

# 2010 - 2011 ANNUAL REPORT





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# Contents

	<b>At a Glance</b>	1
	Financial Counselling Australia	1
	Financial Counselling	1
	Contact Details	1
	<b>People</b>	2
	<b>Report From the Chair</b>	3
	<b>Report From the Executive Director</b>	6
<b>1</b>	<b>Highlights</b>	7
	Change of Name	7
	Funding	7
	New Associations	7
	ATM Fees in Indigenous Communities	7
	FCA Conference	8
	Access to Dispute Resolution	8
<b>2</b>	<b>Responding to Natural Disasters</b>	9
	Insurance	9
	Banking	9
<b>3</b>	<b>Strategic Plan – Progress</b>	11
	Building the Profession	11
	Increasing Access	12
	Fair treatment	13
<b>4</b>	<b>Working in Partnership</b>	15
<b>5</b>	<b>Projects</b>	17
	Sector Survey: Wages, Conditions, Attitudes	17
	Agency Practice Standards	18
	Jan Pentland Foundation	18
	Diploma	18
<b>6</b>	<b>Some Emerging Issues</b>	19
	Long Term Hardship	19
	Data and Reporting	19
	Mental illness	19
	Funding and Access	20
<b>7</b>	<b>Taking Stock</b>	21
	<b>Selected activity report for 2010-11</b>	22
	Submissions	22
	Media	22
	Media Releases	23
	Industry and Government Discussions	23
	Other Publications	24
	Presentations	24
	Other Important Activity	25



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# At a Glance

## Financial Counselling Australia

Financial Counselling Australia (FCA) is the peak body for financial counsellors in Australia. FCA's members are the financial counselling associations in each State and Territory. Each association elects one person to the FCA Board.

FCA was previously the Australian Financial Counselling and Credit Reform Association (AFCCRA). The change of name occurred in May 2011. AFCCRA was a long and difficult name and it often caused confusion with external stakeholders.. FCA is used throughout this document.

## Financial Counselling

Financial counsellors assist consumers in financial difficulty. They provide information, support and advocacy to help consumers deal with their immediate financial situation and minimise the risk of future financial problems. The majority of financial counsellors work in community organisations, although some are employed by government. Their services are free, confidential and independent.

Financial counsellors have extensive knowledge in a range of areas: consumer credit law, debt enforcement practices, the bankruptcy regime, industry hardship policies, and government concession frameworks.

## Contact Details

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# People

## Board Members

**Carmel Franklin**

*ACT, Chair*

**Saskia ten Dam**

*Queensland*

**Pam Mutton**

*Victoria*

**Lyn Brailey**

*New South Wales*

**Phil Powell**

*Tasmania*

**Gerry Phillips**

*South Australia*

**Serena Staines**

*Northern Territory*

**Jenny Cecil**

*Western Australia*

## Staff

**Fiona Guthrie**

*Executive Director*

**Prue Woods**

*Administrator (part-time)*

**Lauren Levin**

*Manager Policy and Strategic Projects (part-time)*

**Peter Mott**

*Manager Policy and Campaigns (part-time)*

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# Report From the Chair

Financial counsellors are extremely busy people and direct client casework can be overwhelming. We all know how complex the role has become. In all of this busyness it is difficult, sometimes almost impossible, to keep abreast of the events that are happening more broadly in the sector. There is much going on and many of FCA's projects will impact on financial counselling and our clients. An annual report however is a good opportunity to stop and reflect on broader strategic issues.

This may seem an unusual analogy, but the financial counselling sector is much like a chain, where each of us play different roles:

- caseworkers
- community development workers
- trainers
- state associations
- national peak body

Each of these jobs forms a link in the chain. The effectiveness of the chain depends on the strength of the individual links and on the strength of the bond connecting them. We really should not underestimate the value and benefit of working closely together. We are a small sector but we make a big difference in the lives of many people — we do this largely because we work together.

The work that financial counsellors do in their casework and the issues that are raised from this casework, inform the FCA Board and assist us to develop our priorities for the future. In turn the work that FCA and the state associations do at a systemic and policy level, will we hope, impact in a positive way on the day-to-day work of financial counsellors.

Over the past 12 months there has been an enormous amount of work undertaken to ensure the financial counselling sector remains sustainable and professional. Sustainability means growing the funding base so there is more and better access to financial counselling services, but in a way that is consistent with the philosophy and values that underpin our work.

At FCA's last strategic planning day, we identified a number of priorities. The priorities broadly fit into three categories:

- Building the profession
- Fair treatment for our clients
- Increasing access to financial counselling

These are absolutely the right priorities and progress is being made in each area.

## Building the Profession

It is really important that we go forward as a united and professional sector. A lot of work has been, and is being, done to raise the profile and professionalism of the sector both at the national and

state level. This work includes:

- Review of learner guides for the Diploma (five units) to ensure it is up to date, relevant and user friendly;
- Development of a Recognition of Prior Learning Kit to ensure expectations are clear and processes are consistent across the Registered Training Organisations that deliver the Diploma;
- Development of consistent membership and accreditation processes across all states and territories. FCA and state presidents met together in February this year and this was one of the primary agenda items. The State presidents are working on this project at present;
- Work on an agency standards document, to better support agencies and more specifically the financial counsellors working within those agencies. This document includes standards that specify requirements for supervision and professional development opportunities to be provided to all financial counsellors;
- Development of a National Code of Ethical Practice (being undertaken for the sector by Wesley Mission)

### **Fair treatment**

The financial counselling sector fundamentally operates from social justice and human rights principles. Delivering better and fairer outcomes for our clients is at the heart of what we do. Caseworkers work from this philosophy at an individual level and a peak body at a systemic level. FCA is involved in, and indeed instigates, many policy forums to address systemic issues. Last year's hardship roundtable with financial institutions is a good example.

The FCA team also works, often in conjunction with other consumer organisations, on submissions in response to issues and draft legislation that will impact on our client group. Examples include various submissions in response to the Federal Government's proposed legislation on interest rate caps.

As many financial counsellors would know we have campaigned long and hard for a single comprehensive 48% interest rate cap. Some of us spent 2 days at Parliament House in Canberra meeting with MPs from across all parties to convince them that this was the best way to protect vulnerable consumers from the payday lending and the inevitable debt spiral that results. Whilst the proposed legislation is not quite what we wanted it certainly goes a long way toward providing protections we have been advocating for. FCA regularly works with other consumer organisations such as the Consumer Action Law Centre and the consumer credit legal centres to ensure we provide a strong and united consumer voice.

There are numerous other examples of course, but one other in particular is worth emphasising – our strong lobbying for a restriction on the terms 'Financial Counsellor' and 'Financial Counselling' to prevent 'for profit' services using these terms. Draft regulations have just been released to restrict these terms so this is a big win for the sector.

### **Increasing Access**

We all know that demand for our services is strong, is increasing and quite often it exceeds capacity. We also know that there are people in our community who are experiencing financial stress that would not normally access face to face financial counselling services.

FCA has worked hard to look at effective ways of increasing services to the many people experiencing financial difficulty.

The recurrent funding campaign that FCA ran in conjunction with the States allowed us to secure the funding we received during the Global Financial Crisis for a further four years. Thank you to the states who contributed to this campaign.

The introduction of a national number to contact a phone financial counselling service (1800 007 007) has also been a huge step in that process. This number allows people from anywhere in Australia to access a financial counselling service in their state/territory.

Of course having a national number is only one part of a much broader strategy that we are working on to look at increasing access.

### **A Final Word**

My thanks to each of the members of FCA Board who have worked tirelessly over the past year to advance the sector. My thanks also to our hard working and dedicated staff: Fiona, Prue, Lauren and Peter.

As we finish 2010-11 and head into the next year, we can all look back with a great deal of satisfaction on what has been achieved. The links in the financial counselling chain remain strong and we are clear about the challenges that lie ahead of us. While at times they may seem daunting, they are also exciting and I know that we will meet them.

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# Report From the Executive Director

In any given year, there are always some initiatives or projects that stand out from the others. These highlights are set out in Section 1. Many of these projects were ones we were expecting to bring to fruition. Sometimes however external events overwhelm our best laid plans. The summer of natural disasters had just this effect and Section 2 explains how the sector responded.

FCA's day to day work is guided by a clear strategic plan and Section 3 assesses progress against the current plan.

Much of our work involves working with other organisations and Section 4 describes two successful collaborations.

Section 5 is an update on various projects, while Section 6 outlines some emerging issues (and there is no shortage of them).

Section 7, the final section, takes stock of the past two years, when FCA, after operating for a number of years with no funding, again received a grant to enable it to undertake its peak body role.

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Change. You don't have to do it. Survival isn't compulsory. *W. E. Deming*

# 1

## Highlights

Some of the highlights in this 12 month reporting period are set out below.

### **Change of Name**

For the organisation itself, the most significant event was the change of name, from the Australian Financial Counselling and Credit Reform Association (AFCCRA) to Financial Counselling Australia (FCA). AFCCRA was a long and difficult name to remember and detracted from our objective of promoting the profession. The change of name has been warmly welcomed by many stakeholders.

### **Funding**

The best news for the sector as whole – by a very long way - was the continuation of the GFC funding of \$6 million for a further four years. This meant that 77 financial counselling positions were retained. But just as importantly, it means that many more Australians will get access to financial counselling. Financial counsellors around Australia sincerely thank the Federal Government for this support.

### **New Associations**

There will soon be incorporated financial counselling associations in every state and territory in Australia. Financial Counselling Tasmania was formed in October, 2010. Money management workers and financial counsellors in the Northern Territory are in the process of incorporating the Money Workers Association of the NT (MWANT)<sup>1</sup> and financial counsellors in the ACT expect to form an association before the end of the year.

### **ATM Fees in Indigenous Communities**

FCA's report into the high cost of ATM fees in Indigenous communities was released in December 2010. The report found that Indigenous people in remote areas of Australia were spending up to 20% of their incomes every fortnight on ATM fees. Indigenous people in these areas are often

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<sup>1</sup> This occurred in August.

frequent users of ATMs, checking bank balances many times on the day Centrelink payments are due or withdrawing small amounts of cash in order to manage household budgets. ATMs in remote communities are generally privately owned and they all charge fees. Indigenous people, unlike Australians in larger urban areas, cannot avoid these fees.

The Federal Government, as part of its Competitive and Sustainable Banking System package, announced an inquiry into the issue. Conducted jointly by Treasury and the Reserve Bank, the findings of the inquiry were given to the Treasurer on 28<sup>th</sup> February 2011. FCA helped facilitate a visit by inquiry staff to Alice Springs and surrounds to see the problem at first hand.

Although the mainstream banks by and large do not own ATMs in remote communities, they share our concern about the problem and are involved in discussions about how to address it. We are confident that a solution will be found. This would be an enormous benefit for Indigenous people.

## **FCA Conference**

The annual FCA conference, this year in Sydney, attracted over 300 people. There was a wide range of stimulating speakers and workshops, and again like last year, there was very positive feedback. We conducted a short survey of conference attendees, with 237 people responding. The average rating for the conference was 8.4 out of 10. An astounding 97% rated the conference as 7 or higher. Nine out of ten participants said that they wanted to return in 2012.

In her keynote address, Julie Collins, Parliamentary Secretary for Community Services, announced additional funding for the phone services operating under the 1800 007 007 umbrella. This news was obviously very warmly received and will help ensure all of the phone services are adequately resourced and have access to modern call centre technology.

The conference was made possible through sponsorship of a number of organisations and we thank them for this.

## **Access to Dispute Resolution**

FCA organised a visit to Alice Springs and Hermannsburg in December 2010 for the Chief Ombudsman, Colin Neave and the Banking Ombudsman, Philip Field from the Financial Ombudsman Service. Colin and Philip met with financial counsellors and money management workers. As a result, FOS has put in place a new structure and approach for assisting Indigenous consumers with disputes.

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In prosperity our friends know us; in adversity we know our friends. *Churton Collins*

## 2 Responding to Natural Disasters

The summer of 2011 brought both floods and cyclones to Queensland and flooding to New South Wales and Victoria. Large numbers of Australians were affected, particularly in Queensland where two-thirds of the state was under water. FCA's office is located in West End in Brisbane and we were without an office for two weeks. This was a minor inconvenience however in comparison to the many people whose homes were damaged.

Financial counsellors are always a vital part of any recovery effort and a number of agencies quickly mobilised staff to provide immediate assistance. The financial impact of a natural disaster however can be delayed and in the experience of the sector, financial counselling assistance needs to be available for up to two years after a large-scale event of this nature. FCA put together a submission to the Queensland Government outlining the additional need for financial counsellors in the recovery response. Nine positions were subsequently funded around the state.

The floods highlighted the serious deficiencies in the insurance market and where the banking industry could improve the assistance to consumers. FCA was involved in both of these areas.

### Insurance

It has been well documented that many people did not understand that their insurance policy did not cover flood and were left without coverage. The financial impact is obviously devastating. FCA advocated strongly for change in the media and to government, including as part of the "A Fair Go in Insurance" coalition, the banner for a group of consumer and legal aid agencies that produced a plan for reform. There have already been a number of important changes, including a likely standard definition of flood, a key facts sheet and hopefully improved claims handling procedures. More importantly, the Government announced an inquiry into the core issue of providing adequate flood cover in the future.

### Banking

FCA also played a role in working with the banks to develop both more consistent and appropriate hardship responses, at least in the short term (three months). This process was initially facilitated by the Assistant Treasurer, Bill Shorten. We held a number of meetings with the banks subsequently, facilitated jointly with the ABA.



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A goal is a planned conflict with the status quo. *Hyrum W. Smith*

# 3

## Strategic Plan – Progress

The board of FCA meets in November each year to set the strategic direction for the organisation for the next 12 months.

The current strategic plan is divided into three areas: building the profession; increasing access to financial counselling; and fair treatment. Significant progress was made in all areas.

### Building the Profession

#### Membership and Accreditation Standards

As was noted in FCA's previous annual report, a key thrust for the profession is to lift standards. In February 2010, FCA convened a meeting of all the state association presidents and the FCA Board to discuss membership and accreditation standards across the sector. In principle agreement was reached on a consistent set of criteria. Since then, the state presidents have held a number of meetings to flesh out the detail, for example, the amount of professional development that would be required each year to retain full membership of a state association. In the longer term, all financial counsellors will have a unique registration number.

#### Resources Website

We are mid-way through what will be a seminal project for financial counsellors and consumer lawyers: a dedicated, password protected website crammed full of useful resources. For example, the site will include the latest news, information on relevant topics, checklists and contact details for industry hardship teams. With a myriad of resources at their fingertips, the site should help financial counsellors and credit lawyers to do their jobs more effectively. The idea for this website came from a round of consultations with a number of organisations held mid-way through 2010.

Funding for the resources website is being provided by the Government, through FaHCSIA.

## Restricting the Term “Financial Counsellor”

Finally, one of the most significant changes for the profession will be the restriction on the term “financial counselling” and “financial counsellor”. The sector provided a comprehensive submission to Treasury advocating for this important reform and are pleased that it will be picked up in amendments to the *National Consumer Credit Protection Act 2009*, later in 2011. The restriction clearly defines the profession of financial counselling and importantly, protects consumers from being misled by unscrupulous for-profit providers who could use the term, benefiting from the good reputation of financial counselling.

## Increasing Access

Increasing access to financial counselling will always be important, as demand for services continues to outstrip supply.

## GFC Funding

The sector was delighted that the May 2011 budget extended the GFC funding of \$6 million per annum for a further four years. Prior to this, financial counsellors and their agencies from all over Australia contacted local members of parliament to explain the importance of continuing this funding. This campaign was coordinated by FCA, on behalf of all of the states and territories.

## 1800 Project

Last year our annual report referred to a round of meetings with the banks about the future directions for financial counselling. We were specifically concerned about the possibility of industry-funded debt counselling services being set up and that these services could overwhelm the Australian model of free and independent financial counselling. Direct industry funding is hugely problematic because it is not clear that consumers are provided with all of their options – the incentive is to steer consumers to repayment plans as the only option. At the same time however, we recognised that financial counsellors can only assist a small proportion of people in financial difficulty and that new ways to increase access needed to be explored.

The consultation with industry was very helpful. There is strong support for independent financial counselling and the banking industry is as concerned as we are about unscrupulous for-profit providers. However they also see merit in services such as the not-for-profit Consumer Credit Counselling Service in the United Kingdom which assist consumers in negotiating repayment arrangements.

Our response was to set up what we term the “1800 Project”. The project describes a suite of initiatives with the overall aim of reaching more Australians in financial difficulty. The core element of the project are the phone financial counselling services around Australia, all of which now operate under the one single phone number: 1800 007 007. To harness the potential of this number however a number of other things need to happen and are currently underway:

- the number needs to be branded (so that consumers can be referred to the [name of the service] hotline);
- the development of a supporting website – this will include self-help information for consumers and will also be a resource for the phone services;
- ensuring all the services have adequate staffing levels, call centre technology and common policies

and procedures.

The 1800 project also includes an investigation of the viability of setting up a repayment service in Australia. A repayment service helps people who are struggling to pay multiple debts. The service negotiates an affordable repayment arrangement, at no interest and usually for less than the full amount of all the debts. The consumer then makes one payment to the service each month and this is distributed on a pro rata basis to creditors. The service would be free for consumers, but funded by creditors from a rebate of a proportion of payments.

There is no such service in Australia at present, but if introduced it would bring benefits for consumers, industry and financial counsellors. Most importantly, consumers in financial difficulty would get access to an option that does not exist at present and avoid the for-profit services that are often a cause of detriment. A repayment service also addresses the multiple creditor problem, where one financial institution does not know if the arrangement they have negotiated with an individual is fair. For financial counsellors, the repayment service will free up time and resources.

In the longer term, the repayment service could also provide a source of funding for financial counselling, if conflict issues are adequately addressed.

The “1800 Project” is being guided by a Steering Committee, comprised of representatives of the finance industry and of the community sector. The Steering Committee is being chaired by Colin Neave. Colin recently retired from his position as the Chief Ombudsman at the Financial Ombudsman Service.

### **Hardship Roundtable**

In June 2010, the board of FCA and state presidents began a useful dialogue with the banks and credit unions about processes for assisting customers in hardship. While the discussions were initially very promising, they have stalled since, particularly over the issue of people in long term hardship. Hardship processes generally remain a bone of contention for our sector and much, much more needs to be done.

There was some progress however in one area - developing a common statement of financial position. Work on a common third party authority was not as positive and the industry and financial counsellors are a long way apart on what we think is reasonable to include in such a document. At least the banking industry doesn't ask for the date of birth of the financial counsellor – this causes significant angst in dealing with some of the telcos.

### **Fair treatment**

Our goal is to “make a difference” so that at least one of our campaigns results in significant change. We are hopeful that the report on the high cost of ATM fees in Indigenous communities (see earlier) will meet that test. All indications are that the finance industry and the government will put in place new arrangements to reduce these fees.

Progress on a number of other campaigns is set out below.

### **Do Not Knock**

This is a joint campaign between FCA and the Consumer Action Law Centre. The aim is to improve consumer protection and sales practices relating to door-to-door sales. The “Do Not Knock”

stickers, produced for the campaign are very popular, helping consumers assert their rights to avoid unwanted marketers. FCA's component of this project is on door-to-door sales in Indigenous communities. We will be working closely with financial counsellors and money management workers to help provide targeted information that they can then use in their communities. There will also be a dedicated website – [www.donotknock.org.au](http://www.donotknock.org.au) – with specific information for consumers, including where to collect the Do Not Knock stickers.

### **Credit Reporting**

Positive credit reporting, which we expect to come into force in 2012, will increase the amount and type of information collected by credit reporting agencies about an individual's credit behaviour. We remain concerned that the changes may have impact adversely on low income consumers, for example, who may be late meeting some payments and find this adversely affects their credit report.

FCA has helped facilitate the involvement of representatives of our sector in consultations about the specific detail in the credit reporting regulations, for example, what constitutes a "serious default", as well as a proposed new code for credit reporting agencies.

### **Keep the Cap**

The financial counselling sector is an integral part of a coalition of consumer organisations campaigning to "Keep the Cap". The "cap" referred to is the interest rate cap of 48% currently in place in Queensland, New South Wales and the ACT. With credit now a Federal responsibility, the decision as to whether the cap would be retained is being considered in the next phase of the credit reforms.

Financial counsellors have been intimately involved in this campaign as we see at first hand the detriment caused by payday lenders. In mid 2011, a number of consumer advocates, including financial counsellors, visited Canberra to talk to politicians about the importance of adequate payday regulation. The group spoke to over 60 politicians, by and large, receiving a positive response.

The financial counselling sector has continued to also provide case studies for various reports and make comments in the media.

### **Campaigns – Centrepay**

Centrepay is a free bill paying service used by people receiving Centrelink benefits. The principle underpinning Centrepay is strongly supported by financial counsellors but we have serious concerns about some of its operating practices. These include the risk of over-commitment by consumers, inappropriate access to the Centrepay system by some companies (and conversely barriers for access to other providers), an inability to remove organisations that are causing consumer detriment from Centrepay and a general lack of transparency. Although we did not get as far as planned in documenting these problems this will be a priority for this financial year.

The campaign dubbed "Fair Calls for All" about the cost of ringing 1800 numbers from mobile phones is discussed below.

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If we are together, nothing is impossible. If we are divided, all will fail. *Winston Churchill*

## 4 Working in Partnership

FCA is a small organisation and we often work in partnership with other groups on shared campaigns. There were two specific and stand out examples of successful partnerships in 2010-11.

### **Bulk Debt Negotiation**

This initiative, developed by Denis Nelthorpe from the West Heidelberg Community Legal Service, was aimed at helping people in long term hardship, who had no assets. Financial counsellors sadly see many clients in this category, for example, because they have disabilities, long term mental illness or are caring for others. Rather than financial counsellors trying to negotiate arrangements with creditors in an ad hoc way, clients were referred to the project and the negotiation conducted in "bulk". The majority of client debts were waived. This was a very sensible outcome for the institutions, who were wasting resources collecting debts that would not be paid, as well as for clients.

### **Fair Calls for All**

This campaign, led by the Australian Communications Consumer Action Network, is calling on telco providers to make calls from mobile phones to 1800 and 13/1300 numbers free. The genesis for this campaign came from the casework experience of financial counsellors. Financial counsellors frequently see clients whose only phone is a mobile phone. The cost of ringing services such as Centrelink or banks from a mobile phone can be prohibitive, but also difficult to avoid.

The hero of the "Fair Calls for All" campaign, Number Woman attended the FCA conference and was a big hit. We also conducted a survey at the conference asking financial counsellors about the experiences of their clients using mobile phones to call 1800 and 13/1300 numbers. The survey found that 98% of financial counsellors have clients who experience difficulty contacting services that use 1800 or 13 numbers because of the high cost of the call. 32% of financial counsellors see clients with this difficulty on a daily basis and 46% see clients in this category every few days. The most important organisations clients need to call on 1800 or 13 numbers are utility companies, followed by government offices, particularly Centrelink. The next most important were banks and telcos. FCA released a short paper describing survey outcomes.

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### **Stop Press**

On 11th October, the telco regulator the ACMA announced plans to change the Numbering Plan so that calls from mobiles to 1800 numbers would be free and calls from mobiles to 13 numbers, would be charged a low fixed rate. The ACMA is now consulting on the timing of the change, expected to be within 12 months. This is a dramatic and important win for consumers, particularly those on low incomes.

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Make your plans as fantastic as you like because 25 years from now, they will seem mediocre. Make your plans ten times as great as you first planned and 25 years from now you will wonder why you did not make them 50 times as great. *Henry Curtis*

## 5 Projects

The list below is an update on some of the most important FCA projects.

### **Sector Survey: Wages, Conditions, Attitudes**

In December 2010, we conducted the first ever comprehensive survey of financial counsellors. The response rate was a very high at 50%, allowing the results to be extrapolated across the sector with some confidence.

The survey describes workforce conditions and attitudes as well as wage rates. The wage rate data was used to inform FCA's submission to the National Wages Case considering wage rates in the community sector.

The summary and conclusions from the survey were:

- The survey confirms what financial counsellors already know – that wage rates in the sector are very low. Financial counsellors however are passionate about what they do and believe their work makes a big difference for clients. It is this that motivates people to do the job.
- The workforce itself is predominantly female (74%) and ageing (57% are over 50 years of age). Combined with low wages and a lack of a career path, this poses challenges for recruitment to the profession in the future.
- Training and supervision remain an issue. A significant number of financial counsellors want greater access to professional development and some financial counsellors are not receiving adequate supervision. Both these factors obviously impact on the quality of financial counselling services.
- FCA will raise these issues with funders and regulators. Some issues for example, could be addressed by more prescriptive requirements in funding agreements or regulatory regimes.

We plan to repeat the survey in two years time in 2012.

## Agency Practice Standards

Financial counselling remains a relatively new profession and as reinforced in the 2010 survey of the sector (see above), financial counsellors work in a wide range of organisations, both large and small. The survey showed that there were varying practices between agencies in the way in which they supported financial counsellors to do their jobs. For example, 23% of those surveyed said that adequate supervision was only available “sometimes” and 12% said they did not receive adequate supervision. This is very concerning and would not be acceptable in any other profession.

The Agency Practice Standards are designed to clearly set out the standards all employing agencies should meet so that their financial counsellors can adequately perform their roles.

This project has been a long one and the document has gone through a number of drafts, including input from the FCA Board and State Presidents. In undertaking this project, we recognise that we cannot impose standards on agencies employing financial counsellors. However, there is an Australia-wide need for consistent standards of this nature and we expect that organisations will find them helpful.

## Jan Pentland Foundation

The Jan Pentland Foundation was set up in honour of Jan Pentland, a former Chair of FCA, who died in 2009 in tragic circumstances. The Foundation offers a scholarship to a person to study to become a financial counsellor. The winner of this year’s scholarship, awarded at the Jan Pentland Foundation Dinner during the FCA conference, was Sandra Blake from Victoria. Sandra is undertaking a career change and is midway through her Diploma of Community Services (Financial Counselling). Since winning the scholarship she is now working part-time at MoneyHelp, the phone financial counselling service in Victoria. Demonstrating her keenness, Sandra drives to work from Wodonga!

The Jan Pentland Prize, made possible through the generous support of Jan’s partner, David Morawetz, was also awarded at the dinner. The recipient was Kat Lane, the Principal Solicitor at the Consumer Credit Legal Centre NSW. Kat’s prize recognises her long standing commitment to casework and law reform to benefit people in financial difficulty. More specifically, in 2010 Kat was the author of the Credit Law Toolkit – the equivalent of the bible for consumer credit lawyers and financial counsellors – a resource that explains the new credit laws in an accessible and practical way. Kat, despite a busy caseload, also became the Australia-wide contact for clients needing legal advice as a result of an ATM glitch involving a major bank.

## Diploma

Work continued on updating the financial counselling units in the Diploma of Community Services (Financial Counselling). The update for the legal topic was completed in 2010, to reflect significant legislative changes, particularly the *National Consumer Credit Protection Act 2009*. The other units are being restructured and refreshed, for example, to include more diverse case study examples.

A Recognition of Prior Learning Kit is also underway and this will help provide more consistency in these assessments. This work is being undertaken in consultation with the Registered Training Organisations that deliver the Diploma.

It was pleasing to see in the sector survey that 78% of financial counsellors either hold the Diploma of Community Services (Financial Counselling) or are studying for it.

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“I must do something”, always solves more problems than “Something must be done”. *Anonymous*

## 6 Some Emerging Issues

There are always many issues confronting the sector and it is worth touching on just a few.

### **Long Term Hardship**

The large majority of people want to pay their debts. But what happens when people can't pay, for example, because of long term illness or long term unemployment? The credit law and financial institutions generally deal adequately with customers in short term financial difficulty, accepting for example, reduced payments or short term moratoriums. But the issue of customers in long term hardship is a difficult one and further discussion is needed.

### **Data and Reporting**

Data recording, collection and reporting takes up a significant amount of financial counselling time and resources. Many agencies receive funding from a combination of state, federal and local governments and separate reports are required for each of them. This generally means submitting different reports, with different data and at different times, for each funder. Reporting is further complicated by inadequate software. This is a productivity issue and reduces the amount of time spent on casework. The sector is also keen to see what happens to the data it collates in the form of aggregated reports.

### **Mental illness**

Financial counsellors are reporting a rise in the incidence of clients presenting with mental illness. Although there is a specialist elective unit on mental health in the Diploma, many financial counsellors are untrained or inadequately trained in this area. FCA's recent survey of the sector asked financial counsellors about what they saw as priorities for training. Training about assisting clients who have mental health issues was one of the top priorities. FCA has recently convened a working group of interested community organisations to discuss this issue. We have also met with Vic Health.

## Funding and Access

It is hard to imagine that the issue of adequate funding will ever disappear. While the GFC funding campaign was successful, funding pressures remain acute.

Our colleagues in South Australia for example saw their state government axe 44 positions in Families SA without adequately funding the community sector to take up the slack (see FCA press release of 19<sup>th</sup> May 2011). Other State governments are also likely to review their financial counselling programs.

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If I have seen further it is by standing on the shoulders of giants. *Isaac Newton*

## 7 Taking Stock

FCA was re-funded in mid-2009, ending a decade where the organisation had next to no income and relied entirely on volunteers.

These past two years have gone quickly and we have tried to make the most of this opportunity. The pace has been busy, at times frenetic. The overall task has been to get the building blocks in place. The sector as a whole was very clear about what needed to happen: it has just been a matter of unlocking that energy.

For the profession, the building blocks are well underway: standard Australia-wide membership and accreditation criteria, once just a dream will eventually be a reality; there are functioning professional associations in each state and tools such as the resources website, will improve information sharing in the sector and facilitate consistent practice. There is also an enormous reservoir of good will in the sector and very good cooperation and communication between states and with the peak body.

Funding and access are the other critical building blocks. It would be a travesty if a highly skilled and professional financial counselling workforce was only able to reach a small portion of Australians who could benefit from their assistance. The new 1800 007 007 phone number, and the vision for these services in the longer term, has the potential to dramatically change the financial counselling landscape, increasing access to services and providing consumers with new self help tools. The extent to which this vision is realised however depends on support from others, particularly the Federal and State Governments and industry.

If the past two years were about getting the foundations right, the task in the next few years or so is to consolidate the gains. We need to finish the key projects underway at the moment and put in place systems and processes that embed them for the longer term.

The May 2011 Federal budget included the very good news that FCA's peak body funding would be extended for a further three years. At the end of this period, the financial counselling landscape will look very different. We are looking forward to the challenges.

And finally, FCA is now on twitter. You can follow us via @FCAupdate.

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# Selected activity report for 2010-11

## Submissions

- August 2010 – To Attorney-General's Department re amendments to the Bankruptcy Regulations
- December 2010 – Restricting the Term "Financial Counselling" and "Financial Counsellor"
- January 2011 – Queensland Govt re including financial counselling in the flood recovery response
- March 2011 – to national wages case
- April 2011 - Briefing for Minister Macklin on Centrepay, Briefing for Ministers Macklin, Shorten re 1800 phone services

## Media

- July 2010 - Letter to the Editor of The Age re bankruptcy laws
- November 2010
  - Courier Mail, "Houses Seized as Loan Defaults Hit Record"
  - Radio 2UE re mortgage stress
- December 2010
  - 1 December and over subsequent days – large number of radio and print interviews related to the release of the report into ATM fees in Indigenous communities, TV – ABC news, Sky news
- January 2011
  - 15<sup>th</sup> January - Channel 7 Sunrise re insurance coverage and floods
  - 18<sup>th</sup> January - Opinion Piece in the Courier Mail – 'Insurance Under Scrutiny'
  - 22<sup>nd</sup> January – Sunday Mail – re insurance products
  - Courier Mail "Flood Victims Face Losing Homes" – 29<sup>th</sup> January
- February 2011
  - Radio 4BC – 5<sup>th</sup> February re insurance
  - Radio 2GB – Alan Jones program re insurance
  - Channel 7 Sunrise – 4<sup>th</sup> February re insurance
  - ATM Fees: Alice Springs radio 10<sup>th</sup> February re ATM fees, news bulletin 9<sup>th</sup> February, The Wire 11<sup>th</sup> February
  - Opinion Piece in The Australian – 2<sup>nd</sup> February "Insurance Companies Make the Rules"
  - Courier Mail "Not all insurance covers storm surge" – 5<sup>th</sup> February 13, 2011
  - Sunday Mail "Deluged, Belted, Bankrupt" – 6<sup>th</sup> February, 2011
  - 9<sup>th</sup> February ABC Online – ABC Message Stick "Hope for Taskforce to stop 'unfair' ATM fees"
- March 2011
  - Courier Mail 5<sup>th</sup> March – "Banks will have to tell customers real cost of only paying minimum monthly balance on credit card debt"

- ABC 612 4QR – Madonna King re insurance – 11th March
- ABC Radio Townsville – 14th March re cost of insurance for low income consumers
- April 2011
  - SBS Television – 10th April re ATM fees
  - 12th April - Melbourne community radio re debt levels
  - 15th April – ABC Radio AM re Commonwealth Bank ATM fee glitch
  - Herald Sun – 7th April - Homeowners dipping into superannuation to avoid losing homes
- May 2011
  - ACCAN media re NumberWoman
  - Quoted in “Home loan defaults up as households feel stress”, Herald Sun, 27th May

## Media Releases

- 1 July 2010 - New Consumer Laws: 1 July 2010 is a BIG day
- 20 Sept 2010 - No Such Thing as a Free Call for Millions of Mobile Phone Users (joint release with ACCAN, ACOSS and FCA)
- 1 December 2010 – Remote Indigenous Consumers Stung by High ATM Fees
- 20th January 2011 – Financial Counsellors Assisting People Affected by Floods: Don't Call them “Victims”
- 1st March 2011 – Banks Need to do More for Customers in Financial Hardship
- 15th March 2011 – Financial Counsellors Welcome MoneySmart Website
- 7th April 2011 - Financial Counsellors Welcome Queensland Community Recovery Package
- 13th April 2011 – Commonwealth Bank's Heavy-Handed Approach to Customers in Financial Difficulty after ATM Glitch
- 12th May 2011 - Budget Delivers for Australians in Financial Difficulty: Financial Counsellors Welcome Recurrent Funding
- 22nd May 2011 - National condemnation of SA government's financial counselling cuts (joint release with SACOSS)

## Industry and Government Discussions

The list below are those meetings attended by FCA staff. FCA Board members also attended other meetings on behalf of FCA, including ASIC's Consumer Advisory Panel (Pam Mutton), the ATO Consultative Committee (Gerry Philips) and the Bankruptcy Reform Consultative Committee (Lyn Brailey).

- ABA Consultative Forum – 14th July, 30th November, 12th April
- ITSA – 4th August
- FaHCSIA – 12th July, 22nd October, 11th February, 21st March
- Centrelink – 11th February
- Insurance Council of Australia Consumer Reference Group – 28th July
- ACCC Consumer Consultative Committee – 7th September 2010, 7th December 2010, 6th June 2011

- › Indigenous Financial Services Network – October 2010, March 2011
- › ASIC – 29 November 2010, 23<sup>rd</sup> February 2011
- › Credit reporting – stakeholder meeting in Canberra, February 2011

## Other Publications

- › Article in ITSA Personal Insolvency Regulator – November 2010, March 2011
- › ATM Fees in Indigenous Communities – November 2010
- › “A Fair Go in Insurance” – produced in coalition with a number of other consumer organisations
- › Advice for the sector re assisting clients with debts to the Commonwealth Bank as a result of the ATM glitch – April 2011

## Presentations

### August 2010

- › Conference – Financial Counsellors Association of NSW

### September 2010

- › Conference – Financial and Consumer Rights Council
- › ATO Multilateral Conference

### October 2010

- › Conference – Financial Counsellors Association of WA

### December 2010

- › ‘Money What’ seminar with NT financial counsellors and money management workers
- › March 2011 FaHCSIA organised forum for money management workers and financial counsellors re licensing relief, role clarity
- › Indigenous Financial Services Network re ATM fees in Indigenous Communities
- › Financial Counsellors’ Association of Queensland
- › Facilitated panel discussion re bulk debt negotiation

### May 2011

- › FCA Annual Conference
- › Collections Managers Roundtable

## Other Important Activity

### July 2010

- › Facilitated a workshop with Victorian financial counsellors to discuss options for clients in severe, long term hardship

### December 2010

- › Organised a trip for FOS senior staff to visit Alice Springs and remote communities. Meetings included money management workers, financial counsellors, FaHCSIA, community agencies and the NPY Womens' Council.

### February 2011

- › Organised a trip for the RBA/Treasury taskforce to visit Alice Springs and surrounding areas to understand issues associated with ATMs at first hand. Representatives from FOS, FaHCSIA and ASIC also attended.
- › Hardship roundtable – meetings with Melbourne banks on 25<sup>th</sup> November 2010 and Sydney banks on 2<sup>nd</sup> December 2010. Subsequent meetings focused on hardship responses after natural disasters (floods and cyclones): 4th February 2011, 23rd May 2011.
- › Worked with ASIC to help get the postcode searchable database populated
- › Energy Affordability Roundtable – facilitated workshop for Queensland Council of Social Service

### May 2011

- › workshop with all of the 1800 phone services to discuss: branding, website, policies and procedures, future directions

**financial  
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