

PUBLIC STATEMENT ABOUT CUTS TO FINANCIAL COUNSELLING SERVICES

Issued by SACOSS and SAFCA

The 2010-11 State Budget cut 44 financial counsellor positions from Families SA, commencing 1 July 2011. The government believes that the work of these counsellors will be taken up by the community sector. This assumption is unfounded, and is an abandonment of the government's responsibility to provide necessary services to the community. The community sector's resources are already over-stretched. We cannot take up the workload abandoned by the state government without further funding.

Financial counselling is an important service to the community, particularly now when the cost of living for low and modest income people is rising alarmingly. Essential household expenditures, including utilities charges, health costs, housing costs and fresh fruit prices are rising faster than inflation, and in many instances have been doing so for a number of years.

This means that there are ever more people seeking support from financial counsellors. Increasingly financial counsellors are seeing people with mortgages and jobs who are being squeezed by spiralling costs.

It is widely accepted that household financial pressure leads to poorer mental and physical health for individuals, and greater stresses on relationships and families. There is also widespread acceptance that financial counsellors are able to provide meaningful assistance to households experiencing financial stress.

South Australia already has lower rates of financial counsellors per head of population than other jurisdictions in Australia and the community sector's financial counsellors are unable to meet the demand that they are currently experiencing.

Unless the decision to cut financial counsellors is reviewed, we conservatively estimate that about 7,000 people in financial stress will be unable to access financial counselling assistance, with approximately \$72 million combined debt left hanging.

This unresolved debt can lead to economic hardship, relationship stresses, mental health issues, and in the worst cases, domestic violence, child abuse, homelessness, crime, poverty and suicide. All of these have a far higher cost to the community and government than the preventive approach offered through financial counselling.

We urge the state government to commit to funding 30 full-time financial counselling positions in non-government organisations. This would help to avoid the misery posed by unresolved financial stress, assist businesses to recover debt without resorting to litigation, and still deliver some cost saving to the state budget from the transfer of services from Families SA to the community sector.