



Cost of Living Financial Counselling Support	
Outline of proposal	Care is seeking funding to employ an additional full time financial counsellor to manage the increase in demand for services due to the significant cost-of-living challenges being experienced in our community.
Need for service	<p>Care has been offering financial counselling and related services to people on low to middle incomes in the local community for forty years. Our programs include Financial Counselling and Capability, Consumer Law, Community Education and Community Loans.</p> <p>In 2022-23 demand has increased significantly. Calls to the National Debt Helpline in the ACT were 30% higher than the previous year. We provided ongoing assistance to 1762 people compared to 1383 in 2021-22. Most calls relate to cost-of-living challenges including:</p> <ul style="list-style-type: none"> - Rent arrears (private and public housing). - Mortgage stress following several interest rate rises. - Energy stress and inability to afford energy efficient alternatives. - Reliance on credit cards, payday loans and Buy Now Pay Later (BNPL) Schemes. - Relationship breakdown due to domestic and family violence, including financial abuse. <p>Many of our clients discuss the impact of financial stress on their mental health with a common theme being an increase in anxiety and stress. We have also noted an increase in people accessing Care's service who have experienced domestic and family violence and have been impacted by financial abuse.</p> <p>In February 2023, the Legislative Assembly established a committee to conduct expert, stakeholder and community consultation on measures to support low – moderate income households to manage cost of living pressures. One of the recommendations in the final report was to increase funding for financial counselling. This has not happened despite the drivers of strong demand for our services. The ACT Government has recently announced the establishment of a Cost-of-Living Sub-Committee, clearly indicating that this is a high priority issue.</p>

Following a small pilot in 2022, and in recognition of the ongoing impact of rental stress in the community, the ACT Government introduced the Rent Relief Grant Scheme for private renters. This Scheme is administered by Care's Financial Capability Team. From April - December 2023, **515** people have applied for and received a grant. This is an indication of the level of stress being felt in the community. As part of the grant scheme, the financial capability team assess what other supports would assist applicants with longer term financial sustainability. This has inevitably led to a substantial number of referrals to Care's Financial Counselling team.

Mortgage stress is similarly a significant issue creating demand pressure. Following a period of leniency during the Covid-19 pandemic, financial institutions are now less willing to extend hardship provisions. This is impacting people who were only barely staying ahead prior to the 2023 interest rate rises.

We are also experiencing an explosion of financial scams targeted to vulnerable and often older people. Care has assisted several people who have lost significant sums of money through scams, involving relationship, investment or cryptocurrency. Whilst there is very little legal recourse at present, we have been able to negotiate settlements with the bank for some clients.

Current funding for our financial counselling program is not sustainable to support the increased level of need in our community. It is very likely demand will stay strong for the next few years, so it is imperative that there is an investment in a service that provides practical and valuable assistance to people facing cost of living challenges.

Why Care?

Care has been the main provider of financial counselling and financial capability services in the ACT for almost 40 years. Our financial counselling team have completed the Diploma of Financial Counselling and receive regular professional development and supervision to ensure their knowledge and skills are up to date and the service provided is of a high standard. We also have a small team of financial capability workers who support people to set up payment plans, access utility hardship programs, link to concessions and grants and establish and maintain sustainable budgets.

Care is well known and highly respected in the local community. We have extensive networks with other support organisations, including organisations working with CALD and First Nations peoples.

Care is client centred. Our values are based on building people's financial knowledge and skills so they can make informed decisions and increase their opportunities to lead purposeful lives. We offer services through flexible channels including online chat, telephone and face to face. Appointments can be one off or ongoing depending on the needs and capacity of the client. Where needed, we offer outreach appointments in the community to increase access for people who experience barriers attending our office.

Benefit

Financial Counsellors provide practical and valuable assistance to people experiencing financial stress. They assess a person's financial situation, provide advice around debt options and, where needed, advocate with creditors.

In the 2022- 23 financial year, Care's team achieved \$1,866,600 in debt waivers and reductions for clients. This highlights the very real benefit of our work in reducing debt and associated stress. Common feedback that we receive is that when a person is feeling less stressed, they are more capable of addressing financial concerns. It is difficult to quantify but in some cases our work may ease pressure on the health, legal and community service sectors.

In addition, Care operates several programs with effective pathways to ensure more holistic assistance is provided. Clients who access a financial counsellor can also be referred for:

- Legal advice on credit, debt, utility, or Australian Consumer Law matters.
- An Energy Support Voucher (ESV).
- Advocacy and access to hardship supports to reduce energy poverty.
- A Rent Relief Grant (if renting privately).
- Specialist support from a gambling, DFV or prison financial counsellor.
- Participation in an education session and financial counselling, via the Work Development Program, to mitigate the cost of infringements.
- Referral to assistance with children's items or education costs (Roundabout, the Future of education equity fund).
- Referral and advocacy for grants, (such as Snow foundation and Family Safety grants) to cover costs client have no other way of paying.
- A no interest community loan, if eligible.

A sample of recent feedback highlights the practical and valuable benefit of Care's services:

- I love your non judgmental staff. Its not easy discussing finances with strangers but the staff listened and cared.
- This service is important for people who need help with everyday living and for budgeting purposes
- This was really helpful in a critical situation. It was a life saver for me in a situation when I thought there was no way out. I appreciate the effort and dedication of your team
- I had no idea how to navigate all of this and didn't realise the amount of assistance that was available
- The worker achieved results far beyond my expectations
- Great approach by the worker. I was given plenty of resources and homework to help me get a better idea of my current circumstances.

	<ul style="list-style-type: none"> - I felt like my life was out of control and the service has really steadied the ship and allowed me to slowly get back on my feet. - You have given me plenty of tools and I feel much more confident. Your strategies and encouragement have been invaluable. - The service helped me mentally as well as financially which build courage to be the best me.
Risks and/or challenges if the proposal is not funded	<p>Whilst the ACT Government currently provides some core funding for the provision of financial counselling, the increase in demand means Care is no longer able to meet the ongoing need for support in the community. The Community Services Directorate has not yet commenced the commissioning process for this program so without a further injection of funds more people will struggle with cost-of-living pressures and unaffordable levels of debt.</p>
Staffing	<p>One additional full time financial counsellor</p>
Funding required	<p>\$145,000 per year over 4 years (indexation applied annually) for financial counselling wages and oncosts. \$10,000 per year over 4 years (indexation applied annually) for admin support. TOTAL = \$155,000 per year</p>
Alignment with the ACT Wellbeing Framework	<p>Supporting Canberrans who have been experiencing cost of living pressures for some time now, is essential to both individual and community wellbeing. Whilst the ACT has the highest income levels in Australia and relatively low unemployment, there remain a growing number of people who are financially stretched in the current environment. This is coming at a time when the community is still reeling from the impact of the Covid-19 pandemic and, prior to that, the devastating bushfires of 2019-20. Financial stress negatively impacts wellbeing so supporting people to improve their financial circumstances can positively influence not only their financial but also their social and emotional wellbeing.</p> <p>This proposal supports the following wellbeing domains:</p> <p>Economy</p> <p>The financial wellbeing of individuals and families within our community contributes to a strong local economy. Supporting people to manage debts, set up sustainable payment plans and reduce reliance on high-cost credit has significant benefit for individuals and the community.</p>

Education and Lifelong Learning

Care's service includes provision of information to support people to make informed choices about their finances. We assist people to set up payment plans, access concessions and grants, communicate effectively with credit providers, understand their consumer rights and responsibilities, and develop sustainable budgets.

Our Community Education Team run regular workshops on consumer rights and responsibilities to build knowledge, skills and confidence around financial matters.

Health

There is a clear link between financial stress and mental health. Overall health and wellbeing increase with early identification and stabilization of financial issues, thereby reducing financial stress. According to Beyond Blue, who undertook research with the Australian Securities and Investment Commission in 2022, to examine the relationship between financial wellbeing and mental health – “people experiencing financial challenges are at least twice as likely to encounter mental health issues than those who aren't”.ⁱ

Living Standards

Having an adequate standard of living and achieving financial security is a human right. Care's vision is Financial Fairness for All. We not only support individuals, but also advocate for system change to support improved living standards for everyone in the community. This includes contributing to ACTCOSS' annual Cost of Living Report, working with consumer colleagues to lobby for stronger consumer protections in the financial marketplace and participating in forums on relevant issues such as the ACT Governments transition to electrification, gambling harm prevention measures and residential tenancy reform.

Identity and Belonging

We recognise the significant disadvantage experienced by First Nations people in our community. To address this, Care has engaged a First Nations Engagement Coordinator to improve access to our service and strengthen connections with Community Controlled Organisations.

Our Community Education Team actively engage with a broad range of groups – culturally diverse, LGBTIQ, First Nations, people in prison, older people, people with mental health challenges – so they are aware of our services and how we can assist.

We have recently been providing education and individual financial counselling support to people incarcerated in AMC to assist with debts and build financial knowledge. The aim is to reduce recidivism and assist people develop a sense of belonging in the community.

Social Connection

In Care's experience, people who are experiencing financial stress are often socially isolated. They are not able to afford many social activities and can feel shame around their financial circumstances. Supporting people to improve their financial situation can therefore expand social opportunities, reduce shame and improve people's overall social connections.

ⁱ <https://www.beyondblue.org.au/media/media-releases/media-releases/new-research-confirms-the-relationship-between-financial-wellbeing-and-mental-health>