

financial  
counselling  
australia



Financial  
Counseling  
Australia is the  
peak body for  
financial  
counsellors in  
Australia.

# ***A National Perspective: Increasing Access to Financial Counselling***

Fiona Guthrie, Executive Director, FCA

*16<sup>th</sup> October, 2012*

- Joan is an aged pensioner with multiple health conditions. Joan rang the Credit and Debt Helpline. Joan had recently lost her husband to leukemia and her daughter to cancer. After her husband's death Joan was left with debts in excess of \$70,000. She has no assets. The helpline staff referred her to a face-to-face service. She waited four weeks to see a counsellor. The financial counsellor was able to negotiate a release from all of the debts.
- Mrs B fell behind in her repayments when her husband became sick. She received a Statement of Claim from the bank and is extremely distressed. Mr B was soon to reach retirement age, and his superannuation would repay the mortgage. The financial counsellor helped Mrs B re-arrange her payments. With the assistance of a consumer credit lawyer, a dispute was lodged in the Financial Ombudsman Service. The creditor agreed to discontinue legal action. Mr B later retired and discharged the mortgage as planned.
- A door-to-door trader has been targeting Indigenous communities in the Pilbara, selling water coolers, first aid kits and car fridges. Some people were told and/or believed that the fortnightly direct debit was a one-off cost or the product was free. Others were told that the fridges would be filled with food. The financial counsellor, using the cooling off provisions in the Australian Consumer Law, was able to get the contracts rescinded. A complaint was made to ASIC about the unconscionable conduct of the company. The financial counsellor is also confident that the people in this community will be better armed against exploitation in the future.

# Themes

- Demand outstrips supply
- The financial counselling role is complex
- The causes of financial difficulty are many and varied
- Financial counselling makes a difference
  - **For individuals**
  - **Fixes market problems, prevents future problems**

# ***Demand and Supply***

financial  
counselling  
australia



Media Release

## **One in eight people living in poverty in Australia: new report**

**Sunday October 14, 2012**

“... poverty in Australia remains a persistent problem with an estimated 2,265,000 people or 12.8% of all people living below the internationally accepted poverty line used to measure financial hardship in wealthy countries.”

There are around 900 financial counsellors in Australia – one for roughly every 2,500 people living in poverty.



## ***Funding – Commonwealth and States/Territories\****

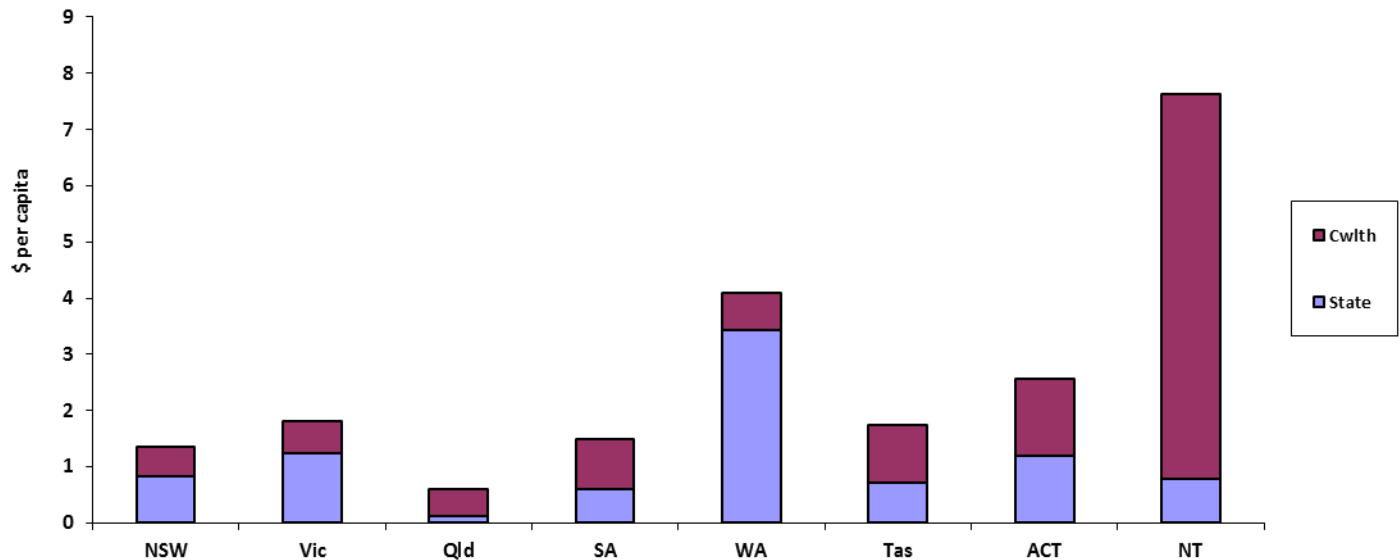
- The States and Territories provide the majority of funding: \$23.7 million per annum (62% of the total)
- The Commonwealth invests \$14.2 million per annum (excluding funding for resource services)
- NSW, Victoria and WA invest far more than Queensland and South Australia



- Excludes one off funding for natural disasters in Queensland.
- Excludes funding recently announced, but not yet allocated in Tasmania (\$1 million) and by the Commonwealth Government for 50 specialist financial counsellors to assist problem gamblers.

## ***Funding – Per Capita***

- Northern Territory – highest per capita
  - **Due to the Federal Government investment.**
- WA next highest per capita expenditure - \$4.10.
  - **Thanks to State Government funding.**
- Ongoing funding uncertainty



## ***Complexity of the Role, Causes of Financial Difficulty***

Financial counselling is widely misunderstood ...

- Financial counsellors = financial planners
- Financial counsellors = budget workers

**It devalues the experience of our clients.**

- “The Financial Counselling Services Program is key to helping people with money management problems. These services use innovation and good design to best help those suffering disadvantage and debt,” he said.

— *Media Release, September 2012, NSW Minister for Fair Trading*

### **The reality**

- Complex role
- Hardship can happen to any of us – job loss, sickness, relationship breakdown, poverty

## ***Reality Check***

- Financial stress in the community is a serious problem.
- If more people could access financial counselling, it would go a long way to at least alleviating some of that financial difficulty.
- But ... the sector is poorly funded and there are very few financial counsellors.
- The result?
  - **People stay trapped in a cycle of debt**
  - **Turn to other less savoury options: payday lenders, debt repair companies, debt agreement administrators and so on.**

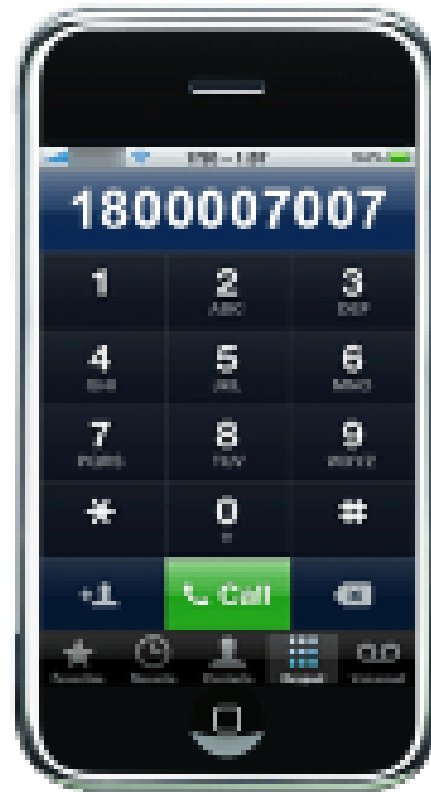


# ***How do we increase access?***



- Cost-benefit analysis
- Tell our story to the decision-makers

# ***Think more laterally about service delivery***



# Self-help website



get **back on track** with **free** financial counselling

home

fact sheets

letter templates

find local help

links

contact



## Juggling household bills and debts?

We know that financial difficulty can happen to anyone. Take some simple practical steps to get back on track.

Try the "Debt Self Help Tool" for a tailored assessment, read a fact sheet or download a letter to send to a creditor or debt collector. You can also talk to a financial counsellor by calling 1800 007 007.

Financial counsellors are trained and caring professionals. They work in community organisations and their services are free, independent and confidential. A financial counsellor is on your side, and no-one else's.

**DebtSelfHelp**



online  
assessment  
tool

Simply answer a series of questions about your debts and you will be provided with a tailored debt assessment offering hints and tips on how you can manage your debt situation.

It's free; it's anonymous; it's easy!

**Phone for help**



**1800  
007  
007**



## get **back on track** with **free** financial counselling

[home](#)[fact sheets](#)[letter templates](#)[find local help](#)[links](#)[contact](#)

### fact sheets | **everyday money**

#### Car loans

[Centrelink](#)[Child support](#)[Commercial loans](#)[Credit cards](#)[Credit rating](#)[Debts—goods and services](#)[Direct debits](#)[Fines](#)[HECS](#)[Home loans](#)[Loans—family and friends](#)[Payday or short term loans](#)[Personal loans](#)[Rates](#)[Rent or board](#)[School expenses](#)

#### Car loans

*Acknowledgment: Money Help, <http://www.moneyhelp.org.au/>*

if you are having difficulty meeting the payments on your car loan, your first step should be to check your loan agreement to see if the car is secured or not under the loan.

Most loans for cars are secured loans. This means that the lender can seize the car if you don't pay the loan. This process can and does happen very quickly.

If the car is not security for the loan, your lender cannot seize it unless they have a court order.

Is your car security for the loan?

Do you need more information about the loan?

Assess your financial situation

Should you sell the car?

Can you voluntarily hand over the car?

Contact your lender

What if you are being sued?

### DebtSelfHelp



online  
assessment  
tool

Simply answer a series of questions about your debts and you will be provided with a tailored debt assessment offering hints and tips on how you can manage your debt situation.

It's free; it's anonymous; it's easy!

### Phone for help



1800  
007  
007

---

## DebtSelfHelp



Simply answer a series of questions about your debts and you will be provided with a tailored debt assessment offering hints and tips on how you can manage your debt situation.

It's free; it's anonymous; it's easy!

---

## ***Conclusion***

- Access – the big external issue
- The profession itself is also undergoing dramatic changes
  - **Entry requirement:**
    - Diploma of Community Services (Financial Counselling)
  - **National Code of Ethics**
  - **Mandatory supervision**
  - **Mandatory continuing professional development**
- Reasons to be cheerful ...
  - **Lots of challenges**
  - **Matched with passion and commitment**

"Like slavery and apartheid, poverty is not natural ... it is man-made and it can be overcome and eradicated by the actions of human beings. Overcoming poverty is not a gesture of charity. It is an act of justice."

*Nelson Mandela*

*Speech, 3<sup>rd</sup> February 2005.*

*(Prior to a meeting with the finance ministers  
from the Group of Seven (G7) industrialised nations.)*