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Department of Social Services  
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## Consumer Action Law Centre response to the Review of Financial Wellbeing and Capability programs

Thank you for the opportunity to respond to the Department of Social Services' (DSS) review of the Financial Wellbeing and Capability (FWC) programs. This submission responds to select questions throughout the discussion paper and regularly cites Consumer Action Law Centre's (Consumer Action) [Cost of Living Snapshot for 2023](#).

### A. BACKGROUND

#### About Consumer Action

Consumer Action is an independent, not-for profit consumer organisation with deep expertise in consumer and consumer credit laws, policy and direct knowledge of people's experience of modern markets. We work for a just marketplace, where people have power and business plays fair. We make life easier for people experiencing vulnerability and disadvantage in Australia, through financial counselling, legal advice, legal representation, policy work and campaigns. Based in Melbourne, our direct services assist Victorians and our advocacy supports a just marketplace for all Australians.

#### Consumer Action's FWC work

Consumer Action's financial counselling team is comprised of 12 financial counsellors and an intake worker supported by a Director and Assistant Director of Financial Counselling. The team is Consumer Action's largest and includes some of our most experienced and long-serving staff. The average length of service in the team is currently 4.8 years.

#### *Direct financial counselling services*

Consumer Action is funded by the Victorian Government to deliver the National Debt Helpline (NDH) telephone service in Victoria. We received DSS funding for the service between 2015 and 2019, but do not presently receive DSS funding for the service. We are therefore one of two providers of the NDH telephone service in Victoria.

However, through Financial Counselling Australia (**FCA**), Consumer Action receives funding provided by DSS to deliver the NDH Chat service to Victoria and Queensland. We successfully tendered for this funding in a consortium with Financial Rights Legal Centre (**FRLC**) in NSW and Care Financial Counselling (**Care**) in the ACT, which for 18 months now has delivered the service to all the Eastern States and Territories of Australia. With technical and coordination support from FCA, the partnership between our three agencies has been very successful in developing effective approaches to and delivering NDH Chat. We consider the partnership a proof of concept for a consortium approach to delivering the NDH more broadly. More information about the consortium, its benefits and potential are outlined below in response to focus area 3.

Consumer Action is also nominally funded to deliver a face-to-face duty financial counselling service for the Bankruptcy List at the Federal Circuit Court in Melbourne. The attending financial counsellor provides advice to unrepresented debtors about their rights and options and negotiating with their creditor, as well as supporting them to appear before the Registrar. If the debtor's matter is adjourned, they can arrange to provide follow-up financial counselling assistance and make referrals for legal and other support. An evaluation published by Melbourne Law School in 2015 found that the service was highly successful in assisting debtors and in increasing efficiency in the resolution of bankruptcy proceedings (see:

[https://law.unimelb.edu.au/\\_data/assets/pdf\\_file/0003/1767531/Federal-Circuit-Court-financial-counselling-project-evaluation-August-2015.pdf](https://law.unimelb.edu.au/_data/assets/pdf_file/0003/1767531/Federal-Circuit-Court-financial-counselling-project-evaluation-August-2015.pdf)).

In addition, our financial counsellors provide some limited advocacy and casework assistance for clients we assess as particularly vulnerable and for whom timely, expert assistance will make a significant difference. In providing this extra support, our financial counsellors frequently draw on the expertise of our legal practice and the industry contacts of our policy and campaigns team and CEO. The outcomes our financial counsellors achieve through their advocacy and casework are literally life changing and include successful challenges to and waivers of tens of thousands of dollars for people living with illness and disability, vulnerable people who were advanced unaffordable loans, older people who have fallen victim to sophisticated scams, and women who are escaping family violence.

#### *Additional services delivered by our financial counselling team*

As well as being effective advocates for our clients, our financial counsellors are ambassadors for the NDH and advocates for systemic change, appearing frequently in print and live media to comment on such wide-ranging topics as mortgage stress, energy hardship and the banking industry's response to scams. They also present opportunities for clients impacted by systemic issues to lend their voices to the centre's policy and campaigns work, so that other consumers might avoid harm and hardship in the future. There is a financial counsellor representative on every one of the centre's campaign steering committees, as well as external working groups focussing on Centrelink, bankruptcy, economic abuse and infringements, among other critical issues that affect our clients.

In addition, our financial counsellors work with our lawyers to design and deliver continuing professional development sessions for Victorian financial counsellors. Funded by the Victorian Government, this work creates opportunities for our financial counsellors to develop and share subject matter expertise in areas such as consumer, credit and debt law, personal insolvency, and scams. In the sessions, they use case studies drawn from the NDH and their casework to demonstrate the practical value of the content and help embed learning, as well as support an orientation towards identifying and taking action on systemic issues.

Finally, our financial counsellors support the community engagement work led by our First Nations Engagement Lead. They participate in community visits, offering on-the-spot financial counselling to community members during community events, like Djirra's *Sister's Day Out*, and help forge relationships with local financial



counsellors, community legal centres and Aboriginal Community Controlled Organisations based on openness to learning and a shared commitment to providing appropriate, timely and effective financial counselling and legal support to people who need them most.

### *Partnership with Financial Rights Legal Centre and Care Financial Counselling*

Over many years, Consumer Action has worked closely with Financial Rights Legal Service (**Financial Rights**) and Care Financial Counselling (**Care**), including on several high impact campaigns such as *Stop the Debt Trap* and *Saving Safe Lending*. Our three agencies share a commitment to making life easier for people experiencing vulnerability through integrating high quality client-facing services with systemic advocacy, recognising that for every client we assist, there will be countless others who will not seek help. However, partnering with Financial Rights and Care to deliver NDH Chat has presented new opportunities to collaborate, which we have embraced. One example is our 'presenting issues' data project referred to below in response to question 7, focus area 3 in the consultation paper.

We have had the opportunity to review both FRLC and Care's draft submissions. We refer to and support what is said and recommended throughout those submissions.

### **Cost of living Snapshot for 2023**

Consumer Action has compiled a snapshot of insights from operating a Victoria-wide telephone financial counselling service during a cost-of-living crisis. As frontline workers who are often the first point of call (or text) for people in financial trouble, we have seen shifts in drivers, demographics and impacts of financial hardship, reflected in the snapshot.

One takeout from the snapshot is that Victorians (and likely Australians) are finding their own ways of getting by – accessing credit, picking up additional work and sacrificing a lot – even essentials – to get by. Many of these adjustments can only be made one time and can make debt spirals or housing insecurity even more pronounced and difficult to recover from.

Another takeout from the snapshot is the position and value of the NDH operating from a state-wide vantage point in detecting and responding to hardship and getting people the right help when services are struggling with capacity, as further outlined below. The financial counselling sector has been the backbone of cost of living support services—as one of our financial counselling team remarked in late 2023 about our service:

We are having more conversations with people about selling their houses. It can be a bit of a slow process as they come to terms with it. They're trying to stay in a mortgage, or looking at a rental market that is impossible to get into. It can lead to homelessness. Those calls are quite common at the moment.<sup>1</sup>  
--Kirsty, Consumer Action financial counsellor

What we're hearing from callers is that they are prioritising rental and mortgage payments because they're terrified of losing housing. As well as being in a cost-of-living crisis, we're in a housing crisis. Unfortunately, people often don't understand that not paying other liabilities/ debts, such as council rates and owner's corporation fees, can also put their housing at risk.'  
--Katia, Director of Financial Counselling at Consumer Action

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<sup>1</sup> Kirsty was quoted in a story in *The Guardian* in 2023, see [Stress test: what to do if you're an Australian mortgage holder being pushed to the brink | Housing | The Guardian](#)

## B. RESPONSE TO SELECTED QUESTIONS IN THE CONSULTATION PAPER

### Focus Area 1 – Current operating environments and systemic issues

#### 1. Disasters

From our experience, few people calling Consumer Action’s telephone financial counselling and legal advice services, tell us that they have been impacted by a natural disaster. However, demand on the NDH from affected communities is strong. This experience aligns with the recent Victorian Law Report’s Public Understanding of Law Survey<sup>2</sup>, that consumer law problems increase significantly following disasters, but consumers often don’t seek help or consciously connect the fact of the disaster to their issues. Disaster-related issues have a notoriously “long tail” and result in variety of financial and other impacts.<sup>3</sup>

As well as assisting callers potentially impacted by floods and fire, meeting that demand helps alleviate pressure on local service working at the coalface of the disaster response, and where appropriate connects callers with support in their community.

In our experience, disaster funding has generally been received on an event-by-event basis. Now we have moved into a cycle of disasters being the norm in Australia. While there may always be the need for targeted short-term funding to scale up a response, there is also becoming the need to see the disaster landscape as ongoing and requiring skilled workers. There is also value in local and specialist services and the statewide triage services like the NDH coming together to work more on capacity building and disaster preparedness. The NDH plays a critical role in triage, providing financial counselling support and making effective warm referrals and should be considered important to disaster preparedness, response and recovery.

**Recommendation 1:** *increase funding for disaster preparedness (networking, outreach, capacity building) and, together with disaster recovery funding, include some level of disaster funding an ongoing part of financial counselling services funding.*

#### 2. Government policy, frameworks, reforms impacting the way FWC services are delivered or FWC clients

*Cost of Living challenges, interest rate rises lead to complex presenting issues*

The challenging economic environment including interest rate rises is driving substantial increases in calls to the NDH and contact through NDH Chat<sup>4</sup>, as well as more financially stressed consumers with more complex problem debt accessing our services, and indeed services across Victoria. The volume and complexity of the work, as well as the pressure on colleague agencies, has motivated us to adjust our approach to service delivery. For example, to clients capable of self-advocacy with multiple debts, our financial counsellors might offer two appointments, rather than one. Or to clients struggling with a single debt, which a discrete intervention on their behalf might resolve, they might offer some limited advocacy, rather than refer the client to a face-to-face financial counsellor, where the wait for an appointment might be several weeks.

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<sup>2</sup> Victoria Law Foundation [https://assets-global.website-files.com/64e6d2582dd4319151be6a26/653b3b30ef602c669ac8c8ba6\\_652354a9e7c8619fb76193a7\\_The-20Public-20Understanding-20of-20Law-20Survey-20Report-202023-20Volume-201.pdf](https://assets-global.website-files.com/64e6d2582dd4319151be6a26/653b3b30ef602c669ac8c8ba6_652354a9e7c8619fb76193a7_The-20Public-20Understanding-20of-20Law-20Survey-20Report-202023-20Volume-201.pdf), page 9.

<sup>3</sup> For example, insurance issues from the 2022 floods are still raised on Consumer Action Law Centre’s frontline services. The Insurance Council of Australia said this month that there remain over 6000 outstanding insurance claims and disputes related to the 2022 floods: <https://www.abc.net.au/news/2024-01-25/insurance-claims-outstanding-for-home-floods-storms-damage/103374806>.

<sup>4</sup> NDH data.

Our [Cost of Living Snapshot](#) illustrates some of the impacts of more complex clients and their issues presenting on the NDH in Victoria, and we know from our sector colleagues that these issues are mirrored in other States and Territories. Some specific examples include:

- As a result of multiple interest rate rises since April 2022 and other rising living costs, mortgage arrears became the top presenting issue on the NDH in Victoria in 2023 for the first time.<sup>5</sup> This means we are supporting more people with more complex financial circumstances, some of whom haven't navigated support services before. Consequences can also be high stakes, for example, the consequence of debt problems for homeowners can mean losing their home, even facing homelessness. Australia's housing market and structures mean that this isn't a short-term problem – we will likely be grappling with all forms of housing stress and its consequences for years ahead.

### Financial counsellor's perspective

'Previously, everyone had a story... their marriage may have broken down, or they stopped work to care for a parent or partner. Now, there is often no backstory. It's because interest rates have gone up, cost of living has gone up, and their incomes have stayed the same'.<sup>6</sup>

--*Claire Tacon, Assistant Director of Financial Counselling at Consumer Action*

We used to think people would be able to manage if their costs went up. But people's mortgages have increased from \$1,800 to \$3,600 in 18 months. People don't have buffers anymore. And there hasn't been a comparable increase in income.

--*Shungu, Consumer Action financial counsellor*

- Energy costs are reported to have increased across the board by up to 11% in Victoria, and 28% in ACT, NSW, QLD and Tasmania<sup>7</sup> in just the last year. Since 2022, we've seen more NDH callers seeking help with energy debt, and higher levels of debt relative to income. In 2023, the average amount of energy debt reported by callers was \$2,616, while the average fortnightly income sat at \$1,033. With energy concessions and relief in Victoria at a maximum of approximately \$1,500, energy affordability supports are not sufficient to address problem energy debt, and significantly underutilised. In a recent survey of around 600 NDH clients as part of a project funded by the Victorian Department of Energy, Environment & Climate Action (**DEECA**), more than a third reported not being up to date with their energy bills. However, of those clients, only two in five said they had accessed the Utilities Relief Grant. Some clients even reported using expensive forms of credit, such as a payday loans or wage advance products, or borrowing money from family and friends to manage their bills.

Other insights from Consumer Action's energy hardship work include:

- The highest debt reported by a client was \$34,102 and the minimum reported was \$215.
- 9% of clients said they were on unaffordable payment plans.
- 12% of callers were experiencing family violence, commonly experiencing debt collection for old debts, or being coerced into continuing to pay for accounts they received no benefit for
- In the past 3 months, callers seeking help with energy debt were more likely to receive income from Centrelink (80%) than from paid work (9%).

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<sup>5</sup> NDH data.

<sup>6</sup> Claire was quoted in The Age, 1 May 2023.

<sup>7</sup> <https://www.aer.gov.au/news/articles/news-releases/retail-data-shows-continued-support-needed-energy-consumers>.



## Engaging with Law Reform

Legal reform processes that introduce safeguards in lending and essential services have been warmly welcomed by the sector. The reforms are ongoing and impact clients and how financial counsellors deliver services across the country on a few levels.

In order to maintain excellent service standards and provide accurate and relevant information and options to clients, our financial counsellors work hard to keep abreast of complex and changing laws and processes, including in relation to scams, bankruptcy and mortgage arrears, where the stakes can be very high, and housing and long term financial security at risk. A sample of the major reform processes currently on foot and relevant to day-to-day financial counselling practice include:

- Scams regulatory frameworks
- Buy Now Pay Later reforms
- General Insurance Code of Practice Review
- Review and setting of the Victorian Default Offer for energy
- Personal insolvency reforms
- Consumer Data Right reforms
- Telecommunications Code of Practice review and new Standards

In addition, our financial counsellors regularly agree to contribute to government and industry consultations, and share insights gleaned from their work on the NDH into products and laws that impact the most vulnerable in our community. In doing so, they help ensure the experience of their clients are represented in consultation processes, and changes to laws and systems will meet their needs. Their contribution is integral to effective consultation and driving meaningful change for vulnerable consumers. Funding that recognises the value of this work makes for a fairer marketplace, reduces demand (see focus area 2 below) and helps us keep great staff due to the variety and impact of the work.

**Recommendation 2:** *financial counselling funding should also incorporate the policy and consultation work that financial counsellors undertake to improve the system for more Australians in need.*

One approach to managing the complexity and changing regulatory landscape is integration or ready access to legal support by financial counsellors. Consumer Action, as well as FRLC and Care provide both financial counselling and frontline consumer law advice to consumers. FRLC and Consumer Action also operate a worker advice service (funded through State government) where each year thousands of financial counsellors and other community support workers receive consumer law advice for their clients.

The sheer volume of calls NDH and contacts with NDH Chat, and time constraints, means the NDH financial counsellors benefit from close integration with consumer lawyers to build capability, check advice or access broader insights on a presenting set of issues, quickly.

See [Consumer Action's Legal Needs Analysis](#) for further information about the integration of financial counselling and legal services across Victoria (which is replicated across NSW and ACT by Care and FRLC).

**Recommendation 3:** *consider the significant value of integration of financial counselling services, including the NDH, with legal services in funding financial counselling services.*

## Focus Area 2 - Changing client needs

### 3. Better-responding to current and future demand





## *Rising demand*

The NDH statistics and our Cost of Living Snapshot outline the increased demand and complexity on our frontline services. As outlined in relation to focus areas 1 and 3 above and below:

- We have seen shifts in the circumstances of people accessing our services, with homeowners seeking advice on how to keep a roof over their head, and people presenting with multiple, interrelated debt issues that are compounded by other vulnerabilities like family violence, ill health/injury.
- A growing proportion of callers are not struggling with indebtedness; rather, it is simply that they don't have enough money to afford essentials. In these circumstances, providing information about entitlements and concessions and referrals to non-financial counselling services, including for mental health support and emergency relief, are the best way our financial counsellors can help. While not financial counselling work *per se*, connecting callers with available supports is taking up more and more time for financial counsellors on the NDH, and there is no sign that demand for that form of assistance is abating.
- Calls from people who have fallen victim to scams are common on our advice services. Unfortunately, we know that, due to regulatory gaps, unrepresented scam victims struggle to recover their money, and sometimes recovery is impossible. With support from our legal practice, our financial counsellors have provided limited advocacy to several scams victims and secured reimbursement of tens of thousands of dollars from the banks.

## *Economies of scale*

Like our colleagues at Financial Rights, Consumer Action receives State funding to deliver the NDH telephone service. For a number of years, we also received funding from DSS. However, in 2019 DSS began funding a different agency, with the result being that there are two NDH telephone service providers in Victoria. (The same occurred in NSW with Financial Rights; Care continued to receive both Territory and DSS funding for the ACT). Owing to the amount of funding we receive compared with the other agency, we are still the main provider of the service and receive around 75% of all Victorian calls. We are also the only agency funded by FCA (with DSS money) to deliver NDH Chat in Victoria, as well as Queensland, which we do in partnership with Care. As recipients of significant State funding as well as the DSS funding for NDH Chat, our agencies achieve economies of scale, including in relation to operational support, expertise and staffing to meet growing demand across our respective States and Territory. Even greater economies of scale could be achieved if Consumer Action and Financial Rights were again in receipt of Federal NDH telephone service funding.

Consumer Action's NDH service is complemented by our longstanding relationships with financial counselling agencies, which we work hard to maintain and, in the case of State funded services, are supported by formal referral arrangements that we are all, by contract, required to adhere to. The arrangements include a priority system and protocols, which in the most part work very well. Under those referral arrangements, our financial counsellors successfully warm-refer around three callers in 10 for ongoing support and advocacy from their local service, confident in the knowledge that, if the client is vulnerable, they will receive a first phone call from the receiving agency within 24 hours. We also have strong relationships with other support services across the State, including family violence agencies, community legal centres and Aboriginal community-controlled organisations. Our dedicated engagement team is out in community, often with a financial counsellor in tow, raising awareness of the NDH and our legal advice services with frontline organisations working with the most at-risk clients and building connections.

## *Using our birds-eye position to support the whole sector and manage demand*



To help address growing demand for financial counselling due to the cost-of-living crisis, Consumer Action is presently trialling three initiatives.

The first is to encourage local financial counsellors to refer clients capable of self-advocacy to our NDH service for support over the phone. This initiative has three objectives: first, to ensure clients have the information and advice they need to address their problem debt sooner; secondly, to reduce pressure on local services; and thirdly, to build a greater appreciation in the sector for the work our financial counsellors do. Agencies tell us they are making referrals. We are currently making changes to our client management system, which will help us track which agencies are referring, and how often.

Our second initiative concerns agency wait times and was implemented with support from our State peak organisation, FCVic. One persistent challenge with our referral arrangements with local financial counselling agencies is that we have no visibility over how long clients are likely to wait for an appointment. From time to time, some agencies would advise us directly about changes to their capacity, but this occurred in an ad hoc way, and most agencies never provided updates. To address this, we worked with FCVic to develop a survey that would be circulated every fortnight and agencies could use to record changes to expected wait times. While we wait with anticipation for the roll-out of an appointment booking system in Victoria, this survey is helping our financial counsellors make informed decisions about whether and where to refer clients for ongoing support and advocacy, and to provide appropriate 'next steps' advice in the interim.

Finally, as we have referred to earlier, our financial counsellors are identifying clients whose debt issues may be resolved quickly through a brief intervention on their behalf, such as a letter or phone call to their creditor, and then providing that assistance themselves. Cases that are suitable for 'limited advocacy' assistance tend to involve a single debt that the client should not be liable for or has no ability to repay. Depending on the circumstances, some scams cases are also suitable. Some very good outcomes have been achieved – and quickly – for clients this way, including waivers and reimbursements of tens of thousands of dollars. Our financial counsellors tell us that they derive huge satisfaction from this work. They also tell us that the experience makes them more effective on the NDH. The same is true for the small amount of casework our financial counsellors do.

#### *Dealing with the systemic problems to turn off demand*

For more than a decade, we have leveraged insights and evidence from our frontlines to successfully advocate for better legal protections and fairer systems for Australian consumers. In a very direct this way, this in turn has prevented financial harm in the community and reduced the need for legal and financial counselling services (see [Part 4 of our Legal Needs Analysis](#) for detail and examples). The NDH as a high-volume service is fundamental to this work, providing critical evidence concerning the impact of known problems, as well as trend data on emerging issues.

Like other consumer advocacy organisations, Consumer Action's policy and campaigns team use this frontline evidence and our financial counsellors' expertise to inform our change agenda and influence law and systems reforms. For example:

- In 2022, after a 10-year campaign with many consumer advocates across the country, in which Consumer Action published research and advocated publicly with clients, we successfully secured better regulation of the payday lending and consumer lease sectors. These products were widespread. Between April 2016-July 2019, 4.7 million payday loans were written, worth around \$3.09 billion. The impact on people who took out these loans was severe: 15 percent of borrowers fell into debt spirals, borrowing more money to make payments on their debt. Interest rates of up to 400 percent exacerbated financial stress and caused widespread harm including impacts on housing security, relationships, and health.
- Consumer Action campaigned over a number of years, using many advocacy strategies, to ban "junk add-on insurance" that is sold when people make a purchase or get a credit card. Sellers of junk insurance include appliance and electronic stores, car yards, and banks). These products provide nil value





and most consumers didn't know they had or were paying for it—but it was affecting their financial position. In response, Consumer Action:

- designed an online self-help tool called Demand a Refund which automatically generates letters and seeks refunds for people paying junk insurance premiums worth well-over \$35 million;
- worked with ASIC, which secured remediation of \$160 million for affected consumers; and o supported class actions which resulted in payouts of more than \$300 million.

Our campaign activities helped to reduce number of junk insurance policies sold by more than half: from 2,616,000 in June 2018 to 1,088,000 in June 2022, and significantly changed the predatory behaviour of junk insurance companies.

**Recommendation 2 (repeated):** *financial counselling funding should also incorporate the policy and consultation work that financial counsellors undertake to improve the system for more Australians in need.*

### Focus Area 3 – Best Practice service delivery

#### 5. High quality financial counselling services

##### *Induction and training*

All new staff, whether they first join our financial counselling team as a placement student, intake worker or financial counsellor, and irrespective of their experience, must complete a comprehensive and rigorous induction and training program before beginning work on the NDH. This requires considerable resources but is essential to ensuring staff are ready to deliver services to the required standard. The program involves reading org-wide policies and procedures; watching induction videos and webinars covering key CPD topics; close reading of our detailed procedures for intake, referrals and our appointment booking system; listening to the intake calls and appointments of other staff; and shadowing other staff as they undertake a range of work activities, including attending Federal Court and community outreach events. When they do start work on the NDH, we initially review every one of their calls, then one call a day, the one call a week. Once we have observed that they are following written procedures, can establish rapport with clients and are providing relevant and accurate advice, they graduate to having a sample of their files reviewed and a meeting with their supervisor every fortnight, which continues for as long as they remain working at Consumer Action as a financial counsellor.

##### *Reflection and evaluation*

Reflection is a core value at Consumer Action and our financial counselling team is trained in and uses reflective practice in formal and informal ways. For example, every week the team reviews feedback from the SMS survey we send to all clients of the NDH telephone service. The survey aligns with our outcomes and impact framework and asks whether the client better understands their rights and options and feels more confident about 'taking action' after using the service. It also includes a 'net promoter score' question that asks the client how likely they are to recommend the service to a friend or family member, and why. Where critical or constructive feedback is given, which is not often, the team may review relevant case notes and/ or call recordings, and where appropriate take further action, such as offer further assistance to the client, and provide coaching and support to the financial counsellor. Some insights from the past 6 months include:

- 91% of respondents said they understood their rights and options well or very well after calling the NDH; 81% said they felt confident or very confident about 'taking action'.
- Out of a possible range of -100 to 100, the service achieved a net promoter score of 70, up from 60 in the previous two quarters.
- Some of the reasons given by clients for their ratings include:



- "The person I spoke to was calm and very kind. Had excellent understanding of what was possible in my situation. I feel so much more confident and equipped to make some progress in my situation."
- "The person that I talked to on the phone is a caring, helpful and a good soul. She gave me a lot of hope even though she knows my case is hard she didn't let me down. Thank you thank you so much 😊"
- "I wasn't aware of my rights, and felt not confident with [my bank]. They didn't make me feel secure. After speaking to [FC]... I am extremely confident and I feel that I have rights"

We also record all of our NDH calls, inbound and outbound, and schedule fortnightly reflective listening sessions for our financial counsellors, which they do in pairs. In addition, our senior financial counsellors conduct regular file reviews for calls and chats, and financial counsellors meet every fortnight with their manager to review what is working well and less well for themselves and the team.

### *Integration with legal experts*

As outlined above in response to focus areas 1 and 2, our integrated model provides our financial counsellors with ready access to legal experts. The two teams also work closely together to deliver capacity building support for the entire financial counselling sector in Victoria, as well as to support the policy and campaigns work of the organisation. See further FRLC's submission about the value of integration of financial counselling services with legal services.

**Recommendation 3 (repeated):** consider the significant value of integration of financial counselling services, including the NDH, with legal services in funding financial counselling services.

## **7. Service Improvements and innovations for the NDH**

In 2021 the Department decided to introduce a chat service for the NDH.

Consumer Action, FRLC and Care formed a partnership to deliver live chat services across Victoria, New South Wales, ACT and Queensland. This partnership has delivered more than just the chat service across multiple states. The partners have worked closely to develop a proof of concept for a successful consortium approach to delivering the NDH nationally.

### *About the service*

The chat service operates from Australia-wide from 9am-8pm Monday to Friday. Chatters can "speak" to our NDH financial counsellors by exchanging messages with them through a dedicated online platform called Freshchat.

For Victoria and Queensland, about half (51%) of enquiries received are 'resolved' in the chat and close to a third (about 31%) result in the chatter accepting further assistance over the phone or a referral for ongoing support and advocacy from their local financial counselling agency. The remaining enquiries result in assistance via email or referrals to other, non-financial counselling service types. This suggests that our financial counsellors use chat to both effectively deliver financial counselling assistance and, where appropriate, help make chatters feel okay about receiving assistance in other ways, including over the phone and face-to-face.

The chat partnership involves division of the three States and one Territory among the partners and we meet regularly to understand, review and improve our service. The partnership is also effective because the partners have a long history of working closely together. FRLC, CALC and Care provide a similar breadth of services and



integrate financial counselling with legal advice and undertake policy and systemic reform work. The organisations have long provided capacity building support to financial counsellors across our respective States/Territory, such as professional development training and the worker advice services (expert CLC lawyers provide advice to financial counsellors calling the worker advice services). Consumer Action delivers around 550 advices to Victorian financial counsellors annually and the feedback is consistently very positive. For example, from responses to the survey we email to all caseworkers who use our advice service, we know that in the last six months:

- 97% of respondents said they understood their client's rights and options well or very well after using the service, and 96% said they felt confident about 'taking action' to assist them.
- Out of a possible range of -100 to 100, the worker advice service achieved a net promoter score of 83.
- Some of the reasons given by clients for their ratings include:
  - *"The lawyer's knowledge was great and explained it in terms that was understandable and this helped me to be confident to assist the client"*
  - *"The CALC team responded quickly and were very helpful in going through my client's issue with me and discussing their rights and chances of a positive outcome. It was very worthwhile having CALC to check my concerns with and to clarify my understanding of the situation."*
  - *"Very good knowledge about consumer law but also practical information about how to deal with clients around advice on some of these issues and in preparation for VCAT"*
  - *"Great to have a sounding board when there is a scenario I have not encountered before"*

#### *Service innovations – NDH Chat collaboration*

The partners have worked closely to continually improve and innovate the service, with excellent client feedback. For example:

- The partners meet regularly to discuss trends, and share reflections from practice for the service. We also exchange sample chats to ensure that our services are consistently high quality service for all clients, irrespective of location. We support each other operationally, to ensure no breaks in service so that callers can access services when they need them. For example, when one service holds an all-staff training day, another partner provides coverage.
- Last year the organisations collaborated to align their data. This project aimed to address the problem of NDH telephone provider agencies, of which there are presently 10, recording 'presenting issues' information in different ways, making it impossible to answer simple questions like, *"How many callers nationally seek help with payday loans?"* Through sharing and comparing existing approaches, as well as consultation with FCA and others, our three agencies settled on a list and invited other NDH agencies to adopt it. At the date of writing, four agencies – our three and one other – have committed to using the list to capture presenting issues data from 1 January 2024. From 1 January 2024, the partners now record and report the presenting issues in the same way, using the same categories and taxonomy, meaning we can combine and compare our data, and quickly. This will allow a far better analysis of the volumes and picture of hardship in Australia and trends across the NDH. We are working toward a clearer picture of emerging issues and intersections with vulnerabilities, beyond what the DEX or agencies' individual client management systems can produce. We are hopeful that the project serves as a 'proof of concept' and demonstrates that a consortium of like-minded agencies can deliver excellent services, capture evidence of need, reach and impact, and apply what they learn to shape a fairer system for all consumers.

In the past 6 months (July to December 2023), around one in five chatters (21% in Queensland and 19% in Victoria) elected to rate their experience after the chat ended. Out of a possible five stars, the average rating given was 4.9 stars for chatters in both states. Feedback has included:



- "Such a good service, so glad I was able to chat with someone today, it was very reassuring that I was taking the right steps."
- "I have been so worried about debts incurred 12-14 years ago that I've been living in fear of them falling upon my head like a ton of bricks. This five minute conversation has set my mind at ease."
- "Straight to the problem, was understanding and offered a path to solution. Booked with an advisor from first contact. This has limited my current stress and allowed me to continue on. Very thankful."

**Recommendation 4:** Consider the consortium approach as best practice for delivery of the NDH

**Recommendation 5:** Increase investment in NDH Chat service. After 18 months of service delivery, the evidence is in. NDH Chat is reaching new cohorts of people needing financial counselling support, it is effective, and connects up to the NDH phonenumber as needed.

#### Focus Area 4 – Workforce capacity and capability

Consumer Action's financial counselling team is comprised of 12 financial counsellors and an intake worker supported by a Director and Assistant Director of Financial Counselling. The team is Consumer Action's largest and includes some of our most experienced and long-serving staff. The average length of service in the team is currently 4.8 years.

See our response in relation to question 5 (focus area 3 above).

#### Focus Area 5 – Place Based Approaches

##### 11. Advantages and challenges of place based approach to financial counselling

###### *Place based services and the NDH*

There is no question that Place Based Services are very often best placed to deliver critical support services in their local community, especially to people who are most vulnerable. They know local conditions, are conveniently located and can be well-known and trusted by community members. We know that Place Based Services are on the frontlines of disaster response and meeting the needs of, for example, First Nations and certain diverse communities.

Our financial counselling team knows well the value of place-based service delivery, and refers up to around three in 10 callers, and sometimes chat clients, to local financial counselling services for ongoing (and often face-to-face) support and advocacy. But for some people, local services are not an option. Through our First Nations engagement work, we have learned that some community members prefer the anonymity of contacting an out-of-area service like the NDH, because local services are staffed by their friends and family members. Sometimes, local services cannot provide support because of conflict issues. And we know from NDH Chat that for people who are anxious about or ashamed by their situation (among others) can find it difficult to seek help from face-to-face or even telephone-based services. In sum, while local services are critically important part of the service ecosystem, they can't do it all.

As a state-wide, high-volume service, the NDH achieves efficiencies and creates value for the sector and community in a range of ways. Among other things, it offers a single, well-publicised entry point to financial counselling, performs a central intake and triaging function and alleviates demand on local services, where clients can wait up to 12 weeks for an appointment. In addition, the data from calls we receive is a rich source of intelligence and offers insights into the problems – existing and emerging – that impact vulnerable consumers.

In our view, a statewide catchment offers the best of both worlds; it is large enough to deliver the benefits described above, but contained enough so that we foster and maintain positive working relationships with local



services. After more than 10 years delivering the NDH, we know about their capacity, workforce and preferences and regularly catch up through sector events.

This approach leverages local expertise and workforces while managing and triaging high volumes of callers needing support. More information about Consumer Action's approach to sector capacity building is outlined in our [Legal Needs Analysis, part 3](#).

#### *Local expertise*

In our experience, the callers we assist on the NDH are significantly advantaged by us being in the same state they are. Collectively, our financial counsellor team has an extensive working knowledge of the entitlements, concessions, programs and services available to Victorians experiencing financial and other hardships, as well as the ability to make warm referrals for ongoing support and advocacy to local financial counsellors (as discussed in response to Focus Area 2).

Delivering NDH Chat to Queenslanders provides us with a point of comparison. Feedback from Queensland-based clients indicates that our service is making a difference in that state, which is pleasing, because we have worked hard with partner Care, including by enlisting support from Queensland-based friends such as Legal Aid Queensland, to understand state-based laws, systems and supports, and develop a database of resources to refer to when delivering the service. However, our financial counsellors would say that the service they deliver to Victorian chatters is slightly superior, owing to their more extensive experience, deeper knowledge and connections in their own state, especially for clients struggling with issues where state-based rules and programs might apply, such as energy debt, fines/ infringements and non-financial counselling issues, like family violence and housing.

### **Focus Area 6 - Future Funding arrangements**

#### **13. Sustainable and more flexible FWC funding**

Consumer Action supports greater investment and a longer timeframe for the future FWC funding to provide certainty, sustainability to undertake transformative projects and to support baseline operational resourcing. It is impossible to operate a large and dynamic agency with short-term project or philanthropic funding, which is generally tied to service outputs. Funding that incorporates (growing) baseline operational support helps us to adapt to changing demands and improve our services for greatest impact for those who need it most. As an example, Consumer Action is undertaking a Data Reform project to improve the quality of the data we collect and use to better-understand, improve and target our services for greatest impact. Quality data will also enable us to repeat, compare and improve our Cost of Living Snapshots on a regular (annual) basis. We can use these documents for service improvements to ensure we use our limited resources for greatest impact.

Another example of the need for funding flexibility goes to our staff wellbeing. With rising demand and complexity presenting to our financial counsellors (see our Cost of Living Snapshot – part 1), challenging work can impact our workforce. Consumer Action engages two psychologists for regular as well as on demand debriefing sessions. Year on year our staff have been increasing their use of our psychologists and we know this has a level of connection to the rising challenges in our staff's day-to-day work.

**Recommendation 6:** *Financial Counselling receives adequate funding that takes into account rising operational costs, flexibility to transform organisations and the need to retain staff on good salaries.*

### **Focus Area 7 – Improved Outcomes and Data**

#### **16. Consumer Action's alignment with FWC client and service level outcomes and draft FWC program logic**

We strongly support an approach that seeks to improve the quality of outcomes measurement of the service, especially where this measures elements of financial counselling work that make a difference to clients,





communities and the sector. Providing clear guidance for measurement will be key to generating a consistent data set. To do this we also urge DSS to use the insights and feedback from those working on the frontlines about how and what to collect, and in what way, to make outcomes measurement as strong as possible.

We welcome the opportunity to consult with DSS about the nature of the data required for reporting and how to get the best information for the purposes of measuring outcomes and seeing the impact of the funded services.

Consumer Action has a strong culture and history of evaluation and outcomes measurement. We align all of our work to our [Impact Framework](#) which contains three domains:

- Empowered consumers
- Effective sector
- Fair system

Our Impact Framework guides all of our work and there is broad alignment with the draft program logic in the Consultation Paper. In particular we see alignment in the core financial counselling activities and outputs and also the broader work including advocacy and negotiation (assuming this involves cross sector consultation), community education and referrals to other supports.

To add to the list of activities and outputs:

- for NDH in particular, partnership and sector engagement are a critical part of the success of the service. These activities are key to achieving many of the outcomes listed in the draft Program Logic (see our response to question 11 focus area 5 above).
- a high-value activity and output that leads to achieving some of the longer-term outcomes is financial counsellors consulting with and taking part in advocacy activities with government and industry, on laws and practices that affect financial counselling clients (see our response to question 2, focus area 1 above).

The horizons of outcomes similarly reflect those of our financial counselling program at Consumer Action.

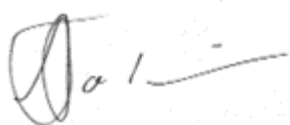
See also our response to question 5, focus area 3 above.

**Recommendation 7:** *consult with frontline staff on the design and implementation of data and measurement systems and requirements.*

**Recommendation 8:** *include partnership, consultation and systemic advocacy as activities and outputs in the outcomes measurement and program logic of the FWC.*

Thank you for the opportunity to contribute to the Review of Financial Wellbeing and Capability programs consultation. Should you have any questions, please contact Stephanie Tonkin at [stephanie@consumeraction.org.au](mailto:stephanie@consumeraction.org.au).

Yours faithfully,



Stephanie Tonkin, CEO  
Consumer Action Law Centre

