our preferred approach which aimed to limit the likelihood of repeat borrowing of payday loans, the Government did agree to undertake a review of the new regime's enforcement framework within 3 months following the legislation coming into effect, and a review of the entire framework by 2015.

We have been building an evidence base for work on another form of exploitative credit, consumer leases, in anticipation of further Federal Government regulation of this form of consumer credit. Drawing on casework, we identified concerns including misleading advertising, unfair contract terms, and poor assessments of affordability. This early work contributed to the reform process proposed by Federal Treasury, with the release of a discussion paper in February 2013 responding to many of our concerns including disclosure, costs and regulatory loop holes. Despite ongoing pressure and engagement by Consumer Action and other consumer advocates, this legislation did not pass through the Federal Parliament before the 2013 election.

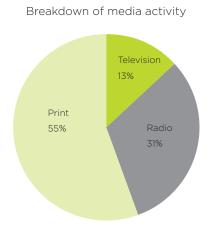
Our work in consumer leases did contribute to an independent review of Centrepay, a bill payment service for those who receive Centrelink income. Our casework suggests that many consumer lease providers rely on Centrepay authorities to secure payment.

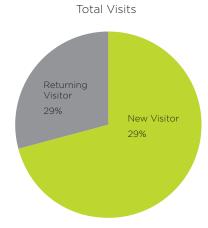
We'll track the implementation of the new legislation for payday lending, expose any flaws, recommend improvements, and continue to advocate strongly for better consumer leases protections that hurt our most vulnerable people.

Door-to-door selling - Do Not Knock! Since the launch of the Do Not Knock! campaign in November 2010, Consumer Action has distributed around 330,000 stickers, equipping consumers to protect themselves from door-to-door salespeople who use every trick in the book to sell them products they don't want, don't need or can't afford. Through the website <a href="https://www.donotknock.org.au">www.donotknock.org.au</a>, consumers have become more informed about their rights and we have used their experiences to construct complaints to consumer regulators that appear to have resulted in enforcement action. We've also successfully pressured major energy retailers to cease door to door selling altogether.

The campaign has encouraged politicians and regulators to take action in relation to doorto-door selling. The Australian Competition & Consumer Commission (ACCC) took up the issue of door-to-door sales, releasing its own "Do Not Knock" sticker, and in September 2012 obtaining orders from the Federal Court against a number of energy retailers and their marketing companies in relation to unsolicited sales under the Australian Consumer Law (ACL). Importantly, this enforcement included a finding that ignoring a "Do Not Knock" sticker was a breach of the ACL, with associated penalties of up to \$50,000. The enforcement actions have been significant, driving changes in behaviour of door to door sellers and, together with calls from consumer advocates, contributed to three large energy retailers ceasing to use this form of marketing.







Capitalising on the significant public engagement with the campaign, a Federal backbencher introduced a private member's bill to establish a "Do Not Knock" register, similar to the Do Not Call register. The bill was referred to a parliamentary inquiry, and while it did not gain support, it exposed the need for an effective way for consumers to opt-out of door-to-door sales.

The decision by ACCC to directly distribute their own version of the stickers and other consumer resources greatly extends the reach of the campaign. Consumer Action has been recognised as the creator of this successful initiative by ACCC, most recently in an address to a community forum by Deputy Chair Delia Rickard, and CEO Gerard Brody has been invited to speak about the campaign at high profile forums such as the National Consumer Congress 2013.

Consumers and the Energy Market: Utility bills, and particularly energy bills, have remained a strong consumer focus in 2012-13 across the spectrum of fairness, complexity and capacity to pay. Energy and water are essential services, but are available for purchase as market commodities rather than provided by government as a service. This creates a strong potential for hardship and exclusion of the vulnerable, and Consumer Action is a strong advocate for consumer protections.

Our expertise on energy pricing in particular has contributed to significant policy decisions being made in the consumer interest. We contributed to decision-making by the Standing Council on Energy & Resources and the Council of Australian Governments, which signed off on a new policy plan entitled "Putting Consumers First". Our advocacy contributed to consumers being at the centre of the new energy market reform package, which will include enhanced consumer participation in decision-making, transition to time of use pricing where consumers opt-in,

and ongoing monitoring of the effectiveness of competition at the retail level.

As part of the energy reform package, Consumer Action worked with colleague organisations to develop a proposal for a new national consumer energy advocacy organisation. Energy Ministers agreed that there was a need for a new national consumer energy advocacy body, and further consultation on it will occur over the next 6 months.

We have actively engaged in the roll out of smart meters in Victoria by participating in the Ministerial Advisory Committee on smart meters, providing input in to issues such as the rollout of flexible prices and the proposed extension of the derogation to the National Electricity Rules to ensure consumer interests are the focal point of the continued rollout.

Our comprehensive report, A Policy Trilemma: Creating an Affordable, Secure and Sustainable Energy Market, was published in November 2012. It found that the energy market has failed to deliver for Australian households and that relying on competition alone to address consumers' needs is not enough. The report makes a number of practical recommendations to policy makers about improved outcomes for consumers in the energy market, and we continue to advocate strongly for their implementation. To finish off the year, we held an event in June which included speakers from the ACCC, the Victorian Essential Services Commission, and the Clean Energy Council and a workshop involving all 80 participants to discuss these issues and a pathway forward.

Low-income debtor rights: Low-income debtors often get the worst deal when it comes to dealing with debt—we consistently receive complaints through both our legal practice and financial counselling service of misleading or severe

# We believe in listening to our allies and our opponents

debt collection practices, problems with default judgments and harsh debt enforcement, and inappropriate bankruptcy or debt agreements.

We submitted complaints to regulators about the practices of "credit repair" agencies that purport to remove defaults and other listings from credit reports, as well as the practices of debt collectors. Our case study report *The Pursuit of the Impossible: Consumer Experience with External Collection of Retail Energy Debts* drew broader public and policy attention to the problems consumers face when their energy debts are sold to collection agencies and the stress this puts on vulnerable people experiencing hardship.

We worked with the Brotherhood of St Laurence to research the experience of low income debtors that incur a default judgment. This has already assisted us in challenging a proposal from the Magistrates' Court to develop a new process where a debtor can admit to a debt and be referred to a payment plan, rather than be faced with the choice of lodge a defence or do nothing. We raised concerns with the proposal as it appeared to trigger a default judgment and may not adequately respond to the concerns raised by those involved in our research about their understanding of court processes and access to advice.

Regulator Watch: Consumer Action compiled and released our first ever Regulator Watch report, an assessment of the enforcement performance of consumer regulators. The report attempts to assess the extent to which regulators are delivering adequate consumer protection enforcement. We reviewed the performance of two national and eight State and Territory consumer protection regulators, based on published information over six years. We found that, under current conditions, it is not possible to know whether regulators have performed well in applying their enforcement powers effectively in the interests of consumers. With some exceptions, regulators do not report consistently over time and do not report in a way which facilitates comparisons.

The report was formally published on the Consumer Action website on 12 April 2012, and was shared with the relevant regulators before publication. The project identified key challenges in regulator reporting and enforcement, and forms a strong basis for collaborative approaches for improvement that benefits consumers.

#### Policy Work

Consumers, the Law, and Justice: Our submissions to Government contributed to changes in policy that further the consumer interest. For example, following the consultation on Victoria's building framework, the Government have proposed to overhaul the Building Commission—a proposal put forward by Consumer Action. Our submissions on credit reporting were relevant to a number of amendments being made to the legislation in the Senate before being passed by the Parliament. One key outcome of a submission made by Consumer Action, and a number of consumer organisations in other states, was that changes were made to significantly streamline the complaints process in relation to inaccurate credit reports. Our advocacy relating to unfair terms in insurance contributed to a decision by the Federal Government in December 2012 to extend protection to standard form insurance contracts. Through our ongoing input to External Dispute Resolution schemes and other legal processes which have impact on our clients, we are able to raise issues that arise for vulnerable and disadvantaged consumers and ensure continual improvement in the law, its application, and its accessibility.

Emerging issues: Our program for the year recognises that we will identify trends and new issues relevant to our policy priorities from our casework services. We are able to engage in mini-campaigns to provide targeted intervention over and above general casework and intervene to expose and, hopefully, solve, the consumer or market problem.

This year we engaged on a diverse range of issues, including vendor terms or rent to buy house selling schemes, dodgy car dealers, employment service and education providers, unfair contracts and just plain unnecessary products sold to consumers as desirable or essential.

Our casework identified a scheme where desperate home sellers and purchasers who don't qualify for finance are linked by an 'investor'



who derives benefits for putting together the deal. These are often marketed as Rent To Buy schemes, and they take advantage of those who are vulnerable and excluded. We've engaged media and regulators and raised the need for better collaboration among consumer regulators to identify this as a priority issue and to protect consumers.

We know that there's comfort in acting with others, which explains why collective switching and purchasing services for energy companies are growing in popularity. We've been tracking this, and are exploring the need for best practice principles to protect consumers that enter these arrangements.

We regularly receive complaints about certain car traders. We did some analysis about the connections between different traders to better inform our complaints to regulators and will build on this to expose trends that circumvent the law. After a glut of complaints received through the legal practice about car traders operating from Plunkett Road in Dandenong, a detailed internal investigation resulted in submission of a complaint to the Australian Securities and Investments Commission and Consumer Affairs Victoria in June 2013. We've also responded to complaints about extended warranties frequently sold with vehicles. We've had a close look at some in particular, so that we can inform consumers and make complaints about unfair terms. In some instances, it's our assessment that extended warranties provide no further consumer protection than exists under the consumer guarantees of the Australian Consumer Law.

Funeral insurance emerged as a problem product, so we opened up a dialogue with a number of consumer stakeholders to identify options for improving this product and to improve consumer protections.

Another example of unfair contract terms emerged with retirement village accommodation. Consumer Action brings a general consumer rights focus to issues in retirement villages, and engages the industry, regulators and government. Making a complaint on behalf of an anonymous informant and responding to queries of residents enabled us to build awareness of the consumer issues in the retirement housing sector. We continue our involvement through the roundtable established by Consumer Affairs Victoria, and our work with other consumer advocates gives us confidence we can achieve positive reform in this sector.

#### Culture

How we work: While we take the opportunity to advocate for what we believe is right, we also need to learn about the challenges faced by others and consider alternative solutions. We believe in listening to our allies and our opponents, so we make sure we participate in a broad range of consultative fora with industry, government and the community sector.

Our outcomes for consumers, and the ever growing output by the policy and campaigns team, is supported, as ever, by the passion, commitment and hard work of all staff across Consumer Action. We will be a strong voice for consumers in the year ahead, and thank our colleagues, partners and funders for their support, advice and goodwill that make it all possible.

Denise Boyd

Director—Policy & Campaigns

- Submission to Victorian Government's consultation paper, Domestic Building Consumer Protection
  Framework
- Submission to Senate Legal and Constitutional Affairs Committee on the *Privacy Amendment* (Enhancing Privacy Protection) Bill 2012
- Submission to House Standing Committee on Social Policy and Legal Affairs on the Privacy Amendment (Enhancing Privacy Protection) Bill 2012
- Endorsed submission from Australian Securities and Investments Commission (ASIC) Consumer Advocacy Panel to Treasury consultation on Richard St John report on financial services compensation
- Submission in response to Commonwealth discussion paper Scope to Reform Australian Contract Law
- Submission to Federal Treasury on the Unit Pricing Post-Implementation Review
- Submission to the House Standing Committee on Social Policy and Legal Affairs's Do Not Knock Register Bill 2012 Inquiry
- Joint submission with Consumer Credit Legal Centre NSW to Senate Education, Employment and Workplace Relations committee inquiry on the adequacy of jobseeker allowances and other matters
- Submission to Australian Securities and Investment Commission Consultation Paper 178, Advertising credit products and credit services: Additional good practice guidance
- Submission to Essential Services Commission on its Water Desalination Over-charging Issues
   Paper
- Submission to Allens Consulting on Draft Framework for Review of Legal Assistance Services
- Joint submission to Federal Treasury on Intra-fund Superannuation Account Consolidation Exposure Draft Legislation
- Submission to Federal Treasury on Key Fact Sheets for Home Building and Contents Insurance Policies
- Submission to Federal Treasury in response to draft regulations to support the *Consumer Credit Enhancements Bill 2012*, regarding provisions on payday loans and consumer leases
- Submission to Federal Treasury on its discussion paper, Termination Fees in Consumer Leases
- Submission to the Senate Select Committee on Electricity Pricing
- Joint submission to the Essential Services Commission on Water Retailers' debt management powers
- Submission to Attorney-General's department on proposed regulations under the *Privacy Amendment (Enhancing Privacy Protections) Bill* (credit reporting)
- Submission to Australian Competition and Consumer Commission supporting draft determination to allow fee free ATMs in selected very remote Indigenous communities
- Submission to Advanced Ministerial Infrastructure Ministerial Advisory Council on a flexible pricing information portal
- Submission to Australian Energy Market Commission's Power of Choice Review, Draft Determination
- Submission to Australian Energy Market Commission on its Draft Rule Change on Economic Regulation of Networks
- Supplementary Submission to Senate Select Committee on Electricity Pricing
- Submission to Federal Treasury on redrafted the National Consumer Credit Protection Act 2009 regulation 28S concerning the proposed Protected Income Amount for small amount credit contracts
- Submission to Consumer Affairs Victoria discussion paper on definition of 'terms contract' in the Sale of Land Act 1962
- Submission to Standing Council on Energy & Resources on Limited Merits Review of Energy Regulatory Determination
- Submission to Federal Treasury on its discussion paper, Disclosure and Early Termination Fees in Consumer Leases

- Joint consumer submission to Australian Securities and Investments Commission, Consultation Paper 191: Future of Financial Advice: Approval of codes of conduct for exemption from opt-in requirement
- Submission to Consumer Affairs Victoria, Review of Section 32 of the Sale of Land Act 1962
- Submission to Federal Treasury on proposed exemption of restaurants from single pricing laws
- Submission to Victorian Government on the Final Taxi Inquiry Report
- Submission to Essential Services Commission, Water Price Review 2013-2018, metropolitan business water plans
- Submission to Federal Treasury on draft forms 11, 12 and 18 under the *National Consumer Credit* Protection Act 2009
- Submission to the Standing Council on Energy and Resources on its Consultation Regulatory Impact Statement on the framework for limited merits review of decision-making in electricity and gas regulation
- Submission to the Essential Services Commission Consultation Paper, Harmonisation of Energy Retail Codes and Guidelines with the National Energy
- Submission to Australian Media and Communications Authority on the consumer charges for 1800 and 1300 numbers
- Joint submission with Financial Counselling Australia and Consumer Credit Legal Service WA to Australian Securities and Investments Commission, Consultation Paper, Review of the effectiveness of an online database for small amount lenders
- Submission to Independent Review of Centrepay
- Submission to Federal Treasury in response to exposure draft of National Consumer Credit Protection Amendment (Credit Reform Phase 2) Bill 2012
- Submission in response to Federal Treasury discussion paper, Further Regulation of Consumer Leases
- Submission to Federal Treasury on its discussion paper, The exemption for retailers from the National Consumer Credit Protection Act 2009
- Submission to Federal Attorney-General's Department on its consultation, *Draft Evaluation Framework* for National Partnership Agreement (legal assistance services) Review
- Additional submission to the Essential Services Commission on the Water Price Review in response to Melbourne Water's additional submission
- Submission to Standing Council on Energy & Resources on Amendments to the Consumer Advocacy Panel Regulations
- Joint submission with Consumer Credit Legal Service NSW on review of the Mutual Banking Code of Practice
- Joint submission with Consumer Credit Legal Centre NSW in response to a Federal Treasury discussion paper, Disclosure Requirements under the National Consumer Credit Protection Act 2009
- Joint submission to Australian Credit Reporting Association, Review of the Credit Reporting Code of Conduct
- Joint submission to the Essential Services Commission, Water Price Review 2013 draft decision
- Submission to Australian Prudential Regulation Authority on its consultation paper, Regulation of Debenture Companies and Representations about Banking
- Joint submission with Insurance Law Service and Legal Aid NSW to Exposure Draft Insurance Contracts
   Amendment Unfair Terms Bill and explanatory memorandum
- Submission to Commonwealth Consumer Affairs Advisory Council, Review of Industry Dispute Resolution Benchmarks
- Submission to Commonwealth Consumer Affairs Advisory Council, Inquiry into Credit Card Surcharges and Non-transparent Transaction Costs

# Representatives for Standards Australia Report

#### Standards protect Australians at home, at play and at work

Australian consumers can be confident that the products and systems they use are safe and reliable where they are subject to an objective, rigorous set of standards

The Consumer Representation on Standards
Australia Committees Project recruits and supports
suitable consumer representatives on Standards
Australia technical committees, which develop
internationally aligned Standards that make a
positive contribution to Australia. In recognition
of the importance of promoting consumer
involvement in standardisation, Standards
Australia provides an annual grant to facilitate
participation by Consumer Federation of Australia
(CFA) representatives on Standards Australia
committees. This project is administered and
managed through the Consumer Action Law
Centre.

The Standards set out the specifications and design procedures to help ensure goods and services consistently perform in the way they were intended. They establish a common language which defines quality and safety criteria.

The volunteer consumer representatives give generously of their time and expertise in participating in domestic and international committees developing the standards that help protect Australians at home, at play and at work. Consumer representatives put forward end-user and public interest perspectives when standards are being developed or reviewed; and bring their own expertise to the committee, which is equally as important as that brought by representatives of industry, government, testing organisations or other stakeholders.

In 2012-13, more that 30 representatives were active on over 50 committees that cover everything from consumer products and services, information technology, to energy and water utilities, the environment and much more.



consumers can be confident that the products and systems they use are safe and reliable where they are subject to a rigorous set of standards

Consumers were represented on Standards Australia Technical Committees in the following sectors:

- Agriculture, forestry, fishing and food
- Manufacturing and processing
- Building and construction; Energy
- Water and waste services
- Transport and logistics
- Health and community services
- Consumer products services and safety
- Communications, information technology and e-commerce services
- Public safety;
- Business and management and public administration.

I would like to pay tribute to all the volunteer CFA representatives for their generosity of time, diligence and hard work during the year, which contributed to the development of Australian Standards that make the world a safer place.

Regina Godfredson Standards Coordinator

# Outreach Report



The Consumer Action Outreach Program is part of the core business of the Centre. Our training program focuses on building the capacity of front-line community workers, including financial counsellors and lawyers, to identify and respond to consumer issues. In this way we hope to maximise the reach of our expertise to the community's most disadvantaged consumers.

Significantly, in January 2013 the Consumer Action Law Centre and the peak body for financial counsellors, the Financial and Consumer Rights Council (FCRC) entered into a memorandum of understanding which formalised they way in which the two organisations work to deliver training to financial counsellors. In summary, it was agreed that FCRC will define the training needs of the sector and coordinate the scheduling of training while Consumer Action Law Centre will use its training and legal expertise to deliver the required learning outcomes. The arrangement has proved to be successful and we anticipate it will form the basis of our training financial counsellors in Victoria in the future.



#### Outcomes

This year, our small team of lawyers provided a significant amount of training. For the 2012/13 financial year, our training and outreach project delivered a total of 45 hours of training across 24 sessions to approximately 700 attendees, most of whom were community workers. This training was delivered in regional and metropolitan areas as well as to prospective financial counsellors undertaking a Diploma of Community Services (Financial Counselling) at Victoria University.

In addition, between June 2012 and May 2013, the Keeping the Food on the Table project (discussed in the Legal Practice report) delivered a total of 39 hours of training across 26 sessions to a total of 287 workers from 29 CLCs.

Feedback from attendees was overwhelmingly positive. Training was delivered in relation to a range of topics including:

- Changes and recent developments in Consumer Credit legislation
- Introduction to Home Repossessions and Joint Debt
- Protecting income and assets of low income clients
- Consumer advocacy: practical campaigning for change
- How to recognise a consumer credit contract
- Debt enforcement & Collection
- Relationship debt
- Options available to debtors at each stage of enforcement
- Credit Disputes in External Dispute Resolution
- Overview on the Australian Consumer Law with emphasis on Debt Collection
- The Australian Consumer Law and Retirement villages
- Consumer Law-101
- Consumer Disputes: tools for self-advocacy

# Continuing and Professional Development

Consumer Action's solicitors are required to undertake continuing education as part of our professional requirements under the *Legal Profession Act 2004* (Vic). The focus of Consumer Action's continuing professional development (CPD), however, is not just to ensure that our professional requirements are fulfilled; the CPD program ensures that Consumer Action staff continue to be experts in the field of consumer law.

Internal CPD programs act to bring new ideas into the centre and ensure that knowledge is shared amongst the legal practice, policy practice and financial counsellors. Staff with expertise in a specific practice area were able to share their knowledge with the team. The program included training in insurance law and a session on the recent amendments to the *National Consumer Credit Protection Act 2009*, both delivered by David Leermakers. The biannual updates in consumer law and consumer credit law delivered by our solicitors were also key to maintaining our high standards and expertise.

A number of guest speakers enriched the program by volunteering their time to come and deliver professional development at Consumer Action. Caroline Sparke SC conducted a fascinating session on the law of Power of Attorney, Guardianship and Administrators. With a number of Consumer Action clients experiencing cognitive disabilities, the information from that session has been incredibly helpful. Consumer Law guru Steven Corones took the legal practice through some of the more technical issues that have arisen in the operation of the *Australian Consumer Law*. And Dick Viney presented an insightful session on the financial services industry.

With a significant amount of change in the consumer energy space over the past year, a focus of internal CPD over the past financial year was on energy reform. Mark Travill, Community Liason Manager at Department of Primary Industries, conducted a session on Smart Meters which greatly informed our legal and policy work. We also had a fantastic presentation from Gerard Brody, then Director of Policy and Campaigns,



on the consumer energy market in Victoria. Also informing our casework in relation to clients with unmanageable power bills was a presentation from the staff at Kildonan Uniting Care on the *Home Energy Saver Scheme*.

The staff at Consumer Action took advantage of a number of external CPD opportunities to further their skills both as lawyers and as community sector workers. Sally Sudweeks' presentation on understanding Bridges out of Poverty was notable as was the annual Federation of Community Legal Centres' CPD day. The Federation CPD day is a cornerstone of the CPD calendar for community legal centre solicitors and the 2013 day was widely considered to be one of the most interesting and stimulating of recent years. Highlights included the seminar and workshop on vicarious trauma and a workshop on ethics for community lawyers. The ethics session was particularly noteworthy because of a focus on the unique ethical considerations that community sector solicitors face.

The coming year will bring a number of challenges for the CPD program with the foreshadowed amendments to the credit reporting regime and the switch to flexible energy pricing.

Consumer Action wishes to thank the following people for generously sharing their time and knowledge as part of the program: Steven Corones, Caroline Sparke, Jane Barker and the HESS workers at Kildonan, Dick Viney, Ralph Haller-Trost, Rochelle Riley and Mark Travill.

# Working for Change

Consumer Action is committed to ensuring that those consumers who contact our service get the best assistance they can to resolve their problems.

Law, financial counselling and activism are a powerful combination. Outcomes are informed and driven by the consumer experience, and Consumer Action has a unique combination of lawyers, financial counsellors, policy experts and campaigners. We work together to identify and pursue the changes we need to protect the interests of low-income and vulnerable consumers in a market economy.

Of course, there are a multitude of issues on which we could work, and there are other organisations who also work to improve outcomes for consumers across the socio-economic spectrum. Much of our work is done with like minded partners and allies. We are prepared to work with any organisation, agency or business that wants to protect, improve and enhance consumer interests, with a special focus, for us, on the most vulnerable in our society. Our policy framework gives us a structure within which to focus our efforts.

and to inform our decisions about which issues give us the opportunity to make a meaningful contribution.

We ensure the consumer interest is recognised and represented in policy debates that impact on the consumer interest by providing an effective and credible voice for consumers, particularly disadvantaged and vulnerable consumers. in media and other forums. This can be achieved by advocating for legislative and regulatory change, working with business to adopt consumer-friendly policies and practices, and shining a spotlight on problem areas through traditional and new media channels. We look for opportunities to lift consumer awareness of the issues that affect them and their rights under the Australian Consumer Law, and to develop strategic partnerships and alliances, often looking beyond "traditional" stakeholders. We are committed to a strong and effective consumer movement



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and building capacity for advocates across the country, learning from other sectors and from international best practice.

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When deciding on issues to dedicate campaign effort to, we look for issues that have the potential for significant impact on disadvantaged and vulnerable consumers, and may indeed impact on consumers as a whole, for example where there is a market failure or lack of competition. Issues that are grounded in our casework experience provide a solid and authentic basis for change. When our skills, partnerships, casework and program of work align with an external opportunity to deliver change, for example through a media focus or parliamentary process, we embrace the chance to make a difference.

#### 2.1 ACTION CENTRE: Consumer protection and competition

Consumer Action's caseworkers frequently deal with complaints about fair trading. These issues commonly arise in relation to in-home sales (such as for education software), the purchase of motor vehicles, electrical and white goods, and services provided by trades people. Even those who think of themselves as savvy can be vulnerable to the most unfair or exploitative trading models, such as high pressures sales or unsolicited marketing. The complaints we receive invariably allege breaches of the consumer guarantee, unfair contract terms

and misleading and unconscionable conduct provisions of the Australian Consumer Law.

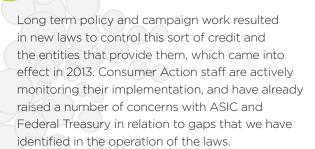
#### From casework to campaigning: what we've done

- Regular meetings with enforcement officials at Consumer Affairs Victoria providing an opportunity to inform the regulator about practices of concern to the centre.
- Lodged complaints with regulators and helped consumers seek compensation for shoddy goods.
- Attended meetings of the ACCC Consumer Consultative Committee, ASIC Consumer Advisory Panel, and CAV Working Together Forum.
- Attended meetings of the Commonwealth Consumer Affairs Advisory Council.
- Contributed to changes in policy that further the consumer interest, such as a proposal to overhaul the Building Commission.
- Made a number of submissions to Government on general consumer protection issues - a full list can be found appended to the Policy and Campaigns report.

#### 2.2 ACTION CENTRE: Consumer credit and financial services

High cost credit in the form of payday loans and consumer leases form a significant amount of the Centre's casework. Incredibly, Centrelink recipients and other low income earners can be lured into dozens of these loans over a one or two year period.

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The legal practice identified a number of systemic issues involving lease companies who rent white goods and other basic household items to consumers. We are particularly concerned that these companies use Centrepay to ensure that their clients meet their regular payments under the contracts. Their marketing regularly uses headline claims focusing on weekly repayment amounts, without giving equal prominence to the minimum cost of the contract, which is likely to give a false impression of the product's cost. Very low income or vulnerable people enter into lease contracts and pay thousands of dollars under the contract without any guarantee that they will be entitled to own the goods at the end. To add to the unfairness, they will have paid significantly more than market value for the product over the term of the contract, and even more than a high cost credit card.

Financial inclusion is not only about access to financial services, but protection from exploitative products that are inappropriate to consumers' needs. We have lodged numerous complaints with the regulators on behalf of our clients and have been assisting people to get out of contracts they signed without understanding what they were agreeing to.

#### Case Study

#### CONSUMER LEASES

Mavis doesn't work, and is on a pension. She's had a hard life, with a history of mental illness and substance abuse. In mid 2012, she signed up to an agreement with a high street leasing company for a television. Under the terms of the agreement, she was to make fortnightly payments of \$60 over 36 months, a total of over \$4,500. At the end of the 'lease term' Mavis

would have the option of either returning the TV to the company, making an offer to buy the TV, or paying an 'Optional Payment to Keep' amount.

Under the 'Optional Payment to Keep', Mavis would be appointed as an 'agent' to sell the TV to any person at the price of their choosing providing the sum of \$1 was paid to the company. We thought that this might be an attempt to subvert the National Credit Code by not expressly providing for a 'hire purchase' arrangement. On the 'Consumer Lease Schedule' which was later provided to the client, the 'Optional Payment to Keep' was listed as \$119.90.

Mavis got her TV and paid over \$400 in instalments. When she realised she couldn't afford it, she decided to terminate the lease, had the TV collected and stopped payments. Mavis then asked Consumer Action for help, because she thought she'd been unfairly treated. We agreed, and after some to and from correspondence, by January, Mavis got her money back.

Mavis alleged that the company had made no assessment of her income prior to approving her application, and the contract they offered her breached several provisions of the National Credit Code and the Australian Consumer Law. Not only that, the company used Centrepay (see page 38 for details) to ensure they got their payments.

#### **Payday Lending**

As noted in the legal practice report, we've assisted a number of consumers with disputes with payday lenders.

We fear that, despite the Government's new regulations, vulnerable Australians will continue to be led into dangerous debt spirals by payday loans, and that borrowers will continue to be billed very high charges for short term loans.

Our financial counselling service and legal team offer support to Victorians struggling to deal with their payday loans and we'll continue to hold lenders to account. The payday lending industry

# ...then asked Consumer Action for help, because she thought she'd been unfairly treated

has spoken of itself in very high regard over the last year, with talk of responsible lending and helping Australians with short term cash flow issues—we're going to make sure they live up to the standards they claim to hold.

#### From casework to campaigning: what we've done

- Campaigned for effective regulation of harmful payday lending - while this has had some partial success, there is more to be done
- Campaigned for reform in the provision of high cost credit to consumers excluded from mainstream finance, with a key focus on the use of Centrepay, as well as exposing the failure to disclose the true costs

#### 2.3 ACTION CENTRE: Essential Services

Energy and water bills keep going up, and the complexity of the billing system in our increasingly deregulated essential services markets can make it almost impossible to work out what product is right for you, or what your entitlements might be. This is especially difficult for low income and vulnerable consumers, many of whom may be entitled to concessions to ease the burden but have no idea how to claim them or who to talk to if there's a problem.

#### Case Study

#### PAYING THE BILL FOR ESSENTIAL SERVICES

Ann lives in public housing, is on a disability support pension due to severe illness, has no assets and is of limited literacy. She is on a hardship payment program with her gas provider, but in 2011 was concerned that she had not been receiving concession entitlements on her gas bill since moving into the house in 1997. Consumer Action contacted the gas provider so that we could look at her gas bills. Except for an error on one bill during that period, the concession entitlements had been paid, but Ann hadn't been told any of this. To resolve

the complaint, the gas provider put a credit of almost \$400 on her account, and sent her a cheque for the same amount.

What we've found with cases like Ann's is that there can be a lack of transparency about concession entitlements in the bills people receive, and how utility providers communicate with their poorest customers about concession entitlements they may be eligible for. It can also be really hard for vulnerable consumers to work out how to sort out queries, complaints or disputes, when it should be easy and, in most cases, quick.

#### From casework to campaigning: what we've done

- Made submissions and met with advisers to the Standing Council on Energy & Resources and the Council of Australian Governments, which signed off on a new policy plan entitled "Putting Consumers First".
- Provided a submission to the Senate Select Inquiry into Electricity Prices
- Actively engaged in the roll out of smart meters in Victoria by participating in the Ministerial Advisory Committee on Advanced Metering Infrastructure,
- Provided input to issues such as the rollout of flexible prices and the extension of the derogation in the National Electricity Rules.
- Advocated for the Victorian Government to recommend the Australian Energy Market Commission extend the derogation ensuring consumer interests remain the focal point of the mandated rollout of smart meters.
- Hosted a workshop for 80 participants to discuss the findings of our report, A Policy Trilemma: Creating an Affordable, Secure and Sustainable Energy Market, which included speakers from the Australian Competition & Consumer Commission and Victorian Essential Services Commission
- Provided detailed submissions on energy matters, including the Australian Energy Market Commission's draft rule-change on economic regulation of networks; the

#### **CENTREPAY**

Consumer Action's lawyers provided legal support and advice to a regional community legal centre whose community was grappling with a household goods leasing company. Through this work and working with Financial Counselling Australia, we contributed to exposing the problem of rental companies using Centrepay. Centrepay is a free direct bill-paying service offered to customers receiving Centrelink payments. Through Centrepay, recipients can choose to pay bills by having a regular amount deducted from their Centrelink payments. Businesses or organisations offering specific goods or services, including those who rent household goods, can apply to be on the Centrepay register. If accepted, they can then

offer goods or services, and have regular payments deducted from an individual's Centrelink payment before it hits the recipient's bank account. This presents a real risk that there will be no money left for food or transport if too much goes out before the recipient collects their support. This can be a trigger for the very poor to seek additional financial support, such as payday loans, driving them into a downward spiral of debt from which they won't be able to recover.

Following media attention, the Federal government initiated an independent review of Centrepay providing an opportunity to reform the program so that it assists Centrelink recipients with their financial management.

Australian Energy Market Commission's draft report for its power of choice review; and matters being considered by the Advanced Metering Infrastructure Ministerial Advisory Council.

 Provided evidence at the public hearing for the Productivity Commission's inquiry into energy market regulation.

### 2.4 ACTION CENTRE: Financial inclusion and difficulty

Finding yourself in debt can be embarrassing and stressful. When your debt is "sold on" to debt collection agencies, the problem can get worsenumerous contacts by a debt collector can result in significant distress.

Consumer Action welcomed a Federal Court ruling in October 2012, which found debt collection agency ACM Group (and its predecessor Accounts Control Management Services) engaged in misleading and deceptive conduct as well as undue harassment and coercion. Since 2008, we've supported a number of clients being chased for money by ACM Group using debt collection tactics that we believed breached the consumer laws. The court ruling was the outcome of enforcement action by ASIC, after we had provided them with information on a number of cases where consumers have alleged misconduct by ACM Group and its predecessor. Our clients alleged an extensive list of illegal actions, such as:

- unfairly threatening bankruptcy over small debts:
- threatening legal action in circumstances where the debtor's income and assets were such that enforcement of a judgment debt would not be possible through courts;
- refusing to negotiate reasonable payment

- plans, including demanding large amounts before agreeing to instalments;
- not providing information about debts being sought, including breakdowns of how debts escalated with added fees and interest;
- inappropriately contacting employers and family members about personal debts; and
- threatening legal action when it had no plans of actually taking a matter to court

The Federal Court decision found that ACM Group rarely initiated proceedings, but routinely misled debtors about impending legal action. As a result of the legal action, ACM Group revised its debt collection procedures significantly. The Court also proposed injunctive relief, particularly to prevent ACM Group engaging in undue harassment or coercion.

We hope that this clear advice from the court will act as a warning to large companies like banks and telecommunications companies that routinely sell debts to external collectors. Firms that sell debts to external collectors must have adequate controls to ensure those collectors abide by the law, and if they don't, the firm should consider buying back the debt so that consumers can fairly resolve complaints and disputes with the original creditor.

This is one of many examples in which our advice (legal and financial counselling) and casework services integrate to ensure a broader, beneficial outcome for all consumers.

#### From casework to campaigning: what we've done

- \* Submitted complaints to regulators about the practices of "credit repair" agencies that purport to remove defaults and other listings from credit reports
- Published a case study report, the pursuit of

# Finding yourself in debt can be embarrassing and stressful. When your debt is 'sold on' to debt collection agencies, the problem gets worse

the impossible: consumer experience with external collection of retail energy debts

- \* Submitted complaints to regulators about the practices of debt collectors
- Participated on the advisory committee of nab's financial exclusion indicator research and provided feedback to their report.
- \* Participated on the reference group for good shepherd microfinance's debt deduct program.
- \* Maintained an active dialogue with other consumer advocates regarding our participation in a joint industry-consumer working group to establish a national debt repayment service, the first of its kind for australia.
- Participated in cav's financial counselling service model review and continue to work with cav to implement the model effectively.
- \* Engaged with the australian communications & media authority regarding 1800/13 numbers, and provided follow up data on financial hardship from clients accessing financial counsellors.

## 2.5 ACTION CENTRE: Effective consumer dispute resolution

When you find yourself with a dodgy or defective product, or have been charged for poor service, you should be entitled to some or all of your money back. That's relatively straightforward if you bought something in a store, or were served a bad meal by a bad tempered waiter. But what if the thing you bought was a car that turned out to be a lemon, or you got a "fine" from a private car parking company for an alleged breach of contract months in the past? If you've got plenty of money, then you can get a lawyer but many Australians can't afford to do that. Access to justice is something we should all have, so that's why we have dispute resolution forums that are intended to be affordable and accessible somewhere to take your complaint and have a fair hearing in a reasonable time frame. Depending on the problem you have, you might be able to do just that, but many consumers are finding it too

hard, and unless you have access to legal advice, you just can't get an outcome that seems fair and reasonable.

Case Study:

#### Going to VCAT #1

Consumer Action recently helped a client issue VCAT proceedings against Smithy's LPG and Automotive Services which had installed an LPG system into his car. Smithy's had made numerous representations regarding the quality of the system and our client Steven was assured that he'd be "amazed with outstanding performance" of the system. But after the installation his car began showing problems when running on LPG, including frequent and random stalling, ineffective acceleration and shaking when the engine was cold. Smithy's attempted to repair the car seven times before Steven unsuccessfully sought to have the LPG system removed at which time VCAT proceedings were lodged. Our client contacted us for help when he'd failed to get the company that installed the LPG system in his car to make it work properly and then, when it couldn't be fixed, remove it. The legal practice assisted him with his claim, and he successfully argued that the mechanic had breached the consumer guarantee provisions by installing a defective LPG system into his vehicle. However. Steven's experience illustrates how difficult it can be for a consumer to have a dispute resolved. He had returned the car to the trader seven times in four months, yet at the first VCAT hearing the parties were sent away to negotiate, and the trader was given the opportunity to try to repair the vehicle again. The trader didn't repair the vehicle and our client then had to attend a second VCAT hearing, where he finally obtained an order in his favour. All this time he had a faulty vehicle, but the burden of proof fell on him, not the trader.

#### Case Study:

#### Going to VCAT #2

Bruce bought a 4WD in June 2011 with money he received as part of his inheritance following the death of his father. From day one, Bruce noticed a number of defects with the vehicle, which the car yard he bought it from agreed to repair. Because Bruce was a 4WD enthusiast, he discovered all the defects promptly and otherwise kept the vehicle in excellent condition. He took the vehicle back to them four times between August and November 2011. Each time, either the defects weren't fixed, or there were new problems. Eventually in February 2012, he asked a mechanic to assess all defects in the vehicle and provide an expert report and quote for repairs. He then contacted the car yard and asked them to pay the quoted figure of \$5,644 to get the repairs fixed by the mechanic. The car yard said no. Bruce decided enough was enough, so he decided to take them to VCAT, claiming they had breached several sections of the Australian Consumer Law (ACL) including that the car was not of acceptable quality, the car did not correspond to its description and the services in repairing the car were not rendered with due care and skill. In July 2012, Bruce found out that the company was closing its yard. Worried that they might be about to deregister, he amended the VCAT application and statement of claim to include the company's director, Mr X, as a second respondent. Mr X decided to negotiate, so Bruce received \$8000 in return for him withdrawing the VCAT application.

While Bruce finally ended up with a good outcome, he had a defective car for over a year and had to navigate his way through a complex, time consuming process to get his money back. He'd been sold a lemon, but the burden of proof was on him to get expert evidence that the car was defective. We think that if you buy a car, it should "do what it says on the label" i.e. it should

be safe to drive and not break down or have bits fall off within minutes of leaving the car yard.

The experiences of Steven and Bruce, and those of many like them, show why it's difficult to resolve vehicle disputes efficiently and effectively. A car is a significant purchase for any family, and is a major tool for social and economic inclusion. Victorians, particularly the disadvantaged and vulnerable, need a fit for purpose dispute resolution forum where there is sufficient expertise to deal with motor vehicle disputes quickly and affordably.

For some, even the cost of taking your complaint to the tribunal can be too high if you are on a low income. In 2013, application fees for civil claims at VCAT increased substantially. We went public with our concerns in the media, including through an opinion article published in the Herald-Sun, and worked with other organisations concerned with the fee increases. After raising these concerns, the Government did not go ahead with increasing fees when the value of the claim was less than \$500. We are also investigating the causes of recent fee waiver rejections for applicants experiencing financial hardship. These may be indicative of a policy change that is disadvantageous to low income and vulnerable consumers, and impacts significantly on their rights to proper redress through the tribunal.

#### From casework to campaigning: what we've done

- Engagement and dialogue with the Financial Ombudsman Service through its consumer advisory group, the Public Transport Industry Ombudsman through the Stakeholder Reference Group, and participation in a working group of the Telecommunications Industry Ombudsman on financial hardship.
- Provided a submission to the Commonwealth Consumer Affairs Advisory Council on its review of the benchmarks for industry-based external dispute services.
- Provided a substantial submission on the draft regulations to increase fees for consumers to take disputes to the Victorian Civil & Administrative Tribunal

# Volunteers Report



# Consumer Action was delighted to have 25 enthusiastic volunteers take part in Consumer Action's volunteer program this year.

As ever, we've been impressed with the skills and abilities our vollies bring to work at Consumer Action. Whilst many of our volunteers are law students or recent graduates sharpening their skills before entering the workforce, we also have people entering the law as a later career choice, meaning they bring a wealth of experience and expertise from their past professional lives.

It is the variety of work that makes Consumer Action such a fantastic experience for many volunteers. On any given day, a volunteer might attend court and report back to the practice on the outcomes of an important hearing, painstakingly check documents and contracts, assist with client interviews, or research a point of law to help our lawyers. Being able to rely on volunteers who provide high quality assistance means our lawyers can help more consumers in need, and ensure our policy team can work effectively to address systemic issues affecting our clients.

As in past years, we have had the pleasure of hosting a number of interns and practical legal training programs from Leo Cussens, the College of Law, Melbourne University (summer and winter internships) and La Trobe University (Public Interest Law internship).

It is always with mixed feelings that we say goodbye when a volunteer lands a spot in a regulator graduate program, a job in private practice, or a role with another community legal centre. An important goal of Consumer Action's volunteer program is build understanding of the specific needs of our clients, and get bright legal minds focused on how they can help defend and improve their rights. We know that our volunteers move ahead in their legal career with a sound understanding of what disadvantage is, and in many cases, a passion for ensuring the rights of disadvantaged and vulnerable consumers are upheld and respected.

Once again, a big thank you to all our hard working volunteers - your contribution to Consumer Action's work is truly appreciated.

Michael Hermitage and Sarah Wilson Volunteer Coordinators

Volunteering at Consumer Action – Michael Dorman

## Consumer Action was delighted to have 25 enthusiastic volunteers take part in Consumer Action's volunteer program this year.

Volunteering at the Consumer Action Law Centre has provided me an opportunity to develop my professional skills in a highly enjoyable environment. The type of work that I have perform at Consumer Action on a weekly basis is highly diverse, ranging from the research of highly complex legal problems, analysing contemporary public policy issues and writing letters of demand and pleadings. The common theme with this work, however, is that it is all of it advances the interests of Consumer Action's clients. As a volunteer, you are given real responsibility and you can see the real importance of your work.

One of the best parts about volunteering at Consumer Action is working closely with its numerous solicitors and policy staff. The solicitors and policy staff are very friendly and always happy to answer questions be that about the work you are doing, careers or anything else. In working closely with Consumer Action's staff, I have been greatly assisted by the continuous feedback that they have provided about my work. As a university student, the opportunity to receive this sort of feedback in a professional environment is invaluable.

The most rewarding part about volunteering at Consumer Action, however, is knowing that you are actually making a difference to people's lives. The clients that Consumer Action works with are often amongst the most vulnerable in society. For these people the type of results that Consumer Action achieves every day - getting a car dealer to fix a poor quality car, stopping debt collectors from harassing an individual and getting a financial institution to genuinely consider a person's financial hardship - makes a real difference. Come home time, it is extremely satisfying know that you have spent your day as part of this, helping to improve the lives of our most vulnerable.

### A big thank you to our hardworking volunteers of 2012-2013:

Alana Bayliss
Andrea Samardzija
Caroline Mayer
Christie Dunn
Daniel Hamilton
Daniel Opare
Emily Evans
Fiona Newton
Jay Lewis

Jon Risby
Kate Sandford
Kit Malone
Melanie Flower
Michael Dorman
Mini Chandramouli
Nick Galle
Patrick McGlynn
Pietro Nacion

Ryan Doll
Safiye Tasgin
Sarah Rennie
Shane Robertson
Stefanie Darby
Tom Trotman
Tori Cumner
Vim Srinivasan





#### INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

INCOME	Note	2013	2012
Core Grants - VLA State		813,259	808,033
Core Grants - VLA Commonwealth		146,060	143,476
Core Grants - Consumer Affairs Victoria Non		552,986	666,108
Core Grants - Other Interest received		680,597	1,249,339
Consulting & Sitting Fees		39,849 24,933	49,638 36,532
Donations		5,987	30,332
Costs Recovered & retained		40,325	8,705
Refunds & Reimbursements		67,028	63,081
Set Up Funds		11,055	23,745
Set Up Funds - Money Help		44,142	95,524
Set Up Funds - Money Help - IT		1,572	32,959
SACS ERO - VLA		22,225	-
SACS ERO - Commonwealth		1,667	-
SACS ERO - CAV		20,577	-
Transfer to CALC - Money Help		88,710	88,710
Transfer to CALC - Other		45,371 67155	77,177
VLA excess surplus project		67,155 <b>2,673,498</b>	3,343,027
		2,073,498	3,343,027
EXPENDITURE			
Salaries		1,884,105	1,559,487
Superannuation Salary On Costs		185,503	158,097
Salary On Costs Rent		25,917 252,838	23,840 227,902
Repairs & maintenance		232,030	1,443
Occupancy		27,202	30,996
Staff Training		45,911	74,871
Staff Recruitment		1,719	1,760
Communications		34,001	53,527
Office Overheads		66,415	110,382
Insurance		2,496	1,109
Finance & Accounting		12,518	10,100
Library Resources & Subscriptions		17,064	24,779
Travel Costs		98,028	127,039 326,057
Programming & Planning Client Disbursements		293,585 1,818	8,563
Depreciation		47,599	41,985
Other		19,416	2,215
Money Help Surplus (Deficit)		(9,315)	-
VLA Surplus		(55,429)	152,109
		2,951,391	2,936,261
Profit (loss) before income tax		(277,893)	406,766
Income tax expense	2	-	-
Profit (loss) after income tax		(277,893)	406,766
Other comprehensive income:		-	-
Other comprehensive income for the year, net of tax		-	-
Total Comprehensive Income for the year		(277,893)	406,766
Retained Profits at the beginning of the financial year		959,864	553,098
Retained Profits at the end of the financial year		681,971	959,864

## Financial Report - continued

#### BALANCE SHEET AS AT 30 JUNE 2013

	Note	2013	2012
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	1,216,521	1,146,376
Trade and other receivables	4	186,273	431,165
TOTAL CURRENT ASSETS		1,402,794	1,577,541
NON-CURRENT ASSETS			
Property, plant & equipment	5	95,519	130,361
TOTAL NON-CURRENT ASSETS		95,519	130,361
TOTAL ASSETS		1,495,313	1,707,902
CURRENT LIABILITIES			
Trade and other payables	6	162,941	162,059
Provisions	7	588,076	530,609
TOTAL CURRENT LIABILITIES		751,017	692,668
NON-CURRENT LIABILITIES			
Provisions	7	62,325	55,370
TOTAL NON-CURRENT LIABILITIES		62,325	55,370
TOTAL LIABILITIES		813,342	748,038
NET ASSETS		681,971	959,864
EQUITY			
Retained profits		681,971	959,864
TOTAL EQUITY		681,971	959,864

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013			
		Retained Earnings	Total
		\$	\$
Balance at 1 July 2011		553,098	553,098
Profit attributable to the entity		406,766	406,766
Balance at 30 June 2012		959,864	959,864
Profit attributable to the entity		(277,893)	(277,893)
Balance at 30 June 2013		681,971	681,971
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED	30 JUNE :	2011	
	Note	2013	2012
	\$	\$	
CASH FLOWS FROM OPERATING ACTIVITIES		4 = 4 = 4 0	
Core grants		1,511,346	1,617,617
Non Core Grants		680,597	1,096,258
Receipts from customers & other sources		215,695	426,432
Payments to suppliers and employees		(2,367,586)	(2,798,404)
Interest received		39,849	49,638
Net Cash provided by operating activities	8	234,085	234,085
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property and equipment		(9,756)	(27,655)
Net Cash provided by (used in) investing activities		(9,756)	(27,655)
Net increase (decrease) in cash held		70,145	206,430
Cash at the beginning of the year		1,146,376	939,946
Cash at the end of the year		1,216,521	1,146,376

#### Financial Report - continued

#### Note 1: Statement of Significant Accounting Policies

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users who are dependent on its general purpose financial reports. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Corporations Act 2001.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

#### a. Cash and Cash wEquivalents

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

#### b. Income Tax

No provision for income tax has been raised, as the entity is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

#### c. Property, Plantand Equipment

Each class of property, plant and equipment is carried at cost or fair values as indicated, less, where applicable, accumulated depreciation and impairment losses.

Leasehold improvements and office equipment are carried at cost less, where applicable, any accumulated depreciation.

The depreciable amount of all property, plant and equipment is depreciated over the useful lives of the assets to the company commencing from the time the asset is held ready for use. Leasehold Improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

#### d. Employee Entitlements

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of estimated future cash outflows to be made for those benefits.

Provision is made for the entity's liability for long service leave when an employee reaches 5 years of employment with the company.

#### e. Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### f. Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is an indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expenses to the income statement.

#### g. Revenue

Revenue is brought to account when received and to the extent that it relates to the subsequent period it is disclosed as a liability.

#### **Grant Income**

Grant income received, other than for specific purposes, is brought to account for the period to which the grant relates.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

#### **Deferred Income**

Unspent grant income received in relation to specific projects and events is not brought to account as revenue in the current year but deferred as a liability in the financial statements until spent for the purpose received.

#### **Capital Grants**

Grant Income received relating to the purchase of capital items is shown as Unamortised Capital Grant and brought to account over the expected life of the asset in proportion to the related depreciation charge.

#### Interest Revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

#### **Donations**

Donation income is recognised when the entity obtains control over the funds which is generally at the time of receipt.

All revenue is stated net of the amount of goods and services tax (GST).

#### h. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is financial position. included with other receivables or payables in the statement of Page 9

#### i. Adoption of New and Revised Accounting Standards

During the current year the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

#### j. New Accounting standards for Application in Future Periods

The Australian Accounting Standards Board has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the company has decided not to early adopt. A discussion of those future requirements and their impact on the company is as follows:

a. AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137,139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors and AASB 1031: Materiality. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

b. AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [A ASBs 1, 7, 101 & 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

This Standard details numerous non-urgent but necessary changes to various Accounting Standards, including AASB 101 and AASB 108, arising from the IASB's annual improvements project. These changes are not expected to have a major impact on the presentation of the company's financial report. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements; and
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes.
- c. AASB 2010-5: Amendments to Australian Accounting Standards (October 2010) [AASBs 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1January 2011). However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including AASB 101 and AASB 107. However, these editorial amendments have no major impact on the requirements of the respective amendment pronouncements.

## Financial Report - continued

	2013 ¢	2012 \$
Note 2: Income Tax Expense	Ф	Ф
Prima facie tax payable on operating profitat 30% (2012 - 30%)	(83,368)	122,030
Less tax effect of:	(,,	,
- non-taxable member income arising from principle of mutuality	83,368	(122,030)
Income tax expense	-	-
Note 3: Cash and cash equivalents		
Cash on hand	170	163
Cash at bank	902,478	849,893
Cash on Deposit	313,873	296,320
	1,216,521	1,146,376
Note 4: Trade and other receivables		
Accounts Receivable	183,481	139,793
Accrued Income	1,717	284,854
Prepayments	1,075	6,518
	186,273	431,165
Note 5: Property, plant & equipment		
Leasehold Improvements - at cost	197,689	190,484
Less: Accumulated depreciation	(159,254)	(126,001)
	38,435	64,483
Computer Equipment - at cost	53,654	52,015
Less: Accumulated depreciation	(50,332)	(43,787)
·	3,322	8,228
Telephone System - at cost	66,120	66,120
Less: Accumulated depreciation	(20,336)	(13,724)
Less. Accumulated depreciation	45,784	52,396
Office Considerable at 1994	7150	7150
Office Equipment - at cost	3,150	3,150
Less: Accumulated depreciation	(1,733) 1,417	(1,103)
	_	
Office Furniture - at cost	5,930	5,017
Less: Accumulated depreciation	(2,369)	(1,810)
	3,561	3,207
Total Property, plant & equipment	92,519	130,361

Note & Trade and other navables		
Note 6: Trade and other payables  Trade Creditors and accruals	100 210	90.964
	100,219	89,864
BAS Payable	62,722	72,195
	<u>162,941</u>	162,059
Note 7: Provisions		
CURRENT		
Provision for annual leave	125,791	104,273
VLA Grants in advance	101,944	224,528
CALC Set up Funds	-	11,055
Money Help Set Up Funds	40,024	84,166
Money Help Surplus	17,812	37,173
Money received in advance - Others	221,401	-
Money received in advance - VLA	12,788	30,233
CALC Surplus	35,453	24,161
Standards Plus Surplus	19,417	15,020
IT - Money Help Set Up Funds	13,446	530,609
NON-CURRENT		
Provision for Long Service Leave	62,325	55,370
Note 8: Reconciliation of Cash Flow from		
Operations with Profit from Ordinary		
Activities after Income Tax		
Profit after income tax	(277,893)	406,766
Cash flows excluded from operating profit attributable to operating activities; Non-cash flows in profit		
- Depreciation	47,599	41,985
Changes in assets and liabilities;	,	,
- (Increase)/decrease in trade and other debtors	244,892	(315,016)
- Increase/(decrease) in trade and other payables	891	44,164
- Increase/(decrease) in provisions	64,422	56,186
	79,901	234,085
Net cash provided by Operating Activities	79,901	234,063

#### Note 9: Company Details

The registered office of the company is:

Consumer Action Law Centre, Level 7, 459 Little Collins Street, Melbourne VIC 3000.

#### Note 10: Member's Guarantee

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$50 each towards meeting any outstandings and obligations of the entity. At 30 June 2013 the number of members was 6.

#### **Note 11: Comparative Figures**

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

#### Note 12: Capital Expenditure

Capital expenditure incurred during the current financial year for VLA amounts to \$9,756.

#### Note 13: ERO Expenditure

ERO expenditure amounting to \$21,399 is included in salary expenditure and \$2,235 is included in superannuation expenditure.

#### CONSUMER ACTION LAW CENTRE LIMITED ABN 37 120 056 484

#### INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CONSUMER ACTION LAW CENTRE LIMITED

#### Report on the Financial Report

We have audited the accompanying financial report of Consumer Action Law Centre Ltd, (the company), which comprises the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising significant accounting policies and other explanatory information and the directors' declaration.

Director's Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Auditing Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conduct our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 directors, as well as evaluating the overall presentation of the financial report.

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

#### Independence

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

#### Auditor's Opinion

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

- giving true and fair view of the company's financial position as at 30 June 2013 and of it's performance for the year ended on that date; and
- complying with the Australian Accounting Standards Reduced Disclosure Requirements and the Corporations Regulations 2001

Sean Denham

Sean Denham & Associates

Dated:

Suite 1, 707 Mt Alexander Road, Moonee Ponds Vic 3039

#### CONSUMER ACTION LAW CENTRE LIMITED ABN 37 120 056 484

#### DIRECTORS' DECLARATION

The directors of the company declare that:

- 1. The financial statements and notes, as set out on pages 1 to 13 are in accordance with the Corporations Act 2001 and:
  - (a) comply with Australian Accounting Standards; and
  - (b) give a true and fair view of the financial position as at 30 June 2013 and of its performance for the year then ended on that date of the entity.
- 2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director
Dated: 14 10.13

R. Hurter

Director

# Acknowledgements

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

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