

*Financial counsellors: information, support and advocacy for people in financial difficulty.*

# Financial Counselling

IN A NUTSHELL

## main causes of financial difficulty

- Unemployment (or under-employment)
- Illness
- Relationship breakdown
- Low income or poverty
- Exploitive or unfair financial practices
- Addiction eg drug, gambling

- More than 2.5 million Australians (13% of the population) live in households of high financial stress.
- There are 850 financial counsellors: roughly one for every 2,500 households experiencing financial stress.

## demand exceeds supply

## options to get back on track

(vary depending on the client)

- Understanding which debts are priorities
- Advocacy eg Credit Code hardship variation, reduce/defer/waive payments, grants or concessions, external dispute resolution
- Developing a money plan/workable budget
- Information eg debt collection, consumer rights
- Support (clients are often under emotional stress)

- Face-to-face: Between 100,000 – 150,000 clients per year
- National Debt Helpline 1800 007 007: 140,000 calls per annum and growing

## Number of people receiving assistance

## Does financial counselling work?

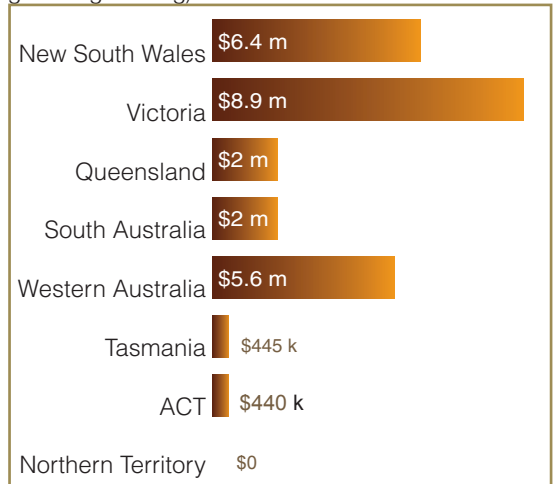
- 66% resolve their financial difficulties
- 74% avoid legal action
- 53% avoid bankruptcy
- 63% improve their mental wellbeing
- 45% improve their physical health
- Cost-Benefit: \$5 return for every \$1 invested

## Federal Funding

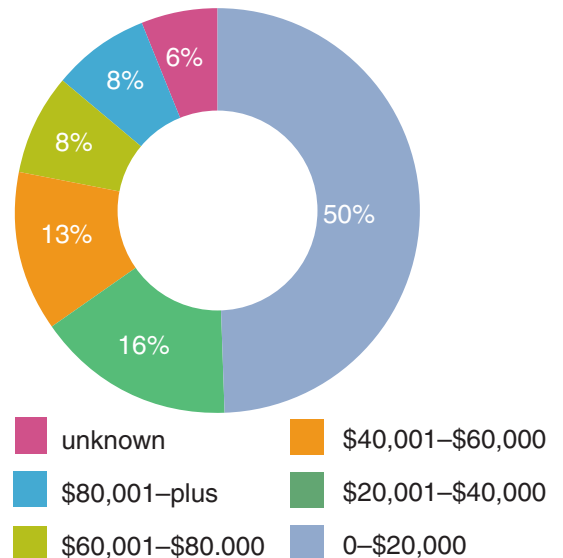
Federal government funding is approximately \$20 million (excluding GST).

## State Funding (2016-17)

Funding from the States overall is estimated at \$26 million (excluding GST and specialist problem gambling funding)



## Client Income Levels



References: Australian Social Inclusion Board, *Social Inclusion in Australia, How Australia is Faring*, 2010.  
 Dr Nicola Brackertz, 'I Wish I'd Known Sooner: The Impact of Financial Counselling on Debt Resolution and Personal Wellbeing', Swinburne University, 2012.  
 Australian Workplace Innovation and Social Research Centre. "Paying it Forward: Cost Benefit Analysis of the Wyatt Trust Funded Financial Counselling Services", Adelaide University, 2014.  
 Data from various sources, including Department of Social Services, agencies and FCA estimates.