

What do financial counsellors do?

Financial counsellors provide advice and support to people in financial difficulty. They work in not-for-profit community organisations, including welfare and counselling agencies, gamblers help services and community legal centres. A number work mainly with First Nations people. Services are delivered face-to-face or by phone through the National Debt Helpline on 1800 007 007.

In contrast to financial planners who provide wealth creation strategies, financial counsellors provide practical advice to help people who have debts and are struggling to meet ordinary living expenses. They are experts in consumer and social security law, bankruptcy law, industry hardship obligations/codes and working with industry ombudsmen, as well as being skilled counsellors.

How many people are assisted each year?

- **Face-to-face:** Approx 125,000 clients per year
- **National Debt Helpline** (1800 007 007): 180,000 calls per annum and growing

How effective is financial counselling?

- 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

FINANCIAL COUNSELLING

Who funds financial counselling?

Financial counselling is funded by both the Federal and State governments. The service is free so that people in acute financial difficulty get professional advice, without conflict of interest.

The Federal Government currently provides annual funding of approximately \$14 million for generalist financial counselling services, \$2.5 million for the National Debt Helpline, (the phone financial counselling service) and \$6 million for specialist problem gambling financial counselling.*

State Government funding is approximately \$32 million per annum.



What causes financial difficulty?

- Unemployment (or under-employment)
- Illness
- Relationship breakdown
- Low income or poverty
- Exploitive or unfair financial practices
- Addictions and mental health issues

How big is the problem?

- Based on the ratio of debt to either income or assets, around three-in-ten households (29%) are over-indebted (ABS)
- 9.7% of households could not pay an electricity or gas bill on time (ABS)
- Just over 3 million people (13.2% of the population) are living below the poverty line of 50% of median income - including 739,000 children. (ACOSS)



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References: 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.
Australian Bureau of Statistics, *Household Income and Wealth*, Cat 6523.0 Australia 2015-16.
Australian Council of Social Services, *Poverty in Australia*, 2018.
* There is also funding for financial counselling in areas where income management is in place, but it is not clear what proportion of this is financial counselling alone.