



*Financial counsellors:
information, support
and advocacy for
people in financial
difficulty.*

We're on your side.



Coming into effect on March 1, 2013, one of the most significant reforms was the restriction on usage of the terms "financial counsellor" and "financial counselling". Only agencies meeting the licensing exemptions under the National Consumer Credit Protection Act can use the terms.

ANNUAL REPORT

12 *FCA Is the national voice for financial counselling* 13

In writing this annual report the focus has been on the impact Financial Counselling Australia has had in this reporting period. We are acutely aware that it is easy to be busy—but you can be busy and ineffective. We have tried to step back and ask what was achieved as well as what more needs to be done. The report's structure is based on the three goals in FCA's strategic plan.

BOARD MEMBERS 2012–13

Financial Counselling Australia is the peak body for financial counsellors in Australia. FCA's members are each State and Territory financial counselling association. Each association elects one person as their representative on the FCA Board.

Australian Capital Territory	Carmel Franklin
New South Wales	Lyn Brailey (Deputy Chair)
Northern Territory	Kate Rich (Secretary)
Tasmania	Phil Powell (Treasurer)
Queensland	Mark Phillips Fiona Hawkins (from March 13)
South Australia	Cherith Pryer
Victoria	Brian Harvey Kay Dilger (from February 13)
Western Australia	Marise Resuggan

REPORT FROM THE CHAIR

Over the past few months, FCA's Executive Director and I have been invited to speak at a number of State financial counselling conferences. Our message has focused on three "Ps": professionalism, presence and profile.

As a profession, there have been enormous gains. The national Diploma of Community Services (Financial Counselling), the national Code of Ethical Practice and a dedicated resources website for financial counsellors help ensure high standards of service delivery. There is a lot more work to do however, particularly in terms of access to consistent quality professional development and this is outlined elsewhere in this report.

The related issues of "presence" and "profile" are more challenging. There is no doubt that the presence of financial counselling in the community has increased, with record numbers of people in financial difficulty accessing financial counsellors in the past 12 months.

This is a function of additional funding from the Commonwealth Government in the past few years and the increasing reach of the phone financial counselling services. However if that funding is lost, these gains will be lost. We will be advocating strongly to the Commonwealth Government about the benefit of continuing current funding levels.

There are still many Australians in financial difficulty who have never heard of a financial counsellor and many decision-makers in government who do not fully understand the role. Increasing the profile of financial counselling and explaining what we do are therefore high on our agenda. While again there has been progress, this is a big task and much more needs to be done, particularly in the media and with key stakeholders.

Finally, my sincere thanks to the board and staff of FCA. The board all volunteer the time to guide the profession at a national level and our small team of dedicated staff achieve an enormous amount, with very limited resources.

Carmel Franklin, Chair

DEBT REPAYMENT SERVICE

FCA have continued to work with the financial services industry to progress the establishment of a free debt repayment service in Australia. The Debt Repayment Service will assist consumers in financial difficulty who have the ability to repay some portion of their debts, but not the entire debt. The service negotiates an affordable repayment arrangement, usually for a portion of the debt and with no interest. The consumer then makes one payment to the service each month and this is distributed on a pro rata basis to creditors.

A free service of this nature will provide consumers with an option that does not exist at present. Similarly it is also another referral option for financial counsellors, in the same way that NILS is a referral option. There were delays in progressing the concept given the significant amount of implementation planning required. The DRS pilot is expected to start in early 2014.

CONFERENCE AND FORUMS

The FCA Conference (and EDR Forum which we also help to organise) was attended by over 500 people in total. Of the 239 people completing the survey, 88% rated the conference between 7 – 10 on a 10 point scale. The most common score was 8. The EDR Forum facilitates a dialogue between financial counsellors, consumer representatives and EDR schemes.

The keynote speakers at the FCA conference included Australian of the Year Ita Buttrose. There were plenary sessions on credit reporting, the NDIS, problem gambling, mental health and debt collection as well as a wide range of concurrent sessions. Scott Pape launched the national Rank the Banks report.

FCA also helped to organise the ATSI Workers Forum, a one day workshop for financial counsellors and money management workers operating in remote Indigenous communities. There were approximately 50 attendees at the ATSI Workers Forum.

1. Build and Support the Profession

what we did

Toolkit website – we launched the toolkit website, a password protected website that can only be accessed by financial counsellors. The site includes the latest news, an A to Z of relevant resources, tools (eg standard letters), a forum and calendar of events.

Standard forms – After long negotiations, we finalised an agreed Financial Counsellor Authorisation form with the banking industry.

Resources – We put together two resources for financial counsellors about changes to the credit laws. One resource outlined the broad changes and the second focused on payday loans.

Membership and accreditation – We facilitated continued discussions between the States and Territories about common standards for membership and accreditation across Australia. Significant progress has been made but more consultation will be required.

Mental health – We are engaged in a joint project with Mental Health First Aid, beyondblue and the banking industry to develop mental health guidelines. Mental Health First Aid is also rolling out specific training for financial counsellors about assisting clients with mental health issues.

Support for state associations – FCA facilitated planning sessions for the members of the Northern Territory association and the board of the Victorian financial counselling association. One of the major banks provided capacity building funding for each State and Territory Association.

the impact

More than 300 financial counsellors are now accessing the site. The use of common forms and access to consistent information will improve service delivery standards making it easier and quicker for financial counsellors to access information.

This has streamlined processes for the banks and financial counsellors.

The checklist approach has given financial counsellors a quick reference for checking compliance with the laws.

Common standards for membership and accreditation will provide certainty for financial counsellors and agencies. Just as importantly, common standards will ensure high quality service delivery across Australia (for example, all financial counsellors will be undertaking the same amount of professional development).

More and more clients are presenting with mental health issues. The guidelines and training will assist the sector in working more effectively with these clients.

Both associations now have clear and implementable plans for the coming 12 months.

Capacity building funding was used by the states/territories to hold their annual conferences and/or deliver training. The funds kept the costs of these events within reach of the sector enabling financial counsellors to attend.

2. Advocate for fair treatment

what we did

Communication between regulators and financial counsellors – we provided input to regulators such as ASIC and the ACCC through consultative fora, submissions and by lodging complaints about poor practice. For example, ASIC has recently been seeking information about funeral insurance. We will assist them in collecting relevant case studies (there is a particular focus on Indigenous communities).

Hardship Practices in Industry – we provided significant input to the banking industry about its hardship package. Facilitated by the Telecommunications Industry Ombudsman, we met with the telco industry to discuss a new hardship framework.

Bulk Debt Project and the National Hardship Register (NHR) – these related projects concern consumers in long term hardship ie those who have little capacity to repay debts either from income or the sale of assets. There is little point in creditors attempting to collect these debts, either from a commercial or ethical point of view. The issue for all stakeholders is in identifying consumers in this situation so that an appropriate response (either waiver or a long-term moratorium) can be put in place.

Rank the Banks – together with the other State and Territory financial counselling associations, we published the first national Rank the Banks report. The report is based on a survey of financial counsellors assessing how the banks deal with customers in financial hardship.

Centrepay – Centrepay is a free bill paying service for people in receipt of government income support payments. In November 2012, we released a report into Centrepay titled "Centrepay: A good idea that has lost its way". The report highlighted particular problem with access to the system by rental companies as well as other operational issues.

the impact

We highlighted problems with for-profit businesses targeting people in financial difficulty putting this on the regulatory radar. We assisted ASIC in its efforts to target Indigenous consumers in remote communities.

The banking industry has made significant and positive changes as a result of ongoing dialogue. For example, there is now a link to hardship assistance on the home page of every bank, which dramatically increases access. A number of banks have also improved their 'basic bank accounts'—no fee accounts that are vital for consumers on low incomes

FCA is now part of the committee overseeing the pilot of the National Hardship Register. Consumers in long term hardship can voluntarily list on the NHR. Debt collectors participating in the pilot will not buy, sell or collect on these debts. The potential impact on consumers in long term hardship could be significant. We recognise however that there are many unanswered questions about how the NHR will work. The pilot will help provide answers.

We have subsequently met with all major banks and some smaller banks. All banks have changed their practices, to a greater or lesser extent, in response to the survey. Dialogue with one financial institution in particular has led to substantial changes.

The Federal Government subsequently announced an independent review into Centrepay. Further consultation about implementation of the review's recommendations is planned and we are hopeful the system will be improved.

3. Increase access to financial counselling

what we did	<p>Consumer website – we launched a dedicated website for people in financial difficulty, debtselfhelp.org.au. The site has 50 fact sheets, standard template letters, short videos and, in a first for Australia, an innovative self help tool.</p>	the impact	<p>The site averages 800 hits per month with significant potential to increase these numbers. The site includes a ‘contact form’ and we refer consumers to their relevant phone financial counselling service.</p>
	<p>Phone financial counselling via 1800 007 007 – We coordinate the national phone financial counselling helpline, helping to ensure common approaches and communication flow between the separate phone services in each state (that operate under the one common number).</p>		<p>In 2012–13 the phone services handled about 80,000 phone calls from clients. This number is forecast to increase to 120,000 in the next 12 months.</p>
	<p>Raising the profile of financial counselling – People cannot ask for help if they do not know it exists. Similarly, we will not maintain or increase funding for financial counselling (and increase access) unless key decision-makers in government and industry understand and support the role (sometimes it is confused with financial planning or misunderstood as only about “budgeting”).</p>		<p>Although there was quite a deal of activity—media releases, media comment, meetings with politicians and others, attending or speaking at conferences—our impact in this area is difficult to measure.</p>

SUPPORT FOR INDIGENOUS WORKERS

FCA continues to manage a dedicated email discussion group for financial counsellors and money management workers in rural and remote Australia and we help to organise the annual ATSI Workers Forum.

The discussion group is an important information conduit. The ATSI Workers Forum is the premier event each year for financial counsellors and money management workers in remote communities.

The issue of the high cost of ATM fees in Indigenous communities was first raised through these fora. FCA’s report on this issue led to a joint inquiry in 2011 by Treasury and the Reserve Bank.

In November 2012, the ACCC announced it had provided authorisation to the banking industry to provide fee-free ATMs in remote Indigenous communities.

OTHER SELECTED ACTIVITIES

- Presentations at Conferences – 14
- Media Releases – 20
- Television appearances – 2
- Articles in financial counselling publications – 9
- Formal industry consultation meetings – 10
- Formal government consultation meetings (staff or board) – 19
- Submissions and reports – 5

JAN PENTLAND FOUNDATION

FCA continued to provide administrative support to the Jan Pentland Foundation. The Foundation honours a former chair of FCA, Jan Pentland who died in tragic circumstances in August 2009.

The Foundation holds an annual dinner coinciding with the FCA Conference. The winners of the Jan Pentland Scholarship (for a person to study financial counselling) and the Jan Pentland Prize (for outstanding achievement in advancing financial counselling/social justice) are announced at the dinner. The 2013 scholarship winners were: Julie Barrow, Jessica Trill and Linda Footer. The Jan Pentland Prize was awarded to Wayne Warburton.

THE FUTURE

- **Funding for the sector**
This is not so much an emerging issue, as an ongoing issue. We are planning to work more closely with agencies employing financial counsellors in the coming 12 months lobbying for a sustainable funding model. We are also investigating the establishment of a charitable trust that could facilitate industry contributions.
- **Professional development framework, common standards**
We need to develop a more consistent and national approach to professional development and the delivery of the Diploma of Community Services (Financial Counselling) and to finalise common membership and accreditation standards.
- **Policy and practice issues**
The introduction of comprehensive credit reporting in March 2014 and the further roll out of income management will impact on financial counselling practice. FCA is putting together an online training module on credit reporting for the sector that will be rolled out in early 2014.
- **Managing the websites**
Two websites—debtselfhelp.org.au and the toolkit website need constant monitoring and this places a strain on our resources. With funding, a subject matter/communications expert would ideally undertake this role.

- **National registration system**

A national registration system for financial counsellors will roll out in 2014. This is consistent with the increasing professionalisation of the sector.

- **Complaint handling and disciplinary processes**

From time to time, all state associations will receive complaints about a financial counsellor. We are developing a common policy for the sector that sets out how complaints should be handled and puts in place a range of disciplinary options.

- **Fair Treatment**

We will continue to advocate for fair treatment of consumers, particularly for those on low incomes or who are vulnerable. We are very concerned about “for-profit” businesses targeting people in financial difficulty—budgeting services, credit repair agencies and debt negotiators. We will continue our work on rental companies and Centrepay.

STAFF

- **Fiona Guthrie**, Executive Director (full-time)
- **Lauren Levin**, Manager Policy and Strategic Projects (part-time)
- **Prue Woods**, Administrator (casual, part-time).

THE YEAR AT A GLANCE: HIGHLIGHTS

JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
<p>We made a submission to the ACCC supporting the proposal for fee-free ATMs in remote Indigenous communities.</p> <p>We also lodged a complaint with ASIC about one financial institution. This was based on numerous case studies from financial counsellors indicating systemic problems.</p>	<p>FCA appeared before a House of Representatives committee considering a private members bill for a Do Not Knock register. A Do Not Knock register would operate in a similar way to a Do Not Call register (which allows consumers to avoid telemarketers). This register would stop door knocking. FCA is particularly concerned about door knocking in remote Indigenous communities which is frequently exploitative. (The bill was not successful.)</p>	<p>September included MoneySmart week. Financial counsellors from around Australia were involved in financial literacy initiatives, including community workshops and local events. Recognising the expertise of financial counsellors, one of Australia's major debt collectors advised that they would accept a recommendation from a financial counsellor for a payment arrangement at face value. FCA joined twitter – @FCAUpdate.</p>	<p>Coinciding with Anti-Poverty week, the Salvation Army released “I Wish I’d Known Sooner”—a report into the effectiveness of financial counselling by Dr Nicola Brackertz of Swinburne University.</p> <p>66% of survey respondents said their financial difficulties had been resolved and 74% of people said financial counselling helped them avoid legal action.</p>	<p>FCA's report on Centrepay is in the media. Centrepay is a free bill paying system for people in receipt of Centrelink. The problem is that some businesses with access to Centrepay sell over priced or unaffordable products and/or exploit consumers. We are particularly concerned about some rental companies.</p> <p>The FCA Board and State/Territory Presidents also met for a two day strategic planning meeting.</p>	<p>We released the consultation draft of the Agency Practice Standards. The standards will help agencies deliver high quality financial counselling services.</p> <p>The National Hardship Register concept begins to take shape. Financial counselling representatives joined the working group.</p>
JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
<p>We kicked off our “unfunded states project”, an internal initiative to support unfunded state financial counselling associations.</p> <p>We welcomed the release of the new Banking Code of Practice.</p>	<p>ASIC cancelled the credit licence of Zaam Rentals. Zaam was a rental company with access to Centrepay. Its practices had been the subject of media comment by FCA.</p> <p>We attended the first meeting of a banking industry/ community sector/legal aid working group looking at long term hardship and how it is dealt with by financial institutions. This is a vexed issue and trying to resolve it jointly represents a new and promising approach.</p>	<p>We released our first “Practice Note for Financial Counsellors” about changes to the credit laws. Practice notes will help financial counsellors access relevant, practical information.</p> <p>We celebrated the legal protection for the use of the term “financial counsellor” and “financial counselling”.</p> <p>We facilitated financial counselling input into reviews of the ATO and Centrelink debt collection practices by the Australian National Audit Office.</p>	<p>We started scoping work on a national registration system for financial counsellors.</p> <p>The first phase of the toolkit website for financial counsellors—a password protected website—was finalised. We also began work on a standard complaint handling and disciplinary policy for the sector.</p>	<p>FCA's annual conference was held with financial counsellors from around Australia meeting to find out about the latest developments and learn from each other.</p> <p>We unveiled the debtselfhelp website, including some videos featuring financial counsellors with tips for dealing with debts with utilities and telcos. And we launched “Rank the Banks”, which assessed hardship practices in the banking industry.</p>	<p>The sector lost a number of financial counsellors due to funding cuts in Queensland. On the positive side, new funding directed at assisting problem gamblers began to roll out nationally. The South Australian government announced \$1 million per annum for four years for financial counselling in that state. With colleagues in other consumer organisations, we also welcomed the new hardship package released by the banking industry.</p>

THANK YOU



A very sincere thanks to everyone who has worked with FCA over the past 12 months—from government, industry, regulator groups, consumer organisations and financial counsellors. We are looking forward to working with you in 2014.