Anglicare

Anglicare Sydney Submission into the Financial Counselling Industry Funding Model

December 2022

ANGLICARE SYDNEY

Anglican Community Services (Anglicare Sydney) is a not-for-profit organisation of the Anglican Church and one of the largest Christian community service organisations in Australia. Anglicare formed on 1 July 2016 by the merger of Anglicare Sydney and Anglican Retirement Villages with both agencies providing a long history of care to those who are financially disadvantaged.

Anglicare exists to serve people in need in our community, enrich lives, and share the love of Jesus. We respect and value every person as made in the image of the living God. We seek to serve those who are ageing, vulnerable or marginalised by meeting their material, physical, emotional, social and spiritual needs. In partnership with parishes and others, we provide a range of services that promote dignity, safety, participation and wellbeing for people in their relationships, homes and communities.

We operate a wide range of community and aged care programs across the Sydney Metropolitan, the Blue Mountains, Illawarra and Shoalhaven regions of New South Wales with an annual revenue of $478m and assets of $1,734m. Our 4,200 staff and more than 1,300 volunteers operate across a diverse range of community services including: foster care and adoption services; early intervention family support; counselling and family support services; Family Relationship Centres; residential and community aged care services; retirement village living; services for migrants and refugees; carer support services; disability respite; mental health support; youth services; emergency relief for people in crisis; social and affordable housing; opportunity shops providing low-cost clothing; emergency management in times of natural disaster; and chaplains in hospitals, prisons, mental health facilities and juvenile justice institutions.

We currently operate a wide range of Financial Counselling and Capability services in three regions across Sydney and the Illawarra including the Hub at Bankstown. These operate within existing complementary service hubs and are closely integrated with our other Food and Financial Services, particularly Emergency Relief. Our service model is underpinned by case management, active monitoring to ensure clients are achieving goals; advocacy and trusting, professional relationships.

The observations in this submission have been made by Financial Counsellors employed by Anglicare at our services.

GENERAL PRINCIPLES

1. Anglicare's experience in the delivery of financially counselling services has underpinned the need for such services for people who are experiencing either financial hardship arising from a particular life event or hardship which derives from long term complexity and disadvantage.

2. People who access our services often have limited experience in dealing with the financial services sector, may have limited understanding of how the financial system operates or their access to redress, feel disempowered when confronting the complexity of the financial services sector and have no or limited resources to mount an effective strategy to address their issues.

3. Anglicare Sydney sees the role of their financial counselling team as assisting people to process and consolidate their debt through renegotiating with creditors, assessing viable financial options, working with realtors and banks to maintain accommodation, explore alternatives to high interest loans via microfinance products and receive advice on credit law. Advocacy and referral provide options and pathways leading to debt rationalisation, improved emotional wellbeing with a reduction in stress and anxiety, more secure tenancy,

improved education and employment outcomes with individuals feeling confident to navigate their own financial futures. These outcomes are often dependent on the provision of other wrap around supports and integrated financial assistance programs to ensure the complexity of issues can be addressed.

4. Anglicare Sydney Financial Counselling services aim to build financial resilience and support development of behaviours that increase knowledge, enhance financial skills & allow people to pursue employment opportunities. It is an approach to identify financial issues before they become chronic or crisis driven providing budgeting assistance, group money management training tailored to different learning styles and cultural practices; banking/money handling demonstrations and other activities such as: modelling budgets to identify spending leaks and using SMART goals to develop savings behaviours, healthy spending patterns; exploring affordable options for food and shopping groups aimed at building awareness, capacity and skills. Group-based financial literacy and practical skills courses are also delivered that exclusively focus on financial issues or provide financial skills development for specific target groups.

5. After such support it is anticipated that clients will be able to address management of finances and reduce credit card and pay day loan debt increasing the capacity of the client to make informed choices, confident to navigate financial and other service systems and with an enhanced ability to manage their own financial situation. These measures can assist in reducing housing and food insecurity.

RESPONSE TO KEY CONSULTATION QUESTIONS

- What are your views on the proposed principles for developing the industry funding model?

While Anglicare supports the view that an industry contribution would be an additional valuable support in an overstretched sector, the issue is more about implementation, with a number of factors to consider:

1. There is a question about whether or not government funding will decrease as industry funding begins to flow through. If that occurs, then the sector will be no better off in the longer term as the quantum of funding will not change, just the source of that funding.

2. A second consideration is the predictability and sustainability of industry as a funding source if it is a voluntary opt in measure rather than one which is mandatory.

3. How will the levels and locations of unmet need be fully documented and funded when there are a number of tiers of government funding (State and Federal) and a number of locations that need to be considered. While the survey of providers is a good first step it is difficult for such providers to speak into locations where they currently do not operate, so the end analysis may be patchy.

4. The creation of a new body in relation to the distribution of funds is pragmatic but the question remains as to how this body will effectively integrate with both Federal and State Governments.

5. Will Financial Counselling Australia have a role to play in the proposed new funding body?

6. How will the level of funding commitment by each business be determined – as a set rate or percentage of revenue, or level of demand for services?

What are your views on the proposed quantum for each year of the first three years of the model?

Anglicare considers that the proposed new funding is adequate and in line with the Sylvan review not just in terms of the quantum of funding but in terms of its recommendations for the establishment of a nationally coordinated approach and industry funding to strengthen the predictability and stability of funding for financial counselling. The quantum does need to take into account however, the potential for innovation for example establishing financial counselling as an early intervention strategy within the Family Relationship Centres at the point of mediation.

Are there any evidence-based adjustments that could be made to the suggested contributions methodology? What are they and how could they be incorporated into the methodology?

While Anglicare is not indicating any changes are needed to the current methodology consideration may need to be given as to the timing of the survey on which it was based and emerging factors since then such as the significant increase in the cost of living with greater reliance on Buy Now Pay Later, the rise of mortgage debt and lack of rental affordability which have had a very significant impact on the lack of discretionary income for people on income support.

Anglicare's Financial Counselling team are seeing an increased emergence of people with a number of characteristics:

1. People presenting for the first time – with mortgage debt. This is a trend which has been escalating in 2022.
2. Escalation of people presenting with mental health issues
3. Women escaping DFV and relationship breakdown
4. Increasing number of older single women who have not been able to accumulate assets over their life course because they have often worked part time or in lowly paid work or had significant caring responsibilities. They have little or no superannuation on which to rely and a number have been pitchforked into hardship as the result of a relationship or health breakdown. Sometimes when leaving the relationship, they have inherited the debt incurred by their partner and which they cannot repay.
5. Refugees presenting with limited understanding of how to navigate the western credit/banking system, access financial services or budget with limited income. For those with a visa status where they cannot work and cannot access Centrelink they are presenting as destitute and with no visible means of support.

Should any businesses within a subsector be excluded (e.g. small businesses)?

What are your views on options 1 and 2 for determining the split within subsectors for voluntary contributions?

Consideration needs to be given to those businesses within the subsector who are already providing significant hardship programs such as Sydney Water and AGL. Anglicare's experience in working with these agencies and their programs has been very positive and they make a significant difference to the financial counselling team's ability to resolve issues quickly and easily. While they may not be excluded from the contributions their current commitment should be taken into consideration – perhaps using some sort of sliding scale approach.

Anglicare supports Option 2 where sub sectors and their peak body representatives work with the Department to determine an appropriate methodology to apportion within subsector contributions.

What is your view on the proposed initial three-year commitment? Is this an appropriate length to ensure flexibility and stability of funding?

When would an appropriate time be to review the functioning of the model?

Three years would be the minimum required to ensure stability of the programs and for the workforce, but five years would be a more effective commitment to ensure longer term viability and sustainability.

In terms of review Anglicare considers that there is a need for an ongoing iterative review process rather than waiting two years before a review takes place. That would enable adjustments and changes to those parts of the model that are not working.

What are your views on the proposed characteristics of the independent body as set out in Table 4? Are there other characteristics that should be considered?

Anglicare is seeking clarity on a number of issues:

1. Would the additional funds being provided go to existing providers to do more in their locations or would there be opportunities for agencies to expand into new locations in order to meet unmet demand?

2. What would be the nature of the grant making process?

3. What will be the main mechanisms for data collection and reporting given than any new requirements would need to align with existing government reporting requirements to ensure providers don't have to invest in new systems and processes, nor waste time in double entry.

4. If data is to be captured separately how will data integration across all jurisdictions be enabled so that there is a national capability to report?

5. In terms of seeking feedback on the proposed characteristics of the new body will DSS consider the use of customer focus groups to better inform the process?

Anglicare does support a nationally consistent data collection since this could have a range of benefits:

1. It would provide a strong evidence base on the current levels and changing nature of demands for the service
2. It could provide guidance on which interventions are the most effective in certain circumstances
3. It could highlight the systemic barriers that currently impact clients achieving good outcomes
4. It could establish for the sector what constitutes an effective outcome for a client and then direct funding into areas which yield the most positive impact.

5. It would enable the DSS to determine good quality and poor quality performers in the sector and assist in the development of consistent standards across the sector.
6. It would enable comparisons to be made between financial counselling and financial capability clients – not possible in the current system as they are combined into the same reporting system
7. It could provide timely information re legislative changes

What are your views on the proposed questions the evaluation could test?

Anglicare supports the three proposed evaluation questions in relation to addressing unmet need, improving the predictability of funding and improved coordination, innovation and enhanced serviced delivery across the sector. However, Anglicare would also supplement these with one in relation to customer experience and satisfaction.

The methodology employed should include focus groups and/or feedback from both the providers in the new model and the customers or clients themselves. Some indicators of success could include:

1. An increased take up of services by particular cohorts of the population would be helpful in indicating areas of unmet need
2. Increased referrals into financial counselling services
3. Improved referral pathways – timing between referral and triage and assessment
4. Easier access
5. Greater take up of financial counselling clients in various hardship programs

CONCLUSION

In conclusion Anglicare would like to emphasise that whatever funding model is adopted it needs to be both adequate and stable. Short term funding generates insecurity in the workforce making it difficult to recruit while relatively short funding cycles generally across the sector can act as a deterrent to suitable, experienced candidates entering the profession.

Inadequate funding also impacts the quality of counsellors recruited – it is more difficult to get highly experienced people with uncertain funding futures and inadequate remuneration for a service that requires a high degree of professionalism and expertise. Counsellors facilitate positive commercial outcomes for both consumer and service providers alike yet are not remunerated commensurately. Undergraduates and prospective new entrants can thus be discouraged from pursuing a career in Financial Counselling due to unattractive remuneration or undervalued career prospects.

Additionally, there needs to be an expansion of funding, not just to meet the overwhelming demand for services but to expand the professional development and training opportunities of current and prospective Financial Counsellors. This would help build capacity, trust and collaboration in the sector. Professional development and training initiatives of the national FCA body and other state-based memberships (e.g. NSW FCAN) are currently undermined by a lack of funding.

Anglicare Sydney greatly appreciates the opportunity to respond to this consultation process and we look forward to further discussions in relation to the implementation of the new financial counselling model. We are available to provide further feedback if required.

Bill Farrand

Anglicare Chief Operating Officer