



Australian
Industry and
Skills Committee

DIPLOMA OF FINANCIAL COUNSELLING

Case for Change

Name of allocated IRC: Client Services IRC

Name of the SSO: SkillsIQ

1. Administrative information

For a list of the products proposed to be reviewed as part of this project, please see **Attachment A**.

Name of IRC(s): Client Services

Name of SSO: SkillsIQ

1.1 Name and code of Training Package(s) examined to determine change is required

CHC51115 Diploma of Financial Counselling and associated Units of Competency

Specifically, the following updates and changes are recommended (and each is discussed in more detail in Section 2.3 and Attachment F):

- An **update to the existing qualification** CHC51115 Diploma of Financial Counselling
- A **review and update to three existing** financial counselling units *CHCFIN001 Facilitate the financial counselling process, CHCFIN002 Identify and apply technical information to assist clients with financial issues and CHCFIN003 Develop and use financial counselling tools and techniques.*
- The **addition of two newly developed units to the core of the updated qualification**: a small business financial counselling unit and an additional financial counselling unit that deals specifically with an integrated model of financial counselling.
- The **removal of two units from the core of the current qualification**, as content is covered in other units. Specifically remove *CHCADV005 Provide systems advocacy services* and *CHCCSLO03 Facilitate the counselling relationship and process.*

2. The Case for Change

For information on the job roles to be supported through the proposed qualifications updates, enrolments data, completion rates, and the number of RTOs delivering these qualifications please see **Attachment B**.

2.1 Rationale for change

Financial counselling is an evolving profession. **The core skills and knowledge required for the role have changed since the design of the current qualification.** Updating the Diploma of Financial Counselling to reflect these changes is critical as the **Diploma plays a crucial role in the development of the financial counselling workforce.** Financial counsellors are required to have completed or be enrolled in the Diploma in order to work in the profession.

The key changes that have occurred in recent years regarding the financial counselling sector, the operating and regulatory environment, as well as the job role itself i.e. Financial Counsellor, are:

- **The 2018 Royal Commission into Misconduct in the Banking, Superannuation and Financial Services**

The outcomes of this Royal Commission included better recognition of the value of the financial counselling sector and more support for the sector with a substantial increase in funding. In his final report, handed down in February 2019, Commissioner Kenneth Hayne noted the “asymmetry of knowledge and power between consumers and financial services entities”¹ and that financial counselling services performed very valuable work, were a “necessity to the community” and that there was a need for predictable and stable funding.²

The Federal Government has since announced the immediate review of the coordination and funding of financial counselling services.³ The outcomes of this review (i.e. the *Sylvan review*) released on 3 October 2019, were supported by the Government, with the Minister for Social Services’ stating in a media release that: “The Morrison Government understands how important it is for the financial counselling sector to be well positioned to support Australians in need of financial advice and advocacy.”⁴

¹ Michael, L. (6 February 2019) *Banking Royal Commission Prompts Calls for Greater Financial Counselling Support*. PRObono [Available at: <https://probonoaustralia.com.au/news/2019/02/banking-royal-commission-prompts-calls-greater-financial-counselling-support/>]

² See Footnote 1

³ Australian Government Department of Social Services (25 November 2020) Release of the Government response to the Countervailing Power: Review of the coordination and funding for financial counselling services across Australia. [Available at: <https://www.dss.gov.au/communities-and-vulnerable-people-programs-services-financial-wellbeing-and-capability/review-of-the-coordination-and-funding-for-financial-counselling-services-across-australia>]

⁴ Ministers for the Department of Social Services (3 October 2019) *Review of financial counselling services released*. [Available at: <https://ministers.dss.gov.au/media-releases/5186>]

The sector's new recent recognition across the economy, as well as the rise in funding means demand for financial counselling services is expected to increase significantly.

- 2019 / 2020 bushfires and Coronavirus pandemic impact – increase in financial hardships

Following the devastating bushfires in late 2019/early 2020, the Government, on 15 January 2020, allocated¹ an additional \$10 million for financial counselling in bushfire-affected areas. Five days later, on 20 January, the Government announced \$3.5 million² to establish the Small Business Bushfire Financial Counselling Support Line to fund 10 additional financial counsellors to provide advice to small businesses in bushfire-affected regions. This funding is in addition to the funding increase proposed in the Sylvan review.

Further funding was also provided to the sector in March 2020 in response to the coronavirus pandemic. The impacts of the pandemic require financial counsellors who are adept at responding to the complex needs of clients and understand how to assist vulnerable consumers. Some key agencies are experiencing a significant increase in demand and the long-term economic impact of the coronavirus and natural disasters is highly likely to result in a continued sizeable increase in the number of Australians and small businesses in financial difficulty.

The financial counselling sector will play an important role in responding to the anticipated increase in number of Australians experiencing financial hardship.

- **Workforce pipeline shortage**

With the Government committed to adequate funding for financial counselling services, an expansion in the workforce is vital and it will be important to maintain a pipeline of financial counsellors into the future. The existing workforce is also an ageing one, with the majority of the sector over 50 years of age. The Diploma of Financial Counselling is therefore critical to maintaining the flow of well-trained financial counsellors into the sector.

As a result of the above government and operational announcements and changes, the key skills and knowledge which financial counsellors are required to have has evolved. The Diploma needs to be updated to reflect these changes. The specific new skills and knowledge area requirements are:

- Supporting small business - All financial counsellors will need to have skills and knowledge to assist small businesses in order to meet the significant increase in demand for counselling services. For example, rural financial counsellors work predominantly with small businesses in the rural sector. Generalist financial counsellors are also assisting more small business clients, for a number of reasons, including structural changes in the workforce (eg gig economy, more contractors) and in response to growing need with many small businesses struggling with debt.
- Complex needs - In the past few years, financial counselling casework has become increasingly complex. This is a consistent trend reported across the sector. Financial counsellors therefore need to know how to adjust all aspects of the service they provide in response to the presence of mental health issues, addiction issues, problem gambling and family violence in their clients.

If the Diploma is not updated to be fit for purpose, there is a high risk that graduates and new entrants to the workforce will not be satisfactorily equipped to provide accurate and reliable financial advice, nor have the skills to deal with small business and/or complex enquiries which are key requirements for the sector. Implications of this include individuals receiving inaccurate information and advice to make critical financial decisions for their household and/or business.

Please refer to Attachment B for enrolment and completion data for the Diploma of Financial Counselling.

2.2 Evidence for change

As outlined above, the government has recently provided significant funding for a range of financial counselling services in response to the recommendations of the Royal Commission and the Sylvan Review, as well as to support individuals and small business through the recent natural disaster and pandemic impacts. Financial counselling services are a critical component for supporting the economy to recover and providing individuals and small businesses with sound advice and information.

In 2019, there were 186 financial counselling organisations across Australia.³ Whilst data is not currently available to showcase the rise in demand for financial counselling services, it is evident from feedback provided by stakeholders when

¹ Prime Minister of Australia (15 Jan 2020) *Media Release: Prime Minister, Minister for Families and Social Services*. [Available at <https://www.pm.gov.au/media/delivering-more-immediate-support-australians-impacted-bushfires>]

² Prime Minister of Australia (20 Jan 2020) *Media Release: Immediate small business support for bushfire affected communities*. [Available at <https://www.pm.gov.au/media/immediate-small-business-support-bushfire-affected-communities>]

³ SkillsIQ. 2019 *Client Services Industry Reference Committee Industry Skills Forecast*.

consulted for the purposes of this Case for Change, that demand has increased, and it is anticipated to continue, particularly given the significant impacts of the 2019 bushfires and COVID-19 since 2020.

Please refer to Section 3.1 for further details regarding the consultation and stakeholder participation.

2.3 Consideration of existing products

This Case for Change proposes the addition of two new units which are specific to financial counselling and there are no existing training products that are similar in content.

2.4 Approach to streamlining and rationalisation of the training products being reviewed

This review will result in the removal of two units of competency from the core of the Qualification, due to the content being covered in other units within the Qualification. This will ensure that there is no duplication of effort or content when delivering the Qualification to learners, while still ensuring that they have the requisite skills and knowledge to undertake jobs in industry.

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3. Stakeholder consultation

3.1 Stakeholder consultation undertaken in the development of Case for Change

*For a full list of industry-specific stakeholders that actively participated in the stakeholder consultation process undertaken to develop the Case for Change, please see **Attachment C**.*

A wide consultation process was conducted to inform the review of the Diploma of Financial Counselling (Diploma). This consultation was conducted over the six-month period between September 2019 and February 2020 and included:

- One-on-one qualitative interviews with 14 financial counsellors who had graduated within the past two years
- A survey of recent students of the Diploma (both graduates and people who did not complete the Diploma). 61 recent students participated.
- One-on-one qualitative interviews with eight selected financial counselling agency managers
- A one-day workshop with stakeholders from the rural financial counselling sector, including agency managers, experienced and new rural financial counsellors, and funders
- A one-day workshop with key members of the generalist financial counselling sector, including agency managers, experienced and new financial counsellors, and RTOs
- One-on-one qualitative interviews with representatives of each of the nine RTOs offering the Diploma
- One-on-one qualitative interviews with all of the training managers from the State financial counselling associations
- A face-to-face discussion with the FCA Representative Council (a key part of FCA's governance structure)

Please note this consultation took place prior to the COVID-19 pandemic. The impacts of the pandemic were significant on the sector and during 2020, minor changes were made to Financial Counselling units to facilitate their delivery to meet the significant need of workers. As the strain on the sector has now abated somewhat, it is imperative that this full review takes place to ensure that the qualification is fit for purpose in the longer term.

3.2 Evidence of Industry Support

*For a list of the issues raised by stakeholders during consultation and the IRC's response to these, please see **Attachment D**.*

All feedback provided by stakeholders for this draft version of the Case for Change has been summarised in earlier sections and used to determine the key recommendations put forward regarding the update, deletion and addition of units of competency in the Diploma.

Any issues raised during the draft Case for Change consultation period will be noted in Attachment D of the final version submitted.

3.3 Proposed stakeholder consultation strategy for project

*Note: For a full list of industry-specific stakeholders who are planned to be contacted to participate in the stakeholder consultation process undertaken for this project, please see **Attachment E**.*

An **extensive multi-channel consultation** plan has been established to gather views and feedback from a range of stakeholders. These include **interviews, workshops, webinars** and **SkillsIQ's Online Feedback Forum**. The Feedback Forum is a tool designed to capture stakeholder feedback on draft Training Package Products. It also provides an opportunity for stakeholders to view feedback left by others. All proposed changes to the Diploma, including content changes to specific CHCFIN Units of Competency and new Units of Competency will be available on the Feedback Forum.

Whilst the preferred method for conducting consultation activities such as interviews and workshops is face-to-face, the current climate regarding COVID-19 restrictions and conditions means telephone or zoom discussions may be more suitable.

The consultation will be promoted via various channels including:

- Direct email to SkillsIQ's national network (of over 10,000 contacts), to maximise reach of the consultation.
- Members of the Client Services IRC, including Financial Counselling Australia, the peak body in the sector, will play an active role in promoting the consultation across their wider networks to ensure key stakeholders who have some involvement or knowledge of financial counselling services are aware or the review and encouraged to participate.

Employers, industry professionals, graduates and training providers in regional and rural areas are a target cohort for the consultation as many of the service demands in these are reflected in the proposed changes to the Diploma (i.e. small

business support). Members of the IRC will circulate consultation information to their wider networks in regional and rural areas across Australia to ensure their feedback and experiences are incorporated in the consultation. Workshops will also be conducted in regional areas.

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4. Licencing or regulatory linkages

Some of the work that financial counsellors do would normally require financial counselling agencies to hold both an Australian Credit Licence¹ and an Australian Financial Services Licence.² ASIC however has exempted agencies from having to obtain these licences.³ This recognises that financial counselling is a free service and that the exemptions are limited to the specific circumstances relating to the provision of a financial counselling service. One of the conditions of the exemptions are that financial counsellors are eligible for membership of their State/Territory financial counselling association. The national membership standards, put in place by the financial counselling associations, require financial counsellors to be enrolled in, or to have completed, the Diploma of Financial Counselling in order to work in the profession. State and Federal Government funding arrangements also require agencies to comply with the licensing exemptions.

5. Project implementation

5.1 Prioritisation category

It is proposed that this review is progressed as a fast-track project. The pandemic has made the need for a well-equipped workforce of financial counsellors more urgent and therefore it is essential that the Diploma be updated promptly to ensure graduates can support service demands.

The AISC's IRC Prioritisation Framework Report confirms that the CHC51115 Diploma of Financial Counselling meets usage and needs requirements, and at least 3 importance benchmarks, and should be fast-tracked for update.

5.2 Project milestones

The anticipated timeframe for the project is 6 months. Key activities will be carried out according to the schedule below. Please note this schedule is based on Case for Change approval at the August 2021 AISC meeting.

Activity	Proposed Timing
Review and approval of Case for Change by AISC	19 August 2021
Activity order issued by DESE	August-September 2021
Develop Draft 1 training package products	September 2021
Industry consultation on Draft 1	1-29 October 2021
Develop Draft 2 training package products based on Draft 1 consultation feedback	November 2021
Validate Draft 2 training package products	1-15 December 2021
Develop Final Draft, Case for Endorsement and Companion Volume	January 2022

¹ Under the National Consumer Credit Protection Act.

² Under the Corporations Act.

³ Rural financial counselling agencies do not have an exemption from an Australian Financial Services Licence, as they say that the scope of the work they undertake does not require it.

External Quality Assurance

January 2022

STA Consultation

1-15 February 2022

Submission of final Case for Endorsement to
AISC

18 February 2022

5.3 Delivery or implementation issues

No issues or sensitivities have been raised to date. Any issues stated during the draft Case for Change consultation period will be included in the final version.

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6. Implementing the Skills Minister's Priority reforms for Training Packages (2015 and October 2020)

- Ensure that more information about industry's expectations of training delivery is available to training providers to improve their delivery and to consumers to enable more informed course choices

National consultation processes involving national workshops and engagement with industry will ensure that the final Units and training requirements reflect industry and employer needs.

- Ensure the training system better supports individuals to move more easily between related occupations

The proposed changes provide individuals with access to training package products which are current, relevant and equip them with key skills and knowledge to better support individuals and small business clients. Due to the increasingly complex cases that financial counsellors are expected to work on, the training package products will expand the pathways of individuals across an organisation and/or sector as they become better equipped to participate in these broader and more complex role requirements.

- Improve the efficiency of the training system by creating units that can be owned and used by multiple industry sectors

The specific nature of the financial counselling sector means that there may be few opportunities for the units specifically relating to financial counselling being used outside of this qualification. However, the vital nature of these job roles deems it necessary that these units are developed to fit the niche needs of the sector.

- Foster greater recognition of skill sets and work with industry to support their implementation

Throughout the development process, the suitability of Skill Sets will be consulted upon and should they be appropriate, Skill Sets will be developed accordingly.

This Case for Change was agreed to by the Client Services IRC

Name of Chair

Jacqueline Brady

Signature of Chair

Date

Name of Chair	Jacqueline Brady
Signature of Chair	
Date	

Attachment A: Training Package components to change

SkillsIQ

Contact details: Melinda Brown

Date submitted: [Insert date submitted]

Project number	Project Name	Qualification/ Unit / Skillset	Code	Title	Details of last review (endorsement date, nature of this update transition, review, establishment)	Change Required
1	Financial Counselling	Qualification	CHC51115	Diploma of Financial Counselling	7 Dec 2015, review and transition to Standards for Training Packages.	Update
1	Financial Counselling	Unit	CHCFIN001	Facilitate the financial counselling process	7 Dec 2015, review and transition to Standards for Training Packages.	Update
1	Financial Counselling	Unit	CHCFIN002	Identify and apply technical information to assist clients with financial issues	7 Dec 2015, review and transition to Standards for Training Packages.	Update
1	Financial Counselling	Unit	CHCFIN003	Develop and use financial counselling tools and techniques	7 Dec 2015, review and transition to Standards for Training Packages.	Update
1	Financial Counselling	Unit	TBA	Small business financial counselling	N/A	New

Project number	Project Name	Qualification/ Unit / Skillset	Code	Title	Details of last review <i>(endorsement date, nature of this update transition, review, establishment)</i>	Change Required
1	Financial Counselling	Unit	TBA	Financial counselling integrated model	N/A	New

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Attachment B: Job role, enrolment information, the number of RTOs currently delivering these qualifications

Please set out the job roles to be supported through the updated qualifications, enrolment data over the past three years in which data is available for each qualification, completion rates for each qualification, and the number of RTOs delivering these qualifications.

Job role	Qualification to be updated to support the job role	Enrolment data (for the past three years)	Completion rates (for the past three years)	Number of RTOs delivering (for the past three years)
Financial Counsellors	Diploma of Financial Counselling [CHC51115]	Total number of enrolments (Total VET Activity [TVA]): 2017 – 183 2018 – 370 2019 – 463 Source: NCVET VOCSTATS (Program enrolments)	Total number of completions (Total VET Activity [TVA]): 2017 – 38 2018 – 71 2019 (preliminary) – 133 Source: NCVET VOCSTATS (Program completions) Note: Completion rate data is not available for individual courses via NCVET's VOCSTATS portal	2019 – 7 (Accessed 18 February 2019) 2021 – 8 (Accessed 11 June 2021) Source: Training.gov.au

Attachment D: Issues Raised by Stakeholders during consultation on the development of the Case for Change

To be completed for the final version of the Case for Change

Stakeholder Type	Issues Raised	IRC's Response to Issues Raised
Industry Reference Committee (IRC) Representatives		
Peak Industry Bodies		
Employers (Non-IRC)		
Regulators		
Registered Training Organisations (RTOs)		
Training Boards/Other		
State and Territory Training Authorities (STAs)		
Unions		
<i>Please add other categories as appropriate</i>		

Attachment F:

1. A review and update to three existing financial counselling units CHCFIN001, CHCFIN002 and CHCFIN003.

"We find there are still lots of gaps in the technical knowledge of students and their confidence levels." Agency manager

"What was missing had more to do with the depth of information. The detail was lacking. There was not much about Centrelink debts, payday loans, consumer leases, credit reports, and early access to super, for example." Recent graduate

"The detailed technical knowledge is missing and that is because there is too much focus on the counselling skills." Recent graduate

"The presentations on bankruptcy and consumer credit law should have been extended and drummed home. That work is our bread and butter; we are using that information all the time. When starting at a base of zero knowledge, this needs to be taught well." Recent graduate

The three purpose-built financial counselling units are a highly valued part of the Diploma. The feedback, however, was also that the financial counselling units did not focus enough on the skills and knowledge that financial counsellors needed most in their roles. In particular, the three core units need to be reviewed to reflect an emphasis on the provision of advice – tailoring financial counselling to the circumstances of each individual client – which is currently absent from the training package.

The feedback also indicated that there needs to be more time spent on core areas of technical knowledge in a number of areas. These include:

- Bankruptcy legislation
- Government entitlements, such as Centrelink
- Industry Codes of Practice
- Credit and consumer law
- Case management skills, including case notes
- New and emerging products, such as buy-now-pay later.

2. The addition of two units: a small business financial counselling unit and an additional financial counselling unit

- **A stand-alone small business financial counselling unit** - the need to support small business has become more urgent and apparent as a result of drought, bushfires and the coronavirus pandemic. The government has recognised the unique capacity of financial counsellors to provide holistic support to individuals running small businesses. Rural financial counsellors already provide these sorts of services and the Federal Government recently funded a specialist small business financial counselling service for businesses affected by the bushfires.¹

Small business is now firmly within the scope of the financial counselling role. Financial counsellors need an understanding of small business and the way small business and personal finances intersect. The addition of small business content in the diploma received support from all key stakeholder groups.

- **A fourth financial counselling unit** - The recommendation that a fourth targeted financial counselling unit be added to the Diploma is made in response to three themes in the feedback from the consultation:
 - o In addition to the technical knowledge outlined above, there are areas of content that are core to the financial counselling role that are absent or underdone in the current Diploma. These include ethics and professional standards and responding to complex issues such as gambling addiction, family and domestic violence and trauma.
 - o Some of the current content in the Diploma is mandatory. However, delivering this content in generic stand-alone units that are borrowed from other training packages means that it is not always appropriate in a financial counselling context. This content, which includes systemic advocacy, some counselling and professional practice, would be included in the fourth unit.
 - o There was a lot of feedback that the current structure of the Diploma covers many relevant, but disparate areas. There is a need for targeted training in how to integrate the various aspects of the role. The lack of clarity around how to hold together the technical/financial support and the counselling aspects is particularly problematic.

¹ See media release 20th January 2020, <https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/media-releases/immediate-small-business-support-bushfire-affected>

People don't see us because they need a counsellor with a bit of financial knowledge. It's the other way around and yet only three of the 17 units are financial. – Financial counsellor

The plopping of counselling units into the financial counselling diploma is not a good fit. – Financial counsellor

3. The removal of two units with components incorporated into other units. Specifically remove the systems advocacy unit CHCADV005 and one of the counselling units CHCCSL003.

Systems advocacy unit

The systems advocacy unit focuses on how to develop and execute a campaign for changing the broader financial services or consumer law frameworks. For example, how to conceptualise and run a campaign to prevent issues causing financial hardship such as stopping businesses from engaging in predatory lending practices.

While financial counsellors play a vital role in systems advocacy, actually *running* systems advocacy campaigns is not a core part of their role. As the sector has grown and professionalised, the role of driving systems advocacy is more typically done by senior financial counsellors, with the support of their agencies, or by state and national peak bodies, rather than as a stand-alone function by financial counsellors.

It is vital however that the Diploma retains some content relating to systems advocacy, but it needs to be understood in the broader context of the role. The current emphasis and approach of the generic community services unit does not reflect the core role of financial counsellors.

The relevant content from the systems advocacy unit should be incorporated into the fourth targeted financial counselling unit.

Counselling units

The Diploma currently incorporates four generic counselling units. There was strong feedback from the sector that, while counselling must remain one of the foci of the Diploma, the existing units were too repetitive.

As well, there were concerns that the units were not always appropriate to the financial counselling role. Recent graduates and experienced financial counsellors for example, expressed concern that the structure of the Diploma encouraged students to cross professional boundaries to offer therapeutic counselling.

In response, we are proposing to remove one of the counselling units, "Facilitate the counselling relationship and process". This is also because other counselling units offered in the Diploma cover much of the content covered in this specific unit. Furthermore, removing this unit would allow for the development of more targeted counselling content in the fourth financial counselling unit.

4. Exempting rural financial counsellors from CHCCDE002 Develop and implement community programs

While it is relevant for generalist financial counsellors, the Department of Agriculture have noted that the community development unit is not appropriate for rural financial counsellors. According to the Department of Agriculture:

"The RFCS is already an established program developed and administered by the Australian Government. Any engagement strategies at the ground level are implemented by the service provider and would be developed at a corporate/executive level."

It is recommended that the unit be removed for students undertaking the Diploma of Financial Counselling (rural) and replaced with an elective unit.

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