



P O Box 150
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Inquiry into Australia's Human Services:

This submission is being made on behalf of the Central Queensland Financial Counselling Service (CQFCS) based in Rockhampton. CQFCS is a small stand alone community based not for profit incorporated association which has been operating in the Fitzroy Statistical Area for over 20 years and has evolved and continues to evolve in response to the needs of the local community.

This organisation has a single focus which contributes to the welfare of a vast cross section of the community by delivering high quality financial counselling services to people experiencing personal credit and debt problems. It would be a misconception to believe that only those living on low incomes would be seeking our assistance. We have weathered many economic cycles which have affected our community alongside our clients, who perhaps for the first time have experienced unemployment or have had a life changing diagnosis or have been sold products for wealth creation which unfortunately have not delivered. All services have been delivered without conflict of interest, from a client centred focus, to enable each person to work with us with dignity and understanding that assists them to develop skills and knowledge which better equips them to deal with their issues from an empowered perspective.

As an organisation embedded in the community and managed by local community members we are able to offer immediate and beneficial responses to issues which may impact only on the local community, for example the closure of local mines, natural disasters such as TC Marcia or the winding down after project completion such as the Curtis Island Development which have significant impacts on all members of the community, rich or poor. We are in tune with our community and have strong relationships within the not for profit sector as well as with Government instrumentalities both State and Federal.

Financial Counselling is delivered by community based organisations and large charities in the Not For Profit sector as it requires engagement with the community

such that all members of the community experiencing financial difficulties in their personal lives will receive clear, transparent and unbiased assistance without the influence of any organisation which may be seen to derive benefit from the assistance/options given. CQFCS as a small community based organisation has prided itself on its ability to meet client demand in a timely manner and to meet crisis situations through flexible service delivery and a commitment to social justice. Unlike many other organisations we do not hold waiting lists and do not require clients to navigate through gatekeepers to gain access to the service.

Conflict of interest in this sector has long been recognised as a concern for consumers to receive unbiased assistance with the focus wholly on the client/consumer and their particular circumstances. This requirement for transparency has been acknowledged by ASIC with relief being granted to Financial Counselling Agencies under the Class Order 03/1063 -Licensing Relief for Financial Counselling Agencies and the use of the term Financial Counsellor is also regulated by ASIC under the *National Consumer Credit Protection Act 2009* (National Credit Act) and requires that all people holding themselves out as Financial Counsellors meet standards required for service delivery including that all financial counsellors hold minimal qualifications and that services are delivered FREE of charge.

ASIC have recognised that there are numerous organisations in the community which purport to offer assistance to people experiencing financial hardship and that the majority of those organisations are established to derive profit from the hardship experienced those same people and therefore have regulated for this specifically.

The reliance on technology to deliver information and assistance for individuals in financial distress offers limited scope for quality outcomes. Despite the fact that there is a wealth of valuable information for Australian consumers on the ASIC Moneysmart website there is also an enormous amount of misleading, poorly researched and contradictory information readily available when using any search engine and a variety of key words. Technology is also reliant on the literacy of the user, whether that be financial literacy or basic literacy and numeracy skills.

Each individual brings a unique set of circumstances to their interaction with a financial counsellor based on complex relationships both personally and with financial institutions. Adding a layer of complexity to seeking assistance by enabling for profit providers to deliver these services without transparency as to the motivation for assistance, regardless if that is to fund its own operations through complex arrangements with creditors or as an agent of creditors established without clearly identifying their relationship to any or all credit providers is at best fraudulent deceit of consumers when they are at their most vulnerable. This has clearly been demonstrated since the inception of Part IX Debt Agreements under the *Bankruptcy Act* where many consumers believed that they were working toward debt consolidation not committing an act of Bankruptcy.

People experiencing significant crisis in their lives following life changing events rarely have the energy or capacity to 'shop around' for the 'best value' service, nor

do they necessarily understand that they have rights alongside their obligations to have their particular circumstances heard by the various players in their lives. The role of advocacy in the financial counselling relationship is paramount in assisting clients to address their issues and to understand not only their rights and responsibilities but also the protections in place for them as consumers in a complex financial environment.

We have worked closely with consumers who have engaged with VET Fee help providers that have since closed their doors without providing service or having sold courses to people who had no ability or capacity to meet the demands of that course. These consumers have consequently incurred substantial debt with the Commonwealth through, what is clearly, a direct transfer of tax payers money to the profits of these 'so called' providers profits and shareholders. There are numerous examples of similar tax transfers which benefit the shareholder above the consumer and this organisation sincerely believes that this review should consider that the services offered to vulnerable people in the community are best delivered by those organisations who deliver services in an open and transparent framework from a client centred, strengths based approach where the client's best interests are paramount.