

16th December 2022

**Financial Counselling Industry Funding Model – Discussion Paper
November 2022**

The Financial Counsellors Association of NSW Inc (FCAN) is the peak body that represents and supports Financial Counsellors in NSW. It provides services to members, including accreditation, training programs, professional development, professional supervision, advocacy and representation, and assistance with liaising with government departments.

We acknowledge and are grateful for the years of work in getting to this position and support the intent of the proposed Industry Funding Model (the Model), as outlined in the Discussion Paper November 2022. We appreciate the opportunity to make a submission and would request your consideration to the following points.

We take some comfort that the proposed allocation of funds in the Model, over the three year period, are in addition to current funding provided by Federal/State Government Departments. It is imperative that the current Government funding is retained and indexed over this three period, as a risk could be that Government Departments relax their commitment to allocating funds, given the availability of funds through the Model. It is noted that the additional funds allocated in the Model have been assessed by actuaries and calculated to meet unmet demand. It is also understood that these calculations were based on short timeframe surveys undertaken by Financial Counsellors (FC), during the Covid period. We acknowledge this is a starting point, however we are concerned that since that survey, interest rates have risen and the cost of living increases have impacted on the community and demand for FC services increased since the date of the survey. We would like to see more recent data obtained to more accurately measure the current demand and allocation split, during the three year term of the Model. It is also noted that the Model does not address unmet need, which we believe needs to be addressed and perhaps could be measured indicatively by capturing arrears on accounts with the major lenders.

A significant concern to our Industry is the voluntary contributions proposed by the funding sectors. It is acknowledged that DSS will seek formal funding commitments from the industry subsectors, seeking letters of commitments through their peak representatives over the three year period. It is unclear how difficult it will be to secure those funds, and it is noted that the Government may need to seek other methods for contributions, which may include a legislated contribution. Clearly, if these funds aren't secured by the industry peak bodies over the three year period, and should Government



relax their current funding commitments, the financial counselling industry could be in a worse position with regard to funding.

It would be our preference to see a five year term for the Model, however this could be considered following the initial three year term, when the Model is bedded down and proven successful.

In regard to the design of the Independent Body, we support the proposed role and characteristics of the independent body as outlined in the Discussion Paper, being an independent not-for-profit company. The Chair and Directors should be selected based on specific skills, knowledge and experience and have representation from the financial counselling sector. We also support an Advisory Committee selected to support this governance structure providing a mix of industry, funders and the financial counselling sector. The issue of Conflict will need to be carefully considered and managed should the Board or Advisory Committee consist of subsector funding contributor representatives. It is understood that this Independent Body will be allocated the task of funding distribution, which could be controversial when considering how each state and agencies within the states, will be considered for funding.

Yours truly,
Geoff Cornwall
FCAN Chair on behalf of the Board of Directors of FCAN