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FCA's audited financial statements for 2011-12 are available as a separate document on the FCA website.

2012 ANNUAL REPORT



ABOUT FCA

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.

Financial counsellors provide free, independent and confidential information, support and advocacy to Australians in financial difficulty.

THE BOARD

1. **Carmel Franklin** Chair (ACT)
2. **Lyn Brailey** Deputy Chair (NSW)
3. **Jenny Cecil** Secretary (WA)
4. **Phil Powell** Treasurer (Tasmania)
5. **Kate Rich** (NT)
6. **Mark Phillips** (Qld)
7. **Cherith Pryer** (SA)
8. **Brian Harvey** (Vic)

STAFF

Fiona Guthrie Executive Director
Lauren Levin Manager Policy and Strategic Projects
Peter Mott Manager Policy and Campaigns (to August 2012)
Prue Woods Administrator

Message from the Chair, Carmel Franklin

FCA has a very clear strategic plan with three goals: to build and support the profession; to increase access to financial counselling and to advocate for the fair treatment of consumers.

As you can see from this report, we have made significant progress in all three areas. Legislation protecting the term "financial counsellor" is the clear highlight.

This historic reform is not something that happened by chance—it was a reform we fought for hard. The new law, to take effect from March 2013, will mean that only legitimate financial counsellors can use

the term. This is an important step in recognition of the profession.

Much remains to be done however. Our work is increasingly complex and not always understood by government and decision-makers. Funding pressures remain acute and in some States is under threat.

In November 2012, the FCA Board and the State/Territory

Presidents are meeting for two days to plan for the coming 12 months. The financial counselling profession has moved ahead in leaps and bounds in the past few years, but there are no end of challenges ahead of us.

Ultimately, what keeps financial counsellors enthused is that we know we make a difference for our clients. That will be what guides us in November as well.

SELECTED 2011-12 HIGHLIGHTS

- Legal protection of the term "financial counsellor" and "financial counselling".
- The positive response from the banking industry and the Federal Government, to FCA's 2010 report "ATM Fees in Indigenous Communities". From 1 December 2012, ATMs in 76 very remote communities will be fee-free. ATM fees are unavoidable in remote communities and hurting low income consumers.
- Telco Hardship Roundtable - convened by the Telecommunications Industry Ombudsman, financial counsellors, ACCAN and others are working with the industry to put in place best practice hardship policies.
- Adoption of the Code of Ethical Practice for the profession. Thank you to Wesley Mission for facilitating this critically important document.
- Re-development of the FCA website.
- Revision of the Diploma of Community Services (Financial Counselling). The four financial counselling units were re-structured and in some places, substantially re-written.

we will be ...

- **launching** the Toolkit website for the financial counselling sector. This is a password protected website available to members of State/Territory associations. The website will include a range of resources to help financial counsellors do their jobs more effectively.
 - **asking** for feedback about FCA's Agency Practice Standards. The standards set out the essential requirements an agency should meet if it wishes to offer financial counselling services.
 - **working** with the States and Territories to settle on minimum standards for membership and accreditation across Australia.
- While some jurisdictions may have higher standards, we need to know where the bar rests.
- **facilitating** a discussion about a national registration system, where every financial counsellor will have a registration number. Does the sector want this? The system would be controlled by the States/Territories and provide an added level of confidence for people when dealing with a financial counsellor.
 - **releasing** a sector-wide strategy on assisting clients with mental illness. This will help financial counsellors respond to the increasing number of clients presenting with mental illness.
- Part of the strategy includes the development of mental health guidelines and specific training.
- **working** with the sector and the Federal Government in the roll-out of 50 new financial counselling positions for people affected by problem gambling.
 - **launching** a dedicated website for consumers struggling with bills and debt. The website includes a self-help tool as well as information about a wide range of credit and debt issues, as well as how to contact a financial counsellor.

Congratulations

to the new financial counselling associations in the Northern Territory and the ACT. This means there are now a financial counselling associations in each State and Territory in Australia. FCA provided advice and helped facilitate discussions in setting up the new associations.

Debt Repayment Service

We continue to work with the financial services industry to introduce a free debt repayment service in Australia. The proposed service has some similarities to a model in the United Kingdom, the Consumer Credit Counselling Service.

The Debt Repayment Service will assist consumers in financial difficulty who have the ability to repay a portion of their debts, but not the full amount. 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 will give consumers an option that does not exist at the moment and provides another referral option for financial counsellors.

Jan Pentland Foundation

FCA supports the work of the Jan Pentland Foundation. The Foundation honours a former chair of FCA, Jan Pentland, who died in tragic circumstances in 2009.

The Foundation awards an annual scholarship, at the Jan Pentland Foundation Dinner (coinciding with the FCA Conference). This year's scholarship winners were: Kedar Acharya, Anna Dooland and Anna Falconer.

The winner of the 2012 Jan Pentland Prize was Fran Manuela. The award recognises her role in achieving redress for a number of Aboriginal people in the Pilbara, who had been targeted by an unscrupulous door-to-door trader. The Jan Pentland Prize is made possible through the generous donation of Jan's partner, Dr David Morawetz.

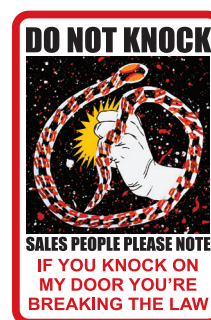
Policy and Campaigns

"Fair Treatment" is at the heart of the social justice philosophy underpinning financial counselling. During the year we actively worked for reform in many areas, including insurance, payday lending, telecommunications and responses to financial hardship.

The biggest win was with the "Fair Calls for All" campaign, led by the Australian Communications Consumer Action Network, in conjunction with FCA and the Australian Council of Social Service. The campaign focus was the high cost of ringing free call or local call numbers from mobile phones.

These costs are a real barrier for people on low incomes, who cannot afford to stay on the line to get through to Centrelink, a bank or their utility provider.

We were delighted when the regulator, the ACMA, announced in April 2012, that Australia's numbering system would be changed so that call costs from mobiles would be free or at the cost of a local call.



The "Do Not Knock" campaign, conducted jointly with the Consumer Action Law Centre, aims to put a stop to intrusive, annoying and misleading door-to-door sales. Door-to-door selling is particularly insidious in ATSI communities, where people are very vulnerable to exploitation. FCA produced materials specifically for these communities, including an Indigenous Do Not Knock sticker (based on a design from Centacare Wilcannia-Forbes) and education materials.

Payday lending reforms dominated the year however. While the final package of reforms passed by Parliament will curtail some of the worst industry excesses, we were disappointed they did not go further.

FCA Conference and EDR Forum

FCA's annual conference and the EDR Forum were in Melbourne this year. Over 500 people attended at some time over these three days. A new innovation, pre-conference "twilight" workshops, were so popular that they will definitely part of the 2013 program.

The ATSI Workers Forum, for money management workers and financial counsellors working with Indigenous clients, was again a wonderful opportunity for these isolated workers to share experiences and update their knowledge.



Post-conference survey: 94% of respondents said they would like to attend next year.

FUNDING FOR STATE ASSOCIATIONS

It is really difficult for unfunded financial counselling associations, run entirely by volunteers, to adequately fill their roles, including organising training and accreditation for members.

TRAINING

There are too many financial counsellors without access to adequate and ongoing training. From both a client and risk management perspective this is concerning.

FUNDING

Demand for financial counselling outstrips supply. We need to revisit other funding sources, including a trust fund.

LONG TERM HARDSHIP

We need a joint, agreed response from the banking industry and financial counsellors.

POSITIVE CREDIT REPORTING

Miss a payment and it will soon be recorded on your credit report. Miss a few and you'll end up paying more to access any form of credit.

emerging issues

FUNDING FOR STATE ASSOCIATIONS
TRAINING
FUNDING
LONG TERM HARDSHIP
POSITIVE CREDIT REPORTING

Activity Report

SUBMISSIONS

- Australian Communications and Media Authority re review of ACCAN
- Senate Finance and Administration Committee re need for consumers to be able to access a free copy of their credit report (jointly with other consumer groups)
- House of Representatives Inquiry into the operation of the insurance industry during disaster events (joint submission with other consumer organisations)
- Exposure Draft—National Consumer Credit Protection Amendment (Enhancements) Bill 2011 (three separate submissions on different aspects)
- Exposure Draft—National Consumer Credit Protection Amendment Regulations
- Queensland Floods Commission of Inquiry
- FaHCSIA re Household Energy and Financial Sustainability Scheme
- Australian Communications and Media Authority re proposal to change the numbering system to reduce the costs of 13/1800 numbers from a mobile phone
- Joint submission on flood insurance—availability and transparency (joint consumer submission)
- ACCC re ATM Fees interim authorisation application from the ABA
- Joint consumer submission into Federal Treasury's Discussion Paper Proposed Reforms relating to Small Amount Credit Contracts

REPORTS AND PUBLICATIONS

- What Financial Counsellors Say about Payday Lending
- July 2011, March 2012—Articles in ITSA Personal Insolvency Regulator
- Sharkwatch—newsletter from the National Financial Counselling Resource Project (four articles)

MEDIA RELEASES

- August 2011
FCA welcomes proposed payday lending laws
- 21 September 2011
New website delivers the cold hard and sad facts about payday lending (joint release with CALC and CCLC)
- 11th October 2011
Financial Counsellors Welcome Free Calls for Mobile Phone Users

- 12 December 2011
Ombudsman Report Highlights the Need to Tackle Financial Difficulty
- 21 January 2012
Funding for 50 specialist gambling financial counsellors welcomed
- 3rd February 2012
Financial counsellors celebrate a historic pay win and ask States to get on board
- 1st March 2012
FCA welcomes formation of Financial Counsellors ACT
- 8th March 2012
Financial counsellors call on government to stick with payday lending reforms
- 12th March 2012
FCA Queensland election call re payday lending
- 15th May 2012
*Launch of ATSI **Do Not Knock** stickers by Minister Shorten*
- 25th May 2012
ATM fee announcement welcomed by financial counsellors
- 26th June 2012
Credit Enhancements Bill a win for payday lenders (joint release with CALC, FCRC, CARE Financial Counselling Service and CCLC)

OTHER MEDIA QUOTED

- September 2011—Geelong Advertiser
Payday lending demonstration
- 26 September 2011—Herald Sun
10 Mistakes that Shred Your Finances
- October 2011
FCA mentioned in other media reports about the ACMA decision on free calls for mobile phones on 11th October
- 14 November 2011—Courier Mail
Loan sharks slip through net in Queensland, despite blackmailing desperate borrowers
- 20th November 2011—Herald Sun
Really, its time to move out
- November 2011—Sunday Mail
Love affair with credit is ending
- January 2012
Household credit card loans top \$40.6 billion
- February 2012—SMH
Cut your interest bill
- March 2012—SMH online
Going bust: a new start but tough life
- April 2012—ABC Radio, The Australian, Sky News, others
Range of media in response to ASIC Northern Territory release of talking posters in 12 Indigenous languages aimed at financial literacy.

- 16 April 2012—Illawarra Mercury
Hundreds Declared Bankrupt in Illawarra
- May 2012—ABC Radio, Television (ABC, SBS), Age, SMH and others
Media re fee-free ATMs in Indigenous communities
- June 2012—news.com.au, Herald Sun
Seniors rack up credit debt
- 15 June 2012—News Ltd papers
Struggling Aussie families unable to save

WORKSHOP PARTICIPATION

- FOS Hardship Forum
- Suncorp Consumer Forum
- Australian Financial Inclusion Network
- TIO Hardship Rountable

INDUSTRY CONSULTATIVE BODIES

- Insurance Council of Australia—Consumer Reference Group
- ABA Community and Consumer Consultative Forum
- Veda Advantage—credit reporting consultative group

PRESENTATIONS

- South Australian Financial Counsellors Association
- Money Workers Association of the NT
- Queensland Department of Communities
- QCOS conference—financial exclusion
- Lifeline financial counsellors—training workshop
- Financial Counsellors Association of New South Wales—general meeting
- Financial and Consumer Rights Council annual conference
- Financial Counsellors Association of New South Wales annual conference
- South Australian Financial Counsellors Association conference
- Suncorp Consumer Forum
- Uniting Care Community—Financial Wellbeing Network
- ACCC Consumer Forum on World Consumer Rights Day
- FCA Annual Conference
- FCAQ Annual Conference
- Money Management Branch, FaHCSIA
- ACCAN "Fair Calls for All" celebration
- FCRC strategic planning (facilitation)