



SUBMISSION

Financial Counselling Industry Funding Model Discussion Paper

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Every person counts

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About South East Community Links

Our Mission: 'Every person counts, Every system fair'

Since 1970 SECL has operated in one of Melbourne's highest multicultural and fastest growing regions. Based in the South East of Melbourne SECL's reach is mainly in the City of Greater Dandenong, City of Casey, and Shire of Cardinia.

Our services include:

- Emergency Relief with a focus on working to address the underlying cause of the crisis.
- Generalist Case Work to work with people to set goals and engage in society.
- Homelessness & housing support for young people.
- Family violence support and early intervention programs.
- Financial Counselling with expertise in generalist, family violence financial counselling and Problem Gambling Financial Counselling.
- Resettlement services to support refugees and asylum seekers learn and grow in our society.

South East Community Links (SECL) welcome the opportunity to provide feedback into the Financial Counselling Industry Funding Model – Discussion Paper (the model). As the largest provider of financial counselling services in the South East of Melbourne we operate in one of Australia’s most diverse and disadvantaged communities. The collective experience of financial counselling in our team exceeds 100 years.

In 2023 SECL will be celebrating 30 years of financial counselling service delivery in our community. Demand for financial counselling in SECL’s place has for at least a decade exceed response capacity when using the appointment within 2 weeks benchmark. We know how important growing the sector capacity is, and the insights we share into the proposed model are provided through our experience in working in our community providing high quality, holistic services over this long period of time.

Responses are provided on most questions in the discussion paper. The numbers in our responses align to the questions in the paper for ease of reference.

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

The six principles appear sound. Predictability and stability of funding is vital for the sector.

It is important to consider what stability of funding means for organisations who deliver financial counselling to avoid destabilising through unnecessary tendering processes. Organisations who deliver quality, place-based financial counselling evidenced by data should expect to be supported by this model. We recommend this be included as part as principle 6.

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

As we look ahead to the economic climate in the next 3 years there is grave concern of increasing rates of financial hardship triggered by global economic factors and natural disasters in the face of existing unmet demand.

The quantum of funding indicated will employ around 115 FTE nationally with no provision to increase the number of financial counsellors each year. This is around a 10% increase nationally, so is the beginning rather than the end of additional funding needed to meet demand. Consideration should be given to a 5 year agreement with provision to increase as evidence comes forward on future unmet demand levels.

The model could include assisting organisations to ensure the supports required to run larger teams is available. We would suggest additional funding be added to the quantum for organisations with large teams to employ a manager specifically to support frontline workers, providing the mechanism to ensure robust monitoring of workloads, demand management and other supports that assist in burnout prevention in a high-pressure work environment.

Care needs to be taken to ensure distribution of this funding does not disadvantage States with higher contributions from their State Governments. Within States, distribution can then be targeted to areas of highest unmet demand to have the greatest impact.

We recommend there be provision for support of State Associations in recognition of their vital role in supporting ongoing professional development in the sector. State Associations are best placed to ensure their members receive training that is most suitable and targeted for the environment in which they work.

b. 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?

No adjustments suggested. Recommend review of contributions methods on an annual basis to ensure the robustness of the methodology is maintained.

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

No. It is vital that all subsectors who benefit from financial counsellors working with their customers contribute into the model.

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

In our view option 2 where subsectors and their peak body representatives work together with the Department to determine methodology of apportionment within their sector is most viable.

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

The initial 3-year agreement provides a commitment and recognition from industries to support the sector who work with their customers. While in line with contemporary Government funding cycles 3 years provides only relative stability of funding. Recommend 5 years be considered with option to increase after 3 years.

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

It is important to be considering review mechanisms from the outset, and for these mechanisms to be shared across sectors. This will ensure that at the end of the 3-year term the model is well placed to move into the next phase; ready to further increase sector capacity beyond this initial term.

c. 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?

Yes. Peak organisations should take on this role. This will provide for streamlined processes for contributions. When the model is operational it may be possible to shift away from peaks obtaining commitment from their members to a model with more direct contributions.

6 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?

The characteristics of the independent body in effect is another funding body for financial counselling agencies, making balancing obligations and commitments more complex. At this stage it is difficult to understand how the independent body will operate and funding will flow to organisations given that will occur after the body is established.

Data is one of the most important functions and measures of success and demand. Outside of working with clients and creditors, data entry and record keeping is the most considerable impost on worker time. It is important to consider the systems used by frontline workers in collecting data, and organisations as their employers. We recommend in the design phase that the data collection by the independent body needs to be compatible with existing processes and accept data uploads to an online portal to avoid duplication of work.

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

SECL recommend option 2 for governance. The EDR scheme model of governance that combines financial counselling industry expertise with that of industry representatives and an independent chair will provide financial counsellors and organisations who employ them with the most confidence and trust in the model.

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

The questions proposed in the discussion paper are simple and easy to measure.

We recommend the evaluation also include:

1. Whether contributions are sufficient to meet unmet demand (appointment within 2 weeks)
2. Whether the distribution of funding from the independent body is in line with financial counselling sector expectations.