



**Australian Financial Counselling and Credit Reform Association**

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**Chairperson: David Tennant**

**Secretary: Jan Pentland**

24 November 2006

The Settlement Policy and Coordination Section  
Department of Immigration and Multicultural Affairs  
PO Box 25  
Belconnen ACT 2616

Dear Sir/Madam,

**Re: Humanitarian Settlement Discussion Paper**

Financial counselling, in an Australian context, refers to conflict and fee free community based financial information, support and advocacy for low to moderate income consumers experiencing problems with credit and debt. AFCCRA is the national peak body for the financial counselling sector. AFCCRA utilises a federated structure, with its national council made up of representatives from each of the State and Territory associations or networks.

Ours is a small sector. There are between 450 and 500 financial counsellors nationally working in a mix of part-time, full-time and voluntary roles. Resourcing is predominantly provided by governments. The Commonwealth provides resourcing through the Commonwealth Financial Counselling Program (CFCP) in FaCSIA.

We write to offer some brief comments on the Discussion Paper, focusing on Part Three – Special Humanitarian Program Proposers. AFCCRA is heartened to see that financial well-being and capacity has attracted attention in the Paper. Specifically the reference to possible expansion of the CFCP to achieve that end is welcome. Those references are linked to proposals to improve the financial literacy and budget planning skills of proposers and new humanitarian entrants. Whilst these activities are included in the roles that the financial counselling sector provides, they represent only part of the financial counselling service model.

In AFCCRA's view it is important to understand the other elements of financial counselling service delivery that make it an effective, cost efficient way to respond to issues of vulnerability, disadvantage, market exclusion and unfairness. To explain that further, it is useful to consider a few examples of the hurdles that both proposers and new arrivals are likely to encounter:

- Getting effective access to and making use of the Australian deposit taking and banking system, which may have been non-existent or vastly different in their country of origin;

- Navigating a wide, even bewildering variety of financial services options, not all of which are accessible, safe, fair or appropriate for low to moderate income consumers;
- Understanding and effectively interacting with a mandatory superannuation system that all employees in Australia participate in, now overlaid by choice of fund;
- The dangers inherent in the ease of accessing credit and aggressive fringe markets that appear to be highly skilled at targeting vulnerable groups and exploiting that vulnerability; and
- Obtaining and maintaining access to essential household utilities and telecommunications, which can involve choosing between complex service, product and payment options.

The types of challenges listed above can be assisted by education and information sharing activities. Financial counsellors can be an extremely effective conduit for financial information, both in an individual client context and in group, community education activities. So too can financial counsellors assist in helping low to moderate income people design and implement workable budgets.

Reliance on just information or budgeting is unlikely however to cover the range of issues and challenges proposers and new arrivals will face. The financial counselling model, with the option of ongoing individual support is more appropriate. So too will financial counsellors be able to identify, investigate and report on systemic issues that prevent proposers and new arrivals from fully engaging with and participating in the social and economic life of their new communities. The logic in this approach is also evident in other targeted responses to vulnerability and disadvantage. For example, there are similarities in including financial counselling in the range of supports available to humanitarian entrants and some of the discussions ongoing in the area of improving well-being in indigenous communities.

The current size and relative resourcing of financial counselling in Australia presents some significant challenges. These are issues that the CFCP has a keen interest in and a growing understanding of. We would welcome the opportunity to work with the CFCP and DIMA in ensuring humanitarian proposers and new entrants and their emerging communities get access to the range of skills and support they require to participate fully and effectively.

Yours sincerely

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(CC: Elizabeth Stehr, Branch Manager, Money Management and Community Programs Branch, FaCSIA)