



FCVic

Financial Counselling
Victoria Inc.

**2024/25
Victorian State Budget
Submission**

Acknowledgement of Traditional Owners

FCVic acknowledges the Wurundjeri Woi-wurrung people as the Traditional Owners of the lands on which our organisation is based. We pay our respects to their Elders, past and present.

As the FcVic team works remotely across many lands, we extend our respects to the Elders of other Aboriginal and Torres Strait Islander communities throughout Victoria and Australia.

We recognise the continuing connection that First Nations communities have to land, water and culture, and acknowledge that sovereignty was never ceded.

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Financial Counselling in Victoria

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 business owners 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.

The cost-benefit of financial counselling has been calculated at a return of between \$5.00¹ to \$710² for every \$1.00 invested. This does not include benefits that are more difficult to quantify, such as stable housing, and the avoidance of costly tertiary service interventions. These are conservative calculations – an area of focus for the sector is to develop a clear evidence base for the benefits of financial counselling.

1 Mahmoudi, P., Hordacre, A-L., & Spoehr, J. (2014, Feb). Paying it Forward: Cost benefit analysis of The Wyatt Trust funded financial counselling services. WISeR, The University of Adelaide. <https://wyatt.org.au/wp-content/uploads/2018/03/Wyatt-WISeR-Financial-Counselling-Cost-Benefit-FINAL.pdf>

2 Price AMH, White N, Burley J, et al. Feasibility of linking universal child and family healthcare and financial counselling: findings from the Australian Healthier Wealthier Families (HWF) mixed-methods study. *BMJ Open*. 2023;13(11):e075651.

Executive Summary

The Victorian financial counselling profession and sector is on the cusp of significant developments. The last 10 years have seen a base of professionalisation instituted, in a context of significantly increasing casework demand. That demand has been rapidly increasing, even while the work of financial counsellors remains unseen or poorly understood both in the wider community and amongst many other health, social and community service professionals, who would ideally be participating in and building referral pathways and integrated service models.

The demand owes its growth in large part to the economic and social processes creating widespread dependency on an ever-increasing array of 'financial products' – mainly credit – throughout the community. These trends interact with other drivers of poverty and disadvantage, including an epidemic of family violence involving financial abuse, to make financial counselling increasingly an essential social service relevant in just about every legal, health, mental health and social service setting. This is reflected in the number of government departments addressed in our budget submission.

With fewer than 300 qualified practitioners in Victoria, the sector lacks the critical mass to cope with surging demands, or even to grow sustainably at the necessary rate. The Victorian Government's major funded program, the Financial Counselling Program, has not seen any growth in over six years – despite a 15% increase in the Victorian population over the same period.

Several recent initiatives have enabled financial counselling to respond to specific and growing community needs, in the areas of disaster recovery, small business assistance, and mental health integrations. However, these time-limited funding allocations only create further unmet demand pressures for the sector when funding inevitably winds up.

Without continued funding for specialist financial counselling services, such as disaster recovery and small business services, community members will be forced to seek support from mainstream financial counselling services. This will severely restrict the sector's ability to provide time-critical assistance. Wait times for generalist services are currently on average 8-12 weeks. People's situations can deteriorate dramatically while waiting to access support.

Our recommendations for the 2024/25 Victorian State Budget seek a longer-term vision for the financial counselling sector and what it can provide for everyday Victorians experiencing, or at-risk of, financial stress or vulnerability. It is time to capitalise on the investments made to date to ensure that newly created capacity is retained and embedded within the financial counselling sector. Better coordination and integration, across government departments, which focuses on increasing access to financial counselling and building more opportunities for early intervention activities, will lead to Victorians with fewer debts, improved mental health, and greater resilience.

Context

Funding for financial counselling, including FCVic funding, has remained above the rate of core inflation, but has fallen behind the increases to major service delivery expenses, such as wages, admin systems, venue and catering, and facilitator costs.

The number of financial counsellor positions funded under Consumer Affairs Victoria's Financial Counselling Program (FCP) has not changed, while the number of Victorians assisted through the FCP and the Family Violence Financial Counselling Program has decreased by 34% (2016-2022). This is attributed to the increasing complexity of financial counselling casework which requires more time to resolve cases.

The complexity is a result of increased use of credit products, combined with more cases involving complex intersecting issues, including family violence, mental health and other social issues.

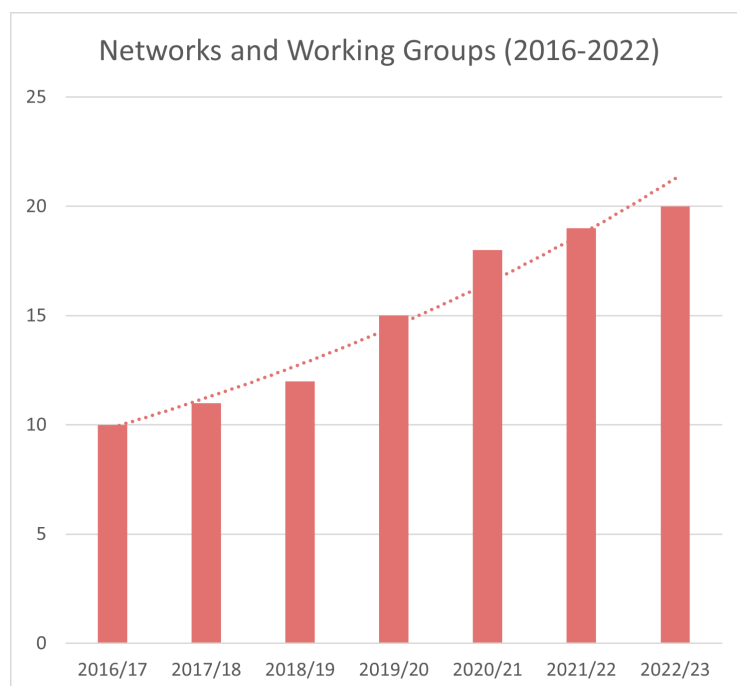
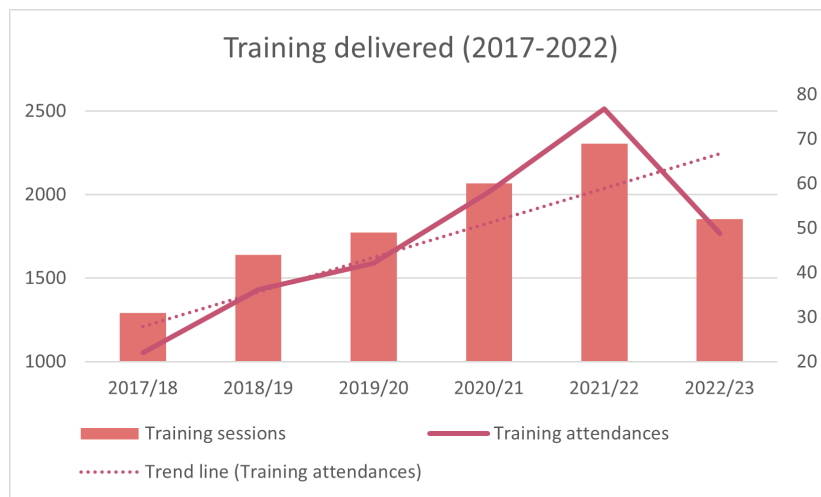
Increased casework complexity requires financial counsellors to be across a broader range of products, industries, policies and regulations. This translates to a need for FCVic to deliver an expanded breadth of training (including to distinct cohorts with specialist training needs), compile and disseminate a greater volume of information in a timely manner, and coordinate systemic advocacy activities in response to a wider array of issues. FCVic cannot maintain its capacity to deliver core functions without a commensurate increase to resourcing.

The financial counselling workforce in Victoria needs to reach critical mass to create the capacity for more early intervention and prevention activities. This will enable financial counsellors to resolve issues before they reach crisis-point, and address systemic issues at the cause. This will lead to increased productivity (cases resolved faster, more people assisted), reduced demand, and improved workforce retention (less stress and work overload due to the volume of complex crisis cases).

Victorian Financial Counselling Sector Growth	2016	2022	% increase (2016 to 2022)
Victorian Financial Counsellor FTE	160	235	47%
FCP Financial Counsellor FTE	63	64	2%
Family Violence Financial Counsellor FTE	10	21	110%
Victorian population	6.08M	7.01M	21%
People assisted by FCP and FV programs	31,106	22,794	-34%
FCVic members	239	463	94%

Development of the Profession in Victoria	2016	2022	% increase (2016 to 2022)
CPD sessions delivered	22	52	136%
CPD session attendances	1053	1767	68%
Networks and working groups	10	20	100%

Funding Profile	% increase (2014 to 2022)
SCHADS Award pay rate (indicative; based on Level 5.3)	51%
Inflation (source: RBA inflation calculator)	20%
FCVic core funding	44%



Recommendations

Strengthening workforce sustainability for better service outcomes for Victorians

- › Advancing and evolving the workforce to meet demand
 - Continuation of and growth injection for the Financial Counselling Program
 - Increased funding of the peak body FCVic to further professionalisation, training, and advocacy objectives in line with sector growth
- › Planning for sustainable growth
 - Engage FCVic to develop a business case for financial counselling in Victoria, addressing sector workforce development needs and opportunities, and updating the evidence base of cost-benefit and social impact of financial counselling in the Victorian context
- › Sector coordination and leadership
 - Establish Victorian Government interdepartmental committee for financial counselling, led by Consumer Affairs Victoria

Enhancing service integration across diverse sectors

- › Family Violence Prevention and Response
 - Continuation of Family Violence Financial Counselling program for a further three years
 - Integration of financial counselling and legal assistance into family violence service system
- › Community Recovery following Disasters
 - Extension of Flood Recovery Financial Counselling Program to 30 June 2025
 - FCVic Disaster Recovery Coordinator role embedded in ongoing FCVic core funding
 - Establishment of dedicated statewide Disaster Recovery financial counselling service model
- › Gambling Harm Minimisation
 - Continuation of Gambler's Help Financial Counselling Program
 - FCVic Gambling Lead role embedded in ongoing FCVic core funding
- › Supporting Small Business Owners through Hardship
 - Continuation of statewide Small Business Wellbeing program
 - Establishment of Small Business Community Legal Centre
- › Improving Mental Health Outcomes
 - Full-scale trial of integrated practice model, financial counselling and mental health workers to 30 June 2027
- › Early Interventions in Child and Family Health
 - Extension of Healthier Wealthier Families project to 30 June 2026

Improving access to financial counselling for vulnerable cohorts

- > Reducing financial vulnerability in Victoria's corrections system
 - Fund consistent provision of financial counselling services across correctional facilities
- > Supporting Community-led Service Delivery for First Nations Communities
 - Improve access to financial counselling services for First Nations communities
 - Develop and fund career pathways into financial counselling sector for First Nations people

Alleviating demand and reducing wait times for financial counselling

Recommendations:

1. A commitment to renew current funding agreements (with indexation) for another three years to provide certainty and stability for the sector while the Government completes its Review of the Financial Counselling Program.
2. An increase to the FCP by 10 FTE each year for at least three years, and a commitment to retain the additional positions within ongoing funding.
3. Resourcing provisions to enable financial counselling organisations to recruit, train, and mentor financial counselling interns to enter the workforce.

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 be denied 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.

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 and 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 is 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 in the short term this leads to power disconnections, repossession and under insurance of significant assets, people making choices to reduce healthy food and medication purchases, and gives rise to conflict and unhealthy coping behaviours.

We know that those who are unable to receive support can spiral into the tertiary sector and experience homelessness, family violence and child protection issues, and suffer serious health consequences. Additionally, the wider community bears the costs of increased tertiary service needs, and business losses. Financial counselling is a vital safety net.

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:

The benefits of financial counselling extend beyond securing household finances and stabilising access to essential needs. Research has shown that financial wellbeing is essential for good mental and physical health and

an important protective factor in resilience. Addressing financial problems has a positive impact on mental health outcomes, 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 essentials, keeps kids in school, and families connected and productive, and keeps communities safe and thriving.

In the broader context, supporting families through economic down turns and unexpected life events is a cost-effective approach compared to crisis intervention models once problems have spiralled out of control.

What is needed:

Right now, the financial counselling sector is in need of urgent resourcing to alleviate pressure and reduce wait times for service. The Financial Counselling Program (FCP) must be expanded to respond to increasing demand and complexity, resulting from the cost-of-living crisis.

The number of financial counsellor positions funded under the FCP has not changed in over six years, effectively going backwards in relation to population growth demands, and more recent inflationary impacts on demand, while the number of Victorians assisted through the FCP and the Family Violence Financial Counselling Program has actually decreased by 34% (2016-2022).

This reduction is attributed to the increasing complexity of financial counselling casework due to the presence of multiple intersecting issues, including family violence, mental health, and housing affordability issues.

The complexity is also system-induced. The increased availability and use of credit products, combined with rising mortgage defaults and the rise in sophisticated scams, means that financial counsellors require more time to resolve cases.

The financial counselling workforce in Victoria needs to reach critical mass to create the capacity for more early intervention and prevention activities. This will enable financial counsellors to resolve issues before they reach crisis-point, and address systemic issues at the cause. This will lead to increased productivity (cases resolved faster, more people assisted), reduced demand, and improved workforce retention (less stress and work overload due to the volume of complex crisis cases).

Initiative	2023/24	Investment	Portfolio
1. Renew FCP Funding	\$9.6M	\$9.6M per year \$28.8 for 3 years	Department of Government Services (Consumer Affairs Victoria)
2. Increase FCP by 10 FTE <i>(New investment)</i>	\$0	\$1.5M per year \$4.5M for 3 years	Department of Government Services (Consumer Affairs Victoria)
3. Fund internship program <i>(New investment)</i>	\$0	\$600K for 1 year	Department of Government Services (Consumer Affairs Victoria)

Funding to further professionalisation, training, and advocacy objectives

Recommendations:

1. Increased funding of the peak body FCVic to further professionalisation, training, and advocacy objectives in line with sector growth.

Financial Counselling Victoria (FCVic) is the peak professional body for Victorian financial counsellors. FCVic is funded formally by Consumer Affairs Victoria (CAV) for three key activity areas, reflected in the terms of our CAV funding agreement and our reporting to CAV:

1. Running a Professional Development calendar, providing the core of Continuing Professional Development (CPD) for the Victorian financial counselling sector to ensure currency of knowledge and helping to maintain professional standards amongst financial counsellors.
2. Maintaining communications and information flow for the sector – through managing our website as a communication tool, and publishing the Devil's Advocate as a wider sector communication at least 4 times a year.³
3. Undertaking policy and advocacy work in relation to consumer/client issues.

FCVic core funding has remained relatively static for almost 10 years – only increasing with indexation to stay apace with inflation. However, our core funding has significantly fallen behind the increases to major service delivery expenses, such as wages, admin systems, venue and catering, and facilitator costs. At the same time, our productivity has more than doubled in terms of professional development activities delivered (136% increase, 2016 to 2022), and facilitation of financial counsellor-led working groups and networks (100% increase, 2016 to 2022) which provide crucial sectoral supports and contribute to systemic advocacy initiatives.

We are now supporting a much larger sector – FCVic membership has increased by 127% in the eight years from 2014 to 2022. Furthermore, the increasing complexity of financial counselling casework requires practitioners to be across a broader range of products, industries, policies and regulations. FCVic must be able to deliver an expanded breadth of training (including to distinct cohorts with specialist training needs), compile and disseminate a greater volume of information in a timely manner, lead and coordinate systemic advocacy activities in response to an increasingly wider array of issues. We estimate that we are funded for fewer than half of the key communication tasks we undertake. FCVic cannot maintain its capacity to deliver core functions to meet these growing needs without a commensurate increase to resourcing.

The full breadth of our role and the circumstances of a complex process of professionalisation and growth in demand are not reflected in our current core funding arrangements. CAV recognises, in its dealings with FCVic, the relevance of the peak body role to enabling their financial counselling programs to function effectively. The extent of our sector knowledge, trust and capacity to influence and develop it is also recognised. The CAV-funded work is contingent on FCVic functioning well as a peak body and continuing to develop other areas of work that are not formally funded by CAV, such as sector professionalisation, workforce systems and structures (assisting student placements, advertising vacant positions, and operating a locum registry), and sector expansion activities. These

³ In addition to publishing the Devil's Advocate monthly, FCVic also publishes a weekly Gazette for members, which is a crucial communication tool.

are, in effect, self-funded by FCVic through other income sources, but provide considerable enhancements to all financial counselling programs funded in Victoria. As the financial counselling sector in Victoria has developed and grown, the importance of and resourcing required for these areas of work have been increasing in tandem.

FCVic has worked prudently to stretch our resources as far as they can be extended, including with some temporary cross-subsidisation from fixed-term project funding to maintain the capacity of our core functions. However, this is unsustainable; come the end of June 2024, we will be facing a significant reduction in capacity. A meaningful increase to FCVic’s core funding is urgently required to meet the demands of our role and is strategically critical in building breadth and diversity in the sector.

Initiative	2023/24	Investment	Portfolio
1. Increase funding to FCVic	\$453K	\$900K per year \$2.7M over 3 years	Department of Government Services (Consumer Affairs Victoria)



Planning for sustainable growth

Recommendations:

1. Engage FCVic to develop a business case for financial counselling in Victoria, addressing sector workforce development needs and opportunities, and updating the evidence base of cost-benefit and social impact of financial counselling in the Victorian context.

FCVic faces very particular challenges as a peak body to:

- › Continue to evolve and build financial counselling as a profession.
- › Take the sector from being in a small niche – overwhelmed by demand – to meeting community needs as a mainstream service, widely understood for what it provides, and connecting with other services.
- › Support the sector in sustainable growth; avoiding bottlenecks in entry, training and careers; and maintaining professional standards.

Our sector is currently struggling with capacity constraints and the need for a planning and reform agenda. In late 2022, RMIT resolved that it would cease offering the Diploma of Financial Counselling, pointing to a lack of employment prospects in our sector. This is despite the extent of unmet service demand. At the same time, in regional Victoria there have been difficulties in recruiting financial counsellors, and there are capacity needs evident in many areas that should logically flow into jobs.

Currently, the Victorian Government has a set of review processes of funded services, including Consumer Affairs Victoria's Financial Counselling Program, which FCVic welcomes, and are clearly of great importance to the financial counselling sector in Victoria. The reviews are only one part of a bigger picture in establishing a sustainable growth plan for developing the Victorian financial counselling sector that will enable it to work in an integrated fashion with other complementary services to meet community needs.

A comprehensive workforce development plan, as we envisage it, concerns sustainably building a broader sector able to meet significant community needs, and would involve a 10-year horizon. It would consider:

- › breadth and diversity, how to handle a score of missing community needs, integrating with other services;
- › blocks to capacity building, such as quality diploma training, addressing placements, enabling bottlenecks to be addressed;
- › geographical distribution of financial counsellors, addressing chronic problems with filling jobs in regional areas; and
- › other aspects of capacity building, including caseload guidance for employers, career pathways, job security, ageing workforce and practitioner wellbeing.

Supporting this work requires the ongoing development of the evidence base of benefits and impacts from financial counselling services. This entails comparing the associated personal and community costs when individuals lack access to these services and subsequently resort to seeking emergency support in crises, such as facing homelessness, disconnection from essential utilities, or being unable to afford basic necessities, leading them to seek emergency relief. The development of this evidence base requires in-depth research and modelling, which can then also be used to better articulate the future needs of the community and the financial counselling profession.

The development of a business case for financial counselling in Victoria should ideally happen within a State Government policy framework, and investigate the further benefits of linking financial counsellors more effectively with diverse communities alongside family violence response services, emergency housing, mental health services, community health and aged care services, community legal, addiction services, and youth and family services.

By investigating the benefits and impacts of financial counselling, then designing and articulating the resourcing required to achieve those benefits, Victoria can continue to lead Australia in the development of a professionalised financial counselling sector, capable of empowering vulnerable Victorians and responding to diverse community needs as part of a well-functioning, integrated network of health and community services.

We urge the Victorian Government to collaborate with FCVic to develop a business case for financial counselling in Victoria that articulates the cost-benefit of financial counselling, the future workforce needs of the sector, and how the sector can be sustainably resourced to meet the future needs of Victorians.

Initiative	2023/24	Investment	Portfolio
1. Workforce Development Strategy <i>(New investment)</i>	\$0	\$200K for 1 year	Department of Government Services (Consumer Affairs Victoria)
2. Evidence base including cost-benefits and impacts <i>(New investment)</i>	\$0	\$180K for 1 year	Department of Government Services (Consumer Affairs Victoria)
3. Future resourcing needs <i>(New investment)</i>	\$0	\$150K for 1 year	Department of Government Services (Consumer Affairs Victoria)

Sector coordination and leadership

Recommendations:

1. Establish Victorian Government interdepartmental committee for financial counselling, led by Consumer Affairs Victoria.

Victorian Governments have done more than any other state to invest in and develop financial counselling, funding as much as 80% of the sector, and we take in good faith assurances as to its belief in the importance of the sector. However, for all its avowed value, the sector's future appears tenuous.

When discrete parts of government become interested in funding financial counselling (as they increasingly are – e.g. Department of Jobs, Skills, Industry and Regions funding small business financial counselling; Department of Families, Fairness and Housing funding financial counselling to minimise prevalence of elder abuse in bushfire affected communities), their lack of understanding about financial counselling means there is a confused and limited design or approach to coordination and has the effect of siloing within the sector. This results in a poor investment that does not take advantage of existing systems and structures within the sector to maximise the benefits. FCVic plays a vital role in bringing these together to ensure quality and consistency.

For the financial counselling sector to expand sustainably to meet growing community needs, a State Government policy framework and strong state-level informed sector funding are crucial – enabling integration with state-based services and strong place-based service provision, as well as guiding federal government funding arrangements. We believe this requires a whole of government lens, ideally supported by centralised coordination.

We also recognise that ultimately the crux of what financial counselling provides, is a preventative health approach, intervening to stop people cascading into (the most expensive) tertiary services, and instead enabling them the rebuild productive lives. Yet the essential knowledge and skills held within the financial counselling profession, that alleviate cost pressures on the system, is poorly recognised as a valuable return on investment (estimated at between a \$5⁴ to \$7.10⁵ return on every dollar invested). This provides a sound rationale for considering a contribution to sector funding from the health budget, for example.

4 Mahmoudi, P., Hordacre, A-L., & Spoehr, J. (2014, Feb). Paying it Forward: Cost benefit analysis of The Wyatt Trust funded financial counselling services. WISeR, The University of Adelaide. <https://wyatt.org.au/wp-content/uploads/2018/03/Wyatt-WISeR-Financial-Counselling-Cost-Benefit-FINAL.pdf>

5 Price AMH, White N, Burley J, et al. Feasibility of linking universal child and family healthcare and financial counselling: findings from the Australian Healthier Wealthier Families (HWF) mixed-methods study. *BMJ Open*. 2023;13(11):e075651.

Consumer Affairs Victoria (CAV) has played a key role in the development of the financial counselling sector in Victoria, embedding a strong advocacy and rights-based model. We view this as important and a strong reason to maintain CAV's central role within the sector. It is for that reason that we believe CAV is best placed to assume a coordinating role in bringing together relevant government stakeholders in an interdepartmental committee on financial counselling to provide a holistic view of the sector and client needs. This collaboration would ensure that budgetary decisions align with the sector's overarching needs and pave the way for a more integrated and sustainable financial support framework.

Initiative	2023/24	Investment	Portfolio
1. Establish government interdepartmental committee for FC	\$0	Discretionary	Department of Government Services (Consumer Affairs Victoria)



Enhancing Family Violence Support

Recommendations:

1. A commitment to renew all 21 FTE family violence financial counsellors for a further three years.
2. Fund a pilot program to embed financial counselling and legal assistance within specialist family violence services.

The Royal Commission into Family Violence identified financial counselling as a key part of the services and supports for victim-survivors. Consequently, the Victorian Government has provided resources to fund 21 FTE family violence financial counsellor positions, which assists around 3,800 family violence victim-survivors each year. FCVic has also received funding for a Family Violence Lead to support the resourcing and facilitation of a peer-support network, specialist professional development and supervision activities, and advocacy on key systemic issues.

Victoria leads the nation in its delivery of specialist family violence financial counselling. All financial counsellors in Victoria undertake specialist family violence training, as it is estimated that between 30-60% of all financial counselling clients (regardless of funding stream) are affected by family violence.

Funding agreements for the family violence financial counselling positions, and FCVic's Family Violence Lead, are due to end on 30 June 2024. The renewal of this funding for a further three years is vital to ensuring that victim-survivors of family violence can access timely support crucial to establishing their safety and stabilising their financial situations. Every delay in accessing financial counselling worsens the risk or experience of hardship and/or financial abuse, deepens the harm that victim-survivors experience, and makes recovery harder.

The Family Violence Reform Implementation Monitor (FVRIM) in its report '[Crisis response to recovery model for victim survivors](#)' published in December 2022, identified the need for financial counselling and legal assistance to be better integrated into the family violence response model to improve the outcomes for victim-survivors. Inconsistent understanding and collaboration between family violence services and financial counsellors hinder the effective integration of these crucial support systems. While some Orange Door services have established commendable linkages with financial counsellors, these integrations are not consistently implemented across the broader family violence service sector. While financial counselling at the crisis point has a key role in providing information, preventing further financial harm and engaging with family violence professionals for secondary consultations, we believe it is during the post-crisis recovery that a client-centred, multi-disciplinary approach can provide long-term financial relief to empower victim-survivors in their recovery.

The report also acknowledges there is a growing demand for financial counselling services and proposes an increase to funding to help to alleviate this.

In this context, in addition to the renewal of the existing 21 FTE family violence financial counsellor positions, we are seeking a commitment to fund a pilot program to embed financial counselling and legal assistance within specialist family violence services to bridge these gaps. Such integration is vital to harness the full potential of financial counselling in mitigating harms, preventing abuse, and empowering clients within the family violence service system.

FCVic proposes that the pilot program be delivered over a minimum 24 months, from 5 locations (2 metropolitan, 2 regional and 1 rural), through a co-location model consisting of local family violence specialist services, financial counsellors, and community lawyers. The program funding should provide resourcing for a program reference group – with input from key stakeholders, including the Sector Lead Family Violence at Consumer Affairs Victoria, Safe and Equal, Family Safety Victoria, FcVic, and community legal service representatives – and enable the execution of a detailed evaluation on the feasibility of embedding financial counselling and legal assistance within family violence response services.

Initiative	2023/24	Investment	Portfolio
1. Renew 21 FTE Family Violence FC positions	\$3.15M	\$3.15M per year \$9.45M for 3 years	Department of Government Services (Consumer Affairs Victoria)
2. Fund family violence, FC and legal integrated practice model (<i>New investment</i>)	\$0	\$900K per year \$1.8M for 2 years	DGS/ Department of Justice & Community Safety



Code Name	Alison
Age	68
Occupation	Hospitality (casual)
Education	Unknown
Location	Rural town, NE Victoria
Family status	Divorced
Nationality	Australian
Health	Fair, but finds it difficult to take on more work shifts
Tech usage	Limited
Income	Variable (casual work); aged pension

Alison's Story

I have lived in the north east of Victoria all of my life. Several years ago my then-husband ran a business. I didn't realise I was part of the business; he gave me paperwork to sign, and said (not to worry) that I wouldn't understand it.

A few years ago my then-husband left me, the business went bust, and he went bankrupt. One day when I tried to take money out of the ATM to buy groceries, I found my bank account frozen. The bank said I was responsible for over \$35,000 of debts from the business. I had no idea as I had never had any paperwork about the loan and overdraft. I offered to take some money out of my superannuation to pay but only had about \$15,000 in super.

Someone told me I should see the local financial counsellor - I didn't know how they would be able to help me. After sharing my story with the financial counsellor, she was able to help me recognise that this was financial abuse. She negotiated with the bank and I received waivers for both debts.

"I didn't know what I was signing could leave me liable for this debt and unable to pay for food and bills"

✓ **June 2022**

Financial counsellor advocates to bank on Alison's behalf
Business debts liability located by bank

✓ **June 2022**

Further negotiation with the bank
Alison's financial counsellor requests debt waivers for business loan and overdraft, despite not having any paperwork relating to debts, coupled with client having never sought assistance from any family violence service

✓ **June 2022**

Bank decision about debts
Bank declines to accept Alison's offer to make a lump sum payment from her superannuation funds... as they had decided to waive both debts in full!

May 2022

No access to money
Alison discovered bank account frozen when trying to withdraw cash at ATM

May 2022

Contact with bank
Bank advises that Alison did not have liability for business debts

"Now I can get money out of the ATM for groceries and not worry that my bank account will be frozen"

"I can now sleep at night and I don't have to take on additional casual shifts in my hospitality job!"

Community Recovery After Disasters

Recommendations:

1. Extension of Flood Recovery Financial Counselling Program to 30 June 2025.
2. Embed FCVic Disaster Recovery Coordinator role into ongoing FCVic core funding.
3. Establish a dedicated statewide Disaster Recovery Financial Counselling service model.

In recent years, communities across Victoria have been dealing with the aftermath of catastrophic disasters, ranging from devastating bushfires to destructive storms and floods. Financial counselling services have played a vital role in aiding the financial recovery and physical wellbeing of impacted individuals and communities.

We commend the Victorian Government's response in funding the sector to provide timely relief and support to the affected communities during this challenging period. This response has been crucial in alleviating the immediate hardships faced by many residents and businesses. However, the financial impacts of disaster are complex and long-lasting, and require a proportionate, long-term response.

In the context of the October 2022 floods, the need for support for complex financial and insurance issues are ongoing, and likely to span several years. The '[10 Years Beyond Bushfires Report](#)' has shown that nearly a quarter of residents impacted by the 2009 Black Saturday Bushfires were still experiencing financial stress five years after the event⁶. Our experience through more recent disasters (2020 Black Summer Bushfires) has shown that it can take years before the financial impacts of a disaster event are fully apparent (with only 25% having rebuilt in some regions end of 2023). Some were not ready to engage in financial counselling until well into their second or third year of recovery.

Addressing financial problems has a positive impact on physical and mental health outcomes, and creates the space for people to focus on other areas of disaster recovery.⁷

Financial counsellors are also specially trained in identifying and responding to forms of family violence, specialising in financial abuse identification and response, which are known to increase in the aftermath of disasters.

As a fundamental element of community recovery, it is essential that the financial counselling program and funding is aligned with the casework support program. The mainstream financial counselling sector does not have capacity to absorb referrals from the recovery casework support program without the dedicated resourcing that the Flood Recovery Financial Counselling Program provides. Nor does the casework support program have the requisite skills and knowledge to pick up financial counselling cases if the event-specific funding prematurely ends.

FCVic has received modest funding from the Victorian Government to employ a Disaster Recovery Coordinator, which has been pivotal in providing professional support and bolstering the state's capacity for an effective

6 Gibbs L, Molyneaux R, Harms L, Gallagher H C, Block K, Richardson J, Brandenburg V, O'Donnell M, Kellett C, Quinn P, Kosta L, Brady K, Ireton G, MacDougall C, Bryant R. [10 Years Beyond Bushfires Report 2020](#). University of Melbourne, Melbourne, Australia, 2021, p.12.

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

financial counselling response to disasters. Given the likelihood of more disasters in the future, we propose that this position become an ongoing funded position within FCVic's core funding agreement with Consumer Affairs Victoria. Resourcing to retain this position is crucial to ensure the sector's systems, infrastructure and networks are maintained, and that we can continue our work to strengthen capacity in this technically specialised area of the sector in preparation for future disaster situations.

More broadly, the establishment of an ongoing and dedicated disaster recovery financial counselling service model in Victoria is critical to forming a prepared and proactive workforce, equipped to provide an immediate response to future disaster events. The current short-term event-specific model is too reactive, and is a poor investment in workforce capacity as it is unable to effectively retain and redeploy key skills and knowledge from one disaster event to another – meaning crucial time and energy is expended following each new event to recruit and rebuild capacity.

Financial counselling has not achieved the critical mass required to meet surge workforce demands when responding to major events. Having a central, statewide specialist service comprising financial counsellors experienced in disaster recovery issues would dramatically increase the ability to deliver early interventions for people affected by disasters. This has been shown to mitigate the risk of escalating financial hardship, and provide better mental health and recovery outcomes.

We see additional benefits of such a service model as also offering crucial and secondary consultations to support local financial counselling services responding to emergencies, as well as providing valuable preventative community preparation education to enhance resilience. We support recommendations from VCOSS to incorporate case managers, community lawyers, and family violence specialists into this model.

Initiative	2023/24	Investment	Portfolio
1. Extend Flood Recovery FC Program	\$1.59M	\$1.6M for 1 year	Department of Government Services (Consumer Affairs Victoria)
2. Fund FCVic Disaster Recovery Coordinator position	\$85K	\$100K per year \$300K for 3 years	Department of Government Services (Consumer Affairs Victoria)
3. Fund dedicated statewide service for disaster recovery FC (<i>New investment</i>)	\$0	Discretionary (figure dependent on scale and integration with other services)	DGS/ Department of Families Fairness & Housing



Code Name	Frank
Age	81
Occupation	Aged Pensioner
Education	Unknown
Location	Rochester
Family status	Widower
Nationality	Australian
Health	Back injury, Respiratory
Tech usage	None
Income	Full Centrelink Pension

Frank's Story

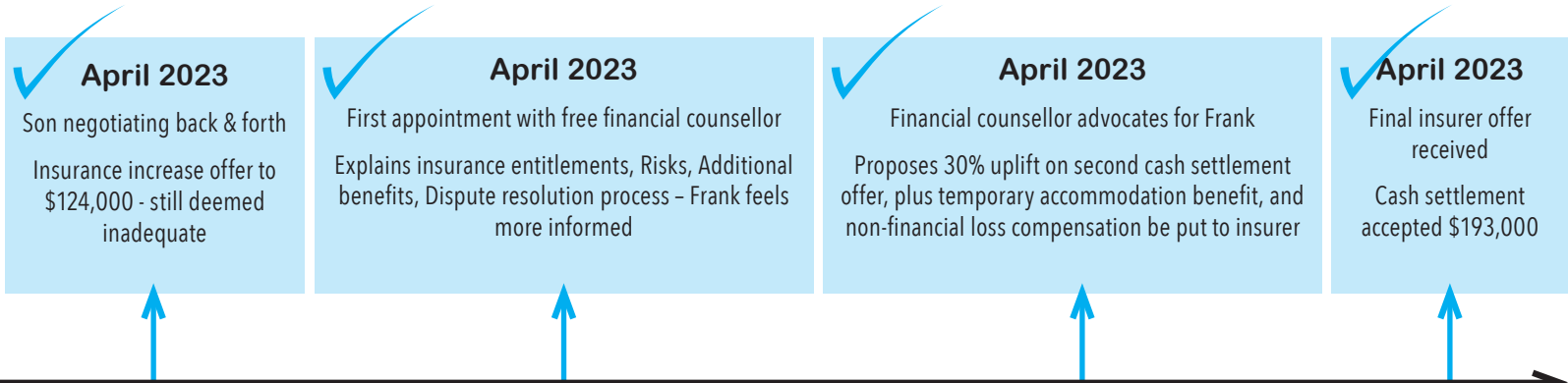
I was born and bred in Rochester and live there in my own home debt free. I had paid up house and contents insurance including flood cover. I am supported in practical ways by my adult children who don't live with me.

My home was completely flooded in October 2022. I chose to remain in my home despite the damage. My son was helping me with my insurance claim and we were shocked with how low their offer was. I could not have rebuilt and replaced the furniture I lost.

After a lot of negotiation, and a second unsatisfactory offer, we saw a free financial counsellor who gave us guidance.

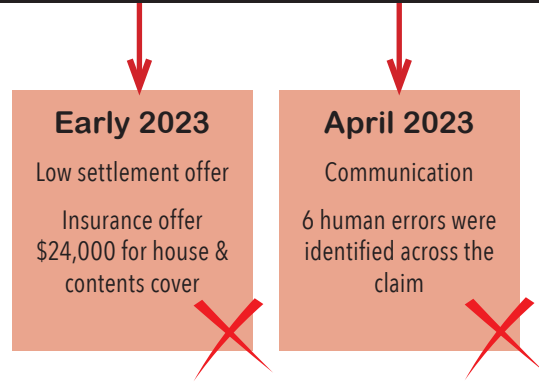
I got a final offer that was nearly \$170,000 more than their first, I couldn't believe it!

"I was worried, due to my age, if I left, I would never return"
- Frank



"We were surprised and pleased to get what was needed... there might even be money left after the rebuild!"
With the information, directions of a financial counsellor in one day - just 24 hours, the insurer has agreed to pay another near \$70,000"

"Dad now has money to pay for accommodation while the house gets rebuilt. It was in the policy but they never mentioned it!"
- Frank's son



Gambling Harm Minimisation

Recommendations:

1. A commitment to renew Gamblers' Help Financial Counselling Program for another three years.
2. Embed FCVic Gambling Lead role into ongoing FCVic core funding.

The Gambler's Help program in Victoria provides more than 1,500 Victorians with financial counselling assistance each year. This is delivered by 19 FTE financial counsellor positions situated at local Gambler's Help services across the state (an investment of \$2.8M per year). These financial counsellors employ specialist skills and knowledge to reduce the impacts that gambling harm has on individuals and families, providing a critical layer of support to vulnerable Victorians.

When people experiencing gambling-related harm present to a Gambler's Help service with financial concerns, there are almost always comorbidities and underlying issues involved including poor mental health, family violence, and drug and alcohol addiction. It is also well understood that gambling contributes to major risk factors, such as financial loss and relationship breakdown, which are associated with suicide. On average, people who gamble have higher incomes than other people who present to mainstream financial counselling services, which leads to significantly higher debts and financial losses. Financial counsellors are trained specifically to work with clients with complex needs in a holistic way that focuses on taking away financial issues as stressors from their situation.



Financial counselling is vital in safeguarding individuals and families from the detrimental effects of gambling. Financial counsellors exercise a strong systemic analysis of gambling harms arising out of client experiences, and the identification of options for policy change to reduce or minimise harm. This is particularly important as a new gambling regulator is being established in Victoria and it can be anticipated there will be opportunities in that context for enhanced input into regulatory action and reform.

As part of a pilot project funded by the Victorian Responsible Gambling Foundation, to boost the development of Gambler’s Help financial counselling, FCVic has employed a Gambling Professionalisation and Service Integration Lead (‘Gambling Lead’) to increase sector capacity, strengthen the integration of financial counselling in the support system for gambling harm, and support the implementation of gambling reforms in Victoria. The position has been funded until 30 June 2024.

With sufficient resourcing to retain the Gambling Lead position, FCVic will be enabled to contribute to valuable policy work, and also become an active sector partner to the Victorian Gambling and Casino Control Commission – supporting it to establish a strong, proactive regulatory and enforcement culture informed by the experiences of people vulnerable to gambling-related harm.

Initiative	2023/24	Investment	Portfolio
1. Renew Gambler’s Help FC Funding	\$2.85M	\$2.85M per year \$8.55 for 3 years	Department of Justice & Community Safety
2. Fund FCVic Gambling Lead position	\$108K	\$115K per year \$345K for 3 years	Department of Justice & Community Safety

Supporting Small Business Owners through Hardship

Recommendations:

1. A commitment to renew funding for the Partners in Wellbeing Small Business Financial Counselling program at current funding levels for a further three years.
2. Increase funding to the Partners in Wellbeing Small Business Financial Counselling program by 10% to meet community needs.
3. Establish a dedicated Small Business Community Legal Centre.

According to a report from the Australian Small Business and Family Enterprise Ombudsman, in June 2023, 97.3% of all Australian businesses were small businesses with fewer than 20 employees⁸. The challenges faced by small business owners experiencing financial hardship are subject to relatively few legal protections and under-addressed by community supports. For small business owners who cannot afford paid professional advice and whose circumstances are a complex interweave of business and personal matters, the inception of the Victorian Government's Small Business Wellbeing initiative (which commenced in 2020) has been a game-changer. It has provided Victorian small business owners with the means to address immediate stressors and move onto a productive future path.

The Partners in Wellbeing Small Business Financial Counselling program, delivered by EACH, supported over 1,800 small business owners in the first 3 years of operation, with strong demonstrated outcomes, including 14% of clients with affordable payment arrangements negotiated and 8% of clients seeing an increase in household income, and importantly, 37% of businesses continued to trade.⁹

The program has enabled the financial counselling sector to expand its scope to provide more expert and tailored assistance to small business owners experiencing hardship. The development of this new area of specialisation has filled a serious and overlooked gap for small business owners experiencing hardship, yet much remains to be done. There is a critical need for ongoing and dedicated financial counselling support for Victorian small business owners.

Funding limitations and an absence of steadfast commitment to ongoing small business financial counselling, beyond specific triggers like natural disasters, hamper the advancement and sustainability of these essential support mechanisms. The current funding model is based on time-bound allocations tied to crisis events, which fails to address the routine and persistent financial complexities encountered by small business owners.

The Partners in Wellbeing Small Business Financial Counselling program is currently stretched beyond capacity, with wait times of 2-3 months. This is expected to worsen as the program prepares to wind-down its provision of service to focus solely on small business owners impacted by the October 2022 floods, as of 1 July 2024. This will

⁸ The Australian Small Business and Family Enterprise Ombudsman (2023) Number of Small Businesses in Australia: https://www.asbfeo.gov.au/sites/default/files/2023-10/Number%20of%20small%20businesses%20in%20Australia_Aug%202023_0.pdf

⁹ This data was collected by the Partners in Wellbeing Small Business Financial Counselling Team in order to demonstrate some findings from the program operation.

entail a reduction in the number of small business financial counsellor positions by almost 50%. The mainstream financial counselling sector is not equipped to absorb the additional demand that will be created if current funding levels for specialist small business financial counselling are not sustained.

Our primary recommendation for the 2024/25 Victorian Budget is for a commitment to fund an ongoing and dedicated small business financial counselling program for Victorians. This core funding should operate independently of specific trigger events, and supplement existing consumer-centric financial counselling allocations, such as the Financial Counselling Program funded by Consumer Affairs Victoria. The funding allocation should build upon the current commitment to reflect the growing demand and complexities faced by small business owners – we estimate at around 10% of the current allocation.

The Victorian Government should continue to invest in upskilling the financial counselling workforce to better respond to the needs of small business owners. FCVic has led the development, nationally, of specialist training and resources, as well as a scope of practice, to support financial counsellors to develop and hone their skills and knowledge to assist small business owners.

Additionally, FCVic recommends the establishment of a Small Business Community Legal Centre, as a vital supplement, offering essential legal aid to small business owners navigating financial difficulties. There are 47 community legal centres across Victoria, yet none are accessible to small businesses, whose legal needs come to the fore when they are least likely to be able to afford access to legal assistance. Financial counsellors currently have nowhere to refer small business owners with legal issues requiring assistance. A detailed proposal for a specialist Small Business Community Legal Centre for Victoria is attached as Appendix A.

Initiative	2023/24	Investment	Portfolio
1. Renew Small Business FC program funding	\$1.53M	\$1.53M per year \$4.59M for 3 years	Department of Jobs, Skills, Industry and Regions
2. Increase Small Business FC program funding by 1 FTE (<i>New investment</i>)	\$0	\$150K per year \$450K for 3 years	Department of Jobs, Skills, Industry and Regions
3. Fund Small Business CLC (<i>New investment</i>)	\$0	\$1.9M-2.4M per year \$5.7M-7.2M for 3 years (Range based on program implemented within existing CLC or as a new stand-alone CLC)	Department of Jobs, Skills, Industry and Regions

Improving Mental Health Outcomes

Recommendations:

1. Fund a three-year full-scale trial of integrated mental health and financial counselling referral program in Shepparton.
2. Fund parallel three-year full-scale trial of integrated mental health and financial counselling referral program in Bendigo.

Financial counsellors are well-aware of the complex inter-relationship between financial and mental wellbeing. A 2022 [report](#) using data from the Household Income and Labour Dynamics Australia (HILDA) longitudinal survey noted that financial hardship and mental health symptoms are mutually reinforcing – with negative experience of one doubling the chances of experiencing the other.

Crucially, the downward spiral between money and mental health [can be reversed](#). Resolving someone's financial problems can support their resilience and recovery in terms of their mental wellbeing.

While the comorbidity of financial distress and mental health is recognised, supports for dealing with each aspect are often fragmented.

As part of the Victorian Government's COVID-19 response, Consumer Affairs Victoria on behalf of the Victorian Department of Health funded a successful pilot program 'On Track with My Money' which demonstrated the need for, and benefit of, providing access to financial counselling for people experiencing significant mental health issues and receiving support from an adult mental health service. The delivery partners were Wellways and Shepparton Family and Financial Services (Shepparton Family).

Over a six-month period, 57 participants opted to engage in financial counselling when offered, representing 27.5% of participants across Wellways' Prevention and Recovery Care (PARC) and Early Intervention Psychosocial Response (EIPSR) programs. Participants provided powerful testimony about the impact of the financial counselling assistance on their situation – including their capacity to manage and their mental health.

While the available data and qualitative evidence suggest the intervention of financial counselling for PARC and EIPSR participants is effective in alleviating participants' mental health issues as well as their financial concerns, there is insufficient data for a rigorous quantitative assessment.

Since the completion of the pilot, Shepparton Family has continued to self-fund 2 financial counsellors to keep the partnerships going, but they do not have the funds to maintain this work further.

We recommend that the Victorian Government funds a three-year full-scale trial of the program, building on the established successful co-working arrangement that has been developed by Shepparton Family and Wellways. In addition, we recommend that a parallel three-year full-scale trial be funded at the Bendigo PARC and EIPSR services operated by Mind Australia, and leverages the experience of Shepparton Family's parent organisation, Bendigo Family and Financial Services co-located with Mind Australia.

The trial program should:

- > be supported by a comprehensive human research ethics approval, enabling widespread sharing and publication of outcomes;
- > incorporate a simple mental health-related quality of life instrument that can be administered by both Wellways and Shepparton Family team members;
- > incorporate tracking of all PARC and EIPSR participant outcomes, in conjunction with Goulburn Valley Health, to understand the extent to which the intervention provides an enduring improvement to participants' situations;
- > support liaison with Goulburn Valley Health and sharing of outcomes with other adult health mental health services across Victoria.

Initiative	2023/24	Investment	Portfolio
1. Integrated mental health and FC trial in Shepparton (New investment)	\$0	\$600K per year \$1.8M for 3 years	Department of Health
2. Integrated mental health and FC trial in Bendigo (New investment)	\$0	\$600K per year \$1.8M for 3 years	Department of Health



Early Interventions in Child and Family Health

Recommendations:

1. A commitment to fund an extension of the Healthier Wealthier Families program, connecting financial counselling services with community-based Child and Family Health Nursing Services (CFHS), for an additional two years, with comprehensive evaluation to be conducted by Centre for Community Child Health (CCCH).

The first 1000 days of a child's life are pivotal for their cognitive and emotional development. Financial stability during this period plays a vital role in nurturing healthy environments for optimal growth. In Australia, a third of families with young children face significant financial hardships, impeding their ability to provide basic necessities such as food, housing, and healthcare. This financial strain not only affects the physical health and wellbeing of families, but it is also associated with triple the levels of poor mental health in parents (36% v 11%)¹⁰, ultimately influencing the child-parent relationship and the overall home environment.

Research by the Melbourne Institute at the University of Melbourne in 2020 found that children who experience poverty are 3.3 times more likely to be poor as adults, and 2.5 times more likely to experience financial stress.¹¹

The Healthier Wealthier Families (HWF) program¹² represents a significant initiative aimed at bolstering the financial wellbeing of families with young children in Victoria. The model, which was pilot tested for feasibility across Victoria and NSW through 2020 to 2022, demonstrated the value of connecting financial counselling services with community-based Child and Family Health Nursing Services (CFHS) in addressing financial hardships that significantly impact the developmental trajectory and overall health of children during their formative years.

As an early intervention model, integrating financial hardship assessments into the CFHS framework, HWF works to enhance economic outcomes for families and foster healthier parenting environments.

The successful pilot of HWF in metropolitan and regional areas showcased remarkable outcomes. By connecting families to financial wellbeing services, HWF reduced family stress, increased knowledge of the support and options available, and increased annual income by an average of \$6,504. In other words, for every dollar invested in the financial counselling service, \$7.1 in benefits was generated for families. Additionally, the program effectively reached culturally diverse families, often overlooked by traditional community-based services. The benefits extended beyond financial gains, including avoided loss of utilities (52% of families), stabilised housing (14%), avoided legal actions (11%), and increased financial literacy among caregivers (66%).

10 Price A, Measey M-A, Hoq M, Rhodes A, Goldfeld S. Child and caregiver mental health during 12 months of the COVID-19 pandemic in Australia: findings from national repeated cross-sectional surveys. *BMJ Paediatrics Open*. 2022;6(1):e001390

11 Esperanza Vera-Toscano and Roger Wilkins (2020) Does poverty in childhood beget poverty in adulthood in Australia? Melbourne Institute: Applied Economic & Social Research, University of Melbourne. https://melbourneinstitute.unimelb.edu.au/__data/assets/pdf_file/0008/3522482/Breaking-Down-Barriers-Report-1-October-2020.pdf

12 Price AMH, White N, Burley J, et al. Feasibility of linking universal child and family healthcare and financial counselling: findings from the Australian Healthier Wealthier Families (HWF) mixed-methods study. *BMJ Open*. 2023;13(11):e075651

A commitment to fund an extension of the HWF program for an additional two years offers an opportunity to comprehensively evaluate its impact at scale. Collaborating with Victoria’s Maternal and Child Health nursing service, who provide primary care (well-child checks) to Victorian children from birth to 5 years, will enable the inclusion of up to 800 families over this period, fostering a deeper understanding of the program’s benefits. This extension will facilitate a systematic referral pathway between health and financial wellbeing services, supported by rigorous evaluations encompassing financial and mental health benefits, cost-benefit analysis, and scalability factors.

The proposed budget allocation comprises two primary components:

1. **Financial Counselling:** funding equivalent to 1 FTE of a financial counsellor, supervision, and on-costs for two years. This funding aims to provide financial counselling services to parents referred by the Maternal and Child Health Services.
2. **Implementation and Evaluation:** A budget of \$1 million over three years to support the implementation of a systematic referral pathway and rigorous evaluation (conducted by Centre for Community Child Health (CCCH)) encompassing financial and mental health benefits, cost-benefit analysis, and scalability factors.

Extending the Healthier Wealthier Families program aligns with the government’s commitment to supporting families and nurturing healthier environments for child development. The anticipated outcomes and positive impact on Victorian families underscore the significance of continued funding for this vital initiative.

Initiative	2023/24	Investment	Portfolio
1. Extend and evaluate HWF program (<i>New investment</i>)	\$0	\$1.3M for 3 years	Department of Health



Reducing financial vulnerability in Victoria's correctional facilities

Recommendations:

1. Fund access to financial counselling at all Victorian correctional facilities, including remand centres, as an integral service for incarcerated Victorians, including sector support and coordination funding for FCVic.

Financial hardship and debt are key concerns for people within Victoria's corrections system. Financially vulnerable people are significantly more likely to be incarcerated than those with stable finances, and incarceration itself makes it extremely difficult for a person to manage debt and financial issues. According to Financial Counselling Australia's report 'Double Punishment,' "even a person with no debt when sent to prison can end their sentence with significant debts—credit card debts build quickly due to compounding interest and fees."¹³

Financial counselling is an indispensable service, crucial to safeguarding the wellbeing and successful reintegration of incarcerated individuals. Immediate access to financial counselling assistance upon incarceration in all Victorian correctional facilities, including remand centres, is an essential step in addressing the multifaceted challenges experienced by those within the corrections system.

The financial challenges faced by prisoners are unique and complex. People enter prison with nothing. The lack of documentation and access to account details make it extremely challenging to manage their finances. Without intervention and assistance from financial counsellors who can help them retain access to their accounts and prevent the escalation of financial hardship, many prisoners are set up for failure – particularly if they have existing debts at the time of incarceration.

Responding to and resolving financial vulnerability during incarceration significantly mitigates adverse impacts on individuals' wellbeing and reduces the risk of recidivism due to escalating debt. Having access to financial counselling services upon entry into correctional facilities contributes positively to an individual's rehabilitation journey.

Resourcing for financial counselling in Victorian correctional facilities is ad hoc and inconsistent – with all facilities currently under-resourced, and many without any access to financial counselling altogether. Financial counselling services are available, at a limited capacity, at only 7 of the 12 public custodial facilities (58%), and none of the 3 private facilities. Almost 70% of Victoria's imprisoned population, or around 4,500 highly vulnerable individuals (as of 30 June 2022), do not have access to financial counselling. We also note that some financial counselling services are currently dependent on philanthropic funding to deliver financial counselling at Victorian correctional facilities, while other financial counselling services have had to withdraw their service due to insufficient resourcing.

In order to create an environment conducive to successful rehabilitation and eventual reintegration into society, we recommend that all Victorian correctional facilities, including remand centres, provide all prisoners with access to financial counselling as an integral service from the commencement of their incarceration.

To improve service delivery and outcomes, we recommend that the funding be inclusive of a small provision to

13 Financial Counselling Australia, *Double Punishment: How People in Prison Pay Twice* (Report, May 2018), 13

<https://www.financialcounsellingaustralia.org.au/fca-content/uploads/2019/10/Double-Punishment-Final.pdf>

FCVic to enable us to continue to facilitate our statewide Prisons Network for financial counsellors (currently self-funded), and provide tailored support and professional development to the cohort of financial counsellors assisting incarcerated individuals. These activities are essential in establishing central coordination for financial counsellors working across the state's corrections system, and informing systemic advocacy initiatives which build a more equitable and supportive justice system in Victoria.

Initiative	2023/24	Investment	Portfolio
1. Fund FC at all Victorian correctional facilities, with sector support and coordination from FCVic <i>(New investment)</i>	\$0	\$650K per year \$1.95M for 3 years (Based on 0.1 FTE per 150 prisoners + \$50K sector support funding)	Department of Justice & Community Safety

Supporting Community-led Service Delivery for First Nations Communities

Recommendations:

1. Fund a two-year pilot program to embed financial counsellors within 3 Victorian Aboriginal Community Controlled Organisations.
2. Fund a scholarship program targeting First Nations people wanting to undertake the Diploma of Financial Counselling.

The intergenerational impacts that colonisation and dispossession has had on First Nations communities in Australia still exist today. Despite the strong connections that First Nations people have to community, they are still more likely than others to experience poverty, financial hardship and poor mental health. Where First Nations people experience intersectional adversity across multiple vulnerabilities, the challenges become more severe. Addressing financial stress within Victoria's First Nations communities is crucial for fostering resilience and empowering individuals and communities.

Aboriginal Community Controlled Organisations (ACCOs) play a vital role in supporting community members dealing with financial stress. However, there is a significant gap in access to financial counselling, with only two Victorian ACCOs directly employing financial counsellors (only 6% coverage), despite the importance of culturally relevant support in relation to consumer and financial issues for those communities.

The almost complete absence of financial counselling from First Nations communities is a glaring gap that marks Victoria out from every other State jurisdiction, despite the strength of the sector here compared with other states on just about every other indicator. Working with First Nations communities to ensure their needs are identified and met should be a priority in planning for the sector, and will require resourcing and effort into the medium term.

FCVic currently has 5 members who identify as Aboriginal or Torres Strait Islander (although not all are practising as financial counsellors) which represents 1% of our membership. We should be aiming to build a sector that reflects the diversity of the communities it serves. This means the Victorian financial counselling sector has significant work to do in developing pathways with First Nations communities, to increase the numbers of First Nations financial counsellors.

Our recommendations to improve access to culturally appropriate financial counselling services for First Nations people are that:

1. The Victorian Government fund a two-year pilot program to embed financial counsellors within 3 Victorian Aboriginal Community Controlled Organisations.
2. The Victorian Government fund a scholarship program targeting First Nations people wanting to undertake the Diploma of Financial Counselling.

Initiative	2023/24	Investment	Portfolio
1. Fund pilot program to embed FCs in Victorian ACCOs <i>(New investment)</i>	\$0	\$450K per year \$1.35M for 3 years	DGS/ Department of Families, Fairness & Housing
2. Fund First Nations scholarship program for FC Diploma <i>(New investment)</i>	\$0	Discretionary	DGS/ Department of Families, Fairness & Housing



A Specialist Small Business Community Legal Centre for Victoria

Proposal

That the Victorian Government fund a Community Legal Centre (CLC) specialising in small business issues.

Rationale

Unlike individuals in need of free legal advice, there are no readily accessible legal referral services for small businesses.

There are 47 CLCs across Victoria, yet none are accessible to small businesses, whose legal needs come to the fore when they are least likely to be able to afford access to legal assistance. This has been a long-standing problem, identified by Consumer Action Law Centre (CALC) in 2018¹. When CALC proposed a specialist Small Business CLC in 2018, it was in response to the legal issues facing many small businesses in western Victoria following the financial impacts of drought. Since then, apart from other regionally based disasters, the pandemic has had unprecedented impacts on almost every small business sector in every metropolitan and regional location – particularly in Victoria, where there have been extensive periods of lockdown. These impacts provide even more compelling reasons to establish a small business CLC than existed in 2018.

Since 2020, bushfires, floods and storms, pandemic and lockdowns have significantly escalated debt, tax, solvency and associated legal issues for small businesses across the state. The 'long tail' of economic and social impacts from disasters is well-known and small business owners' need for accessible legal services will continue to increase, even before factoring in the impacts from future disasters.

Of the 47 CLCs in Victoria, 25 are specialist services (e.g. Women's Legal Service and Tenants Victoria). Establishing a specialist Small Business CLC would leverage the proven infrastructure, governance and funding model of CLCs and is consistent with the accepted policy option of establishing a specialist CLC in response to clear need.

Small Business Demand for Legal Assistance

Attachment 1 provides available data from the Victorian Small Business Wellbeing program, the national Small Business Debt Helpline and the National Debt Helpline. These data indicate rapidly growing demand by small business owners for financial counselling services and corresponding growth in (unmet) demand for legal assistance.

Types of Issues

Some of the issues requiring legal assistance include:

- Unfair contract terms in debt finance from 2nd and 3rd tier lenders
- Implications of breaching commercial lease terms*
- Franchise contracts when breached / exiting / selling*

¹ "A Small Business Community Legal Centre and financial counselling service: an opportunity for Victoria", Consumer Action Law Centre, May 2018

- Debt claims, letters of demand, and insolvency processes
- Debt collection practices
- Legal options after unsuccessful mediation
- Breakdown in relationship between business partners/directors preventing business activity.

* Unrepresented small business owners at VSBC mediation would benefit from an understanding of their legal situation prior to mediation.

Relationship to Victorian Small Business Commission

A small business CLC would enable the VSBC to refer unrepresented and impecunious complainants for legal advice (particularly where the other party is represented) prior to a mediation, and provide a referral point after unsuccessful mediation for legal advice on next steps.

Together, the VSBC and a small business CLC would be able to identify the key legal issues faced by small business owners, informing relevant policy responses to systemic issues. The Commissioner has been briefed on this proposal.

Strategic Benefit

In addition to assisting small business owners in need of legal assistance and advice the proposed CLC would bring strategic benefits to Victoria. It would:

- draw from its legal casework and the experiences of clients to develop specialist expertise and inform contributions to policy and law reform
- undertake Community Legal Education to enhance access to justice on the part of the client cohort
- establish ongoing infrastructure to assist small businesses, filling a void and supplementing short-term initiatives such as vouchers for professional services
- fill a gap in the small business financial counsellor's toolkit when a small business client needs professional legal assistance to move on with their business and personal lives, but is unable to afford it
- provide an opportunity for close integration of continuing professional development and referral services between the CLC and the financial counselling sector
- enhance capacity to meet needs in the changing business eco-system which has seen an explosion in the numbers of financially vulnerable small/micro businesses from the gig economy and outsourcing / subcontracting, along with the increased incidence of disasters, scams and online fraud.

The initiative would see Victoria leading the way in providing needed assistance to small businesses.

Establishment and Funding

Attachment 2 summarises the establishment and ongoing costs for this new service with two options.

Option 1 is for a new stand-alone Community Legal Centre and Option 2 is for a program to be implemented within an existing CLC. Total costs for each option for the first 4 years are summarised below.

CLCs have evolved and strengthened their practice by integrating other professionals into their service mix, able to work effectively with lawyers to assist clients more holistically. This typically incorporates financial counsellors and other professionals, such as social workers and health workers, along with lawyers.

The CLC proposed is distinct from the small business wellbeing program which has its own integrated service model including financial counselling. Given the same, extremely large, client cohort group, the CLC proposed should complement and support the small business wellbeing program, and be a source of referrals to it.

Total costs	Option 1	Option 2
Year 1	\$2,406,000.00	\$1,930,000.00
Year 2	\$2,358,700.00	\$1,987,900.00
Year 3	\$2,429,461.00	\$2,047,537.00
Year 4	\$2,502,344.83	\$2,108,963.11

Attachment 1

Growing demand by small business owners for financial counselling and legal services

Victorian Government Small Business Wellbeing program

The growth in case numbers for small business financial counselling through the Small Business Wellbeing program in each of the past four quarters is shown below. This reflects the ramping up of a new service as awareness and accessibility improves. The small business peak bodies indicate that demand extends significantly beyond the latest quarterly figure (and even with an increase in staffing, there is currently a 3 week wait to access a financial counsellor in the service):

Quarter to end Dec 2020	38
Quarter to end Mar 2021	125
Quarter to end Jun 2021	150
Quarter to end Sept 2021	276

The program has identified the number of these cases where professional advice was required:

Accounting = 46
Legal = 35
Insolvency = 15

In total, this is 16.2% of all cases over the period.

Small Business Debt Helpline

The Small Business Debt Helpline, operated by Financial Counselling Australia (FCA) with Federal funding, provides assistance to small businesses in financial difficulty (but not the level of in-depth case work provided by the financial counselling service in the small business wellbeing program). The number of contacts has risen consistently since the Helpline was established in early 2020, with the number of cases in the 3 months to end September 2021 almost as high as the number for the six months to end June 2021.

6 months to Dec 2020	314
6 months to Jun 2021	638
3 months to Sep 2021	593

For the 6 month period to June 2021, FCA states that “What was noticeable ... was an increase in calls from areas with Covid related lockdowns, especially Queensland, Victoria and New South Wales.”

Helpline referrals to professionals (legal, accounting, tax, insolvency) also grew noticeably:

6 months to Dec 2020	74 (23.5% of cases)
6 months to Jun 2021	142 (22.2% of cases)
3 months to Sep 2021	132 (22.2% of cases)

The proportion of cases requiring professional assistance has remained relatively constant over the period, suggesting that as numbers of small business cases rise, so too will the need for professional services.

National Debt Helpline

(state funded service run by CALC – accepting 75% of calls to the Helpline number in Victoria)

While only able to assist individuals with debt problems, 10% of the calls received in May – June 2021 were nonetheless from small businesses.

Financial counselling advice sessions were provided to 1,094 callers in that period, and 685 legal advice sessions were also provided.

In addition, CALC operates a Worker Advice Line, providing specialist legal assistance for financial counsellors, community lawyers and other community workers. Between July and September 2021, 20% of calls to this advice line involved small businesses, predominantly concerning business purpose loans.

Attachment 2

Options for the establishment of a specialist small business CLC

Option 1 is for a new stand-alone Community Legal Centre and Option 2 is for a program to be implemented within an existing CLC. Total costs for each option for the first 4 years are provided below.

Start-up costing and ongoing annual costs

Start-up Costs	
Registrations (Business name, licences, domain names)	\$1,000.00
Membership fees	\$5,000.00
Accountant fees	\$10,000.00
Solicitor fees	\$10,000.00
Total start-up costs	\$26,000.00

Equipment/capital costs	
Plant and equipment (computer, phones, printers etc)	\$25,000.00
Office equipment - Furniture	\$25,000.00
Office equipment - Office fitout	\$40,000.00
Total plant and equipment	\$90,000.00

Ongoing Operating Costs (annual)	
Membership fees	\$5,000.00
Accountant fees	\$25,000.00
Rental lease cost (including utilities)	\$180,000.00
Phone	\$7,000.00
Internet	\$3,000.00
IT support/Software	\$10,000.00
Insurance (Public liability, PII, Contents, workers comp etc)	\$7,000.00
Stationery and office supplies	\$3,000.00
Travel/transport/accomodation	\$5,000.00
Other operating costs	\$45,000.00
Total Annual Ongoing Operating Costs	\$290,000.00

Employment Costs (annual)	
CEO (\$180k)	\$180,000.00
Principal Lawyer (\$150k)	\$150,000.00
Lawyers X 3 (\$150k)	\$450,000.00
Financial Counsellors X 3 (\$140k)	\$420,000.00
Para Legal (\$120k)	\$120,000.00
Administrator x 1.5 (\$100k)	\$150,000.00
Senior Legal Policy Advisor (\$150k)	\$150,000.00
Service development and partnerships manager (\$150k)	\$150,000.00
Operations - Finance, HR etc (\$150k)	\$150,000.00
Data/Outcomes/Capacity Building staff	\$50,000.00
Recruitment Costs	\$30,000.00
Total Annual Employment Costs	\$2,000,000.00

Note employment costs per person cover salaries, oncosts, staff supports, management fees etc

Total costs	Option 1	Option 2
Year 1	\$2,406,000.00	\$1,930,000.00
Year 2	\$2,358,700.00	\$1,987,900.00
Year 3	\$2,429,461.00	\$2,047,537.00
Year 4	\$2,502,344.83	\$2,108,963.11

Option 1, Year 1 includes Start-up, equipment/capital costs, operating and employment costs

Option 1, Year 2 to 4 includes operating and employment costs only with an annual 3% increase

Option 2, Year 1 to 4 includes smaller operating and employment costs (because service is housed in existing CLC)

Option 2, Year 2 to 4 has an annual 3% increase