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President: Terry Harvey
Secretary: Lynda Johns

February 3rd 2008

**Submission to the Productivity Commission's Inquiry into Australia's
Consumer Policy Framework**

Re: Draft Recommendation 9.6

"Australian Governments should provide enhanced support for individual consumer advocacy through increased resourcing of Legal Aid and Financial Counselling services, especially for vulnerable and disadvantaged consumers."

The Financial Counsellors Association of New South Wales (FCAN) is the peak body in NSW for Financial Counsellors. The Association's main purpose is to maintain accreditation for financial counsellors by providing regular training sessions throughout the year and an Annual Conference each year, held alternatively in Sydney and a major regional centre within NSW. We also review and upgrade membership requirements on a regular basis to ensure training, as presented remains relevant to what is occurring from a legislative, industry and community perspective. Members of the executive are on the committees of various Government, Industry and Consumer based review panels and have some input into the legislative process regarding consumer issues.

The move towards a national standard for financial counsellors is also being supported by FCAN as we believe it will enhance the ability of those persons who choose to enter the profession to provide timely and relevant support for those community members who are experiencing financial distress or are having trouble coping with day to day living costs.

Of concern to FCAN, is the low level of wages paid to financial counsellors in NSW. The move to upgrade a financial counsellor's academic and professional qualifications are expected to be borne by the person and without the prospect of gaining an adequate income after completing these courses we believe, is another impediment to attracting staff.

The current funding arrangements to the various auspicing agencies are insufficient to provide a competitive wage compared to similar professions, given the high level of qualifications, expertise

and experience required to effectively meet the demands of our client base. This issue unless addressed in the short-term will inevitably lead to the loss of experienced accredited financial counsellors in this State.

At a time of increasing demand for the services of a financial counsellor, Governments in recent years have chosen to either maintain funding at CPI adjusted levels or as in the case of NSW to effectively reduce funding. As a consequence current employees of various services are now questioning the viability of staying in the profession as their wages are insufficient to cover even basic living costs and they are relying on family members for financial support, or are having their incomes supplemented by a Centrelink benefit.

The age level of financial counsellors is, like the rest of the Australian population, increasing and we are finding it increasingly difficult to attract and retain workers to the profession. This is we believe a direct result of failure by the various funding bodies throughout Australia to recognise that financial counsellors provide an effective, cost efficient and valuable service to Governments, their agencies, Financial Institutions and most importantly to the broader community.

The Commonwealth Government has been a significant contributor of funds to provide financial counselling services in NSW through the Commonwealth Financial Counselling Program since its inception, but in recent times funding has failed to keep pace with the actual cost increases. For example, the recent review of the Rural Financial Counselling Program, concluded that additional funds were required to deliver this program for the benefit of its targeted constituents namely the farming and rural/agricultural businesses. Consequently funding was increased in the 06/07 budget to \$9.7 million whereas the 43 community based financial counselling services throughout Australia were allocated \$2.53 million. Given that in 96/97 the allocation to the community based services was around \$2 million, this clearly indicates that the greater portion of the Australian population are disadvantaged by not being able to access the services of a financial counsellor on timely basis at a period in their lives when they re experiencing severe financial distress.

It is increasingly clear to the Executive of FCAN that, without a substantial increase of funding for financial counselling services, by the Federal Government, the future viability for this sector in Australia is very problematic.

If a substantial and timely increase to current funding levels is not made, in all likelihood will impact on those within the community who do not have the coping skills to deal with aggressive debt collection practices. It has been our experience that many of our clients lack the knowledge and ability to negotiate with creditors to obtain an equitable outcome that both meets the needs of the creditor and the debtor. If the arrangement agreed to under duress by the debtor is unsustainable it can have devastating consequences on all stakeholders including direct family members.

The executive of FCAN strongly supports the draft recommendations of 9.6 in that funding for legal aid and financial counselling services in Australia should be significantly increased to recognise both the need to educate and train workers in these sectors and to have staff available to adequately meet the expected increased demand stemming from the current slowdown in the Australian economy.

If further information is required or you wish to discuss the contents of this submission please contact me at the above address

Yours sincerely

Terry Harvey (President FCAN)