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Ms Louise Sylvan AM

By email: Financial.Counselling.Review@dss.gov.au

20 March 2019

Dear Louise,

**Review of the coordination and funding of financial counselling services
across Australia**

FamilyCare welcomes this review. We hope it will ensure the value of the financial counselling sector is better recognised and that resourcing more accurately reflects the demand for services.

Because the timeline for the review is so short, I will keep our comments brief. If however you wish to explore the issues raised further, I would be happy to elaborate.

FamilyCare's interest in the Review:

FamilyCare is the main provider of child and family services in the Goulburn region of Victoria. Around 125 staff and 70 volunteers are engaged in a variety of roles, across four offices and several outreach locations.

Shepparton is FamilyCare's home base – which provides a unique perspective on the differences between Commonwealth and State policy approaches for dealing with issues confronting low income people. Shepparton has been one of two Victorian place-based welfare reform trial sites since May 2011. It is the only place in Victoria to host Income Management.

Financial stress, debt problems and poverty are recurring themes in our casework. FamilyCare does not however receive funding to operate a financial counselling service.

Referral to external financial counselling providers has traditionally been too slow to meet our clients' needs. Wait periods of four weeks and more have not been uncommon. This is not a criticism of the services to which we might refer but a reflection of the reality where supply constantly falls short of demand. There are too many people who need assistance and too few financial counsellors available to meet that need in a timely way.

In mid-2018, FamilyCare decided to address the lack of financial counselling access in a more direct way. In partnership with a Bendigo-based specialist provider with which we

already cooperated to ensure NILS loans were available, FamilyCare decided to purchase dedicated financial counselling hours for our clients. To make this happen, we have applied a mix of accumulated reserves and state-funded brokerage resources. Currently we pay Bendigo Family and Financial Services, to access one of their financial counsellors two-days per week.

The service has operated at full capacity from commencement. It could easily be a full-time role and possibly more.

Why is financial counselling so important?

There are some special and important differences in the way financial counsellors practice. The profession merges counselling with advocacy, both on issues of individual and structural unfairness. It is a powerful and important mix. As someone who has worked closely with the financial counselling sector for almost 25 years, I have struggled to understand the rationale for building new, less-defined roles like financial capability, when the service that is wanted and works, is in such chronic under-supply.

Our clients can access welfare supports, social workers and others. Financial counselling fills a niche that other delivery platforms cannot and is too hard to access. Not dealing effectively with the cause and effect of financial hardship undermines the benefits of the other work we do with our clients.

What FamilyCare's clients need from their financial counselling sessions:

Since the in-house financial counselling service commenced at FamilyCare in July 2018, there have been 38 referrals. Most were generated from our child and family services programs and the majority of those clients are from single parent households with young children.

The range of issues is similar to other financial counselling services, including a variety of debt problems related to consumer credit, utilities, telecommunications and so on. There are usually multiple issues to be addressed and in a significant minority of matters the referral has been triggered by a crisis, for example legal proceedings or an imminent risk of homelessness.

The financial issues explored with the financial counsellor are inextricably linked to other issues that affect family functioning. There are links with family violence, mental health, general health and wellbeing and parenting capacity. In relation to the last of those factors, financial pressure is in our view directly linked to the safety of children.

Although not directly related to the review's Terms of Reference, FamilyCare believes the relative levels of financial stress experienced by our clients, particularly single mothers in Shepparton, are linked to the welfare reform trials and the increasing application of conditionality and consequent penalties. It is not uncommon for Commonwealth rules regarding access to benefits, to cause or contribute to financial crises.

Conclusion:

There are usually financial issues involved for people who require support from generalist community service providers. That is certainly the case across FamilyCare's service platform,

especially for child and family services. Not dealing with those financial issues makes it less likely that other interventions will be effective or sustainable.

Financial counselling is an effective model, precisely because it incorporates the capacity to advocate for individuals and to address structural or systemic problems. Other roles, like financial capability workers are less of a priority. There is little value anyway in trying to encourage capability or resilience amongst people who are in crisis, or subject to fundamental structural unfairness.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D Tennant', is centered on a light gray rectangular background.

David Tennant
Chief Executive Officer