

Open Letter to Premier Jacinta Allan

Urgent government investment is required to enable Victoria's financial counsellors to respond to the increasing demand and casework complexity resulting from the cost-of-living crisis. Without swift intervention, not only will struggling households miss out on access to this vital support service, and deteriorate without assistance, the financial counselling workforce will also be harmed by growing levels of stress and burnout.

Financial counselling is a free, confidential, and independent service. It provides vital help for people experiencing, or at risk of, financial hardship. Financial counsellors are uniquely qualified professionals, specially trained to deal with complex financial matters such as mortgage foreclosures, energy hardship, financial abuse arising from family violence, gambling-related harm, bankruptcy, arrangements for fines, and small businesses in difficulty. They assist more than 23,000 Victorians each year – including people impacted by catastrophic natural disasters, newly arrived migrants and refugees, and more than 3,800 family violence victim-survivors.

In the first 6 months of this year, phone calls to the National Debt Helpline in Victoria increased by 47% compared to the same period last year. Across the state, financial counselling services are currently managing wait times of an average of 2 months. This is due to high demand resulting from unmanageable living costs – comprising interest rate rises, unaffordable rentals, soaring energy prices, and increased grocery bills – worsened by insufficient wage growth. These challenges disproportionately impact low-income working families, single-parent households (predominantly female), older women, and people from migrant backgrounds, who have less access to savings to make ends meet.

WHAT'S AT RISK:

Households across the state are struggling to keep themselves afloat in the current economically induced crisis, including many middle-income households who, for the first time, can no longer afford their living expenses. Financial counsellors need to be able to assist people before they go under.

People's situations can deteriorate dramatically while waiting to access support, and this leads to power disconnections, repossessions, homelessness, and serious health consequences.

While the workforce has rallied to respond and triage, current workloads are unsustainable. We are now at the stage where urgent government action is required to stabilise the demand to ensure that vulnerable and at-risk families can get assistance before they hit serious crisis-point.

WHAT CAN BE GAINED:

Financial counsellors are able to negotiate with a person's creditors, and organise affordable payment plans, deferrals, or waivers on their behalf. They can identify irresponsible lending, and challenge that arrangement. They

can help people to maximise their available funds, which might include access to special assistance or entitlements, and put protections in place if someone's income or assets are at risk.

The benefits of financial counselling extend beyond securing household finances. Research has shown that financial wellbeing is essential for good mental health. Addressing financial problems has a positive impact on mental health outcomes¹, and creates the space for people to focus on other areas of their lives, including their employment and relationships.

Financial counselling keeps people in their homes, able to access living essentials, keeps the power on, keeps kids in school, and keeps communities thriving.

WHAT'S NEEDED:

Right now, the financial counselling sector is in need of an **urgent relief package** to alleviate pressure and reduce wait times for service.

What we need, from 1 January 2024:

- › An immediate uplift in workforce numbers by 10 FTE (@\$150K per FTE = \$1.5M), and a commitment to retain the additional positions within ongoing funding.
- › Resourcing to support financial counselling agencies to provide student placement opportunities for up to 30 financial counselling students over the next 12 months (@\$5K per student placement to cover administrative expenses = \$150K).
- › An immediate increase to FCVic's core funding to support and coordinate the above expansion of the workforce. This entails delivery of professional development activities, capacity building, and systemic advocacy activities to alleviate the widespread impacts of the cost-of-living crisis and stabilise demand for financial counselling (\$200K).

A more significant uplift in workforce numbers should be a long-term objective for the Victorian Government. To be effective, the financial counselling sector requires structured workforce planning to ensure there are enough qualified practitioners to grow the workforce sustainably in response to the current and ongoing community need.

Over the next three years, we need:

- › A further increase to the workforce by 10 FTE each year (@\$150K per FTE = \$3.0M for additional two years).
- › Resourcing provisions to enable financial counselling organisations to recruit, train, and mentor financial counselling interns to enter the workforce (@\$30K per intern/mentor = \$600K).

Now is the time to reduce the impacts of the cost-of-living crisis and secure brighter futures for all Victorians.

CC: Victorian Treasurer, Minister for Consumer Affairs, Leader of the Opposition, Leader of the Victorian Greens

¹ Heartward Strategic. [The Money and Mental Health Social Research Report](#). Beyond Blue and ASIC, 2022.

SIGNED BY:



