

Ms Louise Sylvan AM

Independent Reviewer, Financial Counselling Review

By email: Financial.Counselling.Review@dss.gov.au

22 March 2019

Dear Ms Sylvan

Submission to Review of Coordination and Funding of Financial Counselling Services

Thank you for the opportunity to discuss the review of the coordination and funding of financial counselling services across Australia with you by telephone on 20 March 2019.

We welcome this review as part of the Government's response to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry Final Report, which included important recognition of the role of financial counsellors and legal assistance services. It provides an important opportunity to consider the funding and administration of financial counselling services and ways to ensure people across Australia are able to access the assistance they need.

As you are aware, the National Association of Community Legal Centres (NACLC) is the peak body for community legal centres in Australia. Community legal centres provide free legal help to hundreds of thousands of everyday people as well people experiencing discrimination and disadvantage every year. Community legal centres are imbedded in local communities, working in a holistic, client-centred and multidisciplinary way. Centres play a crucial and effective role in assisting people to resolve their legal problems at an early stage, and in meeting rising demand for legal assistance as well as contributing to systemic reform.

In light of the timeframe for the review, we provide this brief submission which highlights some of the key issues raised with you during the consultation and a number of additional points. We also provide as annexures key submissions we have made to other relevant inquiries and reviews that are of relevance to this review. These include:

- Appendix A: NACLC and Financial Counselling Australia Submission to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.
- Appendix B: NACLC Federal Budget Submission, specifically pages 6-7 and 20-22.

Summary

- Community legal centres provide vital services to people in credit and debt, consumer law and consumer credit each year. In 2018, this work made up over 23% of total civil services provided by the sector. This work is undertaken by five specialist consumer legal centres as well as a large number of generalist services across Australia.
- Financial counsellors are located/co-located within and work closely with community legal centres across Australia.

- This close working relationship and collaboration between financial counsellors and community lawyers should be an important part of any model of service delivery moving forward. It builds on existing holistic and multidisciplinary practice across the community legal sector, for example involving social workers and in the context of health justice partnerships.
- There is an appropriate continuum of services that encompasses financial counsellors and community lawyers including initial contact, advice and referral; more detailed advice; casework and representation; as well as broader research, law reform and policy work using individual matters to inform systemic reform.
- The vital work of financial counsellors and legal assistance services has been recognised in a number of contexts, including in the Final Report of the Royal Commission.
- There is substantial demand for financial counselling services across Australia and significant legal need for people who have debts or are facing action from financial institutions.
- Current funding and administration of financial counselling across Australia is fragmented and inconsistent. As a result, there is benefit in having more consistent funding and administration in a way that appropriately encompasses financial counsellors within community legal centres and the broader specialist network within which counsellors operate. Importantly, this should include greater cooperation across State/Territory and Commonwealth Government.
- Funding for financial counselling in Australia is appropriately a shared responsibility of Government (including State/Territory and Commonwealth Government) as well as industry.
- Industry funding is an important component of funding for these services moving forward, in part consistent with a ‘polluter pays’ principle, but also because increased access to free community-based services will strengthen the integrity of the financial services system itself and assist financial institutions and others who themselves often refer customers experiencing financial hardship to our services.
- We do not have a fixed position on the scope of ‘industry’ for the purposes of funding but note that the sectors that benefit from the work of financial counsellors and community legal centres include banks, credit providers, insurers, superannuation funds, and energy, water and telecommunication providers.
- We support increased funding for financial counsellors across Australia. Importantly however, given the complementary work and relationship between financial counsellors and community lawyers and likely increase in demand for legal services arising from additional financial counsellors, any increase should also include additional funding for community legal centres.
- In addition to funding for frontline service delivery, enhancements to coordination and collaboration as well as appropriate referral pathways to ensure a ‘no wrong door’ approach also require specific funding and support.
- In addition to the need for increased funding to meet significant and rising demand, there is a need for funding certainty to enable services to provide and plan effective service delivery.

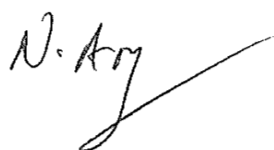
- Together with Financial Counselling Australia, NACLC has proposed increased funding for financial counsellors and community lawyers by way of an industry levy to significantly increase the number and reach of services.¹
- Designing and implementing more effective coordination of financial counselling and legal assistance services should involve co-design with the sector and people and communities we work with across Australia.
- Effective information sharing, coordination and collaboration around service delivery models and engagement with government requires funding and support of peak bodies such as NACLC and Financial Counselling Australia.
- If significant changes to the funding and administration of financial counselling are recommended as a result of this review, we encourage consultation and engagement by Government in implementation of any reforms as well as appropriate notice and transitional support and funding.

Conclusion

As noted, we encourage you to consult with both specialist and generalist community legal centres in the course of the review and understand several centres have made individual submissions to the review.

Given the brief nature of this submission, we are also willing to assist in providing any additional information where it is useful. Please feel free to contact me at nassim.arrage@naclc.org.au or Amanda Alford, Director Policy and Advocacy at Amanda.alford@naclc.org.au or 0421 028 645 should you wish to discuss the submission or require any further information.

Yours sincerely



Nassim Arrage

Chief Executive Officer

¹ More detailed information on this proposal is available in Annexures A and B.