



Department of Social Services

Discussion paper

Financial Wellbeing and Capability Activity

January 2017

Response from the Financial Counsellor's Association of WA

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Preamble

The Financial Counsellors' Association of WA (FCAWA) provides membership to financial counsellors based in WA to ensure their eligibility to meet the ASIC exemption from licensing. FCAWA provides, through the National Standards and Guidelines, financial counsellors access to continuing professional development, supervision, and support.

FCAWA also provides an advocacy role on issues that people in financial hardship face by participating in various forums, campaigns and activities. FCAWA also works to raise the profile of financial counselling in the Western Australian community as a free, independent and confidential service. The service has been operating since 1989 and currently has over 100 members.

Of particular note, in 2015 WA state funding for financial counselling services in WA was cut and only after a strong campaign were funds extended but only half of the funds were returned. The sector is now experiencing the effects of this decision with demand for the service far outweighing the current supply of services.

FCAWA contributed to the Discussion paper in the submission delivered by WACOSS, our state peak body for social services on this discussion paper. However, we also wanted to use the opportunity to respond as a state wide peak body on behalf of financial counsellors in WA.

Whilst FCAWA fully supports a review of the current programs funded by DSS in the financial wellbeing and capability activity area, we believe the paper fails to look at addressing the systemic and structural issues that lead to financial difficulty. The complexity of needs for the most disadvantaged in our community has demonstrably increased. Issues such as stagnating wage growth, no real increases for income support and the WA economic downturn are resulting in higher levels of utility and mortgage stress. Unless the factors leading to financial difficulty are addressed we will only ever be providing crisis level services. We are also concerned that the paper uses the KPMG report commissioned in 2014, in WA however the financial landscape has changed significantly since this report.

We would like to see DSS look at structural disadvantage in more broader terms that addresses the inequality and exclusion of many Australians from the mainstream economy.

In response to each discussion topic section we provide the following responses.

1. Strategies to improve the targeting of services

In principle, we agree that services should be directed to the most vulnerable however, we would be very concerned if this was restricted to people only in receipt of Centrelink payments. Financial Counsellors already must prioritise and deal with the people at the most imminent risk as services in WA currently have long wait lists.

FCAWA knows there are many people who are considered 'underemployed', such as people in casual work and people on short term contracts that may not qualify if the services were restricted. Financial counsellors also deal with families who have low incomes and struggle with debt. These families often use credit cards and other consumer credit to manage their debts. Financial counsellors also currently see people who are in financial hardship and need independent advice and assistance on accessing their superannuation, plans for housing/mortgage options, but they would not be considered if the service group was restricted.

FCAWA also believes using terms such as 'people unable to pay their debts' is also misleading as for some people 'debt' is not the issue, financial hardship is - such as people who are homeless, people experiencing family violence or people with disabilities. We would want to see the language change to 'people in financial hardship'. Debt may not always be the presenting issue and financial counsellors deal with many people who may just be in financial crisis.

This section also singles out specific groups such as people experiencing family and domestic violence and immigrants/non-citizens but does not mention the needs of Aboriginal and Torres Strait Islander people, who often have extreme financial hardship, we would like to see this group included in the target groups. Similarly, people with mental health issues and homeless people struggle with financial hardship, as they cannot access traditional forms of credit.

FCAWA also believes an early intervention approach is needed and needs to be resourced adequately, through financial literacy and capability work, to ensure we are not continually working with people in crisis.

2. Strategies to increase service integration

FCAWA agrees in principle with the concept that services should be providing a more integrated approach to service delivery, but this must remain localised. In Western Australia, many communities are very isolated and there may be only one of two 'human' services in a region. In the Kimberly and Pilbara regions for example many services are 'outreached' from major towns – who could a day's drive away. The issues they are dealing with are often compounded with poor internet services making communication with banks, Centrelink and other credit providers very challenging. Whilst an integrated approach is preferable it is not always practical.

For Aboriginal people living on community, where English is not their first language, just communicating with Centrelink is very difficult. Financial Counsellors and capability workers do a lot of work to ensure their income entitlements are met.

It is fair to also say that many services do already offer integrated approaches and where there are resources to do so, financial counsellors collaborate with a range of services, including ER, Family Violence, Family support and mental health services. Often a presentation for financial counselling leads to a need for further referral as other causal factors are identified.

The current 'hubs' in place in this program only consist of one financial counsellor and one financial capability worker (2 FTE) and this is not considered adequate to foster service integration. Their roles are service delivery and research demonstrates that for good collaboration and integration to work it needs to be resourced and supported well, and not just rely on goodwill, as many of the current systems do. An imposed model of integration is not always adaptable, one size does not fit all in this area of work and hubs would need to be flexible and adaptable to localised needs.

The services of ER, financial counselling, financial literacy, and capability all operate on a continuum with services often offering a suite of services to clients to meet their needs. We would support a continuation of this for the services to be client driven.

3. Strategies to support client outcomes

Whilst in principle FCAWA supports for services to link clients with job network providers, however for many clients work readiness is far more complex. People who are homeless are going to struggle for example with finding employment until their housing needs are met and they will be in continual financial hardship. People with disabilities, including mental health, also struggle to find and maintain suitable employment and job network providers do tend to 'cherry pick' clients who they are more likely to be able to place as they are funded on the basis of outcomes. Single parents also find childcare costs prohibit their ability to find employment that would lift them out of financial hardship, many are just getting by.

Discussion about people's dependence on Emergency Relief is also of some concern. It is a fact that Centrelink incomes do not provide the capacity to many people to cope with financial emergencies such as car breakdowns, or if major appliances needing to be replaced for example. People on fixed incomes have no capacity to 'save for a rainy day' and access to ER is often important to just survive. Of more concern is that people are increasingly turning to pay day lending, at exorbitant interest rates, to pay debt. Increases to the No Interest Loan schemes and better promotion of these services is needed to move people away from the pay day lending trap.

This assumption in the paper that they need budgeting advice is simply not seeing the whole picture and assumes that people can survive on the meagre Centrelink income that is provided. We believe that that ER combined with financial counselling and other support services is key to helping people manage their day to day financial needs.

We are concerned that the paper talks about people having to meet requirements 'within a certain timeframe' but this is unclear. Any attempt to mandate job requirements in order to achieve a financial counselling service is concerning. Whilst crisis intervention can move through a continuum to longer term capability, we find

many vulnerable clients move through of a cyclical crisis to crisis lifestyle, particularly people with mental illness, trauma, homelessness etc.

Adding the responsibility of assessing a client's work readiness to as financial counsellor is of concern as they are not trained in this area and their time on financial counselling, including debt negotiations and mediation is already well used. We agree that employment can lead people out of poverty, however it is not always achievable for many clients and this needs to be assessed on a case by case basis.

However, financial counsellors would welcome the opportunity to work more collaboratively with existing job network providers to increase the capacity for referrals.

4. Strategies to build a strong workforce

FCAWA fully support the acknowledgment and recognition of the workforce development needs of the financial counselling/wellbeing sector. When the financial counselling sector in WA lost half its funding in 2015 many experienced financial counsellors retired and we now have a situation of an ageing workforce and a lack of younger people taking up the Diploma. In WA, the Diploma for Financial Counselling has been taken off scope by TAFE in 2017 as they can no longer afford to offer this. This will further impact the workforce in WA in years to come.

FCAWA would support a national framework be developed to address the training and continuing professional development needs of the sector. Uniform standards and guidelines need to be strengthened and reinforced in each state to ensure consistent practice. Longer term funding for workers would also assist in this strategy so people invest a career in the sector, knowing they can plan forward.

Speciality areas, such as domestic violence also need particular support to ensure the needs are met in a safe environment and a recognition of economic abuse is paramount to understanding coercion and control matters.

5. Strategies to strengthen evidence, improve practice and measure outcomes

FCAWA supports the need for an outcome based evaluation of the sector and this should be led by the national peak body, Financial Counselling Australia. However, before this commences we need to identify what it is we want to know, what outcomes do we expect to be delivered. These need to be communicated into short, medium and long term goals for individuals and communities we are working with.

Common data collection methods and tools need to be established between the commonwealth and the state so we are not duplicating data collection and to ensure consistency in the data. The data required to be collected cannot be too onerous on the worker as this takes away from service delivery.

We also need to ensure any quality framework does not assume a one size fits all model and takes into account the needs of different communities, both geographic and by needs of particular populations. The evaluation also needs to consider causal factors to financial hardship to ensure we work in a more preventative way with families and communities.

Research on a qualitative and quantitative nature needs to be developed that shows a national picture of the benefits and unintended consequences of offering these

services to vulnerable people. The evaluation methodology needs to include the clients view and a measure of the impact, or most significant change, in the client's journey is captured. Any findings should be used to ensure continuous improvement and innovation for future models and practices is identified and explored.

Linking with a research institution who is familiar with the needs of the most vulnerable would allow a robust, testable methodology to be developed.

Conclusion

FCAWA welcomes the opportunity to contribute to this discussion and sees the potential for some very positive outcomes for the sector moving forward. Consultation with the sector should be encouraged at all levels and stages throughout the process to ensure its outcomes can be met at the grass roots level.

FCAWA would be more than happy to be involved in further consultation about these important reforms in the sector.

Please contact Bev Jowle, Executive Officer – eo@financialcounsellors.org for further comments or questions.

Yours sincerely

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Financial Counsellors Association of WA