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sharkwatch

The Financial Counselling Journal

Inside this issue:

- Taxing times
- The housing affordability crisis
- Round table discussions with Attorney General on personal bankruptcy

FCAN
FINANCIAL COUNSELLORS' ASSOCIATION OF NSW INC

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Cover Art: Untitled

Artist: Rochelle Harmer

Details: Photographs, Samsung Note 9 camera

About the artist: Rochelle is a Financial Counsellor on the National Debt Helpline for Uniting in Dubbo. These photographs were taken at the 2023 FCAN conference in Leura. Rochelle notes that the bush is her 'happy place' and she relishes any opportunity to get into the wild where it is greener and more wild than the flat lands around Dubbo. Rochelle says the garden statue (RH side) makes her think of how the foundation of good training helps us create a foundation where we can reach down to help clients climb the ladder toward independence and success.

SHARKWATCH

Sharkwatch: The Financial Counselling Journal is published by the Financial Counsellors' Association of NSW (FCAN). FCAN is the peak body for NSW financial counsellors and is funded by the NSW Department of Fair Trading. FCAN produces Sharkwatch as a way of resourcing financial counsellors, raising awareness of key issues, keeping financial counsellors aware of what others in the sector are doing, and providing a voice to the low income and vulnerable Australians that are financial counsellors' clientele.

EDITORIAL TEAM

The Editorial team is comprised of financial counsellors, FCAN staff and consumer lawyers. The current editorial team is Wayne Warburton, Richard Brading, Jo Parker, Lyn Brailey and Geoff Cornwall.

CONTRIBUTIONS

Contributions are encouraged and are sought from any interested parties who feel they have something to contribute. Please email contributions to BOTH Wayne Warburton and Jo Parker at the email addresses below.

COVER ART

Sharkwatch will have new cover art for every issue. Cover art will either be photographs of artworks/craft items, or other photographic artworks, that have been produced by financial counsellors or their clients. For each artwork we would need to know the artist's name, the subject matter, the nature of the artwork (e.g., oil painting on canvas), a brief story (one line) about the artwork and a brief (1-2 line) bio of the artist. We strongly encourage readers to send in cover art, which should be emailed to BOTH Wayne Warburton and Jo Parker at the email addresses below.

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Contents

The cost of housing is moving well beyond the means of many, and even double income families are often in mortgage stress. Some are simply living in tents or cars, and front line workers have warned we may be on the brink of a homelessness humanitarian crisis. There has been plenty of talk, but long-term solutions, free of political baggage and political point scoring, are needed. See Wayne's rant on page 4!

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The housing affordability crisis

Wayne Warburton

The cost of housing is frankly ridiculous. When I was growing up my dad was the sole wage earner, working on a school counsellor's wage. He and mum were able to buy a house on a single wage, and, while we didn't have a lot, we managed just fine. How things have changed.

If you look at the box to the right you will see that the average dwelling in NSW is well over a million bucks to buy. That average price includes home units and housing in regional areas. An average house in Sydney is nearly one and half million.

And look at the cost of repayments. On average, mortgages are around 3/4 of a million dollars, and repayments getting towards $5,000 per month. That's just shy of the entire median gross wage for a single person. Clearly, to pay a mortgage, you now need two wage earners contributing, and even then the cost of the average mortgage will be 47% of the gross earnings for a median household.

To put this in perspective, traditional thinking is that the typical amount one can afford for housing is about 25% of income. 30% or more is considered to be mortgage stress (or housing stress if you are renting). The average household with a median income and with an average mortgage is wayyy into mortgage stress. With the cost of fuel, electricity and staples like food and medical so high, soaring housing costs mean that even dual income families will find it hard to make ends meet.

For those on single incomes or low wages, well, forget it. You will need to rent. Except that rents are sky high too. Even median two income families will be paying close to 30% of their income in rent if they are lucky enough to have a have a rental at the median amount. For the financially vulnerable, the rent must seem almost impossible. For example if you are a single mum in Sydney on the median women's wage and in an average rental, it will take 63% of your wage, before tax.

And of course, you need to factor in the reality that finding a rental, any rental, can be very hard. Fierce completion and bidding wars add to the difficulty. Growing numbers of people cannot find or rent stable housing, and raise their families in tents outside regional towns. Even if you have the money, accommodation can be hard to find. I recently heard the mayor of a South Coast Shire on radio telling the presenter that in their shire they had local school teachers who could not find any place to rent and lived out of their cars.

House prices

Median house price, Sydney	~$1,460,000^
Average cost of a dwelling in NSW	$1,187,200*

^ SMH, June 5, 2023 *ABS 2023

Mortgages*

Average mortgage NSW new home	$744,211
Average mortgage NSW exist dwell.	$764,514
Average monthly repayment	
New home in NSW	$4,787pm
Existing dwelling in NSW	$4,918pm

* Canstar

Gross income, before tax

Median wage — women	$4,983pm	$59,800pa^
Median wage — men`	$6,500pm	$78,000pa^
Median wage	$5,3633pm	$67,600pa^
Median household	$10,764pm	$129,168pa*

^ABS, August, 2023; *ABS 2022 figures

Rent

Median rent, Sydney	$720pw	$3,120pm*

*ABC October, 2023

I suspect that we are at the cusp of seeing a steep rise in the number of individuals and families who have employment, but are also homeless because of poor housing affordability and low housing availability.

Listening to parliamentary broadcasts, a lot is being said about the need to fix the housing crisis, but the truth is that it is now going to be incredibly hard, and incredibly expensive, to fix this problem. There have been decades of neglect in developing social housing, and state and federal laws provide very little restraint to greedy developers, hungry investors and unscrupulous landlords. Property prices are allowed to rise unchecked. There are tax incentives to own rental properties, but, in my view, insufficient safeguards for those who rent those properties.

And, unlike many other countries, Australian laws allow foreign ownership of Australian property. True, it must be approved by the Foreign Investment Review Board, who tend to favour investment in new properties, require the purchaser to build on land purchases within 4 years, and put some restrictions on the purchase of old dwellings, but the net result is reduced local housing availability.

It is also important to remember that the Australian dollar exchange rate is typically quite low. Whilst helpful to our exporters, this also gives foreign investors much greater purchasing power if they have a strong currency like the US dollar or the Euro. It is far easier for someone overseas with strong currency to buy Australian property than it is for an Australian with equivalent assets to buy property.

So where does that leave our children just coming to adulthood? Many young people I talk to feel a sense of despondency and fatalism — they have already accepted the harsh truth that the Australian dream of past generations, to own one's home, will be beyond them, and will be beyond most of those in this and following generations.

Managing the problem

Because several successive governments have allowed the housing crisis to become so entrenched, there are no easily achievable root-level fixes (i.e., greatly more housing stock, and much more affordable housing) but there may be other ways we can respond to the immediate needs of our most vulnerable.

Homelessness services

Front line workers warn that NSW may be on brink of a homelessness humanitarian crisis, and how re respond to it may be crucial. A few years back I did some research on the experience of homeless single mothers and their children and the different homelessness experiences of women who are alone versus those with children. What both studies found is that the needs of homeless people differ a lot by demographics. The needs are different for homeless lone women versus single mothers, younger versus older mothers, men versus women, those with mental illness and drug addiction versus those without and so on. One size fits all approaches are not optimal – the key is goodness of fit between the homeless person/family and the type of service provided.

There also needs to be a response to the growing number of people/families living in tents, cars and other alternative accommodation. We need to help mitigate the risks they face (eg bushfires, violence) and provide access to transport, sanitation, schools and services.

Lending institutions and councils

Although the big 4 banks make big profits (2023: CBA: $10.16 billion. NAB: $7.7 billion. Westpac: $7.2billion. ANZ $7.1 billion), they also tend to be working constructively with financial counsellors and clients to help those in mortgage stress. Their hardship teams are well resourced, they are training FCs on currently available options, will usually capitalise the arrears (including council rates arrears), and if FCs ask, an interest rate reduction up to 1% can be negotiated. If the big 4 do need to foreclose there is generally a non-repayable resettlement grant of between $5,000-20,000 available.

However it is a different picture for smaller lenders who work on smaller margins and are often restricted by the terms of international insurers. Perhaps it is time for the federal government to talk seriously with all lenders about ways that government and lenders can work together to manage mortgage stress. This could mean taking an Australia-wide approach, and government perhaps funding the shortfall for possible assistance schemes.

I should note here that some Councils seem to be very hard to deal with when there are rate arrears. In my own shire, there will be a cumulative rate rise of over 31% over the next 4 years, and this is not the only NSW council increasing rates. It may be helpful for state and federal governments to work together with councils to develop a common approach to rate defaults that takes into account current housing hardship.

Financial counselling services

Please forgive me for stating the obvious, but when a growing number of families cannot afford secure housing, or more common, cannot afford other basic living expenses because of the cost of housing, that is going to cause widespread financial hardship, defaults on loans and rents, and knock-on effects in multiple areas of life. It is our sector that will be asked to step in as the crisis worsens, and at the least there needs to be increased state and federal funding for our profession.

A final word

Well, I have had my rant. But sadly, I don't feel any better. The issue is still just as big, the solutions so far away, and the pain of our clients still just as real. I want my children to have a better world, not worse.

This is something Australia needs to commit to fix, not from election to election, or with political baggage attached, or with schemes started and scrapped when the next government comes in, simply because their political opponents set it up. We need a bi-partisan approach that puts Australians first and not political power or ideology. A long-term plan for the next decades, not the next election. One can only hope.

The Law

Taxing T

Richard Brading
Solicitor

Now the COVID crisis has passed, the Australian Taxation Office is back with a new aggressive approach. Over the past 4 years, the national unpaid tax debt increased by 89% and now exceeds $50 billion. Two-thirds of that is owed by small businesses[1].

In 2024, the ATO is recommencing the use of external debt collection agencies, beginning with Recoveries Corporation[2].

The ATO is also using budget funding of $82 million to crack down on thousands of businesses with debts over $100,000, or older than 2 years[3].

Robotax – now you see it, now you don't

Robodebt is dead and buried but you may have noticed that the ATO tried a new angle this year. Over 200,000 Australians received a letter from the ATO claiming they owed a very old debt, some for thousands of dollars and some for a few cents[4]. Apparently the ATO had remembered these debts, some of which were more than 15 years old, despite keeping quiet and issuing tax refund cheques for years. The media picked up the story and suddenly the ATO announced that these letters would be "paused" and "on-hold"[5].

Presumably the ATO still intends to collect these ancient debts when they can work out a way to do so without embarrassing the government.

Lodging tax returns

It is important to help some clients accept that lodging tax returns on time is a legal requirement. The ATO simply won't discuss any payment plans or concessions until all tax returns have been lodged. Explore the reason why the tax returns haven't been lodged. Perhaps the client is simply afraid of the ATO.

The ATO can impose a Failure to Lodge (FTL) penalty for late lodgement of tax returns or business documents. Normally they provide a warning first. The ATO then provide a written explanation after imposing the FTL penalty, setting out the reason for the penalty, the amount, and when they want the penalty paid. Once the late tax returns or business documents are lodged you can ask the ATO to remit the FTL penalty if the delay was due to extenuating circumstances.

Clients who have business or investment income and can find the money to pay an accountant or tax agent to get their tax returns prepared should make this a priority.

Clients whose income is below $60,000 and don't have business income or investment income should be eligible for Tax Help, a program run by volunteers from July to October each year. They need to have a myGov account linked to the ATO. They can make an appointment by calling 13 28 61 and selecting option 3, then option 2.

The National Tax Clinic program can assist low income clients with business and investment income. There are 3 Tax Clinics in NSW to choose from, associated with University of New South Wales, University of Newcastle and Western Sydney University.

BAS/GST tax liability

A business that is registered for Goods and Services Tax (GST) is required to charge GST on the goods and services it sells (unless they are GST-free or input-taxed). The business is then required to lodge a Business Activity Statement (BAS) every 3 months and immediately pay the amount owing to the ATO. That amount should be available for immediate payment if the business quarantined one-eleventh of the money it received from customers for goods and services sold.

In addition, the BAS payment may include amounts of Pay As You Go instalments and withholding (i.e. PAYG tax payments for employees of the business) and some other taxes.

Matters

Times

If a business can't lodge or pay its BAS on time, it should contact the ATO and request an extension or payment plan. The ATO is less understanding with clients who can't pay their BAS on time because, in theory, businesses should be setting aside the GST as they collect, so it will be available to make each quarterly BAS payment in full. If a business client can't find the money to make BAS payments on time then the business is likely to be insolvent.

Director Penalty Notices

Directors of companies that fail to make BAS payments to the ATO can be made personally liable for those debts when the ATO issues a Director Penalty Notice (DPN). A company director who receives a DPN has 21 days to respond and reach agreement with the ATO regarding payment of the outstanding amount. If the director fails to make an arrangement, the director becomes personally liable for the unpaid PAYG withholding tax, Superannuation Guarantee Charge (SGC) and/or GST.

Payment Plans

Clients with tax debts less than $10,000 can usually set up a payment plan using the ATO online services or self-help service by phone. See the Payment Plan page on the ATO website. However, these automated services require the debt to be paid in full pretty quickly and there are no concessions.

General Interest Charge

The ATO applies the General Interest Charge (GIC) to unpaid and overdue tax liabilities. The current rate is 11.38% p.a., compounding daily.

The ATO website has an online payment plan estimator that can help clients see how much GIC they will be charged with a payment plan and how long it will take to pay off their tax debt.

The ATO may remit or reduce the GIC if there are extenuating circumstances such as natural disasters, ill health or domestic violence causing serious financial hardship.

Section 260 Garnishees

A section 260 garnishee is the atomic bomb in the ATO's arsenal. This is not the same as the garnishee available to judgement creditors. The law[6] empowers the ATO to require a third party such as the debtor's employer or bank to pay money owed to debtor to the ATO instead.

The ATO may serve a s.260 garnishee notice on the debtor's employer without warning, which typically

requires the employer to remit 30% of the debtor's wages and entitlements to them. If the employer fails to comply with the notice, the employer can be personally liable for the payments that were not made, and could also be the subject to criminal prosecution.

A section 260 garnishee notice has the effect of making the ATO a secured creditor over the present and future wages or monies owed to the debtor. That means that a s.260 garnishee notice will continue to have effect even if the debtor subsequently files for bankruptcy. If the debtor thinks that a s.260 notice may be issued soon, it may be advisable to try to file for bankruptcy as quickly as possible.

The ATO will not issue a garnishee notice against the wages of a debtor who is bankrupt but could issue one against the wages of a debtor who has lodged a Notice of Intention. The ATO should not issue garnishee notices against Centrelink or Department of Veterans' Affairs pensions or benefits or against a bank account in the joint name of the debtor and another person.

The ATO can issue a garnishee notice against lawyers or accountants who hold money in trust for the debtor or against customers who owe money to a business debtor.

The ATO can issue a garnishee notice where tax has not yet become due, the debtor has entered into a repayment arrangement with the ATO or the debtor is negotiating with the ATO.

Client options in response to a s.260 garnishee notice

A debtor whose employer has been served with a s.260 garnishee notice will inevitably be distressed, so you should begin by checking their mental state and pointing out that there are always options to be explored.

Firstly, a submission could be made to the ATO explaining the harm that the s.260 garnishee notice has caused to the client and their dependents. The ATO policy states:

"In considering whether to issue a garnishee notice, the Commissioner will have regard to:

- *the financial position of the tax debtor and the steps taken to make payment in the shortest possible timeframe having regard to the particular circumstances of the tax debtor;*
- *the extent of any other debts owed by the tax debtor;*
- *whether the revenue is placed at risk because of the actions of the tax debtor, such as the tax debtor making payment to other creditors in preference to paying the Commissioner;*
- *the likely implications of issuing a notice on a tax debtor's ability to provide for a family or to maintain the viability of a business"[7].*

A second option may be for the client to file for bankruptcy and then start looking for another job. Throwing in the job and sitting on the beach for a few years may not be a good idea as the bankruptcy trustee may try to make an income and contribution assessment based on the debtor's pre-bankruptcy income.

Departure Prohibition Orders

The ATO can issue a departure prohibition order, which prohibits a tax debtor from leaving Australia. It applies regardless of whether the debtor intends to return to Australia. It can be issued against Australian citizens or citizens of other countries who are liable to pay Australian tax.

Release from tax debt

The ATO can permanently release some or all of a tax debt if the person is in "serious hardship". They take into account the household income, expenditure, assets and liabilities to determine serious hardship and also consider other relevant factors. The budget would need to show that payment of the tax debt would not leave the household with sufficient funds for essentials such as rent, food, clothing, transport, medical treatment and education. They will also want to see an assets and liabilities statement and documentary evidence confirming the person's financial situation. Applications for release from tax debts under $10,000 can initially be made by phone. Larger tax debts require completion of a 6-page Application for Release form (NAT 15080), which can be downloaded from the ATO website.

Bankruptcy

Lodging tax returns before bankruptcy is necessary for the tax debt to be included in the bankruptcy. Clients who have little or no paperwork who are heading for bankruptcy might be able to do their own returns based on whatever records they can find. If they are assessed for a larger tax debt because they failed to claim many deductions, it can be cleared through the bankruptcy process. During bankruptcy the ATO can withhold any tax refund that would normally be paid to the bankrupt if the bankrupt has a tax debt or a debt to another Commonwealth agency such as Child Support or Family Assistance.

The bankruptcy trustee must be informed when a tax assessment is received during bankruptcy and provided with a copy of the ATO Notice of Assessment.

A refund for income earned prior to bankruptcy is an asset and must be paid to the trustee. A refund for income partly earned prior to bankruptcy and partly earned during bankruptcy can be apportioned so that the trustee gets the portion earned prior to the commencement of bankruptcy. However, the trustee may claim more of the tax refund for income earned during bankruptcy if the bankrupt is required to make income contributions.

The remaining provable tax debt is normally extinguished at the end of bankruptcy. However, any new tax liabilities that were created during bankruptcy are not extinguished. The exception is anyone who has a tax debt incurred by fraud who would continue to owe that debt after discharge. This includes any client who participated in a GST fraud scam.

"Tik-Tok" GST fraud

This is the biggest tax revenue fraud in the history of the ATO. The scam has embarrassed the ATO, with 53,000 people falsely claiming $4.6 billion in GST refunds and getting away with about $1.9 billion of government money[8].

The fraud participant may have responded to an advertisement on social media in which the promoter claims that the ATO is giving away free money. The promoter sets up a fake business in the client's name, applies for an ABN and then submits fictitious BAS statements that result in the ATO paying a BAS refund into the client's account. The promoter takes their share of the proceeds and disappears.

The ATO wants anyone who has participated in GST fraud to self-report it by calling **1300 130 017**. They have prosecuted hundreds of people for doing this, mainly promoters, but are unlikely to bother prosecuting all the thousands of gullible but greedy individuals who may have simply gone along with the promoter.

The ATO then wants the person to set up a payment arrangement. Note that the fraud debt cannot be cleared by bankruptcy and a waiver application is sure to be refused. This is a debt that will remain until paid or for the rest of the person's life.

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Round Table with Attorney General Focus on personal insolvency

Gemma Garrash
Bankruptcy team leader: Shaw Gidley

I was going to write about how to protect your client and their partner's assets in this article, however the Attorney General's Department (AG) released a paper in September 2023 advising of the outcomes of round table discussions held with key stakeholders on 2 March 2023. The discussions were designed to address some pressure points and reform possibilities within the current legislation. The focus of the discussions centered around five key issues summarised as follows:

- Increasing the bankruptcy threshold value from $10,000.
- Increasing the period for a debtor to respond to a bankruptcy notice from 21 days.
- Options for a shorter discharge period from bankruptcy for some bankrupts.
- Options for easier annulment for inappropriate bankruptcies.
- Options to identify and scope measures to mitigate harm caused by unlicensed or untrustworthy advisers.

The AG considered the first two points to be priority reforms to progress in the short term. The remaining three issues will be considered at a later stage. Two further proposals that the AG considers will require short-term action are:

- A reduction in the period for which a discharged bankrupt is recorded on the National Personal Insolvency Index (NPII).
- Amending the Bankruptcy Act so that an 'act of bankruptcy' is not taken to have occurred where a debtor submits a debt agreement proposal to the Official Receiver, or where a debt agreement proposal is accepted by creditors.

Increasing the bankruptcy threshold value from $10,000 to $20,000.

During COVID-19 part of the Coronavirus Economic Response Package Omnibus Bill 2020, increased the threshold from $5,000 to $20,000. The temporary measures ended on 31 December 2020.

On 1 January 2021, the threshold was permanently increased to $10,000, reasons being the changing value of money, the increase in levels of personal debt, and to discourage bankruptcy action over small debts.

Whilst it makes sense to increase the threshold in order to keep pace with ever increasing costs of living, and may lead to a lower number of forced bankruptcies, my concern is that a higher threshold will prolong the level of financial distress experienced by small debtors. The threshold increase appears to be one of the cost savings without regard for the impact for the individual unable to pay a debt, regardless of value.

Increasing the period for a debtor to respond to a bankruptcy notice from 21 days to 28 days.

If a debtor is served with a bankruptcy notice, they currently have 21 days to comply. Once again during COVID-19 this timeframe was amended to 6 months, which ended with the other temporary measures.

Should a debtor fail to comply they commit an act of bankruptcy pursuant to section 40(1)(g) of the Bankruptcy Act. The creditor then can present a creditor's petition seeking an order to bankrupt the debtor.

In my opinion, this will allow the timeframes to be in line with other legislative requirements and I don't see any adverse effects of this amendment.

Reducing the permanent record on the National Personal Insolvency Index ("NPII") to seven years.

The NPII is a public record of personal insolvencies in Australia. The report provides information such as name, date of birth, type of administration, petitioning creditor, and status of the administration regarding the individuals subject to Bankruptcy Act proceedings.

Presently an individual's name is listed permanently on the NPII and can only be removed in certain circumstances.

Personally, I see no reason for a permanent NPII and bringing the notification time frame into seven (7) years ties in with the commercial credit reporting bodies time frame when they expunge adverse creditor listing on an individual's record.

Circumstances involving debt agreements which serve as an 'act of bankruptcy'.

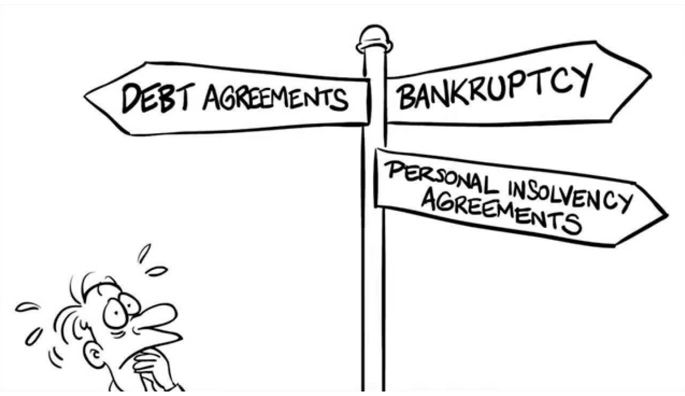
Part IX debt agreements are voluntary and legally binding between debtors and their creditors. These agreements came into effect in 1996 as an alternative to bankruptcy for low debt, asset and income debtors.

Presently section 40(1)(ha)-(hc) states that entering into a debt agreement, having it accepted by creditors or defaulting is considered an act of bankruptcy. The result of which then allows creditors to present a petition against the debtor within six months of the act of bankruptcy.

Debt agreements were introduced to encourage small debtors to repay their debts and avoid bankruptcy. Amending the act so that entering a Part IX is not an act of bankruptcy should provide further encouragement to debtors to consider alternatives to bankruptcy.

In addition to the above five areas of reform that stakeholders identified as priorities for policy development, some other issues that were raised for consideration are:

- Options for legislated mediation prior to sequestration.
- Better education or financial literacy training for bankrupts, small business owners and/or the community generally.
- Difficulties for small businesses who may be engaged in both corporate and personal insolvency proceedings.
- A small business specific insolvency regime.
- Consistent treatment of fines in bankruptcy across all states and territories.
- Examples of poor creditor behaviour and options for industry specific codes of practice.
- Amendments to gambling offences under the Bankruptcy Act.
- Better responses to family violence in the bankruptcy context. For example, where perpetrators of family violence use the bankruptcy system to harass or coerce their partner.
- Amendment to Part IX of the Bankruptcy Act, which covers debt agreements.
- The treatment of capital gains tax in bankruptcy.
- The difficulties faced by bankrupts pursuing complaints against financial services providers.



If you have any questions in relation to these potential reforms, please contact Gemma Garrash by telephone on (02) 4908 4444 or by email at ggarrash@shawgidley.com.au.

And don't forget as NSW Financial Counsellors, you have access to James, Scott or Paul, who are Shaw Gidley's registered trustees and are happy to answer questions, or act as a sounding board in regard to bankruptcy related client and educational matters, in confidence and without charge.

Shaw Gidley have been assisting FCAN in this regard for nearly a decade now.

Around the Traps

Sydney, North Shore

We provide financial counselling to Sydney's affluent northern beaches and lower north shore.

The perception is of people with high lifestyle expectations like big houses, expensive cars, overseas travel and children at expensive schools. But with that may come big mortgages, high rents, and significant outgoings. There are also people in the area who depend on Centrelink and find it hard to manage on low incomes.

We also service the Ryde area with its high population of migrants from non-English speaking backgrounds who may be struggling to live the Australian dream.

Like so many (all??) financial counselling services, we see clients with mental illness, those who experience family violence, people with addictions, and people who carry debts into the later stages of their lives when they are no longer working.

What we have seen with cost-of-living pressures increasing?

We provide tips on budgeting, check energy bills to check clients are getting rebates and refer for Emergency Relief and EAPA etc.

Our experience with clients faced with increased mortgage repayments (particularly where fixed interest loan periods end, and they go to variable rates) is banks provide temporary assistance relatively easily.

It is proving tougher to get extensions or arrears capitalised, as it looks like higher interest rates are here to stay and clients have run out of discretionary expenses to cut. Fortunately, so far clients are retaining their jobs, and we haven't seen repossessions just yet.

With rent increases it is hard to negotiate for lower, or phased, increases. Obviously, the owners are faced with higher borrowing costs and rent increases put in place have been well above inflation. Clients are faced with losing the roof over their head. We have seen clients taken to tribunals and evicted and the services in our area that assist those at risk of homelessness are overwhelmed.

Martin Derby

CatholicCare Diocese of Broken Bay

Profile

Susan Cheetham

Tell me a little about your background

I started my career as a town planner, working in state government, regional and (mostly) local government roles. This led to management in local government. I have also been a member of the Victorian Mental Health Review Board. In more recent years I worked as a School Chaplain before becoming a Financial Counsellor. My qualifications include mediation, and this is something that comes in very handy in my day to day work. I started as a Financial Counsellor with Anglicare nine years ago. Nowadays I am employed as part of the Salvation Army Moneycare team and work on Yuin country on the south coast of NSW.

What drew you into Financial Counselling?

I never planned on becoming a Financial Counsellor. Well, that was until I met Sandra Blake (from Victoria). Sandra impressed me with her calm capability and passion for empowering clients. When I saw an opportunity to work in the profession, I jumped. For me, Financial Counselling draws together my experiences in working in a legislative framework, in managing budgets, in pastoral care, and working in mental health. I love seeing community members increase in self confidence as they gain control of their finances.

What are some of the specific challenges you face in your role?

I am constantly challenged though don't consider my challenges unique. My challenges also change from month to month. At present I am working with community members trying to sell their homes and this taking time due to the impact of interest rate increases. I see more community members struggling with high rents and few housing options. I am concerned at the impact of rising energy costs along with other increases in living expenses leading to all round unaffordability. I think more of our community will more often have to make hard decisions about priorities and what they can reduce spending on, including what basic expenses can be reduced.

I am grateful for the COVID-inspired increase in online options. That certainly assisted with CPD. The downside of the shift to online is that every now and then I work with a community member who has no online capacity and is housebound. In this situation getting an authority signed takes some time (this is a rural and regional service so assume significant physical distance and occasionally up to 10 day postal delivery times). This is more of a challenge as creditor expectation has been raised and faster turnarounds seem to be expected.

If you could pass one law in Australia, what would it be?

Climate change most impacts those who can least afford adaptation. My one law would not address this through legislation, but rather through a program and a significant budget allocation. Maybe this would be to facilitate more small scale community power schemes. Maybe to fund and promote research into small scale desalination schemes or fund provision of water to locations in Australia who do not have potable water.

What are your interests outside financial counselling?

Church activities and time with family. Then there is gardening. I have lived in my current home for several years and am still building retaining walls, paving and planting. I have a dog – so daily exercise is a must. I currently sing with a community choir, and that is both a fun and a community building activity.

What are you currently reading and listening to?

I tend to utilise Audible and BorrowBox (from my local library) more often than sitting and reading. My current choices range from theological and philosophical to positive psychology, and novels for escapism.

Favourite meal; where would you like to be eating it?

I used to have favourite meals but that has changed over time — too many delicious choices to choose just one meal. These days I am happiest when eating a meal that includes very fresh (straight from the garden) vegetables. Preferably I will be eating with family and friends.

The Financial Counsellors' Association of NSW (FCAN) is a not for profit, charitable institution that supports Financial Counsellors in NSW and advocates for consumers in financial hardship.

The role of FCAN is to ensure that:

- Financial Counsellors in NSW are supported to comply with best practice
- The Financial Counselling sector has secure, stable and sustainable funding
- Financial Counselling has a high profile
- Vulnerable consumers have an effective voice
- The Association is a strong, adaptive organisation that is valued by members, government and other stakeholders.

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