JOINT SUBMISSION FROM THE FINANCIAL COUNSELLING SECTOR

DSS Issues Paper
A Stronger, More Diverse and Independent Community Sector

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Introduction

About this Submission

This is a joint submission from the peak bodies in the financial counselling sector:

- Financial Counselling Australia
- Financial Counsellors ACT
- Financial Counsellors Association of NSW
- Financial Counsellors Association of Queensland
- Financial Counsellors Association of Tasmania
- Financial Counsellors Association of Western Australia
- Financial Counselling Victoria
- South Australian Financial Counsellors Association (also covering the NT)

Financial counsellors provide information, advice and support to people experiencing or at risk of financial hardship. Working in community organisations, their services are free, confidential and independent.

As experts in financial difficulty, financial counsellors need an in-depth knowledge of many topics including credit law, bankruptcy law, debt collection law and practices, industry hardship processes and government concession frameworks. Financial stress is often an overwhelming and stressful experience for people and financial counsellors also receive training in counselling.

Structure of this Submission

This submission responds only to the questions of most relevance to our sector. In some places, we have responded to specific questions and in others made general comments.

Thanks

The financial counselling sector very much appreciates the release of this issues paper and the opportunity to respond. When the government and the community sector work together as equal partners, in a relationship based on respect, it leads to better decisions and more effective service delivery.

Area of focus 1: Giving the sector the voice and respect it deserves through a meaningful working partnership

1.1 What would a partnership between CSOs and the government that achieves outcomes for Australians being supported by the community sector look like?

The key is the word “partnership”. Too often governments do things **to** the community sector organisations, rather than **with** them. This is as much a cultural shift as a system one.

In practical terms, a partnership would involve more shared decision-making and open and transparent communication. There would be regular meetings (possibly quarterly), that were minuted and with action items.

As an example of how **not to** do things, when the government decided to invest in funding small business financial counselling for the first time (in 2020), it was government bureaucrats who decided on the name for the service, without consultation. This resulted in the unwieldly name of “Small Business Bushfire Financial Counselling Support Line”. It was very difficult to promote the service (one ABC radio producer commented that the 30 second grab they hoped to do would be taken up entirely by the name, not the message) and the name was really hard for the community to remember. Subsequently after much discussion, it has been agreed that the service could re-brand to the Small Business Debt Helpline.

Ten years earlier, there was a similar intervention with the naming of the National Debt Helpline. This name came via the input of a branding consultant and was agreed to by the community agencies involved. But a person in the Department did not agree and it was blocked for three years.

1.2 How can CSOs and government streamline the sharing of information, particularly through utilising technology to effectively engage, distribute, share, influence and inform in a timely and efficient manner

There is a strong appetite within the financial counselling sector to improve data capability, for example by measuring client outcomes and presenting issues. The barrier however is the lack of a common technological platform to do this. Our sector would welcome the opportunity to share information, but we need assistance with an investment in technology.

It would also be possible to use platforms such as SharePoint or Dropbox which could be updated in real time and could house information and be a source for updates.

1.3 How can government ensure the community sector, including service users and those not able to access services, have an opportunity to contribute to program design without imposing significant burdens?

The financial counselling sector would welcome the opportunity to be involved in program design. Part of the process would be to agree on how this could happen, so that it reduced any time or resource burdens.

In the past 10 years, the experience of the financial counselling sector in relation to program design has been problematic. Some examples include:

- In the 2014 tender round, the Department of Social Services (DSS) changed the parameters of financial counselling fundamentally. The Federal Government began funding financial counselling as a stand alone program in 1990. In 2014, the program was re-badged as "financial counselling, capability and resilience" and the tender introduced "financial capability services" and financial capability workers. Agencies could choose whether they would engage financial counsellors or financial capability workers.

Financial capability workers provide financial literacy education to people, which is a different role to financial counsellors. Financial capability workers require less training and are paid less than financial counsellors. The overall impact was to reduce the number of financial counsellors and dilute the financial counselling profession. There was no evaluation as to the effectiveness of the financial capability role.

- In 2015, a DSS tender process set up "Financial Counselling, Capability and Resilience Hubs" in various regions in Australia where income management was in place.[1] There were serious issues with the funding allocation for the Northern Territory. As one example, the NT was divided into four regions, with an equal amount of funding for each. This was a completely unrealistic allocation: the Darwin hub required financial counselling agencies to service 72 communities, while the Alice Springs hub comprised 37. Ultimately the government divided the Darwin region into two hubs.

- The 2018 tender for the national phone financial counselling service, the National Debt Helpline, was a debacle, the implications of which remain. DSS failed to take into consideration that two State Governments, Victoria and New South Wales, were also providing funding to organisations in their jurisdictions to deliver phone financial counselling.[2] Both of these agencies were de-funded by DSS. The practical implication was that the successful tenderers for the Commonwealth funding in both New South Wales and Victoria would not be able to cope with the volume of calls on the funding available. There is a "work around" in place now involving call sharing and MOUs, but it means there are now 10 agencies involved in the National Debt Helpline and coordination is even harder.

These are the kind of issues that could have been avoided if our sector was involved in program design.

It is also important to be mindful to allow the community sector enough time to respond to consultations. Government can also utilise previous submissions and case studies over the last three - five years pertaining to the same issue and provide advice to CSOs about how they have used this information to inform their decisions.

It is also important to close the loop when consulting: we heard this, we are actioning that, this change will occur, or we need more time to consider, this decision is sitting with the Minister, etc. with clear timeframes. Otherwise, it is consultation for the sake of consultation.

[1] In a later tender, the name was changed to Money Support Hubs.

[2] The phone financial counselling service is branded as the National Debt Helpline. Prior to the 2018 tender, the NDH was delivered by a separate organisation in each State/Territory (eight organisations in total).

Area of focus 2: Providing grants that reflect the real cost of delivering quality services

2.1 What would adequate and flexible funding look like?

Adequate funding would cover the real costs of employing staff (salary and oncosts) together with an agreed percentage for overheads.

must also include the costs of maintaining professional accreditation which ensures financial counsellors can access such as professional supervision and continuous proessional development together with an agreed percentage for overheads.

FCA has estimated the cost of employing a financial counsellor based on the relevant award (Social, Community, Home Care and Disability Services Award). The sector and DSS could agree on this figure and grants could be based on that.

This would be a transparent process and would make it more straightforward to compare outputs.

Funding also needs to respond to increases in demand e.g. when vulnerable populations increase, especially in areas affected by natural disasters.

2.2 What administrative and overhead costs are not being considered in current grant funding?

Overhead costs also need to cover the costs of financial counsellors maintaining their professional accreditation. This includes membership of a State/Territory financial counselling association and requirements to access professional supervision and undertake continuing professional development.

Delivering services in remote areas costs more because of transport, accommodation, food etc. These costs are not currently factored into grants and should be.

Grants also need to provide for the significant increases in insurance costs.

The costs of upgrading computers and technology, unless reflected in overheads, are also overlooked.

Funding should also cover the cost of intake in a financial counselling setting.

Recovery from natural disasters is a long-term process of at least two years. Funding needs to cover this timeframe and provide for travel costs.

2.3 How are rising operational costs impacting the delivery of community services?

The only avenue open to community organisations when their costs rise, but their funding does not, is to reduce the level of service. This results in financial counsellors reducing their hours from say four days per week to three days per week. The ultimate outcome is that fewer people receive financial counselling assistance.

The overwhelming amount of client need also leads to worker burnout and increased absenteeism.

Rising operational costs can particularly impact on regional and remote services because of the cost of travel.

2.4 What have been your experiences with and reflections on the supplementation and change to indexation?

The supplementation and indexation processes are confusing. The written notices are hard to follow. Notification also occurs well into the financial year, long after organisations have completed their budgets.

The Victorian Government and VCOSS have recently reached an agreement on a formula for calculating indexation for future years. The formula is based 80% on Fair Work Australia obligations and 20% on CPI. This seems a reasonable approach and something similar could be explored.

2.5 How can CSOs and the department work together to determine where funds are needed most to ensure equitable and responsive distribution of funds?

This would require CSOs and the department to agree on a methodology. In the case of financial counselling that would probably be a combination of:

- a measure of unmet demand for existing services
- an assessment of the current availability and location of services, for example, based on SEIFA
- overlaying this data with on-the-ground intelligence and common sense about local challenges, such as remoteness.

This is all possible. It would be a matter of time and effort to make it happen.

2.6 How can government streamline reporting requirements, including across multiple grants, to reduce administrative burden on CSOs?

All well managed community service organisations collect data. A CSO needs to understand the clients it is assisting, the outcomes being achieved and so on.

Ideally, the data requested by funders should be in alignment with this. The administrative burden would be reduced if:

- funders and CSOs agreed on appropriate metrics in the first place (the work currently underway on an outcomes framework may assist in this regard)

- there was a recognition that the community sector will need support in deploying the appropriate technology to collect and report the data.

A further critical step would be that the State and Federal Governments agree on reporting requirements, including timeframes and data sets.

For the financial counselling sector, we continue to advocate for the development of a National Partnership Agreement (or similar) between the State and Federal Governments. Much of the administrative burden arises because of different requirements between the

State and Federal Governments. A National Partnership Agreement would lead to better coordination of service delivery, as well as more effective reporting e.g. through an agreed minimum data set.

Area of focus 3: Providing longer grant agreement terms

3.1 What length grant agreements are CSOs seeking to provide certainty and stability for ongoing service delivery?

Grant agreements should be for five years as a minimum.

3.2 What timeframes should the government aim for, at a minimum, to provide final outcomes on grant variations/extensions before the current grant ceases?

Six months.

3.3 What funding flexibility do CSOs require to enable service delivery and innovation?

CSOs must be encouraged to change their approach if something is not working, through a continuous improvement framework. Currently CSOs are too concerned about losing funding if they acknowledge things are not working as well as they could be.

3.4 What flexibility is required by CSOs in acquittal processes to support and encourage sector innovation?

3.5 How can government improve the variation process, with consideration that CSOs must demonstrate alignment with the grant agreement and provide evidence of value-for-money outcomes?

General comments

We also suggest that the department revisit the tender process itself. Tenders for CSOs are always fixed price, meaning that the only variable being assessed is the quality of the service delivery.

In our experience, it is often inexplicable when one agency is de-funded and another replaces it. It is very hard to understand the rationale for this.

In these circumstances, a financial counsellor is often made redundant at the previous agency and is sometimes re-engaged at the new one. In other cases, there are many months before the newly funded agency is able to actually engage staff - this means that in the meantime there is no financial counselling agency in the region.

If a service provider is meeting agreed benchmarks, the department should first assess whether a tender process is even necessary.

The criteria for tender assessment can also be problematic. As an example, assessing referral networks only encourages agencies to make referrals, when that may not be in the best interests of clients.

Based on the issues with the tender for the National Debt Helpline in 2018, future tender documents also need to describe requirements more precisely, e.g. the volume of calls that can be expected.

The Department also takes around four weeks to set up a grant once the grant opportunity is accepted. This is too long and delays service delivery.

Sector innovation would be enhanced if the department was open to receiving innovative proposals.

Area of focus 4: Ensuring grant funding flows to a greater diversity of CSOs

4.1 How can the government ensure opportunities are available for new and emerging organisations to access funding?

4.2 What programs, supports and information are already available for smaller CSOs to help build capacity of the organisation? Are these working?

4.3 How could larger CSOs support smaller CSOs? What are the barriers to providing this support?

General comments

We support the concept of grant funding flowing to a greater diversity of CSOs.

There could be lead agencies that have hubs or multidisciplinary teams in high need areas, so teams work across program areas with vulnerable populations. Consider offering services based on geographically defined population centres and include thresholds that provide some encouragement for small organisations so that they do not compete in the same processes as large organisations. Where you provide $X in a region above a threshold, also offer 10% of $X to small organisations to deliver similar services.

Finally we note that current tendering processes have the effect of discouraging collaboration between agencies.

Area of focus 5: Partnering with trusted community organisations with strong local links

5.1 What is your experience with and reflections on place-based funding approaches?

Financial counselling generally operates in place-based settings now, in the sense that it serves the local community. Place-based funding allows for more nuanced and tailored service delivery.

Having said that however, geographic boundaries that stop an agency providing a service to a person just outside a specific area is not client-centred, if that particular service was the most convenient.

Addressing the financial issues affecting a person or small business can make an enormous difference, and can provide the stability allowing them to address other issues they may be facing, such as illness or family violence. Financial counselling will often be an essential component in place-based initiatives, and is vital in providing wrap-around services.

5.2 What innovative approaches could be implemented to ensure the grant funding reaches trusted community organisations with strong local links?

Tying the same outcome to a range of local agencies with various strengths and expertise, who could collaborate and develop activities that have wider reach.

5.3 Which areas do you consider have duplicative funding or gaps you think need to be addressed, and what is the evidence?

Financial counselling requires an inter-departmental perspective to avoid duplication and silos. In Victoria, flood recovery programs have been de-funded, while small business programs have been diverted from mainstream service delivery into flood-specific programs. If there was better communication between departments, flood recovery services would have been retained and upskilled to support small businesses, so that existing small business support programs can continue to work with mainstream clients.

As noted above, there needs to be a National Partnership Agreement (or similar) between the Commonwealth and State/Territory governments to better plan and deliver services. This would avoid duplication and gaps.

5.4 Where there is a community-led change initiative, could shared accountability to community and funders (government) strengthen service delivery?

On the face of this question, yes. It is not clear exactly how “shared accountability” would work in a practical sense.