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“Consumer Action has managed to combine the strengths of the two original centres – and through additional resources and efficiencies, can achieve more for individual consumers, and for the broader consumer interest.”

Chairperson's Report

I am privileged to have been the first Chair of the Board of the Consumer Action Law Centre.

Consumer Action was the result of a merger between the Consumer Law Centre Victoria (CLCV) and the Consumer Credit Legal Service (CCLS) - having over 30 years combined experience in consumer advocacy and casework.

The initial Consumer Action Board was comprised of representatives of the CLCV Board and the CCLS Committee, so all Board members were involved in the merger process well before Consumer Action was "born".

Consumer Action was formally launched in October 2006 by the Hon. Marsha Thomson, the (then) Victorian Minister for Consumer Affairs and Tony Parsons, Director of Victoria Legal Aid.

The task accepted by Board members and staff of the original centres as well as the new Consumer Action, was a significant one. While the two centres already shared similar values, a venture of this nature requires continuing cooperation and ongoing attention to detail - while keeping a focus on the "big picture".

Consumer Action has managed to combine the strengths of the two original centres - and through additional resources and efficiencies, can achieve more for individual consumers, and for the broader consumer interest.

I would like to sincerely thank Victoria Legal Aid and Consumer Affairs Victoria for their vision and commitment to the Centre.

Finally I would like to thank the members of the CLCV Board, the CCLS committee, my colleagues on the Consumer Action Board and our staff.

Paula O'Brien

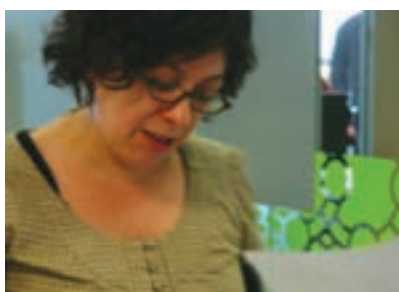
CEOs Report



In our first year of operation Consumer Action has sought to build on the significant strengths of the Consumer Law Centre of Victoria and Consumer Credit Legal Service, whilst clearly establishing its own identity and approach. We have been particularly keen to ensure that the links between our casework and policy are very strong. An emphasis on each member of the Centre's role in furthering campaigns – whether through casework, outreach or more traditional policy advocacy – has helped us to do this.

We have also sought to employ some of the advice we commonly give to regulators, policy makers and governments in our approach to our own work. We look to use the right tool for the right job, we don't automatically give preference to one tool over another and we seek to be flexible and open minded in how we approach problems.

The year was in many ways also a watershed year for consumer policy with the commencement of the Productivity Commission inquiry into Australia's consumer policy framework in December 2006. Consumer policy has not been the subject of such a comprehensive review since introduction of the *Trade Practices Act* in 1974. In our view, whilst elements of the framework function very well, consumer policy has suffered from the lack of an overarching framework and commonly understood role and objectives.





We could not make this report without pausing to note the great personal flexibility and balance that our CEO job share provides.



We have seen the lasting impact a comprehensive and joined-up approach can have when we look at the success with which National Competition Policy has been implemented, in particular in the last decade. Consumer policy, which is critically related to competition, would benefit from similar attention. Therefore Consumer Action has spent significant time considering approaches that can best deliver effective markets for consumers – markets that are competitive, fair and sustainable, whilst ensuring that the needs of disadvantaged and vulnerable consumer are addressed.

Our advice 'hub' has provided legal advice and assistance to well over 1000 Victorian consumers – a significant achievement in only 9 months of operation. It also plays a key role in directing consumers requiring more intensive assistance and representation to our casework lawyers. Many Victorian consumers are considerably better off as a result of their help.

The year also saw Consumer Action and Choice launch a joint nationwide campaign to stamp out unfair and unlawful penalty fees. The response so far suggests the issue will continue to capture the attention of consumers, industry and government.

We could not make this report without pausing to note the great personal flexibility and balance that our CEO job share provides. We benefit, and Consumer Action benefits, from our combined experience.

It has been an interesting, challenging and rewarding year and next year promises to be no different. The fact that Consumer Action has merged and moved forward with such success is significantly due to the enormous support we have enjoyed from key funders, Victoria Legal Aid and Consumer Affairs Victoria, from stakeholders, from our Board and from our constantly inspiring and dedicated staff. We thank you all.

Catriona Lowe and Carolyn Bond

CEOs

Directors and Staff

Patron

Professor Allan Fels AO

Board of Directors

Paula O'Brien (Chairperson)
Jan Pentland
Gerard Brown

Anna Stewart
Nicola Ballenden
Adam Reynolds

Staff (including all positions held over the 12 month period)

At the end of the financial year, 14.3 FTE staff positions were filled by 20 individuals.

Carolyn Bond, co-CEO

Catriona Lowe, co-CEO

Legal Practice:

Celia Tikotin
co-Director Legal Practice

Paul Gillett
Senior solicitor, co-Director Legal Practice

Xan Colman
co-Director Legal Practice, Senior Solicitor

Tom Willcox
Solicitor

Jillian Williams
Solicitor

Chris Povey
Solicitor

Joel Townsend
Solicitor

Lauren Walker
Solicitor

Rene van de Rijdt
Solicitor

Kylie Trounson
Solicitor

Zoe Jackson
Legal Support

Policy and Campaigns

Nicole Rich
Director Policy and Campaigns

Gerard Brody
Policy Officer, Acting Director Policy and Campaigns

David Evans
Policy Officer

Jo Higginson
Standards Policy Officer

Angela Russell
Consumers Federation of Australia Project Worker

Office Management and Support

Melanie Keenan
Office Manager

John Davies
Finance Officer

Sarah Pallenberg
Reception

Jessica Gleeson
Reception

In the Beginning...

Consumer Action was very fortunate to nest its early development in the solid foundations of two highly successful and respected consumer organisations - Consumer Credit Legal Service and Consumer Law Centre Victoria. The vision shared by these two leading consumer advocacy bodies made the decision to merge an uncomplicated one. In 2006 Carolyn Bond, Manager of CCLS together with Catherine Wolthuizen, Executive Director of CLCV, approached and secured funding from Victoria Legal Aid and Consumer Affairs Victoria, to create a specialist consumer litigation and policy organisation, focusing on the needs of the vulnerable and disadvantaged members of the Victorian community. Consumer Action was born.



The Merger

Once the decision to merge had been made, the pressure was on to 'make it happen'. Our experience was better than anyone could have hoped. Our most immediate challenge was finding a tenancy which lent itself to staff integration, in the CBD and within budget! This proved to be a greater challenge than originally realised, but after an exhaustive search, Level 7, 459 Little Collins, became our new home.

The tenancy required an extensive fit-out to accommodate all staff and create a bright and open atmosphere. The instruction to proceed with the fit-out was issued on 7 September 2006, with a move in date of the 4th of November 2006. The months of September and October, now a distant blur, were frantic with logistics planning - arranging everything from telephone and IT services, to the packing up of two organisations (and discarding all the accumulated clutter),

booking removalists, discussing and selecting corporate colour schemes and even walking the recycling bins across. On the 4th of November as originally projected, we moved into our new premises as the Consumer Action Law Centre.

The Staff

At the Consumer Action Law Centre there is a strong sentiment that the staff is one of the organisation's key strengths. What was initially perceived as a daunting prospect - integrating two established teams, soon transformed into excitement, as the staff from both centres began spending more time together at CPD sessions and external functions, discussing the potential of the organisation and exploring the combined pool of legal knowledge. Ten months on and looking back, it feels as if we have always been one team, passionate about consumer issues.

The Launch

The Consumer Action Law Centre was officially launched by the (then) Victorian Minister for Consumer Affairs, the Hon. Marsha Thomson and Mr Tony Parsons, Director of Legal Aid Victoria, on 18 October 2006. The launch was held at the new Department of Justice premises, with more than 60 guests in attendance including Penny Armitage, Secretary, Department of Justice and Paula O'Brien, Chair, Consumer Action, who also spoke, Dr David Cousins, Director of Consumer Affairs Victoria and Professor Allan Fels, Consumer Action's patron.

Summing up

As you would expect of an organisation only 8 months old, we are still a work in progress – but thus far, our progress is working!

Melanie Keenan,
Office Manager



Directors' Legal Practice Report

We have had an action packed year before and since the start of the Consumer Action legal practice.

As at the end of June had a very experienced and skilled team of ten who had enthusiastically embraced a demanding workload comprising advice, litigation, outreach and policy in practice.

Some of the more common legal matters taken on are:

- home reposessions
- unfair credit contracts
- motor car trader disputes;
- high pressure selling (for example of educational software)
- debt collection practices
- unfair contracts for services (for example gym memberships, telecommunications contracts).

Legal Advice

Advice work is work at the coal face. All lawyers spend some time working a shift on the phones in the "Hub", which involves stepping into the steady and unfiltered flow of requests for assistance from community workers and the public. As the reputation of Consumer Action has spread, there has been a huge increase in the numbers of consumers and consumer advocates throughout Victoria seeking our help. The response may be advice over the phone, an email enclosing a template letter and a fact sheet, or perhaps a detailed and well-researched memorandum of advice. We have helped draft court documents and provided ongoing advice and casework support for community lawyers and financial counsellors and were delighted to receive an award from the Financial and Consumer Rights Council in recognition of the assistance we provide.

The Hub is often the first place we become aware of new issues or unfair trading practices. It is also the source of our litigation work, where we take on matters for consumers who need representation to bring or defend legal proceedings.

Litigation

We are fortunate to litigate for consumers in Victoria, where the Victorian Civil and Administrative Tribunal (VCAT) provides a costs neutral forum. This has allowed us to take a proactive approach to addressing traders' misconduct and obtain redress for our clients. It is often the trader or credit provider who has the most to lose in pursuing a matter to hearing – risking an adverse finding that will severely affect their business or reputation. This is a welcome reversal of power for our vulnerable and exploited clients.

Because of the aggressive practice of creditors bankrupting debtors our legal practice is developing expertise and experience in litigating in the Federal Magistrates Court.

This last year saw the first time that we issued proceedings in VCAT (relying on the exclusive jurisdiction awarded it by the Uniform Consumer Credit Code to re-open unjust transactions) to, move a home repossession hearing out of the Supreme Court. This procedure allows consumers who could not otherwise afford to defend a matter, to do so and because creditors cannot recoup their costs, it provides a strong incentive for them to settle.



Outcomes, including settlements, obtained for our clients are often substantial – in some cases saving the family home. A number of matters resolved during the year have involved a financial benefit for our client in excess of \$100,000.

Our litigation work this year involved approximately

- 25 proceedings filed in VCAT
- 1 defence filed in VCAT
- 9 mediations in VCAT
- 23 interlocutory and final hearings in VCAT
- 6 proceedings filed in other courts, including Federal Magistrates' and interstate Courts;
- 11 defences filed in other courts
- 2 pre hearing conferences
- 8 hearings in other courts.

In addition, there were hundreds of matters which settled in our clients' favour without the need to issue proceedings.

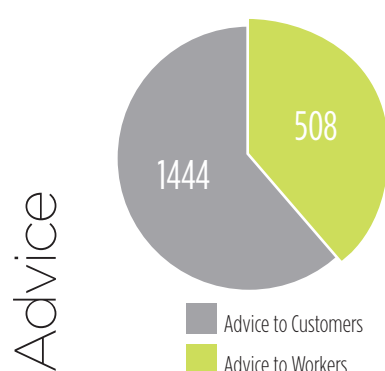
Policy in practice

Our policy and casework are inextricably linked. Casework informs policy and vice versa. We are motivated by the possibility of changing the marketplace and work hard to identify and further the issues that arise. The policy dimensions are explored for all matters we advise or litigate on. Key issues driving through casework include: debt reduction schemes, unfair contracts used by direct debit companies, early release of superannuation proposed by credit providers, the use by creditors of bankruptcy as a debt collection tool and the practice of issuing court proceedings in a jurisdiction other than that in which the consumer resides.

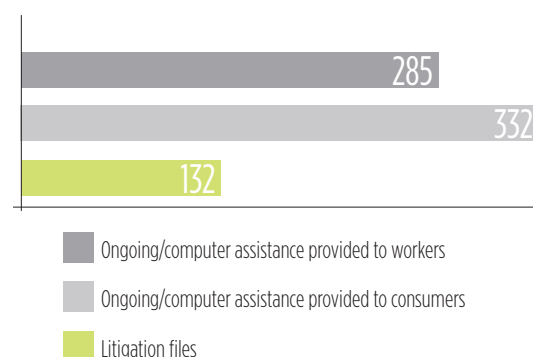
We believe that the ability to combine individual successes with the opportunity to assist in advocacy for broader change is a source of great satisfaction to our lawyers.

Celia Tikotin and Paul Gillett

Directors, Legal Practice



Cases Opened





Director Policy & Campaigns Report

Our policy and campaign team consists of a Director and a number of policy and project officers. The CEOs also undertake policy and campaigns work, and the Legal Practice staff contribute to campaigns and policy work that relates to their casework. We are funded by Consumer Affairs Victoria for two policy officers, and we also receive external funding for particular projects and positions.

Nicole Rich was appointed as the Centre's first Director of Policy & Campaigns in early 2007.

Gerard Brody - Senior Policy Officer (Energy), David Evans - Policy Officer and Jo Higginson as the CFA Standards Project Coordinator, rounded out the policy and campaign team.

Towards the end of the financial year I was appointed Acting Director for 12 months, while Nicole took leave. Nicole obtained a Community Legal Centre Fellowship from the Victorian Law Foundation, and will be working on that project as well as undertaking some other policy work for us while she is in the US.

The Centre's policy plan identifies the five priority campaigns of the Centre:

- world class consumer policy (updating Australia's consumer protection frameworks)
- reckless lending
- penalty fees
- national energy market reform and
- motor car trading.

These are our headline pro-active campaigns for 2007. The plan also identifies a number of key policy areas in which we undertake significant amounts of work.

All Consumer Action staff were involved in the process of policy and campaign planning, ensuring key issues were identified, including those arising through our casework. Of course we also continue to respond to the experiences of consumers as identified from our legal advice and casework practice.

Establishing our media presence has been a particular focus during 2006/07 - Consumer Action has appeared in print, radio or television media over 200 times in relation to a wide range of consumer issues. We have provided over 20 submissions to government or regulatory consultations, many of which are available on our website. We have participated in countless other working groups, committees and meetings, as well as given presentations in forums such as the National Consumer Congress, industry conferences and meetings of financial counsellors and community workers. We have also produced a number of policy publications during 2006/07, including:

- Consumer protections in the national electricity market: the need for comprehensive energy-specific protections
- Water reform in Victoria: Independent pricing regulation and its outcomes for consumers;
- Vendor terms: Rhetoric and reality and
- Defining 'Public Benefit': Social and Environmental Considerations in Part VII of the Trade Practices Act 1974.

“Establishing our media presence has been a particular focus during 2006/07 – Consumer Action has appeared in print, radio or television media over 200 times in relation to a wide range of consumer issues.”

The Centre's policy and campaigns work continues to be innovative, pushing for legal regulatory or marketplace reform as well as changes in business practices that are in the interests of consumers. We recognise that governments' competition policies are actually also consumer policies, and that effective competition serves consumers by keeping prices low and ensuring there are products and services available that satisfy consumer needs. However, we know that some consumers, particularly vulnerable and disadvantaged consumers, have not shared the benefits of competition.

We aim to ensure these consumers are recognised in government laws, policies and practices, and that targeted measures are in place to ensure all consumers benefit from Australia's ongoing economic growth.

More information about our campaign activities is included in the section Working for Change – Casework and Campaigning in Action.

Gerard Brody

Director – Policy & Campaigns

Submissions

Consumer Action has prepared numerous submissions in response to government and regulatory consultations during 2006/07.

These include:

- the Australian Securities and Investment Commission Policy Statement on Timeshare Schemes (July 2006)
- the Office of the Federal Privacy Commissioner's consultation on the definition of 'credit provider' (July 2006)
- the Essential Services Commission's energy contract early termination fees compliance review (August 2006, November 2006 and April 2007)
- the Council of Australian Governments' Energy Reform Implementation Group (September 2006 and December 2006)
- the Department of Prime Minister and Cabinet discussion paper on private sector involvement in water delivery (October 2006)
- the Victorian Law Reform Commission Civil Justice Review (December 2006)
- the Ministerial Council on Energy's consultations on the new National Gas Law and amendments to the National Electricity Law (December 2006 and February 2007)
- the Ministerial Council on Energy's Retail Policy Working Group on the proposed national framework for non-economic distribution and retail regulation (December 2006 – May 2007)
- the Essential Services Commission's consultations on the introduction of energy retailers' financial hardship policies (January 2007 and March 2007)
- the Review of the Law on Personal Property Securities being undertaken by the Attorney-General's Department (February 2007)
- the Essential Services Commission consultation on the 2008 Water Price Review: Framework and Approach (February 2007)
- the First Biennial Assessment of the National Water Initiative (February 2007)
- the Australian Law Reform Commission's Review of Privacy – Credit Reporting Provisions (March 2007)
- the Essential Services Commission's consultations on direct debit provisions of the Energy Retail Code (April 2007)
- the Australian Energy Market Commission's approach to assessing the effectiveness of competition in retail energy markets (April 2007)
- the Ministerial Council on Energy's consultation on the National Electricity Rule on economic regulation of distribution services (May 2007);
- the Victorian Government's consultation on the Victorian Energy Efficiency Target scheme (May 2007)
- the Productivity Commission's Inquiry into Australia's Consumer Policy Issues Paper (June 2007)

Consumer Actions Speeches:

- Rethinking regulation (Nov 2006)
- Cutting the Red Tape – effective consumer regulation (March 2007)
- Consumer Empowerment and protection (March 2007)
- Are you being scammed? (March 2007)
- A consumer advocate's view on fringe lending (May 2007)
- Reverse mortgages and other equity release products – financial freedom or abuse? (May 2007)
- Upgrading Australia's consumer policy framework (June 2007)
- Elements of EDR schemes (June 2007)

Working for change:

Casework and campaigning in action

We believe that close links between our legal casework and policy campaigning leads to better outcomes for individuals, and consumers as a whole. This section outlines some of our casework and campaigning, within particular areas.

RECKLESS LENDING

Lending standards in Australia have dropped with many loan providers engaging in a race to the bottom in their quest for market share and profits. Many lenders engage in irresponsible marketing and credit granting. In some extreme cases, lenders clearly do not care if consumers default on loans they can't repay, so long as the lender can sell a house to recoup the debt. Some lenders (and brokers) structure loans so that the borrower doesn't have access to protections of the consumer credit laws.

Impact on consumers

Credit card debt leads to possible loss of house

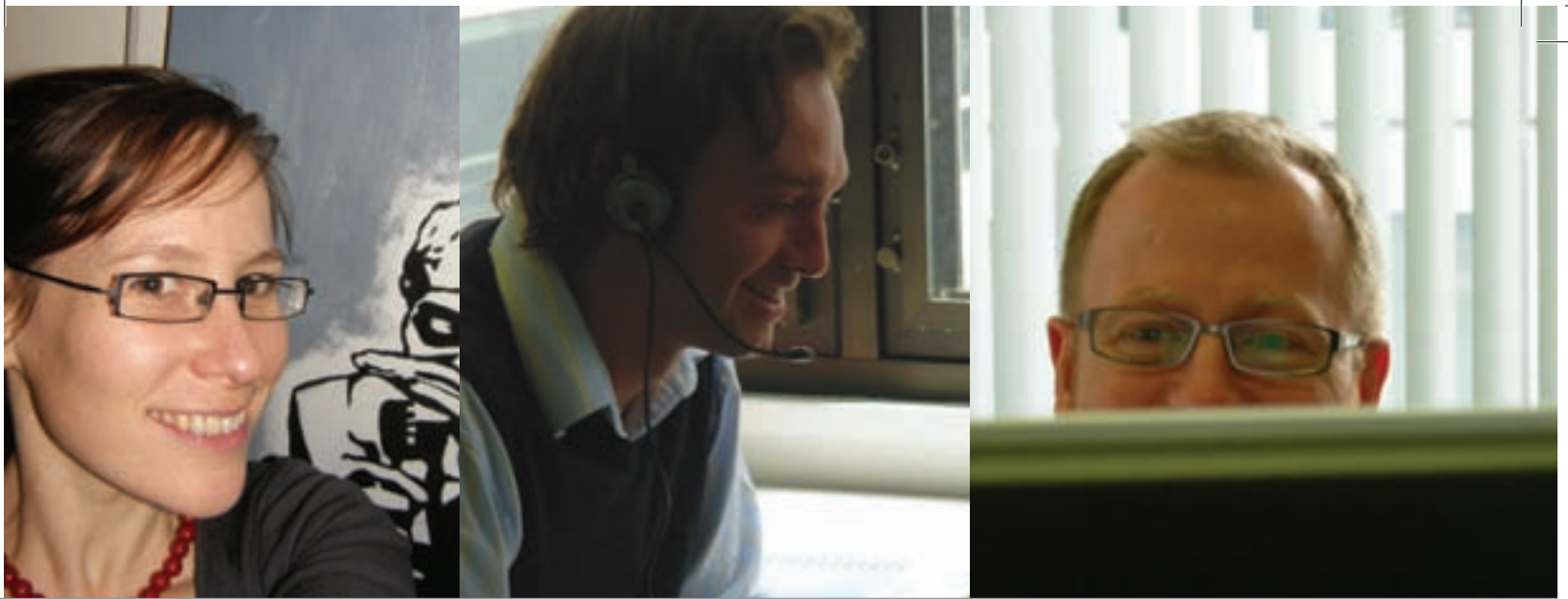
Our client, owned her own home in a rural area, and received a Centrelink pension – or part-time income, for over 10 years. She was unable to work due to illness. In 1992 she had a credit card with a bank under which the credit limit was \$1100. Over the ensuing years, she was sent a number of offers by her bank to increase her credit limit by \$1000 or \$3000. Experiencing financial hardship and believing her financial position would inevitably change, she accepted a number of the offers to increase her available credit. By 2006 her credit limit was \$21,000. As a Centrelink recipient, earning approximately \$1000 per month, she was unable to make the minimum payments on of approximately \$500 per month. The bank issued proceedings in the Magistrates' Court claiming \$25,000 plus costs and interest. If the bank had been successful and sought to enforce judgment, our client was very likely to lose her home.

Consumer Action filed a defence in the Magistrates' Court and made an application to the Victorian Civil and Administrative Tribunal (VCAT) arguing that the credit contract was unjust as the client had been overcommitted. After lengthy negotiations a settlement was reached whereby our client paid a nominal sum to settle the matter.

Avoiding the Uniform Consumer Credit Code

Our clients were aged pensioners in their seventies, who had very limited English. They owned their own home in Geelong. At the behest of their daughter who was in need of money, our clients obtained a number of loans secured by their home. The loan documentation signed, included declarations by our clients that the loans were for business purposes. Our client's daughter arranged a broker to obtain the loans to the value of \$260,000. Our clients, unable to make the repayments, defaulted on the loans. The credit provider issued proceedings against our clients in the Supreme Court of Victoria to obtain judgment for monies owed and to obtain possession of their home.

Consumer Action brought proceedings in VCAT against the credit provider and the broker, to have their loan contract re-opened as unjust under the Consumer Credit Code. The lender argued that the business purpose declarations meant that the protections of the Code didn't apply. However, no checks had been done to see if there was any business in existence or to reconcile the contradictory evidence of 'self employed / investors' (the description on their loan application forms) with the fact that they were in receipt of Centrelink income only. Consumer Action was able to establish that both the broker and the lender had seen the clients' Centrelink cards.



The matter was settled at mediation to the satisfaction of our clients who continue to live in their home. In a reported judgment, the President of VCAT made it clear that in circumstances such as this, any Supreme Court proceedings should be stayed until any application relating to protections under the Consumer Credit Code are decided by VCAT.

Increase in fringe lending – Amazing Loans

As it says on the company's website, 'we guarantee you'll be amazed.'

Consumer Action has represented a number of clients who have entered into credit contracts with Amazing Loans, a company that specialises in providing \$1,000 to \$5,000 loans to low-income borrowers.

The loan agreements we have seen include a 'loan advance and administration fee' in excess of \$4,500 for loans of only \$3,000, while disclosing an interest rate of 7% per annum.

Prior to November 2006, the company offered loans at 48% per annum, with a greatly reduced administration fee. These circumstances appear to lend support to an argument that this fee may be an unjustifiably high charge in contravention of the Consumer Credit Code.

Consumer Action has had success in negotiating directly with Amazing Loans on behalf of many consumers, and through mediation at the Victorian Civil and Administrative Tribunal. Outcomes include the waiving of all fees and interest, or release from the contract where we have alleged unconscionable or misleading conduct.

What Consumer Action wants

- a single national framework for credit regulation
- effective national mortgage and finance broking regulation
- the closure of loopholes in the uniform Consumer Credit Code
- an upfront obligation on lenders to lend fairly and assess the borrower's capacity to pay
- mandatory membership of ASIC-approved external dispute resolution schemes for all credit providers and brokers
- comprehensive interest rate caps that include fees and charges and
- regulators who enforce consumer credit law.

What Consumer Action has done

- lobbied State and Federal Governments for the introduction of national finance broking regulation and the mandatory membership of credit providers in ASIC-approved external dispute resolution schemes
- consulted with the Victorian Government on its response to the Victorian Credit Review, including providing a submission about the extension of unfair contract terms legislation to credit contracts
- participated in the House of Representative Economics, Finance and Public Administration Committee Inquiry into Home Lending
- continued to comment in the media on loopholes in credit regulation, and the slow pace of addressing gaps in consumer protections
- advocated these changes in our submission to the Productivity Commission's inquiry into Australia's Consumer Policy framework and
- joined the Predatory Lending Project, a coalition between consumer and industry groups to stamp out predatory lending.

PENALTY FEES

Banks and other financial service providers charge excessive penalty fees when consumers commit a “default”, such as overdrawing their account; having a direct debit or cheque bounce; paying their credit card bill late or exceeding their limit. In our view, not only are these fees unlawful because they go well above recovering the cost of default, they are also unfair, not least because they disproportionately hit low-income consumers, the people least able to afford them.

Impact on consumer

Penalty fees eat up pension

Robert (name changed) was a pensioner with a transaction account with a major bank. He had a number of direct debits set up with his utilities providers, including his mobile phone and energy provider. After a bout of depression, Robert spent a good proportion of his Centrelink pension on gambling.

When his service providers attempted to debit his account, he did not have enough money to make the payments. He was charged a \$35 dishonour fee for each of three direct debits. This continued to happen for a period of three months, meaning he racked up fees totaling \$315, equating to nearly a month's pension.

With assistance, Robert contacted his bank and attempted to reclaim the penalty fees. The bank would refund one fee, but said that it was Robert's responsibility to check his bank account balance before the service provider was due to debit his account.

Credit card over-the-limit fees

Paul's (name changed) wife had her handbag stolen from a cafe and the perpetrators withdrew \$1,000 from her Westpac Visa card in separate \$900 and \$100 transactions. They managed to withdraw the money despite only having about \$600 available credit on the card.

As a consequence of the transactions being allowed, the card went over their credit limit and they were charged an over limit fee by Westpac. When Paul contacted us, Westpac had reimbursed the fraudulent transactions but not the over the limit fee. After Paul's wife wrote to Westpac for an explanation how the thieves were able to access the account and why the card was able to go over the credit limit, Westpac apologised and refunded the fees.



What Consumer Action wants

- the elimination of inward cheque dishonour fees
- better systems and options to assist consumers manage their accounts
- for all penalty fees to be cost reflective
- bank accounts that suit consumer needs and
- regulatory powers that address market problems with bank fees.

What Consumer Action has done

- with Choice, launched a nationwide campaign to stop banks and other financial institutions charging penalty fees
 - the campaign website www.fairfees.com.au includes a toolkit to assist consumers reclaim their fees
- written to the Treasurer, the Parliamentary Secretary to the Treasurer, the Shadow Treasurer and the Shadow Minister for Banking and Financial Services, asking that they provide the Australian Securities and Investment Commission the power to investigate penalty fees and determine if they are legal and fair
- written to the Australian Bankers' Association and Abacus-Australia demanding their members take action to stop charging unfair penalty fees.
- provided a detailed submission to the Senate Economics Committee Inquiry into the Australian Securities and Investment Commission (Fair Bank & Credit Card Fees) Amendment Bill 2006, which proposes improved regulation to address penalty fees.

NATIONAL ENERGY MARKET REFORM

Australia is moving to a full national energy market with national regulation. National energy regulation has the potential to bring great benefits to Australia's economy and Australian consumers. Our campaign aims to ensure that appropriate consumer protections are retained and regulation is targeted at ensuring the best market outcomes for consumers of this essential service. This campaign is supported through funding from the National Electricity Consumers Advocacy Panel.

What Consumer Action wants

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

Fees to get you if rates do not

LEGAL loopholes are allowing Victorian lenders to charge excessive fees on top of an interest rate cap of up to 48 per cent.

The Consumer Action Law Centre is demanding tougher action from the State Government against lenders they claim are charging vulnerable clients excessive fees.

The centre has taken lender Amazing Loans to the Victorian Civil and Administrative Tribunal for allegedly charging a Melbourne woman fees of \$2269.70 on a \$1500 loan.

The client, Malu Byrne, sought the loan and could not repay.

Mary Bolting

included a Geelong lender charging \$4000 fees on a \$5000 loan and a Dandenong lender charging \$750 fees on a \$1000 loan on top of 29 per cent interest.

"Unless the Government takes action, fringe lenders will continue to charge these outrageous fees," Mr Townsend said.

Under the Victorian Consumer Credit Act, a 30 per cent cap applies to all secured consumer credit lending, while a 48 per cent cap is applicable to all non-secured loans.

WHAT DO YOU MEAN PESTICIDE DOESN'T WORK ON FEES?!... THEY'RE EATING ME ALIVE!...



mortgage pressures

Unfair sellers have role in debt crisis

CONSUMERISM, at its worst, is insane. However, Catherine Deveny's argument (Opinion, 26/9) that the debt crisis is caused by "the Veruca Salt" of the market fails to place blame on the sellers.

Pricing laws 'send' consumers

frustration... drowned in debt now... want a new gadget to decorate their large house, but because they want to give their children the best start to becoming successful and confident adults.

Recent academic research by Dr Paul Harrison from Deakin University suggests businesses target individuals using unfair marketing techniques. It highlights that people make irrational choices under stress and that is exactly what marketers do: add stress to an unsuspecting but trusting consumer. We find consumers are often pushed into credit contracts without consideration by the lender of their ability to repay.

Durga Palanichandran

MATHE... compute... tops the... sumer co... a Melbo... advocacy.

The Com... Law Centre... plaints wer... ow-income... elt pressure... up for th... which coul...

Merger to benefit consumers

Gas and electricity price caps co

and her... open to some people... on low incomes.

The application seeks to annul the loan contract, and mediation is set for this month.

Consumer Action Law Centre solicitor Joel Townsend said the practice of lending with unreasonable fee structures was widespread.

"There are a number of...

Defining 'Public Benefit'

Social and environmental considerations in Part VII of the Trade Practices Act 1974

A report by the Consumer Action Law Centre

May 2007

Consumer Media Car

34 Herald Sun, Friday, July 6, 2007

\$1500 loan costs

Ben Butler

A MELBOURNE woman charged almost \$4000 for a loan of \$1500 she needed to go to her uncle's funeral has launched legal action.

Stock Exchange-listed Amazing Loans wanted total repayments of \$3878 from Malu Byrne, 35, of Aspendale Gardens.

Ms Byrne said she was "shocked" when she

Legal fight over fees charge

maximum interest that can be charged on consumer loans is 48 per cent a year.

Amazing Loans is able to charge higher effective rates through fees.

Ms Byrne was charged a "loan advance and administration fee" of \$2269.70 — far more than the actual borrowed amount of \$1500 — when she took out the loan in February.

filed an application with the Victorian Civil and Administrative Tribunal seeking to free her from the loan, annul the fee and have her awarded damages for misrepresentation.

The lawsuit alleges:

AMAZING Loans unconscionably took advantage of Ms Byrne's limited English and inexperience with money. The transaction was

sent the nature of the f Ms Byrne.

Ms Byrne took the loan her uncle died in Samoa.

"I went looking to borrow money for the airfare and contribution towards funeral expenses," she said.

She found Amazing through the phone book.

"Their ad said they were fair, friendly and fast," she said.

consum... In its

Elec

Maths software does not add up

Sensible?

THEMATIC computer software is the list of consumer complaints at Melbourne-based advocacy group.

The Consumer Action Centre said the complaints were often from income people who were pressured into signing for the programs, which could cost more

We have probably had more calls about these products than any other consumer product over the last couple of years'

- CAROLYN BOND



consumer action law centre

A STRONG CONSUMER VOICE

Court chalks one up for the vulnerable as bank penalty fees could be removed

er Action campaigns

\$4000

ged

based in New South

electricity should cost less: PC

consumers. In its prospectus, issued in

Amazon chairman Paul Mathieson

bank penalty fees, consumer groups say

ard Guyas

king

years of inaction on "unlawful" penalty fees, two consumer groups have launched a campaign to set a shonour charges lining bank the tune of several hundred

ars a year. and the Consumer Action Law Centre said the Australian Securities & Investments Commission to review the fees, which are up to \$50 each and are levied on people who do not have enough funds in their debit or credit card

look at Government the

fees were penalties and therefore unlawful. "Only a court is able to make judgment on the facts of each case," ABA said.

Penalty charges are part of total fee income of \$4 billion-plus raised from nation's households, according to Bank data.

There is no public information on precise windfall for the banks, but M estimated it was "several hundred dollars".

She noted that, in the year, "other" credit penalty fees, currency exchange per cent

CONSUMERS WARNED TO AVOID INTEREST FREE CAR LOANS

organisations have complained about the proportionately hurt. In one case, he said, a woman had lost a third of her weekly pension after being charged three penalty fees each.

ABA chief executive David M said some banks already offered eligible customers which reduced penalty fees.

TIME SHARE SUCKERS ANONYMOUS

HI...MY NAME'S FRANK & I GOT A FREE DVD PLAYER FOR \$18,000.

HI FRANK!



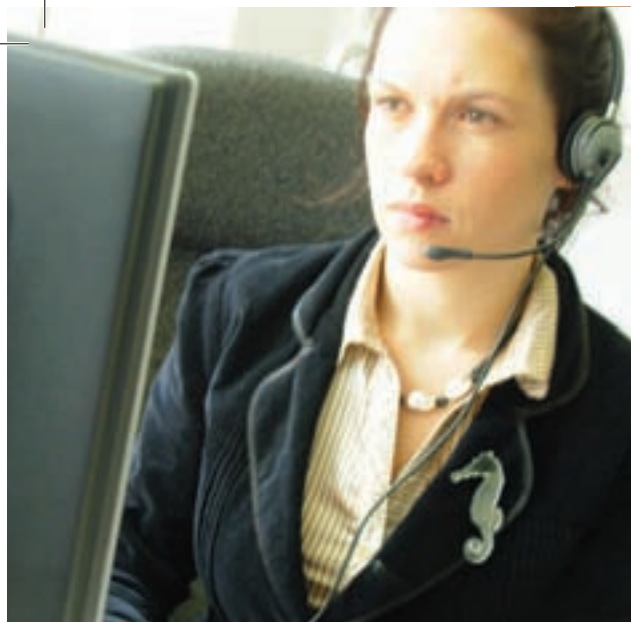
SUCKED IN, THROWN OUT

TWELVE lawyers and volunteers from the Consumer Credit Legal Service (CCLS) warned families about the dangers of time share packages on Saturday.

about the dangers of time share packages. "You're really a sucker and then suck them into ludicrous packages," CCLS manager Carolyn said. "You're really a sucker and then suck them into ludicrous packages." Apparently, once you've been sucked in, you are rung and offered a "free" gift to attend a sales meeting. However, the gift tends to pale into insignificance once you return home having bought a \$18,000 time share package you don't want or need. Sadly for CCLS, their cameraman didn't get any footage of the group being thrown out because he'd wandered off somewhere.

Vulnerable groups get energy blanket

Gerard Brody of the Consumer Action Law Centre adopts an interesting argument that retail energy markets work better when government sets the price to beat



What Consumer Action has done

- continued to facilitate a network consumer advocates from around Australia interested in energy market reform
- with the Consumer Utilities Advocacy Centre, convened three National Consumer Roundtables on Energy, allowing consumer advocates from around Australia to meet, share information and strategies, and make joint representations to Governments, regulators and industry
- participated in consultative forums relating to energy, including the Essential Services Commission's Customer Consultative Committee, the Energy and Water Ombudsman (Victoria) Case Handling Advisory Committee and the AGL Customer Council
- prepared a detailed comparison of the consumer protections that operate in energy markets among the various Australian jurisdictions and identifying best practice and
- provided numerous quality, relevant and timely submissions to Government and regulatory bodies.

MOTOR CAR TRADING

Consumer Action receives a large number of consumer complaints about motor car trading. The campaign aims to ensure the Victorian Government and the industry crack down on poor practices. This year, our campaign focused on problems with instalment contracts for the purchase of motor vehicles.


Impact on consumer

Motor Finance Wizard – instalment contracts for motor vehicles

Consumer Action has assisted many clients who have purchased used cars from Motor Finance Wizard. A typical case is outlined below.

Our client was a cleaner on a low-income with very limited English language skills. He saw an advertisement for Motor Finance Wizard on television which said “no interest loans”. Our client believed that Motor Finance Wizard would arrange the purchase of a vehicle at a low cost.

Our client visited a MFW office, and purchased a 1998 Ford Falcon and traded in his older model. The contract stated the purchase price was \$14,990 and including extended warranty, a registration fee, stamp duty and transfer fee, the total amount payable was \$17,024. The purchase price was grossly in excess of the ‘Red Book’ private sale average for similar vehicles, which was in the range of \$4,400 to \$7,700. The vehicle was in exceptionally poor condition, with visible rust, panel damage, a broken mirror and a dirty and torn interior. The contract also stated the trade-in allowance was \$500, when its ‘red book’ value was between \$800 and \$3000.



Our client was provided with a deposit book in the name of Kwik Finance, which indicated that he was under an obligation to pay Kwik Finance the purchase price by instalment. However, he was not provided with any contract documentation.

We wrote to MFW and Kwik Finance alleging our client had been misled by MFW's 'low cost' representation. We also alleged the trader had engaged in unconscionable conduct in breach of the Fair Trading Act. Following our intervention, both MFW and Kwik Finance released our client from all liability for the transaction and returned his deposit.

What Consumer Action wants

- more action by regulators to crack down on unfair traders
- access to affordable and efficient dispute resolution and
- the implementation of recommendations from the Victorian Government's Review of the Motor Car Traders Act 1985 (Vic).

What Consumer Action has done

- provided the Australian Securities and Investment Commission and Consumer Affairs Victoria with detailed case studies about misconduct by Motor Finance Wizard and
- drawn media attention to the problems experienced by consumers.

WORLD CLASS CONSUMER POLICY FOR AUSTRALIA

Australia was once a world leader in consumer policy. Now we lag behind other jurisdictions, particularly the United States, the United Kingdom and the European Union. With the Federal Government's primary economic advisor, the Productivity Commission, currently reviewing Australia's consumer policy framework, this campaign aims to update Australia's consumer policy framework.

What Consumer Action wants

- a flexible approach to regulation so the right tool for the right job is selected;
- for consumer behaviour and experience to be taken into account in policy making
- for the needs of disadvantaged and vulnerable consumers to be considered
- updating of the consumer protection framework and
- a strong consumer voice through funding of consumer research and advocacy.

What Consumer Action has done

- provided a detailed submission to the Productivity Commission's Inquiry into Australia's Consumer Policy Issues Paper
- presented a key note address to the National Consumer Congress on empowerment and consumer protection
- debated a range of industry lobby groups about effective regulation and competitive markets
- provided comment in the media about the need to update Australia's consumer protection framework and
- commenced work on a project that takes stock of consumer policy developments in other jurisdictions and makes recommendations for change to Australia's national framework.



HIGH PRESSURE SALES

Consumer Action often assists consumers who have fallen victim to salespeople who use high-pressure sales tactics, most commonly in consumers' homes. Common themes with all these companies and their approaches are:

- sales representatives obtain an invitation to the home, usually for an "obligation free" quote or demonstration, through television advertisements, telemarketing or shopping centre displays
- selling that involves psychological techniques, usually requiring "sign up" on the spot
- expensive products sold with related credit and
- discouraging consumers from seeking other quotes or having time to think about the deal.

Our most common recent example of such selling practices relates to educational software for children.

Impact on consumers

This is one of many cases involving the sale of educational software in the home – often costing \$6,000 or more.


Door to door selling of education software

Our client lived with his wife and school-aged children. He was born in Iran and speaks very little English.

A salesman arrived uninvited at our client's home, promoting a computer programme which purported to aid maths education in the home. Only the children were home at the time, so the salesman went to the workplace of their mother, who asked him to discuss the matter with her husband, our client, who would by this time be home.

When the salesman, upon returning to our client's residence that same day, eventually spoke with our client, our client asked the salesman to come back in an hour when his eldest daughter would be home, in order for her to translate. The salesman insisted that our client's English was excellent and that he would go through the deal slowly with him.

Our client did not realise, however, that, in addition to purchasing the goods and services promoted by the salesman, he was being asked to take out a loan with a finance company. In addition, our client was led to believe that a three month cooling-off period applied to the arrangement.



After it became apparent that the children were not going to use the programme, our client sought to exercise his right to cool-off, which was refused by the supplier. When our client closed his bank account to stop directly debited payments being taken by the finance company, the finance company served a notice of demand against him.

Consumer Action wrote to both the supplier and the credit provider rescinding and terminating the agreements that our client had entered into, on the basis that the supplier's representative had falsely represented that a cooling off period applied to the agreements. After exchange of correspondence, the dispute was settled on the basis that our client had all payments made under the agreements refunded, and was released from all further liability by both the credit provider and the supplier.

What Consumer Action wants

- more action from regulators to address high-pressure sales tactics and
- more research on the reasons why consumers respond to the selling techniques used.

What Consumer Action has done

- made complaints to regulators about the conduct of salespeople who enter consumers' homes and use high-pressure tactics and
- raised a number of consumer complaints in the media to encourage better regulatory enforcement of misconduct.

VENDOR TERMS MORTGAGES


Over recent years, vendor terms mortgages have emerged as a way of marketing overpriced homes to predominately low-income consumers. Such mortgages can be particularly harmful as they often involve poor quality dwellings, high interest rates and misleading and unconscionable sales tactics. Commonly, they involve complex contractual arrangements which involve risks for both the vendor and purchaser.

Impact on consumers:

Vendor terms

Our clients entered into a vendor terms type arrangement to purchase a house in Frankston. The contractual arrangement involved an option to purchase with a lease agreement. The clients contracted with a company called Katalyst Property Solutions, which was referred to as the vendor in the contract documentation. Unbeknownst to our clients, the actual vendors were a private couple. It appeared that Katalyst had marketed the arrangement as an investment opportunity to the actual vendors.

Our clients made regular payments to Katalyst, and made significant improvements to the property. The payments, however, were not passed on to the actual vendors who then took steps to repossess the property.



Consumer Action assisted our clients to file proceedings at the Victorian Civil and Administrative Tribunal against Katalyst and its proprietor. Our clients claimed breach of contract for misleading and deceptive conduct, and sought damages for the value of improvements they made to the property. Our clients were successful in their application, and obtained \$10,000 in compensation.

What Consumer Action wants

- the prohibition of “wrapping”, that is, selling properties which are already subject to a mortgage
- the extension of unfair contract terms laws to vendor terms mortgages
- amendment of the Consumer Credit Code to ensure vendor terms mortgages are covered by it and
- improved awareness about the risks relating to vendor terms mortgages.

What Consumer Action has done

- published a detailed policy report (Vendor Terms – rhetoric & reality) about the use of vendor terms mortgages in Victoria, funded by the Consumer Credit Fund, and presented it to Government for consideration.

SUSTAINABLE AND AFFORDABLE WATER SUPPLY

Access to water is a basic human right. However, the delivery of water services to consumers is under a number of pressures. Due to the impact of drought and climate change, pressures are placed upon water utilities and consumers to reduce consumption. There are also increasing cost pressures relating to supply augmentation of the delivery of new technologies to address supply and demand issues.

What Consumer Action wants

- fair, equitable and affordable pricing of water
- efficient delivery of reliable and quality water services at least cost and
- assistance for consumers to reduce their consumption of water.

What Consumer Action has done

- published a detailed policy report on the framework for setting water prices in Victoria (funded by the Consumer Utilities Advocacy Centre)
- represented consumers on City West Water’s Customer Consultative and Engagement Committee and
- provided a number of submissions to consultations on water regulatory reform.



DEBT COLLECTION

Debt collection is a large industry in Australia, and large corporations are outsourcing debt collection or selling bundles of debts to debt collection firms. The large-scale outsourcing of collection and call centre based procedures continues to cause problems for consumers.

Poor debt collection practices

Our client suffered a stroke in May 2004 which left her with a permanent visual impairment and prevented her from working. She lived with her self-employed husband and two adult children, and despite her illness continued to be the primary income earner in her household. As a result of her stroke, she ceased making payments in relation to her credit card debt, which she believed was approximately \$3500 at that time. Unfortunately our client did not contact the bank to advise of her hardship and the debt was sold to a debt collector.

The debt collector obtained judgment by default in September 2006 for \$4,406 plus costs. A bankruptcy notice was served in November 2006 and a creditor's petition in bankruptcy followed in February 2007. Our client risked being left with significant trustee fees and potentially losing her family home.

Our client retained Consumer Action to act for her two days prior to the hearing of the petition in March. Significantly, our client instructed that she had explained her personal circumstances to the debt collector well before proceedings were issued and offered to pay \$200 a fortnight to satisfy the debt. This offer had been rejected.

After negotiations involving Consumer Action, the bank and the debt collector, the debt collector's solicitors agreed to accept the client's offer to pay \$200 a fortnight the day before hearing, but claimed further legal costs. Consumer Action argued that legal proceedings had proved to be unnecessary given that the debt collector had been offered the same instalment plan before legal proceedings were commenced.

After Consumer Action informed the bank who sold the debt of the actions of the debt collector, the debt collector agreed to waive its costs in relation to the bankruptcy proceedings and withdrew the creditor's petition.

What Consumer Action wants

- improved enforcement of the debt collection guidelines
- harsher penalties for debt collectors who breach their obligations and
- credit providers and others to take more responsibility for their debt collectors - including better screening of debts on sold to collectors.

What Consumer Action has done

- complained to the Australian Securities and Investment Commission, outlining 23 case studies of consumer complaints with the enforcement practices of a large debt collection firm) and
- represented to large companies (banks, telecommunication companies) about the negative perceptions caused and the impact that has on their corporate reputation by selling debts to debt collectors who act improperly.



Standards Australia

Consumer Action acts on behalf of the Consumers' Federation of Australia in recruiting and supporting volunteer consumer representatives for Standards' Australia technical committees. Standards' Australia provides an annual administrative grant and travel budget for reimbursing volunteers' travel related expenses (meetings are held across all of the eastern states, with most hosted at Standards' office in Sydney).

CFA Standards Volunteers come from a range of backgrounds – scientists, engineers, environmentalists, electricians, consumer advocates and activists, former consumer affairs workers. They are an impressively committed group of people who give their time to representing the consumer point of view when new product or process Standards are being developed or existing ones reviewed and revised. They make a valuable contribution and sometimes have to be pretty strong and tenacious in representing a dissenting or minority view amongst industry and other professionals.

“They make a valuable contribution and sometimes have to be pretty strong and tenacious in representing a dissenting or minority view amongst industry and other professionals.”



There are currently 34 representatives active on 64 committees and three international forums. Their work covers a huge range of areas including: product safety, child and infant safety, water safety, road and vehicle safety, food quality and safety, sun protection, business management, information management and health informatics, energy and utilities safety and management, environmental management and sustainability, water conservation, disability access, nanotechnology, business processes and complaints handling.

New committees and commitments this year include participation in the new Standard for defining Organic and Biodynamic Produce, looking at IT accessibility for people with disabilities and deciding a framework for the remote demand management of electrical products (eg where low risk or high energy consumers – such as pool pumps or air conditioners, can be switched off from off site locations during critical demand incidents in the electricity supply system).

One of our representatives attended the annual meeting of COPOLCO, the Consumer Policy Committee of International Organisation for Standardisation – this time hosted by Brazil. She is leading a process within COPOLCO to revise standardisation guidelines for product safety and the consideration of issues relating to older people, children and people with disabilities within standardisation.

Another representative has been appointed by as Project Editor by her peers within the International Social Responsibility Standard Working Group. She has attended a number of international meetings and spent hours working through emailed comments from around the world.

Other international commitments have included participating in groundwork for a new international standard for testing and labeling sunscreens. This has been a priority issue as Australians currently have the highest incidence of skin cancers in the world. The Australian Standard for Sunscreens is currently substantially different to its international counterparts and there is pressure for greater international harmonization. It is important that Australian consumer issues and expectations are raised and considered.

Our relationship with Standards Australia has continued to be strong and productive. Standards' recently established Consumer Standing Forum has been a very useful vehicle for raising and resolving issues relating to consumer representation.



Outreach and Training Programme

OUTREACH

Upon the merger the Consumer Law Centre Victoria (CLCV) and the Consumer Credit Legal Service (CCLS), Consumer Action was determined to continue CLCV's Legal Practice Outreach Project, developed in response to a significant unmet need which the CLCV identified in particular types of highly vulnerable Victorians, namely Indigenous Victorians and low-income rural and regional Victorians. The CLCV project was piloted through two phases, beginning in 2003, with support from the William Buckland and Collie Foundations.

In consolidating this project into part of the ongoing core business of Consumer Action as the Consumer Action Outreach Programme, the Centre achieved the final core mission of this project, which was to attract long-term recurrent funding for the project through the implementation of a sustainable model.

The Consumer Action Outreach Programme aims to further our response to significant, identified need by providing access to justice for Victorian low-income and vulnerable rural and regional consumers and Indigenous consumers. The Programme will also inform Consumer Action's advocacy for systemic policy change and early intervention strategies to address consumer legal problems. Additionally, it is hoped that our service delivery model will encourage networking and collaboration between regional community organisations.

Regional Visits

Consumer Action aims to provide outreach services to each of these regional areas on average 1 day per month over a 12 month period.

Western Victoria

Consumer Action has continued to build on the strong relationships it has with community organisations in Western Victoria, expanding its Gippsland-based community outreach centre to include visits to Hamilton, Halls Gap, and Geelong. The Western area outreach was conducted this year by solicitor Joel Townend.

Gippsland

Despite some delay and setbacks, outreach visits have continued in the Gippsland area, in particular to Orbost and Warrigul. The Gippsland Outreach will return to full capacity in the coming year, with visits pending for Bairnsdale and Morwell. Solicitor Jillian Williams will conduct the Gippsland area outreach over the coming year.

Northern Victoria

During the first CLCV pilot program, outreach was initially conducted in Bendigo. This had subsequently lapsed due to staffing constraints at CLCV. Following the Centre's outreach visits to Mildura, Echuca and Shepparton this year with the CCF funded Credit & Debt Workshops program, discussions are now underway towards implementing a third rotating outreach region, broadly encompassing Victoria's north.



Victorian Aboriginal Health Service

In February 2007, Consumer Action began a fortnightly outreach service at the Victorian Aboriginal Health Service (VAHS) at Nicholson Street, Fitzroy. The VAHS is a registered Co-operative, controlled by a Board of Aboriginal directors elected by the Aboriginal community. The VAHS provides culturally appropriate health and medical services to thousands of Aboriginal people each year. The VAHS outreach aims to better facilitate Indigenous Victorians' access to Consumer Action's legal practice. Consumer Action solicitor Lauren Walker works with the financial counsellors at the VAHS Financial Wellbeing Unit and provides a drop-in advice service for members of the community on a range of consumer and consumer credit issues. As a result of the drop-in service, Consumer Action has opened a number of casework files and obtained positive outcomes for VAHS clients.

Other

In addition to the above regular outreach activities, Consumer Action also provided numerous other outreach services to local community organisations on an ad hoc basis. These included: information sessions for recently arrived migrants through the Adult Migrant Education Service (AMES); educational seminars for students, particularly of non-English speaking background, organised by the City of Yarra and training of lawyers volunteering at the PILCH Homeless Persons' Legal Clinics. and training of Consumer Affairs Victoria's regionally based funded advocates. The Centre has also been involved

in the development of an African Communities Clinic, initiated by Footscray Community Legal Centre. The Centre provides outreach to the Clinic on a referral basis.

TRAINING

Consumer issues naturally arise for a wide range of community workers, often incidental to other issues they specialise in. As such Consumer Action considers it an important part of its role to share expertise with other community sector workers. There have been two key formal aspects to our training program:

1. We provide training regarding a wide range of consumer issues, including credit and debt, telecommunications and utilities to Consumer Affairs Victoria's regionally based advocates. We undertook 2 sessions during the year.
2. We participated in Credit and Debt Workshops, coordinated by the Public Interest Law Clearing House for Regional Community Workers.

We also undertook ad hoc training for community workers and other professionals including training for CAV staff and financial counsellors.

Xan Colman,

Outreach Programme Coordinator

Volunteers and work experience students...

Volunteers have always been integral to the effective operation of both Consumer Law Centre Victoria and the Consumer Credit Legal Service. It is therefore not surprising that they continue to play a vital part in the operation of Consumer Action.

With the merger of CCLS and CLCV, two groups of hardworking and passionate volunteers also came together, excited about the new centre and their involvement in it. Indeed, their commitment to Consumer Action was clearly demonstrated through their willing assistance to haul numerous items from the old offices to the new centre and their patience in working with a new system and all its inevitable start up problems.

The legal and policy work undertaken by Consumer Action would not be possible without the hard work and dedication of its volunteers and work experience students. Volunteers at Consumer Action provide much needed support to all the staff at the Centre through undertaking research, writing up case summaries, wading through legal and other documentation and doing various administrative tasks.

“The legal and policy work undertaken by Consumer Action would not be possible without the hard work and dedication of its volunteers and work experience students.”

Some examples of recent research tasks undertaken by Consumer Action's volunteers are:


- Research into how the court has used Section 8(e) of the Fair Trading Act 1999 (Vic) and equivalent provisions in the TPA, and ASIC Act to consider the circumstances under which a purchaser could have been supplied with equivalent goods from a person other than the supplier and how the court has retrospectively established the price of equivalent goods or services.
Research into the defence of accord and satisfaction and whether the defence could be raised in a situation where a consumer entered into an agreement with a creditor to pay a debt, but were then sued anyway.
- Research into whether payouts from life insurance policies can be accessed to pay a debt where a person has a court judgment against them, and whether the trustee can and will access life insurance payouts paid to a person who has filed for Bankruptcy.
- Research into Section 80 of the TPA (which allows for the ACCC or any other person to apply for an injunction to stop breach of the Act) to determine whether 'any other person' has applied for an injunction in respect of a breach of a provision of Part V (or Part IVA unconscionability).
- Research into provisions of the VCAT Act as to whether a consumer will lose their right to issue again against a trader or credit provider once they have withdrawn proceedings.
- Summarising the UK's Office of Fair Trading investigation into bank penalty fees, and research into the UK's High Court test case involving major banks and consumer groups.
- Research into whether the VCAT Act allows the making of an ex parte Mareva injunction in a proceeding under the Fair Trading Act in the Civil Claims List.

We take this opportunity to thank both past and present volunteers and work experience students for your invaluable contribution and assistance in the work of Consumer Action over the past year.






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



Neil Ashton
Deahne Baker
Dora Banyez
Ariel Borland
Giulia Daminano
Tim Dobney
Nicole Droutsis
David Fixler

Matt Gillett
Bing Han
Emily Hart
Caterina Ioannou
Anthea Karvounaris
Aarati Kellerpan
Nandini Kumar
Maurice Legge
Zoe Leyland
Lin Lin
Madhavi Lingam
Stephen McGrath
Diana Muljanto
Krystal Navez d'Aubremont
Lloyd Noske



Nikki Reimann
Singithi Silva
Fred Tai
Brendan Wood
Andrew Wright
Kay Li Yeoh
Alice Zhang
Adam Zunica

Continuing Professional Development (CPD)



Consumer Action's in-house continuing professional development program represents our commitment to being a leader in consumer law advocacy and policy development and forms part of our solicitors' continuing education requirements under the *Legal Profession Act 2004 (Vic)*.

Guest speakers further the organisation's expertise in its areas of practice and have included Prof Allan Fels discussing current issues in consumer policy, Neil Clelland SC on criminal prosecutions and the provision of false information to credit providers, and Dr Elizabeth Lanyon on the law of penalties.

Presentations by Consumer Action staff facilitate the sharing of expertise and retention of knowledge within the organisation. Consumer Action also makes available to its staff funding for training outside the organisation.

Consumer Action wishes to thank the following people for generously sharing their time and knowledge as part of the program: Katy Barnett, Neil Clelland SC, Prof Allan Fels, Dr Elizabeth Lanyon, Dr Jeanie Paterson, Jan Pentland, Denis Nelthorpe, Dr Michelle Sharpe, Louise Sylvan, and the Equal Opportunity and Human Rights Commission.

Acknowledgements

For undertaking work free of charge Consumer Action would like to thank the many organisations and people who have provided Consumer Action with highly expert pro bono assistance:

Blake Dawson Waldron – For lease and sub-lease negotiations. Thanks in particular to Kerensa Sneyd.

Chris Flaherty – For design assistance, including layout and design of our Annual Report.

Deacons – For assistance with transfer or sub-lease and advice regarding company dissolution options. Thanks in particular to Dean Pavitt, Darren Vance and Allan Kawalski.

Minter Ellison – For company registration. Thanks in particular to Joseph Pace and Iris Parker

Philips Fox – For employment advice. Thanks in particular to Rick Catanzariti and Victoria Rosen.

We also thank the following firms and member of Counsel who have provided pro bono assistance in the course of Consumer Action's casework:

Paul Bingham (Victorian Bar)

Darren Ferrari (Victorian Bar)

Chris Johnson (Victorian Bar)

Lydia Kinda (Victorian Bar)

Daniel Matta, AC & Joanne Daniels (Clayton Utz)

Graeme McEwan (Victorian Bar)

Steve McNab (Victorian Bar)

Deborah Politics (Clayton Utz)

Robert Squirrell (Victorian Bar)

Anthony Strahan (Victorian Bar)

We acknowledge the contributions of the following organisations:

Finrea – For consolidating all electronic data from the two existing centres, arranging the supply, delivery and installation of our new IT equipment, and continued technical support. Thanks in particular to Justin Finnegan and Geoff Adsett

Gozer Media – For our website design and structure. Thanks in particular to James Armstrong and Luke Gallagher.

Hoyne Design – For our wonderful corporate ID and website concept. Thanks in particular to Andy Hoyne, Dr Tarja Zingg and Laine Warwick.

In2Space – Our project managers who encapsulated our vision of integration in the fit-out of our office premises, and delivered to schedule. Thanks in particular to Ettore Ribone.



Financial Reports

These financial reports are a consolidation of the financial reports of the three separate entities (Consumer Action Law Centre, and the other two organisations that merged to form Consumer Action). Reports for each of the organisations individually are available from our office on request.

CONSUMER ACTION LAW CENTRE CONSOLIDATED REVENUE STATEMENT

July 1, 2006 to June 30, 2007

Income:

Assets Donated	41,402
Core Grants	1,146,036
Non Core Grants	290,641
Interest	15,795
Community Legal Education	0
Consulting & Sitting Fees	11,423
Rental Income	31,973
Costs Recovered & Retained	4,664
Donations	150
Refunds & Reimbursements	52,588
Tax Payable Transfer	5,531
Transfer to CALC	113,529

Total Income: 1,713,731

Expenditure:

Salaries	731,634
Superannuation	67,070
Salary On Costs	8,352
Rent	203,579
Repairs & Maintenance	774
Amenities	5,602
Cleaning	13,253
Electricity	6,104
Staff Training	6,210
Staff Recruitment	3,624
Internet & Email	1,905
Telephones	28,016
Printing	168
Computer Support	323
Equipment Repairs & Maintenance	3,802
Minor Equipment	1,108
Photocopying	247
Postage	2,548
Software	1,545
Stationery	6,527
Delivery Costs	0
Insurance	3,466
Interest	482
ASIC Lodgement Fees	846
Bank Charges	2,673
Audit	6,293
Tax Payable Transfer	14,400
Library	7,129
Memberships & Subscriptions	5,357
Practising Certificates	3,210
Travel Costs	75,168
Advertising	0
Roundtable	40,617
Community Legal Education	1,087
Consultants	22,437
Volunteers	131
Client Disbursements	2,492
Depreciation	8,465
Transfer to CALC	113,529
Other	84,929

Total Expenditure: 1,485,103

SURPLUS / (DEFICIT) 288,628

CONSUMER ACTION LAW CENTRE CONSOLIDATED BALANCE SHEET

as at June 30, 2007

ASSETS

Current:

Bank Accounts at Call	324,844		
Term Deposits	82,842		
Petty Cash	35		
Accounts Receivable	24,303		
Accrued Income	29,785		
Prepayments	25		461,836

Fixed:

Computer Equipment	21,141		
Accumulated Depreciation	(3,083)	18,058	
Telephone System	11,570		
Accumulated Depreciation	(675)	10,895	
Office Equipment	7,351		
Accumulated Depreciation	(735)	6,616	
Computer Furniture	1,340		
Accumulated Depreciation	(34)	1,307	36,875

Total Assets: **498,711**

LIABILITIES

Current:

Accounts Payable	13,070		
PAYG Tax	6,786		
Net GST Payable	21,556		
Provision for Annual Leave	41,004		
CALC Set Up Funds	21,800		104,216

Deferred:

Provision for Long Service Leave			11,825
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Net Assets: **382,670**

EQUITY

Retained Earnings	154,042		
Current Year Surplus / (Deficit)	228,628		382,670

**MICHAEL KIERNAN
& ASSOCIATES**

ACCOUNTANT FCPA

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NEWPORT VIC 3015

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FAX: 9314 4774

370 BLACKSHAW ROAD
ALTONA NORTH
ABN 82 957 136 008

24 April 2007

Consumer Credit Legal Service Inc.
c/o Consumer Action Law Centre Inc.
Level 7, 459 Lt Collins St
Melbourne, Victoria, 3000

FINAL AUDIT REPORT

On the basis of information provided by the committee of Consumer Credit Legal Service Inc., I have audited the special purpose Income Statement and Balance Sheet of Consumer Credit Legal Service Inc. for the period ended 28 February 2007. This is the final audit.

The specific purpose for which the special purpose financial report has been prepared is set out in the notes to the accounts. The extent to which Accounting Standards and UIG Consensus Views have or have not been adopted in the audit of the special purpose financial report is set out in the notes to the accounts.

The committee members are solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are consistent with the financial reporting requirements of Consumer Credit Legal Service Inc.'s constitution and are appropriate to meet the needs of the members of the organisation.

Scope

I have conducted an independent audit of the financial reports in order to express an opinion on it to the members of the organisation. My audit has been conducted in accordance with professional reporting requirements (APS9) to provide reasonable assurance whether the financial reports are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial reports, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial reports are presented fairly in accordance with professional reporting requirements and statutory requirements so as to present a view which is consistent with my understanding of the organisation's financial position, the results of its operations and its cash flows.

Audit Opinion

In my opinion, the financial statements of Consumer Credit Legal Service Inc. do give a true and fair view of the organisation's financial position as at 28 February 2007 and of its performance for the year ended on that date.

To the extent permitted by law, I do not accept liability for any loss or damage which any person, other than the organisation, may suffer arising from any negligence on my part. No person other than the committee and members of Consumer Credit Legal Service Inc. should rely on the special purpose financial report. It is not prepared on the basis of providing investment or bank finance information. The special purpose financial report was prepared exclusively for the benefit of the committee and members of Consumer Credit Legal Service Inc. and the purpose identified above. We do not accept responsibility to any other person for the contents of the special purpose financial report.

MICHAEL KIERNAN



CONSUMER ACTION LAW CENTRE
ABN 37 120 056 484

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
CONSUMER ACTION LAW CENTRE

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Consumer Action Law Centre, which comprises the Balance Sheet as at 30 June 2007, and the income statement and cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Director's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

Auditor's Opinion

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

- (a) giving a true and fair view of Consumer Action Law Centre financial position as at 30 June 2007 and of its performance for the period ended on that date in accordance with the accounting policies described in Note 1; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporations Act 2001.

Sean Denham

Dated:

Sean Denham & Associates - CPA's

Suite 12, 13-25 Church Street, Hawthorn VIC 3122

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AUSTRALIA**

The Consumer Action Law Centre is an independent, not-for-profit, campaign focused, casework and policy organisation. It is formed by the merger of the Consumer Law Centre Victoria and the Consumer Credit Legal Service, and builds on the significant strengths of these two centres.

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