The Central Queensland Financial Counselling Service (CQFCS) makes this submission to the Department of Social Services Discussion on Financial Wellbeing and Capability.

**Background**

Rockhampton is the service centre for the Fitzroy region and is the major service centre for the area. The region’s economy is driven through primary production, mining, tourism and retail, much of which is dependent on an itinerant workforce employed on a seasonal basis.

CQFCS has delivered high quality financial counselling services to the Fitzroy community for over 25 years based in Rockhampton. The Federal Government has recognised the outstanding work done by CQFCS by continuing funding and offering the organisation a number of opportunities to deliver specialist programs such as the Sugar Industry Reform Program and the Pilot Place Based Income Management program and recently funding under the Financial Counselling, Capability and Resilience Hub Plus Trial for Rockhampton. Continuity of service delivery has enabled the Service to develop an in depth knowledge of the community, its economy and the challenges for individuals and families in a region which has been severely impacted by drought, flood, tropical cyclone and the downturn in the mining industry.

It should be noted that this organisation has not delivered Emergency Relief.

**Response**

* 1. Commonwealth Financial Counselling (CFC) services have, in our experience, been predominantly accessed by individuals, families and small business operators who are experiencing credit and debt problems, so should be seen as **reactive/responsive**. This has certainly been the case since the rise in the employment of Financial Capability workers who took over the community education and literacy roles of the more traditional financial counsellor who was expected to cover all aspects of the community’s financial wellbeing.

We do not believe that there should be restrictions on access to Financial Capability assistance as this is a **proactive/preventative** measure to assist self-identified individuals who require guidance in managing their income and gaining an understanding of financial products and general financial literacy. For profit organisations disempower individuals by taking over finances (at a cost) and the individual gains no ongoing learning from this type of intervention, although they do have a place for those who, due to their employment, may need assistance to manage their outgoings because of remoteness or lack of access to digital technology.

* 1. The issue of accessibility to assistance is one that is most strongly felt in regional, rural and remote communities where the tyranny of distance and the lack of services prevails. Despite the rise in use of technology for many in the community their access to this is limited, their ability to engage via technology may be compromised by literacy and numeracy deficits or connectivity problems and the requirement for one on one assistance is the most appropriate for engagement and to create lasting change and ongoing competence.

Our experience demonstrates that demand for service particularly for financial counselling, which is sought *post facto,* outstrips supply. As financial counselling is generally sought once people hit crisis point long waiting times frequently result in either the disengagement of the individual, more harmful and less positive outcomes for both the individual and their creditors or people accessing high risk products such as payday loans or other third tier assistance which results in a debt spiral and frequently, bankruptcy.

2.1 As a stand-alone service delivering the Hub Plus trial model in a regional area it has been noted by clients that the independence from other providers has been engaging and without judgement. Our relationships with other service providers are strong, the organisation highly regarded and the services delivered are done in a timely and flexible manner in accord with client availability and need. We do not hold waiting lists as we endeavour to meet client needs through flexibility and within a reasonable timeframe. The rigidity which appears to control access in larger organisations means that many individuals dropout because the immediate crisis has passed, whether through risky borrowing, homelessness or otherwise, is unknown.

Our greatest barrier to access is for those living outside of Rockhampton where outreach is done on a weekly, fortnightly or monthly basis depending on the demand, distance from the Office and of course staff availability. As many community organisations are poorly funded the costs for room hire in outreach locations together with the costs of travel and overnight stays (when necessary) poses a significant barrier to service delivery.

Practice wisdom demonstrates that only clients who engage voluntarily with the services offered, Financial Counselling and Financial Capability, derive the greatest benefit and ongoing commitment to address their particular problems. We have noted that the Job Active providers are reluctant to engage with Financial Capability workers without continued contact and prompting from us whereby we promote the long term benefits of our services for their client groups.

2.2 Formalising relationships is administratively costly and has the potential to cause disharmony with other services when they believe that their clients should be prioritised over the needs of other individuals. Respectful and informal cooperation is, in our experience, a more fruitful collaboration as clients who believe that they are compelled to attend are rarely open to work with the Financial Counsellor or Capability Worker.

2.3 This service acts as an agent for a Microfinance provider, facilitating the application for the loan and thereby has the ‘financial literacy’ conversation with the client and establishes a relationship without any conflict of interest. One of the major problems for a service such as ours would be that being both a provider of information and advice about credit and debt matters and also being a quasi-lender under the NILS program ie being a debt collector also, would be in direct conflict with our core role.

2.4

2.5 We believe that resources should be available to enable Community Centres/Neighbourhood houses to train and employ qualified staff to deliver high quality Financial Counselling probably in the more ‘traditional’ model whereby the Financial Counsellor delivers the full suite of Financial Wellbeing objectives. It is the complex casework which is undertaken by qualified Financial Counsellors which is highest in demand and therefore is it essential that only qualified workers who undertake regular and high quality professional development are delivering these services.

2.6

3.1 Conflating financial matters with employment outcomes disregards the essential fact that most people with debt problems have at some time been in employment and have therefore been able to access credit. They are fully aware of the benefits of employment, however, in areas of high unemployment no amount of goodwill or creativity is going to change the economic landscape in which individuals live. We also need to take into account the phase of life each individual is in when working with them for a positive outcome either financially or in terms of employment.

3.2 This service does not provide emergency relief, however, we have noted that clients referred from ER providers are reluctant to engage as generally their issue is that the social safety net is inadequate to meet their day to day living expenses, particularly when they have multiple creditors harassing them for payment of debts acquired prior to their change in circumstances. The **voluntary** nature of the relationship with a Financial Counsellor is beneficial is establishing long term positive outcomes for the individual and the work is undertaken when people are psychologically present to deal with this particular aspect of their often complex life.

Individuals present with multifaceted needs to a variety of organisations and need to be given the opportunity to tease out their priorities in regard to relieving stressors in their lives. This sense of control enables people to better engage with service providers, have their needs met and view their situation in a more engaged and ordered manner which contributes to a greater sense of wellbeing and a more positive approach to life.

3.3 Improving financial literacy across the whole community relies on good regulation of credit provision and the advertising of same, high levels of consumer protection and the ongoing work currently being undertaken in developing financial literacy education in schools. However we have whole generations who have not benefitted from such education and the assistance which is generally sought is after the event ie getting into debt. This is a whole of government issue and DSS would best support financial education through **funding** to the smaller community based organisations such as Neighbourhood Centres to promote financial literacy alongside the plethora of other services and activities they provide.

4.1 Funding for the various roles within the financial wellbeing space should specify the services to be delivered and should not be left to organisations to choose which service will be delivered ie Financial Counselling OR Financial Capability. It is vital that alongside any financial capability worker there is a qualified Financial Counsellor, the reason for this is to **protect** the clients with complex needs from being given assistance which is outside the expertise of the financial capability worker, who often feels pressured by the client to ‘find a solution’. The difference in qualifications and knowledge is enormous and our experience has shown us that many organisations when able to self-select choose the lesser qualified role as it is easier to find candidates and they are cheaper to employ.

There is a definite need to increase the numbers of Financial Counsellors in the community, however, given the funding cycles and the ongoing uncertainty for employment in this sector there is a general reluctance for people to undertake what has now become an expensive Diploma level qualification. There are also very limited pathways within the profession for promotion or diversification.

There is currently **no** support or professional development specifically targeted at Financial Capability workers and realistically little role clarity about the boundaries for such workers. There is also no overarching body to provide this support. Attendance at conferences which provide professional development for financial counsellors serves to complicate the position of financial capability workers where the ‘little bit of knowledge is dangerous’ adage applies.

4.2 ASIC’s MoneySmart website, Financial Rights Legal Centre’s websites to name two provide tools for individuals and professional alike. For Financial Counsellors, Financial Counselling Australia provides useful tools and information, but there is no central resource for Financial Capability Workers or Financial Resilience/Wellbeing workers. There is a definite need for such resources to be developed and accessible to these workers so that the role definition is clear and so that the clients of these workers are not put at risk by the assistance they receive.

5.1 It should be noted that outcome based evaluation is needed close to the time that assistance from services is finalised. The reasoning for this is that it is merely a snapshot in time and for those living on Centrelink payments any unexpected event can cause major disruption in the best of plans as these payments leave little or no room for provision to be made to meet unexpected or extraordinary expenses.

5.2 The main focus of any evaluation into financial wellbeing must focus on resolution of the presenting issues, see remarks at 5.1.