

# Financial Counselling Industry Funding Model: Discussion Paper

**December 2022**

***No matter your situation, Anglicare provides choice,  
professional support and hope for all Tasmanians.***

**For further information please contact:**

**Noel Mundy**  
**General Manager – Housing and Community Services**

**Anglicare Tasmania**  
**GPO Box 1620**  
**HOBART TAS 7001**

**Phone: (03) 6213 3580**  
**Email: [noelm@anglicare-tas.org.au](mailto:noelm@anglicare-tas.org.au)**

**© Anglicare Tasmania 2022**

This work is copyright. Aside from any use permitted under the *Copyright Act 1968*, no part may be reproduced without permission of Anglicare Tasmania Inc.

## Overview

Anglicare Tasmania would like to thank the Department of Social Services for the opportunity to provide feedback on the proposed industry funding model for Financial Counselling.

Anglicare Tasmania has consulted broadly with our Financial Counselling workforce and we predominately support the proposed model outlined in the discussion paper.

Despite this broad support we do have some questions and/or concerns regarding the proposed model that we believe should be considered in more detail. These are outlined below.

## Response to discussion questions

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

Anglicare Tasmania supports the proposed principles outlined in the Discussion Paper, however, we are concerned about the impact on the model should participants choose not to participate.

Currently funding through the Commonwealth is targeted to clients most in need and building community capacity – will the motivation of the industry contributors be different? We would also like some reassurance that industries/companies who contribute to the model will not expect preferential treatment for their clients.

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

While Anglicare Tasmania acknowledges that the funded amount is significantly less than the Sylvan Review recommendation, we support the initial levels of funding being proposed. This is provided that Federal and State funding remains at current levels and grows proportionally with this industry funding.

We do hold some concerns regarding the ongoing nature of this funding and would like further detail regarding what will compel industries/companies to continue to contribute and grow this funding model into perpetuity.

In addition to the above, industries/companies currently provide significant funding to National and State Financial Counselling Conferences. We hold concerns that this funding will decrease or cease under the proposed new funding model, making professional development opportunities more expensive and potentially cost prohibitive. We would ask that consideration be given to allocating a percentage of this funding to professional development across the sector.

### **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?**

Anglicare Tasmania supports the initial methodology used to calculate sector contributions. We would however suggest that a review mechanism be built into the independent funding body to regularly review if changes to this methodology are required.

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

Anglicare Tasmania does not support excluding businesses across relevant sectors from contributing to the funding body.

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

Anglicare Tasmania supports Method 1 to calculate voluntary contributions within subsectors, utilising the *Australian Financial Complaints Authority (AFCA) Membership Levy*.

**What is your view on the different methods for within subsector splits, for your subsector?**

This question is not applicable for Anglicare Tasmania.

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

Anglicare Tasmania believes consideration should be given to a five-year commitment to ensure flexibility and stability of funding.

As discussed previously, we do hold some concerns regarding the ongoing nature of this funding and would like reassurances regarding what will compel industries/companies to continue to contribute and grow this funding model into perpetuity.

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

Anglicare Tasmania supports the proposed review date of year two (2024-25).

**Are peak organisations an appropriate mechanism to obtain a formal commitment from subsectors as part of the initial set up of the model? Are there alternative methods to secure commitments that could be undertaken in a timely manner?**

While Anglicare Tasmania is supportive of the roles of peaks in advocating for formal commitments from subsectors, we believe that the Australian Government, via the relevant Minister would be best placed to obtain a formal commitment regarding this new funding model.

**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 Tasmania supports the key characteristics and role proposed for the independent body, however, we have concerns regarding the demand mapping process utilised to establish un-met demand.

We believe that this exercise was flawed and did not provide a true representation of un-met/unknown demand. The data and underlying assumptions for the model were developed:

- During the COVID pandemic – this may have impacted on the identification of un-met need due to government subsidies, moratoriums and increased efforts of utilities companies to manage client debts/arrears during the crisis;

- Prior to the rise of buy now pay later schemes; and
- Did not consider the impact of unknown demand.

Anglicare Tasmania would advocate for a fair distribution of funding based on population size (per capita) and Relative Socio-economic Disadvantage as defined by the Australian Bureau of Statistics.

**Which board composition option do you prefer and why? Are there other options?**

Anglicare Tasmania supports option two and believes equal representation is required to govern the independent body. We would also highlight the need for independent representation across all States and Territories, to ensure smaller jurisdictions have equal representation.

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

Anglicare Tasmania is supportive of the proposed questions that the evaluation could test.

**Additional Feedback**

In the discussion paper it's unclear if the new funding model will also apply to small business and rural financial counselling services.