



Commonwealth Department of Social Services
Financial Wellbeing Branch

By email: fwcpolicy@dss.gov.au

25 January 2024

Dear FWC Program Review Team,

**RE: Review of Financial Wellbeing and Capability Programs.
Consultation Paper – December 2023**

Thank you for the opportunity to provide comment on the Financial Wellbeing and Capability Programs consultation paper. FamilyCare and Bendigo Family and Financial Services commenced a partnership to provide dedicated financial counselling services for FamilyCare's clients in mid-2016. The services provided as part of this relationship, whilst highly effective, are not sufficient to meet the demand for support.

FamilyCare provided a submission to Lousie Sylvan's review of the coordination and funding of financial counselling services across Australia, in March 2019. A copy of the Sylvan Review submission is attached.

The Media Release from Minister for Social Services, the Hon Amanada Rishworth MP on 21 November 2023 announcing the launch of an industry funding model, was welcome news. It has however taken a long time to reach this point and commencement is still some way off. We also note Financial Counselling Australia's view that the additional funding was around half that required to cover unmet demand in 2022. The financial difficulties confronting Australian households have increased significantly since then.

We offer the following observations about the environment in which financial wellbeing and capability programs are being delivered. Whilst not directly addressing questions in the consultation paper, these observations are based on our combined and considerable experience of client needs and the ability of our service teams to help people work toward sustainable improvements.

1) Financial counselling is the most important form of service delivery:

There is a suite of activities represented across financial wellbeing and capability programs. We make no criticism of any of those activities, however the most important, impactful and effective form of service delivery across that range in our view, is financial counselling. The Australian model of financial counselling, blending counselling, welfare support, para-legal information and advocacy, from an individual to systemic level, is unique in Australia and globally.

Financial counsellors not only routinely enhance their clients' understanding of and control over financial circumstances, they deliver practical, measurable outcomes. They have also contributed beyond their resourcing or number, to a more effective and fair financial services system in this country. From informing nationally significant enforcement action, to providing a key link between lived experience and important reviews like the Banking Royal Commission, financial counselling is a vital conduit between the theory of consumer rights and accessing and using those rights.

Financial counselling should be a core component of many forms of human service delivery, from child and family services, to the mental health system. It is not, because the funding of financial counselling falls so far short of need and evidenced value. There are between 1000 and 1200 trained, not-for-profit financial counsellors, across Australia. It is vital that number is increased in a planned and sustainable way. The industry funding model is more modest than ideal and not without risks. On the industry side, those who are willing to participate, carry the burden of others who should, because of their role in driving demand, but are not required to. If this model is to survive, this issue must be addressed.

Industry funding will also operate concurrently but separate to the range of government funding options, shared between the Commonwealth and States and Territories. The proportions of the shared government funding platform remain uneven and prone to change. It would be a disaster if the emergence of an industry funding stream undermined incentives for jurisdictions who fund financial counselling well to continue doing so, or for those that do not, to do better.

At a local level, the partnership between FamilyCare and BFFS, helps provide some priority access across FamilyCare's life course series of programs, for clients who need financial counselling. It is not enough. We could double, or triple that access and it would not be enough.

2) Social security policy determines the financial wellbeing and capacity of benefit recipients:

A significant majority of FamilyCare and BFFS clients receive a benefit through the social security system. For most it is their main source of income. When benefits are too low, or the rules for maintaining access are too harsh, it undermines safety and wellbeing. Those negative impacts are particularly acute for financial dependents, especially children.

Financial wellbeing and capability programs can and do assist ameliorate the impacts of inadequate, or harsh social security settings. The assistance does not solve problems that can only be addressed by changes to social security policy.

We have welcomed more respectful language being used by government in its reference to social security recipients. There have also been a range of helpful improvements, for example ceasing the compulsory ParentsNext program. Many of the underlying structural problems remain and require broader, more connected consideration than they are currently receiving. We urge an approach to reform that is consistent with the findings of the Robodebt Royal Commission.

With Shepparton the only LGA in Victoria to host a place-based version of compulsory income management, we are also looking forward to a full and prompt transition to voluntary options. Compulsorily managing incomes, based on benefit status and place of residence, is unfair and undermines financial wellbeing and capability.

Conclusion:

There are a number of consultation questions on which FamilyCare and BFFS have views. For example, we both have extensive experience in disaster response and recovery. FamilyCare is the current lead agency for the Goulburn Flood Recovery Service. We are also located in and focussed on the needs of regional, rural communities.

We will however defer to more detailed submissions being prepared by peak bodies and look forward to further consultations as the process develops.

Yours sincerely,



David Tennant
CEO
FamilyCare



Jenny Elvey
Manager
Bendigo Family and Financial Services

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