



FINANCIAL COUNSELLORS
ASSOCIATION OF QUEENSLAND INC.
- Without Conflict of Interest -

4th February 2008

Consumer Policy Framework Inquiry
Productivity Commission
PO Box 80
Belconnen ACT 2616
Attention: Ms Jill Irvine

Dear Ms Irvine,

Re: Invitation to comment on the draft report

I submit this submission on behalf of Financial Counsellors Association of Queensland (FCAQ).

FCAQ would like add comments to the following recommendations:

A new generic consumer law

4.1-4.4 We support a national approach to consumer law and welcome the “template” approach to enacted law. As mentioned in our original submission to the inquiry “It would be prudent to have the Code the same in all jurisdictions so all that use the Code, especially creditors, can have a standard contract and procedures no matter where they operate.”

Industry specific consumer regulation

5.1-5.5 We support the concept of industry specific regulation with the following qualifications regarding energy:

- At present not all States have entered full market competition and those that have are at varying levels. Queensland has only had market competition for seven months and

only in the south east corner. From a Queensland viewpoint the regulators are struggling with the dynamics of the current changes. To put all jurisdictions with a mix of market and non market competition, state and private owned generators, and mature and emerging markets under one body, is asking a lot. We would urge a cautious approach to this as consumers were promised in all jurisdictions that energy costs would be lower when the market opened up to competition. History has shown otherwise. For a national energy ombudsman we submit the following concerns:

- Would consumer advocates such as a Financial Counsellor, be able to have the same relationship with a national ombudsman as we do now with a state-based ombudsman? At present consumer advocates have the ability to know the Queensland energy ombudsman and be able to discuss local issues. Will a national ombudsman have the resources to be able to get to know counsellor consumer advocates? Our concern is based partly on our experiences with other national ombudsmen. National organisations tend to concentrate their resources on national issues not State-based issues and tend not to have a presence in States other than NSW and Victoria.
- It is crucial to get the model right as the Energy Ombudsman will deal directly with low income people facing an immediate crisis.
- A number of jurisdictions have price caps or price regulation. Consumers in areas outside of high population areas could be disadvantaged by any move to have a market competition contract. Our position is that electricity is an essential service and a “right” and as such, vulnerable as they are, low income earners or those who live in an area where service delivery and infrastructure costs are higher than coastal areas must have their right protected.

Access to remedies

9.5 We support the incorporation into the new national generic consumer law to allow consumer regulators to take representative actions on behalf of consumers, whether or not they are parties to the proceedings.

9.6 We endorse extra resources for legal aid and financial counselling services with additions to the recommendations:

- Funding agreements become minimum of three years not 1 year agreement under which the majority of Financial Counsellors in Queensland receive funding.

- Funding take into account population growth of current areas serviced. Despite population increases in some areas by 50% in the last ten years, funding has not increased by more than CPI (for some services it has been cut despite huge increases in clients seen).
- States match or better what funding is provided by Federal government. Locally the Queensland state government only funds 2 to 3 positions.
- Funding is directed from gambling counselling towards financial counselling. At present only a small percentage set aside for gambling help is used for financial counselling.
- New funding is provided to meet demand in areas where there are no financial counsellors. At present Toowoomba is the only area in Queensland outside of a coastal area that has access to a financial counsellor for personal debt-related issues.
- Additional funding is provided to existing services to allow the full time employment of the service's Financial Counsellor. The majority of our membership work between 10 and 20 hours per week as the funding is only for a part time worker.
- New funding be allocated to allow the delivery of financial literacy programmes by Financial Counsellors or community development workers. Who better to educate the community than those who are dealing with the problems of debt and lack of understanding of consumer issues?
- New funding is allocated to allow the training of new Financial Counsellors into the sector. At present there is no career path in the Queensland industry. Yearly funding agreements do not provide job security and reducing funding in real terms has led to reduction in hours of employment. Fifty percent of our membership will retire in the next 4 to 5 years; without job security it is extremely difficult to attract new entrants to the sector. A Diploma of Financial Counselling is available but there is no certainty of a placement other than voluntary work or a few hours work per week, for anyone paying to do it.

Empowering consumers

11.1 We support the concept that Australian governments ensure that information disclosure is comprehensible and facilitates consumer decision making. We also endorse that reform of mandatory disclosure requirements in financial services be progressed as a matter of urgency.

11.2 We support an evaluation of the effectiveness of consumer information and education measures and the prospects of improving them. We ask this is done as a matter of urgency.

11.3 We concur that the Australian government provides extra funding to support research on consumer issues, and operating costs of a national network. We object to the word “modest”, as this suggests the concept that the funding is needed but only give enough money to continue the survival mode of operation consumer groups operate under. We suggest “the costs of a national network be met to allow suitable and appropriate activities on behalf on consumers and their advocates”.

In closing, FCAQ is supportive of the thrust and intent of the recommendations proposed. However we ask that consumer advocates such as Financial Counsellors be kept in the loop. Consumer advocates work with real people with real issues, however due to inadequate funding and reduction of funding in real terms, the consumer advocacy sector is finding it increasing difficult to respond to government inquiries and to present a response greater than a couple of pages.

We ask that the Productivity Commission in its deliberations be mindful of the limitations of an under-resourced consumer advocate sector versus an almost limitless resourced industry sector.

Yours Sincerely,

Kathleen M Austin
President FCAQ