FCVic Financial Counselling Victoria Inc.

Growing Financial Counselling in Victoria: the Next 10 Years

VOLUME TWO

The Economic and Social Impact of Financial Counselling in Victoria

Funding Support

Financial Counselling Victoria's (FCVic) Workforce Development Project was supported by the Victorian Government. FCVic acknowledges the support of Consumer Affairs Victoria in making this project possible.

Disclaimer

This report does not represent the attitudes or opinions of third parties. The information in this report is for general guidance only. FCVic has made every effort to provide accurate information in this report but does not warrant or make any guarantees about the accuracy, currency or completeness of the report information.

Published by:

Financial Counselling Victoria Inc.
PO Box 13072,
Law Courts VIC 8010

The report was published October 2025.

Contact FCVic regarding this publication via projects@fcvic.org.au

Statement of Recognition

FCVic acknowledges the Traditional Owners of the lands on which our organisation is based. We pay our respects to their Elders, past and present, and to the Elders of other Aboriginal and Torres Strait Islander communities throughout Victoria and Australia.

Volumes

Volume 1

Executive Summary

Introduction

- Overview of the *Victorian Workforce Strategy*
- Key findings from *The Economic and Social Impact of Financial Counselling in Victoria*
- Key findings from *Caseload Guidelines for Victoria's Financial Counsellors*

Victorian Workforce Strategy by the Workforce Innovation and Development Institute, RMIT University

Volume 2

The Economic and Social Impact of Financial Counselling in Victoria report by Impact Economics and Policy

Volume 3

Caseload Guidelines for Victoria's Financial Counsellors by Bartley Consulting in association with Joseph Joyce

Volume 4

Research and Evidence Review by the Workforce Innovation and Development Institute, RMIT University

Student Placement Scoping Exercise by Financial Counselling Victoria

Acknowledgments

Financial Counselling Victoria (FCVic) would like to thank Victorian financial counsellors, agency managers and all members of FCVic for their contributions to our Workforce Development Project.

FCVic extends our thanks to the following members of the Steering Committee for the Workforce Development Project:

- Meg Brodie and Georgia Robenstone from Victorian Council of Social Service (VCOSS)
- Sarah Davidson and Joseph Walker from Consumer Affairs Victoria (CAV)
- Bronwyn Davis from Women's Legal Service Victoria
- Cathy McKenzie from Holstep Health (formerly Banyule Community Health Service)
- Rob Roles from Uniting Vic-Tas
- Katia Sanderson and Claire Tacon from Consumer Action Law Centre
- Gillian Wilks from Social Security Rights Victoria (representing the Federation of Community Legal Centres)

FCVic acknowledges the work of three consultancy groups who developed reports for this project:

- Jean Cameron, Casey Hill, Kerry Lyons and Dr Carly Millar from the Workforce Innovation and Development Institute, RMIT University (WIDI) for their development of the *Victorian Workforce Strategy* and the *Research and Evidence Review*
- Helen Bartley from Bartley Consulting Pty Ltd along with Joseph Joyce for their development of the *Caseload Guidelines for Victoria's Financial Counsellors*
- Brad Ruting, Nathan Blane and Andrew Craston from Impact Economics and Policy for their report *The Economic and Social Impact of Financial Counselling in Victoria*

FCVic staff on the project include: Zyl Hovenga-Wauchope, James Degenhardt, Georgina Molloy, Annette Devereaux, Amanda Chan, Julie Barrow, Kellie Davis, Melina Stewart, Shweta Pathak, Susan Boag, Tanja Haeusler and Geoff Browne.

FCVic acknowledges the collaboration with Financial Counselling Australia, and their consultant Nicole Rees from Policy Fox, to align workforce survey data from FCVic members within their national workforce project.

Contents

8 Overview

11 Introduction

15 Institutional and funding arrangements

22 Who is using financial counselling?

32 The economic and social impacts of financial counselling

36 Debt and bankruptcy

41 Access to government benefits and other payments

48 Health

56 Workforce productivity

60 Housing

65 Family violence

74 Family relationships

76 Gambling harm

78 Disaster recovery

81 Small business

85 Other economic benefits

86 Summary of results

94 Appendix A: Conceptual and measurement challenges

98 Appendix B: Agency survey

112 Appendix C: Financial counselling case file data

132 References

The Economic and Social Impact of Financial Counselling in Victoria

A report prepared by Impact Economics and Policy for Financial Counselling Victoria

Authors

Brad Ruting | Senior Manager, Impact Economics and Policy

Nathan Blane | Manager, Impact Economics and Policy

Contributor

Andrew Craston | Director Modelling, Impact Economics and Policy

About this report

FCVic commissioned Impact Economics and Policy to conduct a social return on investment analysis of the financial counselling sector in Victoria, including estimation of the economic benefits delivered by the sector.

This report was delivered to FCVic in April 2025.

The authors of this report are Impact Economics and Policy, and all statements referring to “we” or “our” in this report are referring to Impact Economics and Policy, and not FCVic.

This report is an input to FCVic’s Workforce Development Project and 10-year Victorian Workforce Strategy.

FCVic and Impact Economics and Policy would like to thank the financial counselling agencies and their staff who contributed to this work by sharing insights and data, and for participating in the survey and case file data collection exercise.

Overview

The financial counselling sector makes a considerable difference to tens of thousands of Victorians' lives every year. In 2023-24, financial counsellors helped an estimated 29,000 clients of conventional services and 17,000 users of the National Debt Helpline service with a wide range of issues, from problem debt to housing crisis to economic abuse. A combined workforce of 297 staff (237 full-time equivalent) delivered a range of generalist and specialist financial counselling services across the state.

Impact Economics and Policy estimates that each dollar spent on delivering financial counselling services in Victoria delivers a social return on investment (SROI) between $3.70 and $5.30.

This is based on our calculations that the sector spent $33.5 million delivering financial counselling services in 2023-24, of which Victorian Government funding covered roughly 70 per cent. The economic and social benefits are much harder to estimate. Using plausible but conservative assumptions, we estimate the benefits could be in the range of $126 million to $179 million each year (see Table 1).

These estimates cover all clients and funding programs except for the National Debt Helpline and Small Business Debt Helpline services, the impacts of which were not able to be quantified.

The economic benefits of financial counselling include avoided administrative and transaction costs, reduced costs of providing government services, greater workplace productivity and improved health and wellbeing. The estimates do not include proximate impacts of financial counselling, such as the value of government payments or debt reductions, which are economic transfers and not always economic benefits in their own right.

Table 1: Quantifiable economic and social benefits of financial counselling

Benefit		Indicative value ($m)	
		Lower	Upper
	Debt. Reduced costs of bankruptcy and debt collection	$34	$42
	Financial resilience. Improved life satisfaction because people are able to better manage their money and expenses	$8	$16
	Health. Improved mental health and wellbeing	$15	$25
	Workforce. Greater workforce participation and productivity, driven by improved mental health	$18	$29
	Housing. Avoided costs of housing eviction/ repossession	$21	$28
	Family violence. Lower exposure to the harms of family violence	$30	$39
	TOTAL	$126 million	$179 million

Sub-group analysis reveals significant benefits for three key client groups (see Table 2). Each of these groups makes up a material proportion of clients. It was not possible to estimate benefits for other client groups or on the basis of funding programs due to limited sample sizes in the available data.

Table 2: Sub-group analysis

Client group	Share of clients	Benefits ($m)		Costs ($m)	SROI	
		Lower	Upper		Lower	Upper
Clients affected by family violence	34%	$67	$93	$11.4	5.9	8.1
Small business owners	15%	$27	$38	$5.2	5.3	7.4
Clients with disability	23%	$32	$45	$7.6	4.2	5.9

To estimate the benefits, we drew on the international literature along with a survey of 22 financial counselling agencies and data on a sample of 247 client case files. The estimates are conservative and do not include benefits that could not be quantified, including the value of improved family relationships, reduced gambling harm and reduced disruption following natural disasters.

Introduction

Financial counselling is an essential community service that offers a critical lifeline to individuals and families facing financial hardship. Financial counsellors are qualified professionals based in not-for-profit community organisations who provide free, independent and confidential advice to people in financial difficulty.

Financial counselling emerged in Australia in the second half of the 20th century as a response to growing consumer debt problems, and has since professionalised into a vital component of the social support system.[1] It is distinct from for-profit and fee-charging services such as financial advice (which assists people with investable assets) and commercial debt services (which help people manage their debts for a fee).

Financial counsellors:

- help clients navigate a wide range of issues, including budgeting, accessing grants and payments, and negotiating with creditors (including banks, utilities, landlords and debt collectors);
- connect people with other supports they need, such as legal assistance through a community legal centre, housing supports, and mental health and family violence services; and
- are powerful advocates for change, with the sector actively shaping systems and policies to reduce harms to vulnerable consumers.

1 Financial Counselling Victoria (2020a).

In this report, Impact Economics and Policy estimates the social and economic benefits that Victoria's financial counselling sector is delivering to individual clients and to society (and government) more broadly. Drawing on a bespoke survey of 22 financial counselling agencies and data on 247 individual client case files (see Box 1), we have estimated the social return on investment for financial counselling in Victoria—that is, the value of benefits relative to the cost of providing services.

This report also draws on evidence and insights from the international literature on the social and economic impacts of financial counselling services (including comparable services in other countries, such as debt advice in the United Kingdom). Previous studies have put the social return on investment in financial counselling at anywhere between $1.20 and $39 in benefits per dollar spent on service provision—although methodologies vary widely.[2]

2 Evans and McAteer (2011) (lower estimate) and Carrick et al (2017) (higher estimate).

Box 1: Data collected for this research

Two questionnaires were administered in February and March 2025 to collect data from financial counselling agencies.

Survey of financial counselling agencies

All financial counselling agencies with representatives in Financial Counselling Victoria's agency managers' network were invited to participate in a survey about their operations in financial year 2023-24. This survey collected data on agencies' total costs of delivering financial counselling, information about other services they deliver, and information about client numbers, presenting issues and outcomes. The full methodology and results are in Appendix B.

A total of 22 agencies responded to the survey, out of an estimated 54 agencies operating across the State (a 41 per cent response rate). This includes Consumer Action Law Centre (a provider of the National Debt Helpline service in Victoria), results for which are treated differently in this report given differences in the operating model of this agency (see Appendix B for more details).

The 21 remaining agencies provided financial counselling to a total of 14,533 clients in 2023-24. Collectively, they employed 111 full-time equivalent (FTE) financial counsellors, which is 47 per cent of the estimated 237 FTE financial counsellors in Victoria, or 51 per cent of the estimated 219 FTE financial counsellors working outside of the National Debt Helpline and Small Business Debt Helpline services.[3]

However, the use of different data recording systems across agencies (reflecting the disparate reporting requirements of funders) and limitations in how data is collected and stored, not all agencies were able to extract data for all parts of the survey. For example, only 17 agencies could provide detailed cost data, 14 to 17 could provide data on client numbers and/or characteristics, and 10 could provide data on client outcomes.

3 FTE estimates based on Financial Counselling Victoria's extract of membership data as at 10 December 2024.

Box 1 (continued)

Case file data collection

Selected financial counselling agencies were invited to participate in a data collection activity where their financial counsellors were asked to complete a questionnaire for each client case that was closed over the six-week period from 10 February to 21 March 2025. The full methodology and results are in Appendix C.

Individual counsellors from 9 agencies participated in this activity, with data for 247 client cases recorded. Data was collected on client demographics, presenting issues and likely outcomes of financial counselling. The clients covered in the data do not include users of the National Debt Helpline or Small Business Debt Helpline services.

Agencies were asked to indicate which outcomes the client achieved (or was likely to achieve) from a list of outcomes relating to debt and finances, relationships, financial stress and literacy, housing and work, and mental and physical wellbeing. Agencies were specifically asked to consider the outcomes attributable to financial counselling and not caused by other factors (such as other services the client was receiving or outcomes that would have occurred anyway).

Data was also collected on the extent of financial impacts (e.g. value of debt waived), the likely extent of change in non-financial impacts (e.g. deteriorated, no change, small/modest/significant improvement) and the extent to which each non-financial outcome can be attributed to the impacts of financial counselling.

Institutional and funding arrangements

Financial counselling in Victoria is delivered overwhelmingly by non-profit community organisations, some of which also deliver other social services. Funding is provided through a range of Victorian and Commonwealth Government funding programs. Some agencies also receive funding from non-government sources, such as philanthropy and donations.

Currently, there are an estimated 297 qualified financial counsellors active throughout the state. Collectively they deliver 1,200 days of work each, the equivalent of 237 full-time staff.[4]

Types of financial counselling services

Many agencies offer generalist financial counselling services and receive funding through the Victorian Government's Financial Counselling Program (managed by Consumer Affairs Victoria) and the Commonwealth Government Department of Social Services' Financial Capability and Wellbeing Program.

Some clients enter the financial counselling sector via the National Debt Helpline, a nationwide free and confidential phone and online chat service. This service provides on-the-spot advice and support to clients facing financial challenges, with some being referred for more intensive support through an appointment with a financial counsellor in their local area. An estimated 17,000 people used the helpline's call and chat services in Victoria in 2023-24,[5] assisted by about 15 FTE financial counsellors.[6]

A similar nationwide service is also available to small business owners through the Small Business Debt Helpline service. This service is operated by Financial Counselling Australia and employs 3 FTE financial counsellors in Victoria.[7]

4 Estimate based on Financial Counselling Victoria's extract of membership data as at 10 December 2024.

5 Scaled-up estimate based on 12,786 users reported by Consumer Action Law Centre, which is funded to answer about three-quarters of calls.

6 Estimate based on Financial Counselling Victoria's extract of membership data as at 10 December 2024.

7 Estimate based on Financial Counselling Victoria's extract of membership data as at 10 December 2024.

A range of specialist agencies and programs deliver other forms of financial counselling. In 2023-24, there were five Victorian Government funded programs providing financial counselling services to specific client cohorts (see Table 3):

1. Family violence financial counselling provides specialised support to victim-survivors of family violence, including to help them navigate economic abuse, better manage their finances and leave abusive relationships.

2. Gambling-related financial counselling offers specialised assistance to individuals affected by problem gambling as well as their families. Often, this includes working with clients to budget for household essentials, get debts under control and helping them to access other supports (e.g. therapeutic counselling).

3. Disaster recovery financial counselling supports individuals, small business owners and communities in regions affected by bushfires, floods, droughts and other natural disasters. These financial counsellors provide vital support by helping clients access relief payments, secure insurance payouts, manage housing and tenancy issues, and plan for financial recovery.

4. Small business programs provide financial counselling to small business owners facing financial hardship. Financial counsellors provide advice on planning and budgeting, debt management, and strategies to enhance financial resilience. This includes helping clients to manage both personal and business debts.

5. Court-based financial counselling services provide support to clients caught up in the legal system, especially those who are facing bankruptcy.

Table 3: Victorian Government financial counselling programs

Focus	Program name
General	Financial Counselling Program (Consumer Affairs Victoria)
Family violence	Family Violence Financial Counselling (Consumer Affairs Victoria)
Gambling harm	Gambler's Help Financial Counselling (Victorian Department of Health)
Disaster recovery	Flood Recovery Response Program (Consumer Affairs Victoria)
Small business	Partners in Wellbeing (Small Business Financial Counselling) (Victorian Department of Health and Department of Jobs, Skills, Industries and Regions)
Court based	Financial Counselling Services (Court Services Victoria)

Financial counselling agencies are spread across Victoria, and many agencies operate in multiple parts of the state. According to responses to our agency survey, 57 per cent of agencies operate in Melbourne, while significant coverage is also evident in regions such as Loddon Campaspe Mallee (48 per cent) and Great South Coast Barwon (43 per cent).

All participating agencies offer additional services alongside financial counselling to address the varied and complex needs of their clients. For example, 76 per cent of agencies provide family and relationship supports, and 48 per cent offer housing and homelessness support.

Costs of delivering financial counselling

Impact Economics and Policy estimates that the total cost of delivering financial counselling in Victoria was about $33.5 million in 2023-24. This includes the cost of salaries as well as overheads such as management and office costs.

This estimate is based on our survey of financial counselling agencies, in which the 21 participating agencies reported annual costs of $15.3 million to deliver financial counselling services. The figure covers all financial counselling services in the state except for the National Debt Helpline and Small Business Debt Helpline services. It does not include other services delivered by agencies (such as legal assistance or mental health services) and does not include financial counselling the agencies deliver outside of Victoria.

The participating agencies employed a total of 100 FTE staff. This means average costs are $153,000 per FTE. Scaled up to the 219 FTE financial counsellors operating across Victoria outside of the helpline services (representing 92 per cent of all FTE financial counsellors), this means the sector's costs are about $33.5 million.

Most of the sector's funding comes from the Victorian Government (which accounted for about 70 per cent of costs for agencies that participated in our survey). In 2023-24, funding for the three largest Victorian Government programs (for which data is available) totalled about $24 million:

- The Generalist Financial Counselling Services program, administered by Consumer Affairs Victoria, provided $16.7 million in funding and assisted over 19,000 Victorians.[8] This included $1.5 million in funding for the National Debt Helpline (which also received Commonwealth Government funding).
- Family Violence Financial Counselling, also administered by Consumer Affairs Victoria, provided an estimated $3.9 million, supporting over 4,100 clients.[9]
- Gambling Harm Financial Counselling, funded by the Victorian Department of Health, provided an estimated $3.8 million, serving approximately 1,600 clients.[10]

The remainder of the sector's costs are covered by other sources, including the smaller Victorian Government programs as well as funding from the Commonwealth Government and philanthropic sources. Granular cost data is not available for these other programs and sources.

8 Consumer Affairs Victoria (2024).

9 Consumer Affairs Victoria (2024) provides the number of clients. This number has been multiplied by the average cost per client ($927) derived from our survey findings.

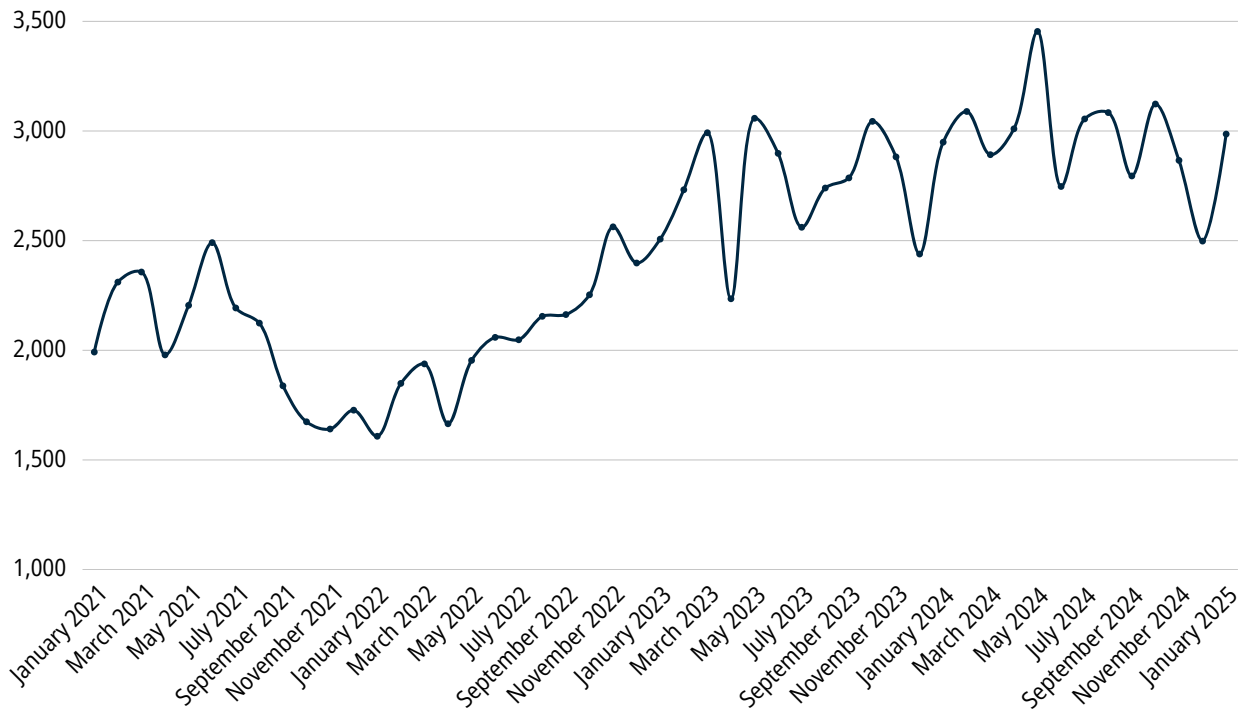
10 Victorian Responsible Gambling Foundation (2023) provides the number of clients. This number has been multiplied by the average cost per client ($2,444) derived from our survey findings.

Challenges facing the sector

Current service capacity falls short of demand, with agencies reporting long wait times for appointments statewide.[11]

For example, between 2021 and 2024, enquiries to the National Debt Helpline increased dramatically Victoria-wide, illustrating the growing service gap (Chart 1).[12]

Chart 1: Number of calls to the National Debt Helpline in Victoria (three-month moving average)



The same period has seen a sharp rise in demand for financial counselling services, driven by mounting economic pressures on households. Rapidly increasing living costs, stagnant wages, housing affordability challenges, and successive interest rate hikes have been pushing more people into financial stress.[13]

11 Financial Counselling Victoria (2024a).

12 National Debt Helpline (2025).

13 Parliament of Australia (2024).

The demographic profile of people seeking assistance from financial counsellors has broadened. Traditionally, financial counselling clients tended to be on low incomes or receiving Centrelink benefits, often experiencing acute crises like unemployment, illness or family breakdown. While those groups continue to seek help, an additional cohort of middle-income earners has emerged in the client mix. Financial counsellors are now seeing "more and more middle-class clients who, for the first time, simply can't afford to pay their bills".[14]

The complexity of issues that clients bring has also been increasing. Financial counsellors are finding that more clients' circumstances involve multiple, interlocking problems.[15] Agencies have also seen alarming increases in clients who are either homeless or at imminent risk of homelessness, highlighting the intersection between housing insecurity and financial crisis.[16]

However, funding levels have not kept up with demand. In Victoria, the main Financial Counselling Program saw no real growth for about six years to 2024, even though the state's population and need for services grew by around 15 per cent.[17]

The financial counselling workforce faces several other sustainability challenges. Short-term funding contracts (some just 12 months) create job insecurity, while an ageing workforce sees 3-5 per cent of accredited members retiring annually.[18] A 2019 Financial Counselling Victoria survey documented "unsustainable workloads and mounting pressures" among financial counsellors, who regularly engage with clients facing traumatic situations involving family violence, suicide risk, and homelessness.[19]

Rural and regional areas face added difficulties, with limited numbers of financial counsellors covering large territories. These practitioners spend significant time traveling, while outreach work for disaster-affected or remote communities proves especially demanding.[20]

14 Social Security Rights Victoria (2023).

15 Department of Social Services (2019).

16 Financial Counselling Victoria, Submission to the Consumer Affairs Victoria Financial Counselling Services Review (2024).

17 Financial Counselling Victoria (2024a).

18 Financial Counselling Victoria (2024b).

19 Financial Counselling Victoria (2020b).

20 Financial Counselling Victoria (2024a).

Who is using financial counselling?

This section draws on data from the survey of financial counselling agencies (see Appendix B) and the sample of 247 client case files that were closed in February and March 2025 (see Appendix C).

The 21 agencies that participated in the agency survey employed 111 FTE financial counsellors and helped 14,533 clients in 2023-24. Scaling up to a sector-wide level (based on 219 FTE financial counsellors across Victoria) implies that 28,673 clients were assisted statewide. These figures do not include users of the National Debt Helpline or Small Business Debt Helpline, which offers a distinct form of service (see Box 2). These helpline services have been excluded from the findings in the rest of this section.

Box 2: The National Debt Helpline and Small Business Debt Helpline

The National Debt Helpline provides high-volume financial counselling support through phone and online chat. It is primarily funded by the Victorian Government, with supplementary Commonwealth funding, and operates with about 15 full-time equivalent financial counsellors. About three-quarters of users are supported through Consumer Action Law Centre (CALC) and the remainder through Better Place Australia (noting that from 1 July 2025, Better Place Australia will no longer be funded to provide National Debt Helpline services in Victoria, and all users in Victoria will be supported by CALC).

The service focuses on information, advice and referrals. Many users are helped to understand their rights and options, and are advised on how they can self-help or how they can access relevant services. Some users are referred for a longer telephone financial counselling appointment, or to a specialist financial counselling agency, if appropriate.

Box 2 (continued)

In 2023-24, CALC supported 12,786 Victorians through the National Debt Helpline service, with 6,556 assisted by phone and 6,230 via web chat. The most common issues included utility debts, housing arrears, household bills and credit card debt (for further detail, see Appendix B).

CALC's surveys of helpline users indicate significant improvements in users' confidence and understanding of financial issues. For example:

- 89 per cent of users said they understood their rights somewhat or extremely well, compared to only 41 per cent before calling the helpline.
- 85 per cent of users said they felt somewhat or extremely confident about taking action now, compared to only 29 per cent before calling the helpline.[21]

The high volume of users of the National Debt Helpline and the nature of the service makes it difficult to track outcomes—for example, in many cases the call operator will not know if the client acted on the advice they were given or what the outcome was. For these reasons, National Debt Helpline users are not covered in the case file data used in this report.

The Small Business Debt Helpline offers a phone and web chat service to help small business owners and sole traders in financial difficulty. It is a national service, operated by Financial Counselling Australia, with 3 FTE financial counsellors servicing Victoria. These financial counsellors assist users to navigate issues such as insolvency and bankruptcy, lease and rent arrangements, loan repayments and disaster relief.

In 2024, the Small Business Debt Helpline handled 5,135 cases, up 66 per cent from the previous year. Data on the number of Victorian users is not available.

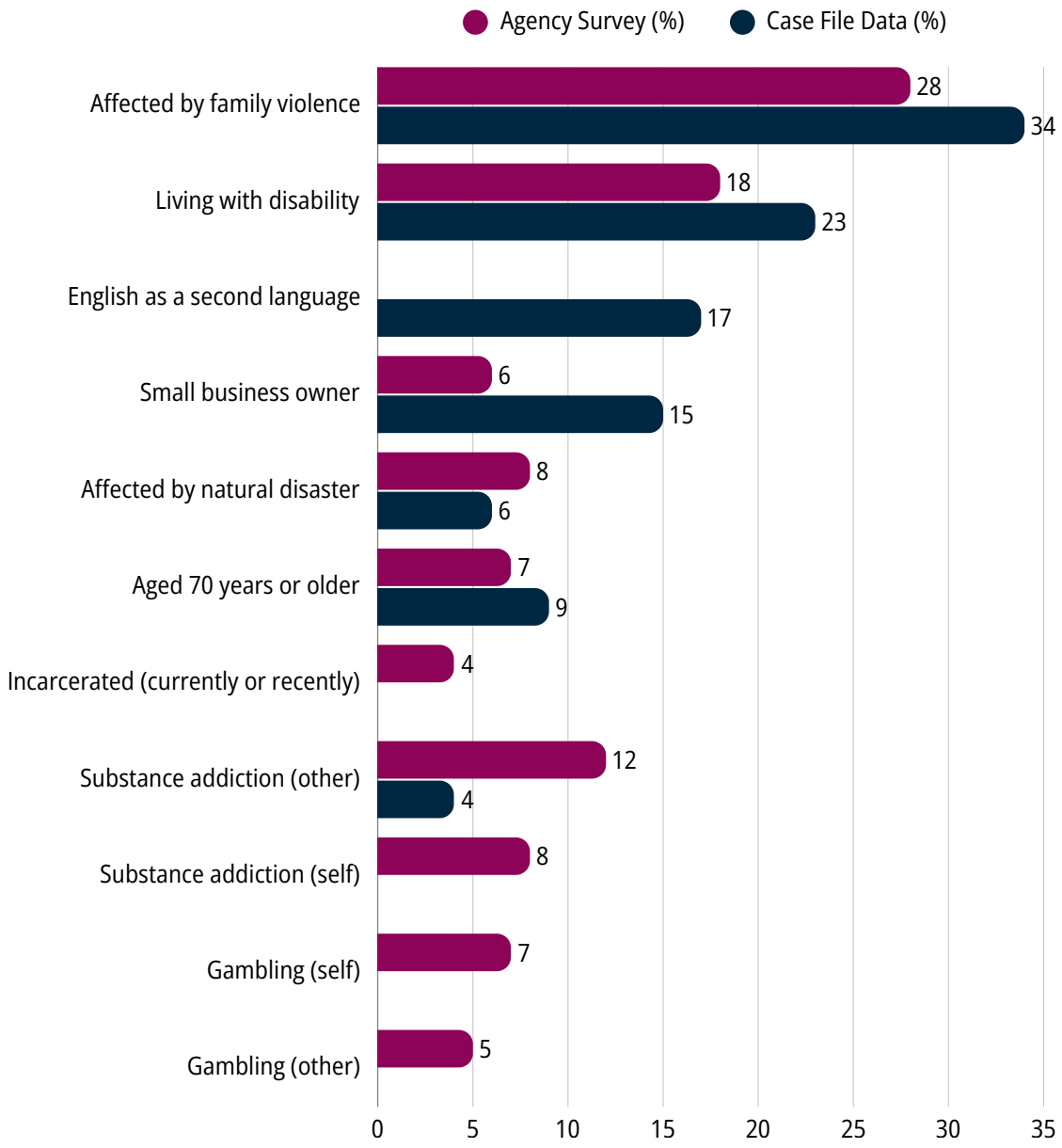
21 Consumer Action Law Centre (2024).

There are some differences in client demographics and presenting issues across the agency survey and case file data. The analysis in this section primarily relies on the sample of client case files because it was not subject to the limitations faced in the agency survey, where several agencies did not have reporting available on certain measures. Appendix C explains where there are statistically significant differences between the results of agency survey and the case file data.

The case file sample confirms that financial counselling services are reaching a wide range of clients with complex needs (see Chart 2). High rates of family violence were reported, with 34 per cent of clients in the case file data (and 28 per cent in the agency survey) recorded as being victim-survivors of family violence. In the case file data, a substantial proportion of clients were recorded as living with disability (23 per cent), speaking English as a second language (17 per cent), or small business owners (15 per cent). Other client cohorts included those currently or recently incarcerated (9 per cent), affected by natural disaster (6 per cent), aged 70 years or older (6 per cent) and First Nations clients (4 per cent).

While issues related to gambling and substance addiction featured more prominently in the agency survey data (with affecting about 12 and 21 per cent of clients respectively), these were not reported in the case file data. This difference likely reflects variation in the way data is recorded or collected across services, rather than differences in actual prevalence.

Chart 2: Share of client demographics and experiences



Presenting issues

Clients present to financial counselling services with a wide range of financial issues (see Chart 3). The most frequent presenting issues in the case file data were utility debts (38 per cent), household debts (26 per cent), third-tier lender issues (25 per cent) and personal loans (24 per cent). A further 21 per cent of clients reported difficulty meeting mortgage repayments, while 16 per cent had tax debt, and 14 per cent were experiencing issues with credit card debt. Other notable issues included car loans or leases (13 per cent), unpaid fines (12 per cent), and economic abuse (10 per cent). Only around 8 per cent of clients presented with small business debts, lower than the proportion of small business owners in the sample (15 per cent; see Chart 2, pp. 25).

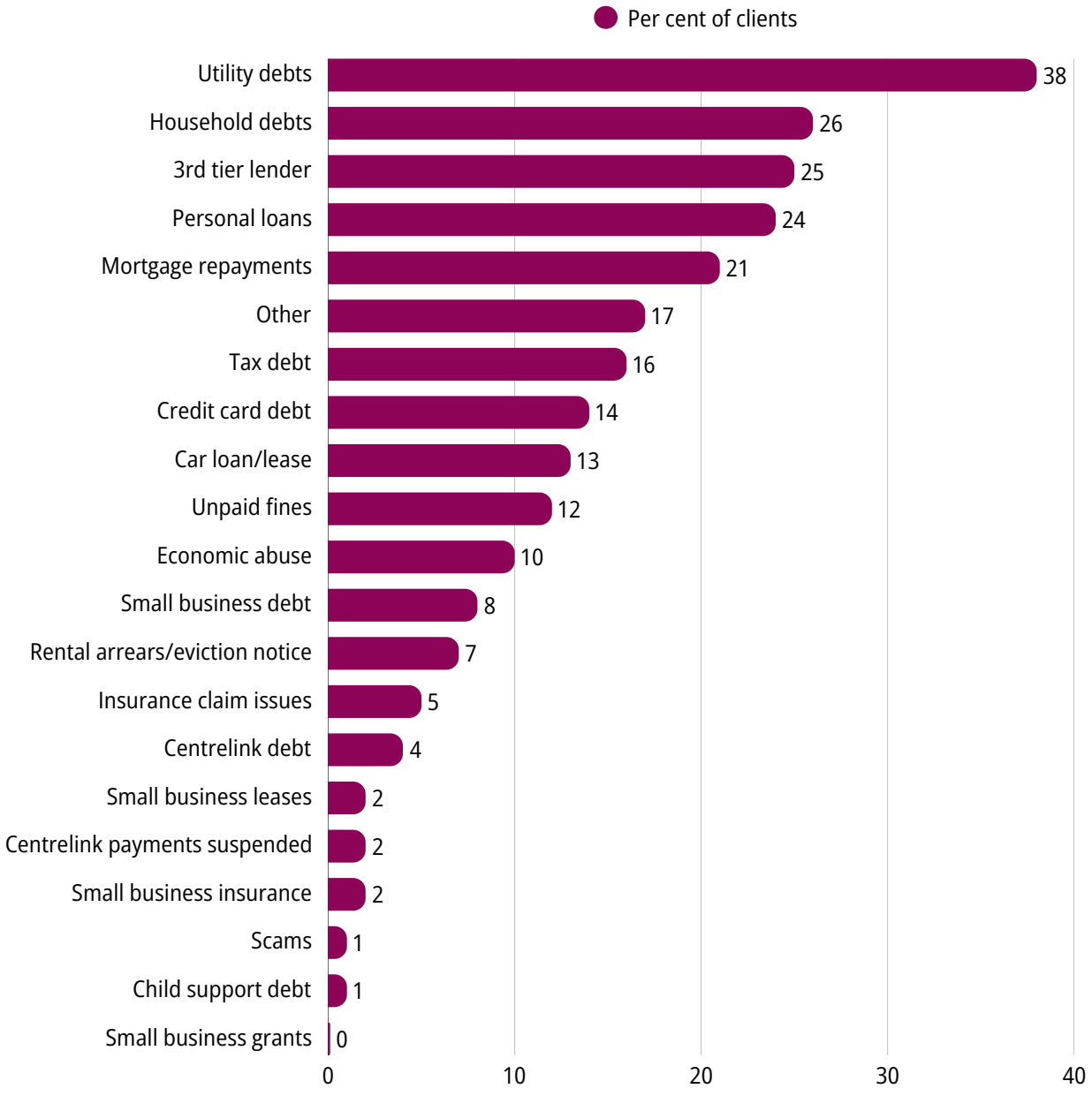
Two-thirds of clients (67 per cent) presented with multiple issues: 26 per cent with two issues, 21 per cent with three issues, 11 per cent with four issues and 9 per cent with five or more issues. This highlights the complexity of many financial counselling cases.

On average, each case in the case file data took 24.1 hours of staff time (including both face-to-face time with clients and follow-up work).[22] The median case took just 15 hours, and most (88 per cent) cases were completed in 50 hours or less.

In addition, over two-third of clients (69 per cent) were recorded as also receiving support from another service. Appendix C provides detail on the types of services used by clients.

22 Excluding a small number of cases with implausibly high values recorded. See Appendix C.

Chart 3: Share of clients with listed presenting issues, case file data



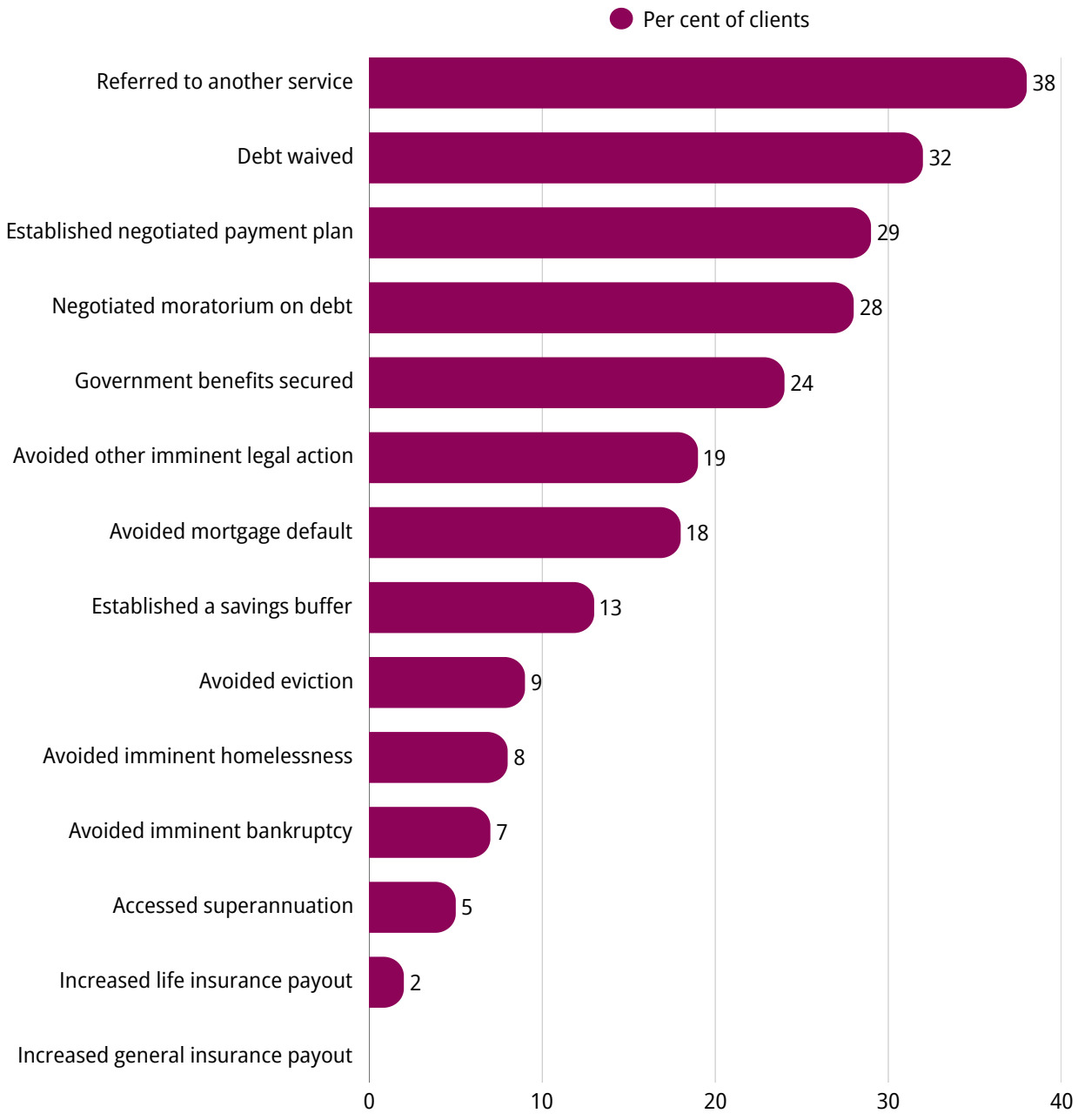
Client outcomes

Data on a range of client outcomes was collected through the client case file exercise. For debt and resources related outcomes, financial counsellors were asked to indicate which of the outcomes was secured by the client as a result of financial counselling—that is, they were asked to disregard outcomes that would have occurred anyway without financial counselling, or that were due to other services and supports the client was receiving. This method was intended to isolate the impact of financial counselling from other factors in clients' lives.

The results are summarised in Chart 4. The most common outcome was referral to another service (38 per cent) followed by securing a debt waiver (32 per cent), negotiating a payment plan (29 per cent) or negotiating a moratorium on debt (28 per cent). The least common outcomes involved accessing superannuation (5 per cent) and insurance payments (2 per cent or less).

Although almost no clients in the case file data were recorded with an increased general insurance payout, this likely reflects the seasonality of disaster events and the timing of when the case file were collected. For example, home insurance claims and resulting payouts can take at least three months—and up to three years—to resolve. When the case file data were collected in February and March 2025, any insurance claims relating to the January 2025 bushfires would have likely just commenced, and insurance claims relating to disaster events such as the 2022 floods were likely to have already been resolved.

Chart 4: Debt and resources outcomes



Financial counsellors were also asked about various health and wellbeing outcomes. For each outcome, they were asked to indicate the extent to which outcome had changed (deteriorated, no change, small improvement, moderate improvement or significant improvement). They were then asked to indicate the approximate percentage to which the outcome was attributable to financial counselling, rather than other factors (on a scale of 0, 20, 40, 60, 80 or 100 per cent).

The results are summarised in Chart 5. Very few clients were recorded with a 'deteriorated' rating, and so the chart only shows the percentage of clients with an improvement (small, moderate or significant). It also shows the 'effective' percentage of clients with an improvement due to financial counselling. This is calculated by constructing a weighted sum where each observation is multiplied by the recorded percentage attribution (for example, if a client is recorded with an improvement and the estimated attribution to financial counselling is 60 per cent, then the client is counted as 0.6 for the purposes of the sum). This provides an equivalent measure of the impact that is entirely attributable to financial counselling.

Chart 5: Wellbeing outcomes

Many of the outcome measures are drawn on in greater depth in the following section. Note that the outcomes data is based on observations by financial counsellors at the closure of a case. While some outcomes are easily observable to financial counsellors (such as whether a debt waiver was secured), other outcomes are more subjective and have a greater degree of uncertainty (such as whether there was an improvement in health outcomes). If there is optimism bias in the responses, the recorded impact of financial counselling may be too high. On the other hand, some outcomes could take time to emerge and so may not have been visible to the financial counsellor at the time the client's case file was closed. This could bias the results downwards. These issues are discussed later in this report (in Box 3) and should be borne in mind when interpreting the outcomes data used throughout this report.

The economic and social impacts of financial counselling

Previous studies have identified a range of impacts that financial counselling can have on clients' lives and for society more broadly. These impacts include helping clients to better manage their debts and make decisions about their money, to avoid major disruptive events such as utility disconnection or having assets repossessed, and to recover from financial shocks such as financial abuse or natural disasters.

Studies have also found a range of broader benefits for clients' health, wellbeing and relationships, which has flow-on economic benefits in terms of increased workforce participation and reduced costs to the government of delivering health and other services.

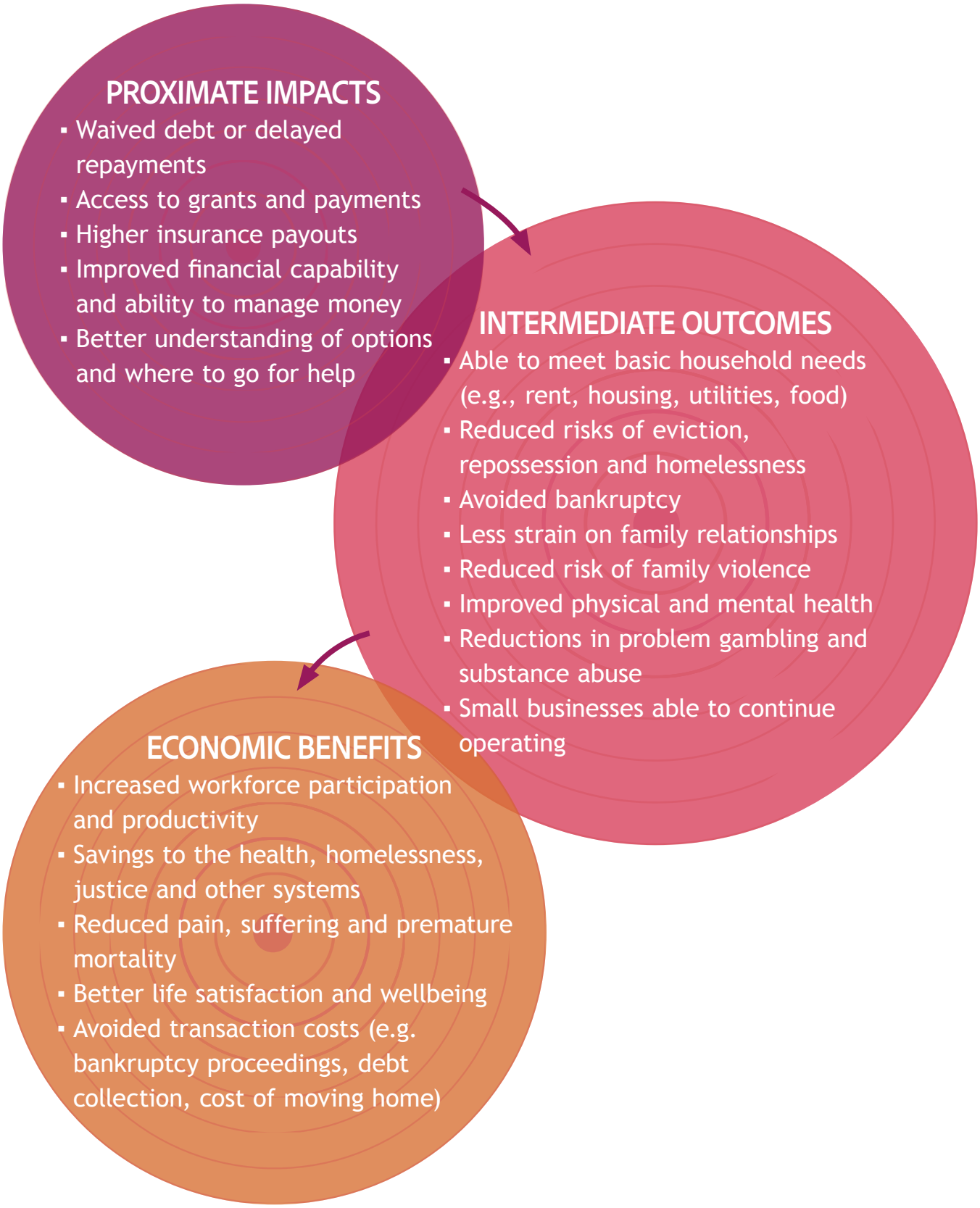
This section explores these benefits for the financial counselling sector in Victoria, quantifying them in dollar terms where possible. However, many of the impacts intersect and overlap. Some impacts are more proximate or intermediate in nature, such as changes in behaviour and transfers of money (including government grants and avoided debt repayments). While these are not economic benefits in and of themselves, the material outcomes they lead to can be true economic benefits—such as improved health, wellbeing and work outcomes (see Figure 1).

To measure the benefits being delivered by the sector, we could not rely on administrative data as there is no standardised recording or centralised collection of outcomes data across Victoria. Some funders, such as Consumer Affairs Victoria, collect limited data on client numbers and presenting issues, but not on outcomes.

To fill the data gaps, we have mainly relied on the client case file data, combined with insights and evidence from the international literature (see Box 3). We have also had to overcome a range of conceptual and measurement challenges which make it tricky to quantify the impacts of financial counselling and the economic benefits it delivers, in a context where clients have complex lives and many receive other services and supports (see Appendix A for a discussion of these issues).

The estimated economic benefits in this section do not cover outcomes for general users of the National Debt Helpline or Small Business Debt Helpline phone and chat services, unless they were referred on to a one-on-one appointment with a financial counsellor. Insights on the National Debt Helpline are provided earlier in Box 2 and in Appendix B.

Figure 1: Economic and social impacts of financial counselling



Box 3: How we have quantified benefits

In this report, Impact Economics and Policy has quantified the economic benefits of financial counselling across several domains. For each domain, we:

- use data from the client case files to estimate the prevalence of beneficial outcomes across the client population (see Appendix C for a detailed summary of the data);[23]
- draw on available estimates from the literature and other public sources of the economic value of these outcomes—in most cases, this is the cost saving from avoiding harm (e.g. avoided administrative costs of bankruptcy, avoided costs of delivering health services, avoided reductions in workforce productivity);
- consider the potential for double-counting the same benefit across domains, and make adjustments accordingly;
- scale up benefits to the statewide level based on an estimated 28,673 clients being assisted in 2023-24 (see the earlier 'Who is using financial counselling?' section);
- assume all benefits last for a maximum of one year, consistent with other similar studies;[24]
- make a range of more specific assumptions for each domain, discussed in the relevant sections below; and
- use sensitivity testing to explore how outcomes change when we alter key inputs and assumptions.

We have erred on the side of making conservative assumptions so as not to overstate or double count benefits. In addition, data limitations meant it was not possible to quantify the economic benefits for every domain. These factors mean the results may understate the true benefits of financial counselling.

23 While outcomes data was also collected through the agency survey, it is not considered to be as reliable because data and reporting limitations meant that most agencies were only able to provide data for some but not all types of outcomes (see Appendix B).

24 For example, Centre for International Economics (2023) and Europe Economics (2018).

Box 3 (continued)

Other factors may also bias the estimates. It is possible that the share of clients with each type of benefit (i.e. the prevalence rate) is overstated because of how the case file data were collected. While financial counsellors were asked to only record outcomes attributable to financial counselling, it is possible that some may have:

- mis-attributed impacts to financial counselling that were actually caused by other factors and would have occurred anyway had the client not received financial counselling;[25]
- been over-optimistic about the impact the financial counsellor had (especially when the outcomes were uncertain or hard to observe); or
- not provided data for simpler cases where few or no outcomes were achieved.

On the other hand, prevalence rates could be understated because financial counsellors would not have been able to observe outcomes that emerge only after a period of time following closure of the case file.

Sensitivity testing has been used to see how the estimates change when the prevalence rate is altered to account for the potential for over-attribution of outcomes to financial counselling. Approaches to this issue in the literature are varied, with some studies discounting benefits by roughly 50 per cent to account for the fact that some portion of the benefits is not due to the intervention of interest.[26] For the wellbeing outcomes in the case file data, financial counsellors indicated that about 75 per cent of benefits were due to financial counselling, on average. Given this relatively high rate of attribution, we have reduced the prevalence rates by 25 per cent in some of the lower bound scenarios, noting that the true extent of over-attribution is unknown.

25 Sometimes referred to as deadweight and attribution issues. See NSW Department of Communities and Justice (2020).

26 For example, Clifford et al (2014).

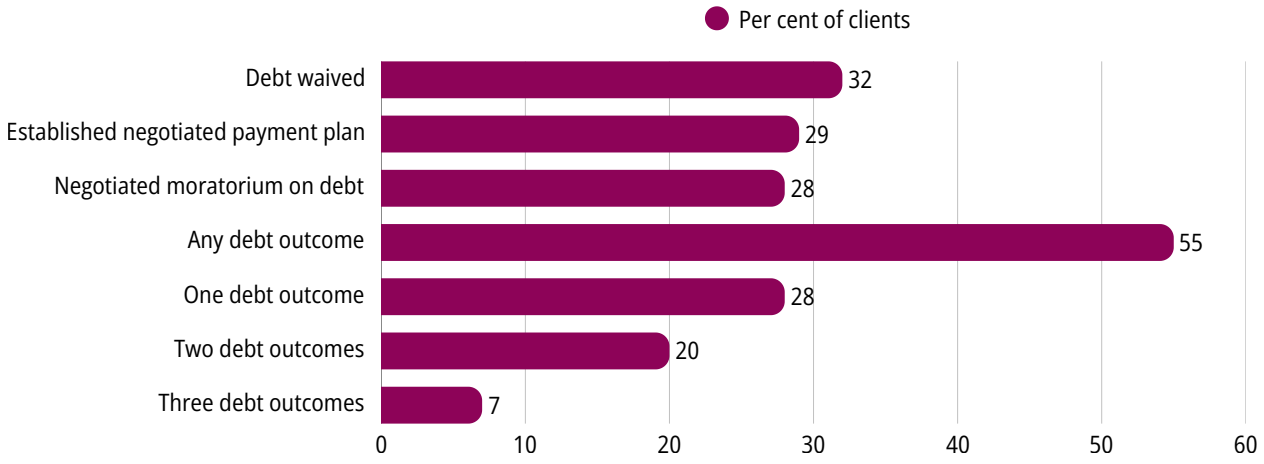
Debt and bankruptcy

It is well established that financial counselling can reduce pressures clients face from unmanageable debt levels and help them to avoid having to go through bankruptcy proceedings. It can also reduce some of the costs incurred by creditors in chasing unpaid debts.

Insights from the case file data

Over half (55 per cent) of clients in the sample had at least one debt outcome recorded (see Chart 6). Similar proportions of clients experienced each of the three outcomes: debt waived (32 per cent), established a negotiated payment plan (29 per cent) or negotiated moratorium on debt (28 per cent). About half of affected clients had either two or three of these outcomes.

Chart 6: Prevalence of debt-specific outcomes



On average, the amount of debt covered was highest for moratoria, followed by payment plans and waivers (see Table 4). For those clients who secured a waiver or moratorium, about three-quarters of total debt was covered, on average. The average length of a moratorium was 20 weeks (and the median was 13 weeks).

Table 4: Magnitude of debt-specific outcomes

Type of outcome	Amount of debt covered		Per cent of debt waived	Implied total client debt
	Average	Median	Average	Average
Waiver	$16,023	$5,258	75%	$31,624
Moratorium	$106,690	$11,000	71%	$128,824
Payment plan	$34,351	$3,975	-	-

Notes: Percentage of total debt was not recorded for payment plans. All averages are simple averages across observations with a positive value. Weighted averages are provided in Appendix C.

Scaled up across the entire sector in Victoria, the estimates imply that almost $150 million in client debt is waived over a one-year period, and over $1.1 billion is subject to a moratorium or payment plan.[27]

Debt waivers, moratoria and payment plans generally involve financial transfers from creditors to debtors, and so are not economic benefits in their own right. However, some of the outcomes they give rise to can be counted as economic benefits.

For example, financial counselling can help people to avoid bankruptcy, and thereby avoid the administrative and transaction costs associated with bankruptcy proceedings. In the case file data, 7 per cent of clients avoided imminent bankruptcy as a result of financial counselling. This is a smaller percentage than in earlier Australian studies, which have put the proportion at between 12 per cent and 15 per cent.[28] In the case file data, the clients who avoided imminent bankruptcy appeared to require a greater amount of support from a financial counsellor than other clients, with average staff hours per case almost twice as high (58.6 hours versus 24.1 hours).

A further 19 per cent of clients avoided other imminent legal action, which could include being sued by creditors for unpaid debts and thus may be a precursor to bankruptcy proceedings. This proportion is also lower than in earlier Australian studies, which estimated that between 22 and 74 per cent of clients avoided legal action as a result of financial counselling.[29] In the case file data, just under a third (30 per cent) of clients who avoided other imminent legal action also avoided imminent bankruptcy.

27 Assuming the average amount of debt from the case file data and assuming that each client secures a waiver, moratorium or payment plan only once in the year.

28 Mahmoudi et al (2014) (lower estimate); Brackertz (2012) (higher estimate).

29 Mahmoudi et al (2014) (lower estimate); Brackertz (2012) (higher estimate).

Financial counselling can also reduce the need for debt collection activity by creditors, which reduces administrative and transaction costs. These savings are part of the overall economic benefits of financial counselling and are quantified below.

Further, financial counselling can avoid the need for clients to turn to private debt companies (which can charge fees of up to 20 per cent)[30] and help clients to improve credit ratings and regain access to credit in the future. These impacts were not able to be quantified.

Reduced or waived debts can also have flow-on benefits for clients' housing situation, ability to afford basic household expenses, mental health, relationships and workforce participation. For example, about 76 per cent of clients who achieved at least one debt-specific outcome (waiver, moratorium or payment plan) also had a recorded improvement in their mental health. These benefits are counted as part of the other domains discussed below.

Quantitative estimates: Reduced bankruptcy and debt collection costs

Impact Economics and Policy estimates that financial counselling delivers $34 million to $42 million in economic benefits each year through reduced bankruptcy and debt collection costs across Victoria.

Reduced bankruptcy costs are estimated at $9.2 million to $12.3 million a year, assuming that:

- The average administrative cost of bankruptcy is $6,623 per client (a conservative estimate based on the average remuneration of registered bankruptcy trustees ($5,763)[31] plus the cost of an application for a bankruptcy notice ($470)[32], but not the costs of legal advice).
- For the upper bound, imminent bankruptcy is avoided for 7 per cent of clients (about 2,000 clients), in line with the client file data.
- For the lower bound, the share of clients who avoid bankruptcy is reduced by 25 per cent to account for potential over-attribution of benefits.

30 Consumer Action Law Centre and Victorian Aboriginal Legal Service (2024).

31 Based on the average remuneration drawn in 2018-19 ($4,804) from AFSA (2020, p. 10), converted to current dollars using the Consumer Price Index. Note that there is significant variation in trustee remuneration, with little or no remuneration taken in small bankruptcies with limited assets, and others involving remuneration over $100,000 (e.g. bankruptcies involving property assets).

32 AFSA (2025).

These estimates do not include the costs associated with other imminent legal actions that were avoided (covering 19 per cent of clients in the data). If these avoided costs were included, the estimated benefits would be even larger.

Reduced debt collection costs are estimated at $24.4 million to $30.2 million a year, assuming that:

- Debt collection costs are paused or avoided when a client secures a debt waiver (32 per cent of clients), negotiated moratorium (28 per cent of clients) or negotiated payment plan (29 per cent of clients). In the case file data, 55 per cent of clients secured at least one of these outcomes.
- Creditors avoid having to incur debt collection costs permanently (when debt is waived) or for a period (for moratoria and payment plans).
- Debt collection costs equal 5 per cent of the outstanding debt per year of avoided collection activity.[33]
- The savings last for a period of:
  - for waivers—one year;
  - for moratoria—the fraction of one year covered by the moratorium (number of weeks divided by 52) for each applicable client; and
  - for payment plans—39 per cent of one year, based on the average duration of a moratorium in the data (20.3 weeks; noting data are not available on payment plan lengths).
- The upper bound is based on the average saving across all observations in the sample. The lower bound is based on the average saving with the exclusion of two observations with moratoria over $1 million.

33 Based on the lower bound estimate reported by Business.gov.au (nd). This estimate is within the range used in the Europe Economics (2018) study of debt advice in the United Kingdom, which assumed costs of pursuing debtors of 4.5 to 5.5 per cent of the debt owing (see table 5.16). Europe Economics (2018) estimated a reduction in avoided costs for clients who would have otherwise been put on debt management plans of about $4,200 to $5,000 per client (converted to 2024 Australian dollars using purchasing power parity exchange rates and the Australian Consumer Price Index).

Sensitivity testing shows that adjusting the upper bound for potential over-attribution of benefits (by reducing prevalence rates by 25 per cent) results in an estimate of $22.6 million, similar to the lower bound.

The calculations are shown in the table below.

Outcome	Prevalence	Lower bound		Upper bound	
		Saving per client	Total ($m)	Saving per client	Total ($m)
Debt waivers	32%	$801	$7.3	$801	$7.3
Debt moratoria	28%	$1,444	$11.6	$2,159	$17.3
Payment plans	29%	$671	$5.6	$671	$5.6
All outcomes	55%	$1,547	$24.4	$1,910	$30.2

Findings from earlier studies

The case file data broadly aligns with findings from previous studies of the financial counselling sector. In some studies, up to two-thirds of clients experienced a reduction in debt levels 12 months after receiving financial counselling, including clients facing complex issues such as homelessness.[34] An earlier Australian study found that 22 per cent of clients had debt waived or reduced and 14 per cent secured a negotiated moratorium on repayments (saving an average of $516 per client in repayments, in 2014 dollars).[35] In the United Kingdom, a study found that 12 per cent of clients of debt advice—which is similar to financial counselling—reported being debt free after 15 months, and over a quarter said they had a very high chance of soon becoming debt free.[36]

As noted above, our estimates of the proportion of clients who avoid bankruptcy or imminent legal action are consistent with previous Australian studies. Our estimates of avoided debt collection costs are broadly consistent with the literature, and if anything are on the low side. For example, two major studies of debt advice in the United Kingdom both estimated that reduced debt collection costs account for a bit over 40 per cent of the total economic benefits of financial counselling.[37]

34 Pleasance et al (2007); Steen and MacKenzie (2013); Brackertz (2012).

35 Mahmoudi et al (2014).

36 Step Change (2020).

37 Clifford et al (2014); Europe Economics (2018).

Access to government benefits and other payments

Financial counsellors help many of their clients to obtain grants and payments, including utility grants, crisis payments and government income support.

Insights from the case file data

Government benefits were secured by about a quarter (24 per cent) of clients in the case file data. The benefits comprised various lump sum payments (mostly utility relief grants and a handful of escaping violence payments) and government income support payments (such as JobSeeker). On an annualised basis, the benefits averaged $5,264 per client (see Table 5).

Table 5: Government benefits secured because of financial counselling

Type of benefit	Average annual benefits	Percent of clients[38]
Fortnightly (e.g. JobSeeker)	$23,257	4%
Lump sum (e.g. Utility Relief Grant)	$1,666	17%
All benefits	**$5,264**	**24%**

Financial counsellors also helped clients secure other kinds of payment. For example:

- 5 per cent of clients in the case file data accessed their superannuation, with the median amount accessed being $10,000 (which is the maximum allowed in any year on grounds of severe financial hardship).
- A small number of clients had an increased life insurance payout (5 clients, or 2 per cent of the sample) or increased general insurance payout (1 client, or 0.4 per cent).

Just over a quarter (27 per cent) of clients received at least one of the above payments (government benefits, superannuation or insurance).

38 The type of benefit was not recorded for a further 3 per cent of clients.

Findings from earlier studies

Earlier Australian studies have also found that financial counsellors help many clients to secure government benefits and other payments, although there is large variation in the measures used. For example:

- One study found 9 per cent of clients had successfully accessed charitable grants (averaging $400 each in 2013 dollars) after seeing a financial counsellor.[39]
- Another found that as many as 70 per cent of clients became more aware of available benefits and entitlements after receiving financial counselling.[40]
- A study involving families with young children found that a bit over two-thirds accessed government benefits (averaging $355 a fortnight in 2023 dollars) as a result of financial counselling, just over half accessed concessions (averaging $508) a third accessed grants (averaging $564), and about one in ten accessed brokerage (averaging $129).[41]
- A study involving people at risk of homelessness found that 90 per of clients who wanted to access Centrelink entitlements were able to do so after receiving financial counselling.[42]

39 Mahmoudi et al (2014).
40 Brackertz (2012).
41 Price et al (2023).
42 Mallee Family Care (2024).

Financial capability and resilience

Financial counsellors play an invaluable role helping to improve clients' financial capability, including their understanding of money issues and their capacity to make good financial choices. They also help clients to be more financially resilient by improving how they manage their income and expenses, which can reduce financial stress and make it easier to meet basic household expenses. Some services have reported material improvements in these outcomes for their clients (see Box 4).

Box 4: Improved financial capability for Mallee Family Care's financial counselling clients

The financial counselling provider Mallee Family Care has found a range of positive outcomes when surveying clients who received financial counselling, including:

- 94 per cent of clients became more aware of their financial responsibilities and obligations after receiving financial counselling;
- 88 per cent felt they were better able to manage a budget;
- 93 per cent felt they were better able to deal with the financial concerns they sought help for;
- 92 per cent felt more confident to negotiate with financial services and creditors;
- 82 per cent said they felt less stressed and anxious about their finances; and
- 87 per cent said they were better able to plan for the future.[43]

43 Mallee Family Care (2024).

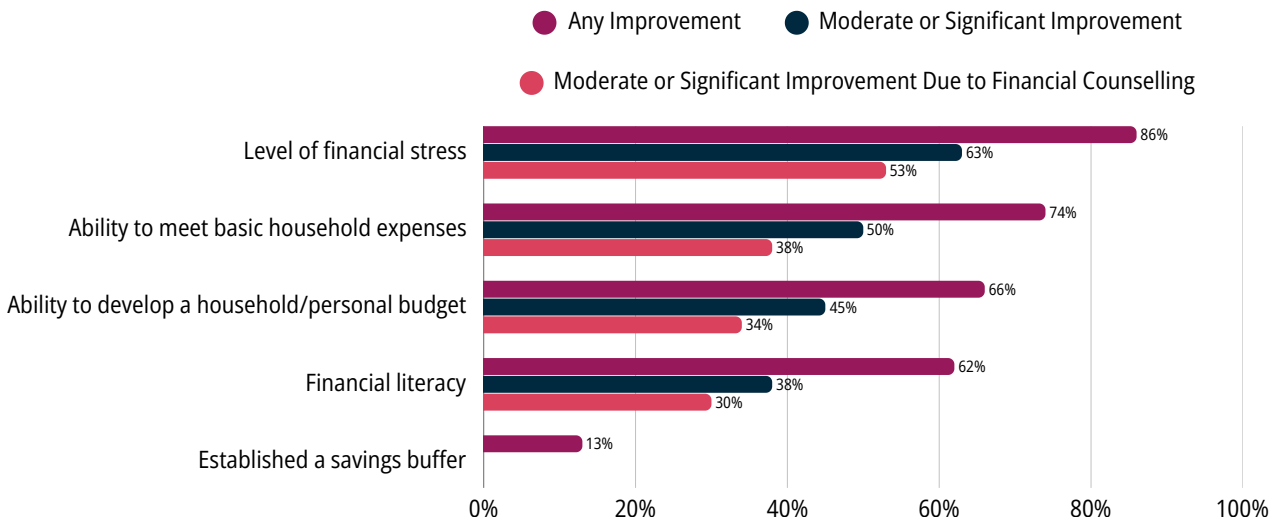
Insights from the case file data

A clear majority (81 per cent) of clients in the case file data experienced an improvement in one or more indicators of financial capability. Reduced financial stress was the most common outcome, with about 86 per cent of clients showing any improvement, and 63 per cent showing a modest or significant improvement (Chart 7). Most of the improvement was attributable to financial counselling. A majority of clients also became more able to meet basic household expenses (74 per cent), became more able develop a household or personal budget (66 per cent), or had better financial literacy (62 per cent) after seeing a financial counsellor.

Separately, 13 per cent of clients were recorded as having established a savings buffer as a result of financial counselling.

These outcomes have direct economic benefits to clients by improving their wellbeing and life satisfaction, which can be valued in dollar terms. Quantitative estimates are provided below.

Chart 7: Financial capability and resilience improvements as a result of financial counselling



Quantitative estimates: Improved financial resilience

Impact Economics and Policy estimates that financial counselling delivers $8 million to $16 million in economic benefits each year through improved financial resilience across Victoria.

The upper bound estimate assumes:

- 40 per cent of clients experience a material improvement in financial resilience, based on the weighted average share of clients in the case file data with a modest or significant improvement in the level of financial stress, ability to meet basic household expenses, ability to develop a budget or financial literacy (with each adjusted for the extent to which the outcome is attributable to financial counselling).
- The benefit for each of these clients is worth $1,376. This figure is drawn from a study that placed a value on a one-standard deviation improvement in a composite measure of financial security (which includes improved material wellbeing and ability to pay for basic necessities).[44] The study estimated this value using evidence of the relationship between increased financial security and increased life satisfaction, which it estimated delivers wellbeing benefits of $26,419 for a one-point increase on a scale of 1 to 10, for a one year period. These benefits reflect evidence of the trade-offs people make between having more income and having greater (measured) life satisfaction.

The lower bound estimate assumes that each client experiences only a 0.5 standard deviation improvement, worth $688.

Sensitivity testing shows that adjusting the upper-bound estimate for potential over-attribution of benefits (by reducing the share of clients benefitting by 25 per cent) results in an estimate half way between the lower and upper bounds.

44 Centre for International Economics (2023). Estimate converted to 2024 dollars using the Consumer Price Index.

Insights from earlier studies

A previous Australian study found that financial literacy improves for almost three-quarters of clients following financial counselling.[45] Another study found that three-quarters of clients said they felt better able to budget or to prioritise debt after seeing a financial counsellor.[46] A study looking at clients at risk of homelessness found that over half of these clients said financial counselling helped to improve their financial skills.[47] Financial counselling has also been associated with increasing clients' knowledge of their options and sense of self-efficacy and empowerment.[48]

Similar benefits have been found internationally. In the United Kingdom, debt advice has been found to defer entry into further debt cycles for some clients,[49] increase knowledge about how stay out of debt, and increase the likelihood of adopting spending-reducing strategies.[50] In the United States, it has been found to modestly reduce missed repayments (and hence incurred late fees), increase savings balances and make clients about 20 per cent more likely to have a budget.[51]

More broadly, financial counselling has been linked to improvements in clients' overall financial situation. In an Australian study, about two-thirds of clients said that financial counselling helped them to resolve their financial difficulties.[52] In the United Kingdom, the share of clients who said they found it difficult to carry on living normally fell from 90 per cent when they first sought debt advice to just 40 per cent after 12 months.[53]

45 Mahmoudi et al (2014).
46 Brackertz (2012).
47 Steen and MacKenzie et al (2013).
48 Price et al (2023).
49 Europe Economics (2018).
50 Fumagalli et al (2021).
51 Theodos et al (2015).
52 Brackertz (2012).
53 Pleasance et al (2007).

Health

Financial hardship and indebtedness have been linked to poorer mental health (e.g. stress, anxiety and depression[54]) and physical health (e.g. reduced exercise, increased smoking and drinking behaviours, digestive-tract problems and obesity[55]). The impacts appear to be greatest for people on low incomes and those who are unmarried, unemployed or renters.[56]

Poor health outcomes can be directly caused by financial hardship, although measuring the relationship is complicated by the potential for reverse causality (e.g. when pre-existing mental health difficulties make it harder for people to manage their personal finances[57] or when chronic stressors such as financial hardship make it more difficult for people to overcome pre-existing mental health challenges[58]).

Financial counselling offers the potential to alleviate some of the health impacts of financial hardship and indebtedness.

54 McDonald and Jupp (2024); Ryu and Fan (2023); Guan et al (2022); Turunen and Hiilamo et al 2014 and Fitch et al (2011).

55 James et al (2024); Europe Economics (2018); and Turunen and Hiilamo et al 2014.

56 Ryu and Fan (2023).

57 James et al (2024).

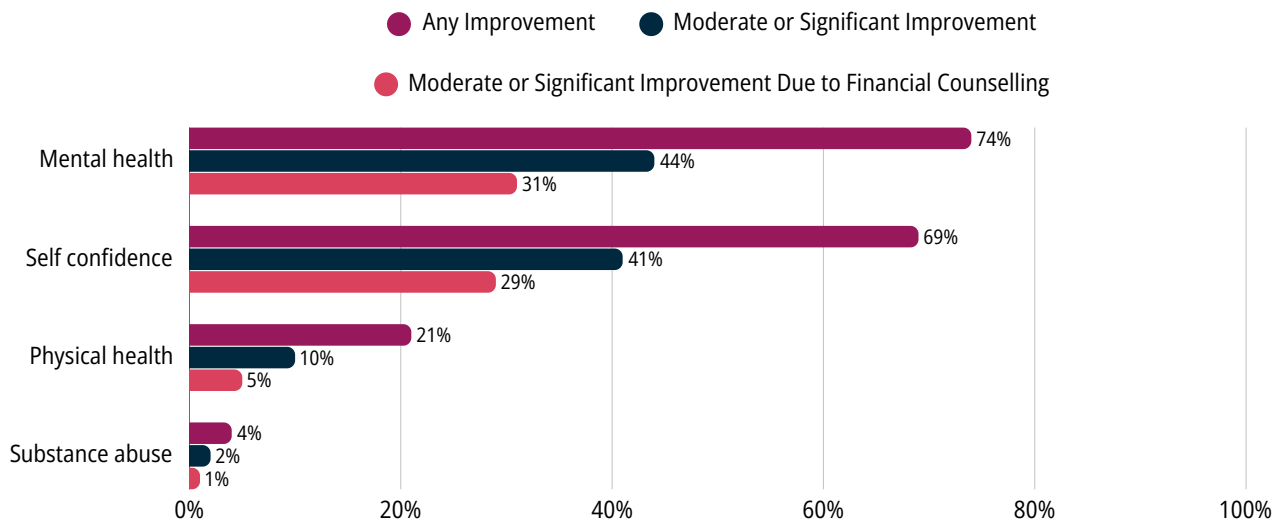
58 James et al (2024).

Insights from the case file data

Most clients in the case file data (82 per cent) experienced one or more improved health outcomes after receiving financial counselling.

The most common improvements were to depression, anxiety or other form of mental ill-health (hereafter 'mental health'), with 74 per cent of clients showing an improvement, and to self-confidence, with 69 per cent of clients showing an improvement (see Chart 8). A smaller share of clients experienced a modest or significant improvement.

Chart 8: Health improvements in the case file data



About 70 per cent of the improvement in mental health and self-confidence outcomes is attributable to financial counselling—adjusting for this, the share of clients with a modest or significant improvement attributable to financial counselling is about 30 per cent for each outcome. The remainder of the improvement reflects the influence of factors other than financial counselling—for example, about 30 per cent of clients with a mental health improvement and 30 per cent of clients with a self-confidence improvement were also receiving mental health services or supports in addition to financial counselling.

Improved mental health can have substantial economic benefits in terms of lower government spending on health services and improved quality of life (i.e. reduced pain, suffering and premature mortality), which have been quantified below. Better mental health also allows people to secure a job and be more productive at work. These workforce benefits are covered in the next section.

There is a considerable degree of overlap between the mental health and self-confidence outcomes, which is to be expected given the links between self-confidence and mental health.[59] Almost 90 per cent of clients in the case file data who experienced an improvement in self-confidence also experienced an improvement in mental health.

A smaller proportion of clients were recorded with improved physical health (21 per cent) or substance abuse (just 4 per cent). To some extent, this could reflect that improvements in these outcomes are harder for financial counsellors to observe. It is also possible that financial counselling is less likely to lead to material improvements in physical health or substance abuse—or that these outcomes take longer to manifest.

59 Benwell et al (2022).

Quantitative estimates: Reduced costs of mental ill-health

Impact Economics and Policy estimates that financial counselling delivers $15 million to $25 million in economic benefits each year due to better mental health outcomes across Victoria.

About $1.4 to $2.3 million of these benefits is due to reduced use of health services, including general practitioner visits and hospital admissions. This estimate assumes that:

- 18 per cent of clients experience a modest improvement in their mental health and 13 per cent experience a significant improvement due to financial counselling. These figures are based on the share of clients experiencing one of these outcomes in the case file data (44 per cent in total), adjusted down by the share of the outcome attributed to financial counselling (71 per cent on average).
- For the upper bound estimate, a modest improvement in mental health translates into a 50 per cent reduction in service use, while a significant improvement translates into a 75 per cent reduction.

Data on use of mental health services, by mental health status, are sourced from the Australian Bureau of Statistics.[60] Data on the use of mental health services per head of population are sourced from the Australian Institute of Health and Welfare.[61] Mental health services are estimated to cost an average of $420 per person, including the cost of direct services and the cost of medication.[62]

For the lower bound estimate, the effect for clients with a significant improvement in mental health is assumed to be the same as those with a modest improvement.

The avoided service use cost estimates are relatively low because many people experiencing poor mental health do not use—or are unable to access—appropriate health care services. Most people who make use of services have relatively light levels of service use (for example, one or two general practitioner visits in a year).

60 Australian Bureau of Statistics (2024b).

61 Australian Institute of Health and Welfare (2024b).

62 Derived from Australian Institute of Health and (2024b); Australian Institute of Health and Welfare (2024c) and Australian Institute of Health and Welfare (2025b).

The remaining $14 million to $22 million in benefits arise from individuals experiencing better health and quality of life. This is valued using a measure called disability-adjusted life years (DALYs), which reflect the combined effects of pain, suffering and premature mortality. One DALY is equivalent to one healthy year of life. Our estimates assume that:

- Financial counselling avoids the loss of 0.01 DALYs per person on average (an estimated 92 DALYs in aggregate) due to improved mental health outcomes.
- The number of people affected is the same as the share of people with a modest or significant improvement in mental health, as described above.
- The difference in avoided loss of DALYs for clients with either a modest or significant improvement in mental health reflects their relative use of health services.
- Each lost DALY is worth $245,000, consistent with government guidance on economic impact assessment.[63] This value reflects evidence of the extent to which people are willing to trade off income for improved health outcomes.

Sensitivity testing shows that adjusting the upper-bound estimate for potential over-attribution of benefits (by reducing the share of clients benefitting by 25 per cent) results in estimates close to, but slightly above, the lower bound estimates for both service use and DALYs.

We have not quantified the economic benefits of the other health outcome measures. The benefits of improved self-confidence are likely to overlap those from improved mental health and, to a degree, so are the benefits of improved physical health and reduced substance abuse outcomes (which in any case were recorded for a relatively small number of clients in the case file data).

63 Department of the Prime Minister and Cabinet (2024).

Insights from earlier studies

Other studies have found potentially large health benefits from financial counselling. Previous studies have mostly focused on changes in mental health outcomes, including rates of anxiety and depression, as well as changes in wellbeing, self-control and feelings of empowerment.[64] There has been much less research to quantify the impacts of financial counselling on physical health or substance abuse outcomes.

In the United Kingdom, a major study of debt advice found that advice-seekers experiencing depression, anxiety or panic attacks/phobias were 5 to 8 per cent more likely to say their condition had got a little or a lot better after receiving advice, and 11 per cent less likely to say their condition had got worse.[65] This was compared to people who did not seek debt advice but had similar levels of income, debt and other personal characteristics. Using these results, the study estimated that debt advice reduces the economic costs of depression and panic attacks/phobias by about 5 per cent, and of anxiety by about 4 per cent.[66] It estimated that these health improvements are worth about $3,400 to $6,300 per avoided case of illness, depending on the condition.[67] This is includes cost savings to the healthcare system and increases in disability-adjusted life years.

64 For example, Price et al (2023); Naven et al (2012); Fumagalli et al 2021; self-control Tumataroa and O'Hare (2019).

65 Europe Economics (2018).

66 Europe Economics (2018). The cited figures are for the 'medium' scenario, for which it is assumed that feeling a lot better is associated with a 35 per cent decrease in costs, feeling a little better with a 20 per cent decrease in costs, and feeling a little worse with a 20 per cent increase in costs.

67 Europe Economics (2018). Converted to 2024 Australian dollars using purchasing power parity exchange rates and the Australian Consumer Price Index.

Other studies have also found significant health improvements from financial counselling, although the estimates vary widely:

- In an Australian study, over 60 per cent of financial counselling clients said their mental and emotional wellbeing improved and/or they felt more positive about the future as a result of financial counselling.[68]
- In another Australian study, financial counsellors observed improved health and wellbeing for almost a fifth of clients.[69]
- In a UK study, about 90 per cent of debt advice clients reported better general health after receiving advice (with an average improvement of 43 per cent).[70]
- In the United States, just under half of clients of a non-profit credit coaching program reported health improvements (with an average improvement of just 6 per cent).[71]

Some of the variation in findings across studies could reflect differences in the types of services provided in each country, or methodological limitations of the methods these studies used—for example, most relied on broadly defined and self-reported measures of health rather than rates of specific health conditions, and most lacked a control group (which means some outcomes may be attributable to factors other than financial counselling).

68 Brackertz (2012).
69 Mahmoudi et al (2014).
70 Pleasance et al (2007).
71 O'Neill et al (2006).

Case Study: Health Impact[72]

Mark, a 50-year-old man living alone in private rental housing in Warrnambool, was referred to financial counselling after experiencing a serious decline in his mental health. Previously self-employed and financially self-sufficient, Mark found himself unable to work or manage day-to-day life following a significant personal event.

With no income and struggling to navigate Centrelink processes, Mark fell into financial crisis. He accumulated multiple debts, including personal loans, credit cards, telecommunications bills, and buy-now-pay-later products. His electricity was at risk of disconnection, and rent arrears were mounting. The pressure from creditors and debt collectors compounded his mental health challenges, and he became increasingly isolated and unwell.

A financial counsellor from Bethany Community Support (now known as Meli) worked closely with Mark to stabilise his situation. They negotiated with creditors, requesting full debt waivers on compassionate grounds. Most creditors agreed. The counsellor also advocated with utility providers to prevent disconnection and supported Mark through the process of applying for JobSeeker and, later, the Disability Support Pension.

In total, over $40,000 in debt was waived. With regular income restored and access to hardship support for utilities, Mark was able to regain control of his finances and focus on his health. He reported that the support from the financial counsellor significantly improved his mental wellbeing, saying he had never imagined there could be a way forward.

Mark described the counselling process as respectful and empowering, valuing the space it gave him to tell his story and receive help without judgement.

Name changed for privacy.

72 All case studies used in this report are sourced from Consumer Affairs Victoria (2023) Financial Counselling Program Case Studies July 2022 – June 2023.

Workforce productivity

Financial stress can significantly affect someone's ability to hold down a job and to be productive in the workplace. Financial stress has been estimated to cost the Australian economy $31 billion a year due to absenteeism (time taken away from work), presenteeism (reduced capacity to perform while at work) and lower workforce participation (not having a job at all).[73] It has been estimated that financially stressed employees cost their workplaces an average of 7.7 hours per week in lost output due to lower productivity while at work, and 1.2 hours a week in absences due to stress-related sickness.[74]

Mental ill-health is a major driver of the workforce impacts of financial stress. In Australia, researchers have found that people with high levels of psychological distress experience an average reduction in earnings of about 6.7 per cent, due to increased absenteeism (1.7 per cent higher than for healthier adults) and reduced performance at work (6.1 per cent lower).[75] Other research has found that workers with elevated mental health conditions are about 7 per cent less productive in the workplace compared to other workers.[76] People in poor health may also be more likely to accept lower-paid jobs given their experience, skills and education.

Other research has found that Australians with a mental health condition have unemployment rates up to four times higher than people without a mental health condition, and many are reluctant or unable to join the labour force.[77] A one standard deviation decrease in mental health has been estimated to reduce the probability of workforce participation by around 17 percentage points.[78] Unemployment can also cause or exacerbate poor mental health, which means some of the impacts could be self-reinforcing.[79]

73 AMP (2020).
74 AMP (2020).
75 Hilton et al (2008).
76 Doan et al (2020) and Hilton et al (2010) both estimate a similar discount.
77 Schofield et al (2011).
78 Frijters et al. (2010).
79 Bubonya et al (2017) and Frijters et al (2010).

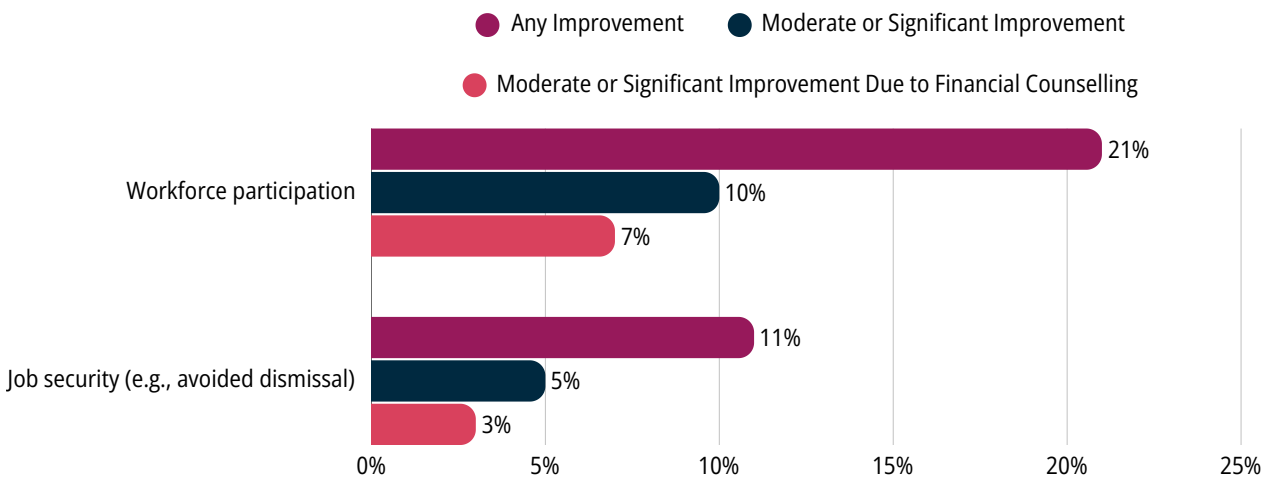
Insights from the case file data

About a fifth (21 per cent) of clients in the case file data were recorded as experiencing an improvement in workforce participation and 11 per cent had an improvement in job security (such as avoided dismissal) (see Chart 9). Most (86 per cent) of clients with improved job security also had improved workforce participation. Overall, 22 per cent of clients had either of these outcomes.

The share of clients with modest or significant improvements was smaller (10 per cent for workforce participation and 5 per cent for job security). Financial counselling accounts for about two-thirds of these improvements.

There was also a significant correlation with mental health outcomes. Almost all (87 per cent) of clients with at least one improved work-related outcome also had an improved mental health outcome. However, the inverse—the share of clients with improved mental health outcomes and at least one improved work-related outcome—is only 26 per cent. This likely reflects difficulty of financial counsellors observing work-related outcomes for clients when a case is being closed, as outcomes may take time to materialise.

Chart 9: Workforce outcomes in the case file data



Workforce improvements may also arise due to reduced risks of family violence. Almost half (43 per cent) of clients with improvements in the risk/exposure to family violence outcome also had one or more improvements in work-related outcomes. These benefits are accounted for in this report's family violence section (pp 63-71).

Quantitative estimates: Workforce productivity benefits of better health

Impact Economics and Policy estimates that financial counselling delivers $18 million to $29 million in economic benefits each year due to greater workforce participation and productivity.

An estimated $6.2 million to $11.6 million of these benefits is due to increased workforce participation, assuming that:

- 8 per cent of clients experience a modest improvement in their mental health and 13 per cent experience a significant improvement due to financial counselling (per the health estimates above).
- In the upper bound, a modest improvement is associated with a one-point change in mental health (from 'poor' to 'fair') and a significant improvement is associated with a two-point change (from 'poor' to 'good'), measured on a five-point scale for which estimates are available from the literature on workforce participation rates for each point on the scale.[80]
- Using these participation rate estimates from the literature, workforce participation increases by 1 percentage point for the moderate group and by 2 percentage points for the significant group.
- In the lower bound, the significant group is assumed to experience the same change as the modest group (i.e. from 'poor' to 'fair' mental health).

80 Cai and Kalb (2004).

The remaining $11.5 million to $17.0 million in benefits is due to improved workplace productivity (i.e. reduced absenteeism and presenteeism), assuming that:

- In the upper bound, a modest improvement in mental health is equivalent to moving from low mental distress to no distress, and a significant improvement is equivalent to moving from moderate distress to no distress. This is measured using a different (four-point) scale to the one used in the participation estimates, for which the level of distress has been mapped to workplace productivity outcomes.[81]
- Using these estimates from the literature, workplace productivity increases by 0.9 per cent for the moderate group and 1.5 per cent for the significant group. The dollar value of the reduced productivity is estimated by applying these figures to average wage rates.[82]
- In the lower bound, the significant group is assumed to experience the same change as the modest group (i.e. from low distress to no distress).

Sensitivity testing shows that adjusting the upper-bound estimate for potential over-attribution of benefits (by reducing the share of clients benefitting by 25 per cent) results in estimates close to, but modestly above, the lower bound estimates for both participation and productivity.

81 Doran (2019).

82 Australian Bureau of Statistics (2024a).

Housing

Housing issues can be a major cause of financial stress. Previous research has found that over a quarter of Australian financial counselling clients have experienced a housing crisis in the year prior to receiving financial counselling.[83] Housing issues can manifest in a range of ways, including:

- homeowners defaulting on their mortgage and having a lender repossess their home, meaning they have lost a major asset and are forced to find somewhere else to live;
- homeowners who anticipate repossession of their home selling or relocating to an inferior home to avoid foreclosure;[84]
- tenants being evicted, meaning they have to incur the costs of searching, securing and moving into alternative housing; or
- homelessness, when people have nowhere else to go, which puts pressure on homelessness services and other crisis supports.

Housing-related financial stress also affects banks (which incur costs of debt collection, writing off loans and selling repossessed property) and landlords (which incur costs due to enforcing evictions, vacancy losses, remediation of potential vandalism and re-letting costs).[85]

Internationally, researchers have found that people facing mortgage arrears and the threat of eviction are over six times more likely to have elevated rates of poor mental health than the general population,[86] and people who have experienced mortgage default or foreclosure have much poorer physical and mental health than other homeowners.[87]

83 Mahmoudi et al. (2014).
84 Atfield et al (2016).
85 Evans and McAteer (2011).
86 Vasquez-Vera et al (2016).
87 Turunen and Hiilamo (2014).

Housing instability generates substantial downstream costs across multiple government service domains. For example, researchers have found that homelessness is associated with annual costs of about $18,500 per person, including use of health services, the costs of crime and family violence, and reduced human capital.[88] Another study found that people who use homelessness services cost government about $186,000 over six years (or about $31,000 a year), including through much greater use of health, welfare and justice services compared to the general population.[89]

Insights from the case file data

A quarter of all clients experienced an improvement in one or more specific housing outcomes in the case file data: 18 per cent avoided mortgage default, 9 per cent avoided eviction and 8 per cent avoided imminent homelessness. In addition, half of all clients (50 per cent) secured some form of improvement in their housing stability and 37 per cent secured a modest or significant improvement, with about three quarters of this improvement due to financial counselling.

88 SGS Economics and Planning (2022).

89 Taylor Fry (2021).

Quantitative estimates: Avoided housing costs of financial counselling

Impact Economics and Policy estimates that financial counselling delivers $21 million to $28 million in economic benefits each year due to better housing outcomes across Victoria.

The upper bound estimate assumes that:

- Without financial counselling, 22 per cent of clients would have had to move out of their home, incurring transaction costs for a lender or landlord (to sell or re-lease the property). This figure is based on the share of clients who avoided either mortgage default or eviction. About a third of these clients (8 per cent of all clients) would have ended up homeless, and the remainder (15 per cent of all clients) would have incurred the costs of relocating to a new home.
- Sale/re-leasing incurs costs of $1,362 per client, relating to the cost of enforcing eviction or foreclosure.[90]
- Relocation incurs costs of $4,693 per client, relating to the costs of moving house.[91]

For the lower bound, the share of clients with each type of outcome is reduced by 25 per cent to account for potential over-attribution of benefits.

The calculations are shown in the table below.

Outcome	Avoided costs ($m)	
	Lower bound	Upper bound
Sale or re-lease	$6.5	$8.7
Relocation	$14.7	$19.6
Total	$21.2	$28.3

These estimates are conservative because they do not include other housing-related costs, such as the costs of disputes between clients and landlords/lenders or the health and work benefits of not having to forcibly relocate.

90 These figures are the midpoints of estimate ranges provided by the Tenants' Union of NSW (2022), converted to 2024 dollars using the Consumer Price Index.

91 These figures are the midpoints of estimate ranges provided by the Tenants' Union of NSW (2022).

The estimates do not include the costs of homelessness, such as costs to the health, justice and welfare systems. When a client becomes homeless, this does not necessarily mean the total population of homeless people has increased—that is, there may be no net change in the homeless population if the underlying supply and demand of housing is unchanged. While there may be social costs associated with individuals experiencing spells of homelessness, and with the average duration of homelessness, estimates of these costs are not available from the literature.

Insights from earlier studies

Previous research has found evidence that financial counselling reduces disruption to housing arrangements by helping clients to resolve payment difficulties and maintain stable accommodation. Earlier Australian studies have found that between 17 and 51 per cent of clients achieve a more stable housing situation after receiving financial counselling.[92] In the United Kingdom, debt advice was found to reduce the proportion of clients with mortgage or rent arrears from 43 per cent to 29 per cent[93] (thereby reducing the risks of repossession) and specialist housing advice was found to deliver average financial gains worth about $11,500 per client by avoiding homelessness and resolving disputes with landlords.[94]

92 Mahmoudi et al (2014) and Brackertz (2012).

93 Pleasance et al (2007).

94 £3,100 in 2007, converted to 2024 Australian dollars using purchasing power parity exchange rates and the Consumer Price Index. UK Citizens Advice Bureau (2014).

Case Study: Housing Impact

Ali, a 47-year-old father of three living in Tarneit, Victoria, was referred to financial counselling after experiencing serious mortgage stress following a relationship breakdown. Unfamiliar with available support services, Ali had tried unsuccessfully to negotiate directly with his lender after falling into arrears.

After separating from his partner, Ali moved out of the family home and began paying rent to a friend, while still responsible for the mortgage on the property where his children remained. With no formal family settlement in place and no contribution from his ex-partner, the mortgage went unpaid for several months and legal proceedings were initiated.

A financial counsellor from Anglicare Victoria intervened quickly, lodging a complaint with the Australian Financial Complaints Authority. This action paused legal proceedings and created space to explore options. Ali decided he could manage ongoing mortgage payments but could not afford to repay the arrears upfront.

The financial counsellor proposed a plan under which Ali would resume regular mortgage payments, and if he could maintain these for three months, the arrears would be added back into the loan and legal action dropped. This arrangement was accepted. The financial counsellor also supported Ali to set up a payment plan for his car loan and referred him to family mediation and legal advice services.

Ali was deeply relieved by the outcome, sharing that his greatest fear—that his children would be made homeless—had been averted.

Name changed for privacy.

Family violence

About 27 per cent of Australian women have experienced violence by an intimate partner or family member since the age of 15, and about 41 per cent of people—both women and men—have experienced physical or sexual violence since the age of 15.[95] The share of Australian women reporting they have experienced intimate partner violence in the past 12 months has fallen since 2016 (from 2.3 per cent to 1.5 per cent).[96] However, Victorian policing data shows that the rate of family incidents in has been increasing and in 2024 was almost 9 per cent higher than the year prior.[97]

There are clear linkages between family violence and financial stress and hardship, with causality potentially running both ways.[98] About 12 per cent of women remaining in a violent relationship say they are unable to leave because of a lack of money and financial support, and about 15 per cent of women returning to a violent partner did so because they would otherwise have been in poverty and/or homeless.[99] Women who experienced partner violence or economic abuse in the last 5 years are less likely to be employed and less likely to attain a university degree compared to other women.[100] Family violence is the main reason women and children leave their homes in Australia, and is the main reason for single women with children seeking assistance from homelessness services.[101]

95 Australian Bureau of Statistics (2023).
96 Australian Bureau of Statistics (2023).
97 Crime Statistics Agency (2024).
98 For example, see Sylvan (2019); ANROWS (2022) and Lin et al (2022).
99 Summers (2022).
100 Summers (2025).
101 Australian Institute of Health and Welfare (2024a).

Researchers have quantified the costs the family violence imposes on the Victorian economy and society at $6.7 billion each year, equivalent to $41,600 per victim-survivor.[102] This includes the costs of providing government services to victim-survivors and perpetrators (including justice, health and family violence services), lost productivity and workforce participation, and the pain, suffering and premature mortality suffered by victim-survivors.

Financial counselling offers the potential to alleviate these costs by helping victim-survivors to gain financial independence and leave an abusive partner. Financial counsellors also help victim-survivors to manage their financial situation when they are unable to leave an abusive partner, and help clients to cope when faced by economic abuse (such as having their income controlled by a partner or joint debts incurred in their name).

102 From KPMG (2016), converted to 2024 dollars using the Consumer Price Index.

Insights from the case file data

About a third of financial counselling clients are victim-survivors of family violence, according to data collected for this report (34 per cent in the case file data and 28 per cent in the agency survey). In the case file data, just over a quarter of these clients (27 per cent) were recorded with economic abuse as a presenting issue. About 40 per cent of clients affected by family violence were assisted under Consumer Affairs Victoria's Family Violence Financial Counselling Program, and a further 40 per cent were assisted under the general Financial Counselling Program.

The case file data indicates that financial counselling reduced the risk/exposure to family violence for about 15 per cent of all clients, with most of these (11 per cent of all clients) showing a moderate or significant improvements. Among clients recorded as being victim-survivors of family violence, the rates are 34 per cent and 27 per cent respectively.

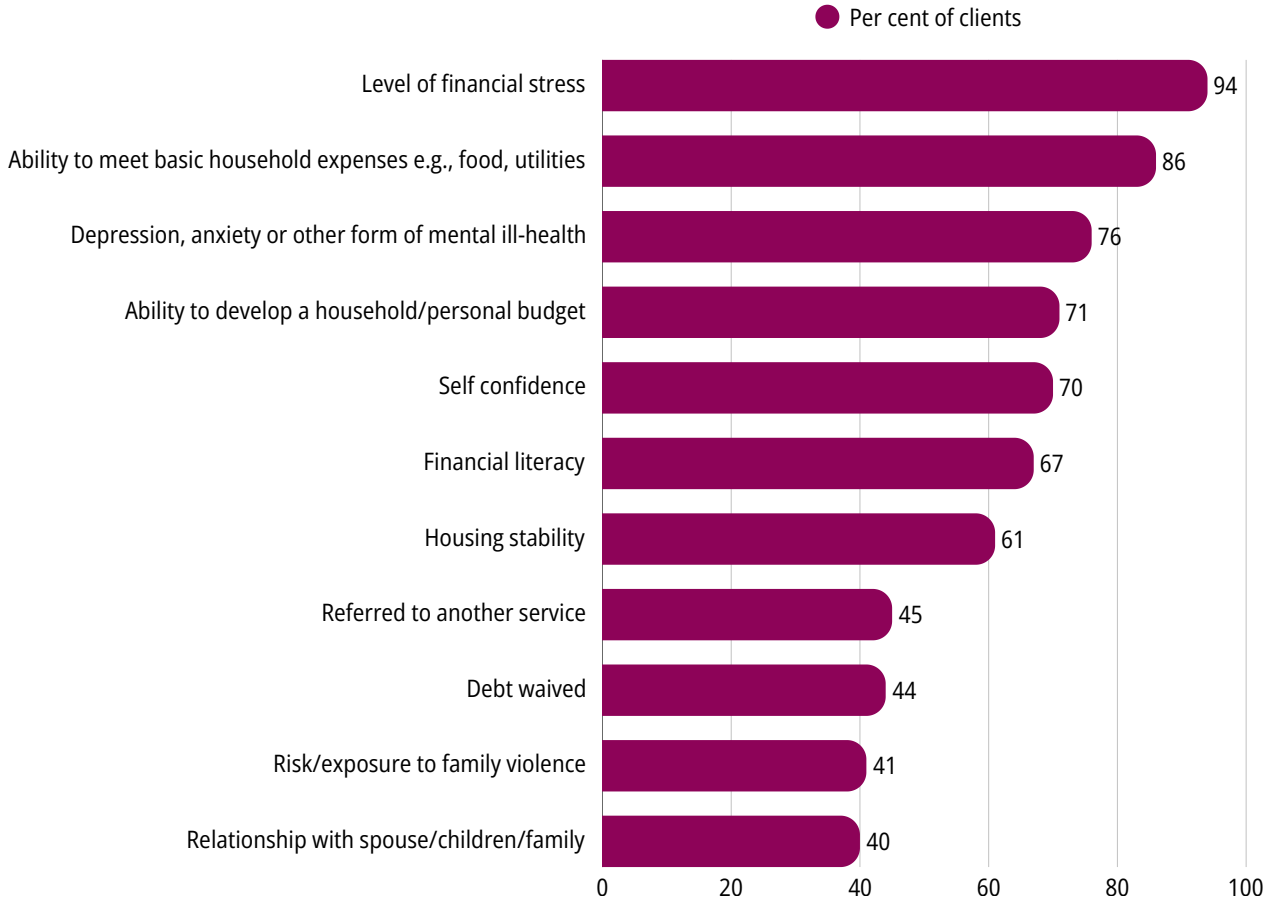
Just under half of the improvement can be attributed to financial counselling, with the remainder likely due to others changes in clients' lives and the impact of other services (for example, 60 per cent of clients with reduced risk/exposure were recorded as also receiving family violence supports).

Despite the high rate of financial counselling clients affected by family violence, no previous studies were identified that specifically quantified the impact of financial counselling on reducing exposure to family violence and/or its associated costs to individuals and society.

Financial counsellors also secure a range of other benefits for clients affected by family violence in addition to reducing risk/exposure to violence. Among the one-third of clients identified as victim-survivors of family violence in the case file data, after receiving financial counselling:

- 94 per cent had reduced financial stress;
- 86 per cent had improved ability to meet basic household expenses;
- 81 per cent had improvements in one or more health outcome (with 76 per cent experiencing better mental health); and
- 68 percent achieved one or more debt-specific outcome (a waiver, moratorium or payment plan).

Chart: Most common outcomes among clients who were identified as affected by family violence (n=84)



Quantitative estimates: Reduced costs of family violence

Impact Economics and Policy estimates that financial counselling delivers about **$30 million to $39 million** in economic benefits each year through reduced costs of family violence.

The starting point for these estimates is the average cost to society of family violence. Estimates for Victoria from 2016,[103] adjusted per the table below, suggest this is in the order of $47,000 per victim-survivor per year.

Cost category	$ per person, 2016	$ per person, 2024	Assumptions
Government service provision (Victorian and Commonwealth Governments)			
Specialist family violence services	$994	$6,966	Adjusted to reflect current Victorian Government expenditure[104]
Justice services	$6,919	$8,843	Inflated by CPI[105]
Child and family services	$1,919	$2,452	Inflated by CPI
Broader services	$1,288	$1,646	Inflated by CPI
Individuals and families			
Pain, suffering and premature mortality	$13,750	$17,574	Inflated by CPI
Lost income due to family violence	$2,081	$2,542	Inflated by WPI[106]
Property damage	$325	$415	Inflated by CPI
Broader economy			
Lost economies of scale	$2,519	$3,219	Inflated by CPI
Cost of staff absences or replacements	$375	$458	Inflated by WPI
Transfer costs (administration and efficiency costs of taxes and transfers)	$2,406	$3,075	Inflated by CPI
Total costs	**$32,575**	**$47,191**	

103 Based on estimates from KPMG (2016), adjusted as shown in the table.

104 $777.1 million in 2023-24 according to the Victorian Government's 2024-25 Department Performance Statement. This figure was then divided by the estimated number of victims, based on the number reported in the KPMG study (160,000) adjusted for the change between 2016 and 2022 in the number of women across Australia reporting they experienced intimate partner violence in the last 12 months (a reduction of 30 per cent). This latter figure is sourced from Australian Bureau of Statistics (2023). Comparable figures for Victoria over time are not reported by the ABS.

105 Consumer Price Index, from 2016 to 2024.

106 Wage Price Index, from 2016 to 2024.

The upper bound estimate is based on the assumptions:

- An improvement in the risk/exposure to family violence outcome is achieved for 15 per cent of clients, based on the case file data. Of these clients:
  - 23 per cent (3.4 per cent of all clients) experience a small improvement
  - 43 per cent (6.4 per cent of all clients) experience a modest improvement
  - 33 per cent (4.9 per cent of all clients) experience a significant improvement.
- Just under 50 per cent of the improvements are attributable to financial counselling (based on the case file data). This effectively halves the prevalence rates used in the calculations.
- The costs to society of family violence per victim-survivor are per the table above. A small improvement in the risk/exposure to family violence outcome is assumed to reduce the costs by 10 per cent, a modest improvement by 30 per cent and a significant improvement by 80 per cent.

The lower bound estimate assumes that the costs of family violence are about $36,000 per victim-survivor. This figure is based on the estimates in the table above with the cost components halved for broader services (which include health services), pain and suffering, lost income and staff absences. This adjustment reflects the potential for double-counting of benefits across the family violence, health and workforce domains. Almost 90 per cent of clients in the case file data with an improved family violence outcome also had an improved mental health outcome, indicating the potential for overlap.

Several sensitivity tests were conducted which produced estimates close to the lower-bound figure:

- Using an alternative estimate of the annual cost of family violence in Australia ($34,578 per victim-survivor in 2024 dollars[107]) gives a total benefit of $28.8 million.
- Assuming that a significant improvement leads to a 50 per cent (instead of 80 per cent) reduction in per victim-survivor costs gives a total benefit of $29.7 million.
- Adjusting the upper-bound estimate for potential over-attribution of benefits (by reducing the share of clients benefitting by 25 per cent) gives a total benefit of $29.4 million.

The estimates do not include other benefits for clients affected by family violence (i.e. benefits apart from reduced risk/exposure to family violence), which are captured in other domains.

107 Estimate for 2015 from PWC (2015) inflated to 2024 dollars using the Consumer Price Index.

Case Study: Family Violence Impact

Emma, a 34-year-old woman living with her parents in Melbourne's inner east, was referred to financial counselling after escaping a violent and controlling relationship. During the relationship, Emma's partner manipulated and isolated her, introduced her to drugs, and took control of her finances. He depleted her savings, coerced her into taking out credit, and left her with significant debt.

Following the separation, Emma began receiving support from a family violence recovery service and engaged in regular therapy with a psychologist, psychiatrist, and GP. She also attended a 12-step recovery program. At the time of referral, she was receiving JobSeeker while looking for work, and her parents were covering essential costs like medical care and transport.

Emma was left with a complex mix of debts – including personal loans, credit cards, buy-now-pay-later products, and tax obligations – most of which had accumulated during or because of the abusive relationship. She felt personally responsible for the debts because she had continued to use some of the accounts, despite the coercive circumstances under which they were established.

A financial counsellor worked with Emma to assess her repayment capacity and proposed a structured plan to her creditors. A fortnightly payment of $300 was split across creditors, and interest and charges were frozen. Some accounts were placed on long-term payment plans, and one debt was waived entirely.

Her phone service provider cancelled Emma's phone contract, refunded 11 months of insurance premiums, and waived early termination fees. A complaint to the Telecommunications Industry Ombudsman also contributed to the resolution. Her tax repayment plan with the ATO remained in place.

Emma's financial counsellor supported her to prioritise debts while maintaining access to essential services and managing the impact of trauma. The plan established will see her debts cleared in approximately four and a half years. At closure, Emma had secured employment and was preparing to return to work.

She expressed relief and satisfaction with the outcome, saying the counselling had helped her regain control of her financial situation while she continued to focus on her recovery.

Name changed for privacy.

Family relationships

Financial difficulties can put major strains on relationships, especially among couples. There is evidence that debt problems are a major cause of problems in relationships people have with their spouse, family or children. By one estimate, two-thirds of marriage problems are debt-related.[108] Among couples that separate or divorce, the process of separating can create further financial pressure and disruption in their lives, including legal costs and costs of setting up separate households.[109] There is also a close link between financial difficulty and family violence, as discussed above.

In addition, financial stress can affect parents' ability to care for their children. This can impact children's health and education, with a potentially detrimental long-term impact on their labour market outcomes.[110] Financial stress and economic disadvantage have also been linked to higher rates of child maltreatment (i.e. abuse and neglect[111]), which imposes considerable long-term costs on children's health, education and wellbeing, as well as on the child protection system.[112]

Insights from the case file data

The case file data suggests that financial counselling can reduce strain on family relationships. Improved relationships with a spouse, children or family were reported for just over a third (36 per cent) of clients, about half of which had a moderate or significant improvement. Almost two-thirds of the improvement was due to financial counselling. Debt and mortgage issues were more common among clients with recorded improvements in family relationships than in the sample generally.

The economic benefits of improved family relationships have not been quantified in this report. This exercise would be complicated by reverse causality, with evidence that people are more likely seek help from a financial counsellor after their relationship with a partner has started to break down.[113] There is also likely to be a material degree of overlap with family violence outcomes (the benefits of which are quantified above). About two thirds (70 per cent) of clients in the case file data with reported improvements in risk/exposure to family violence also had reported improvements in family relationships.

108 Olson et al (2003).
109 Research cited in Europe Economics (2018).
110 Impact Economics and Policy (2024); Europe Economics (2018).
111 Doidge et al (2017).
112 Impact Economics and Policy (2024).
113 Europe Economics (2018).

Insights from earlier studies

Previous studies have found a clear link between financial counselling and reduced strain on family relationships. In an Australian study, 46 per cent of clients said their relationship with their children had improved after receiving financial counselling, and 45 per cent said their relationships with family and friends had improved.[114] In the United Kingdom, about a quarter of recipients of debt advice have said their relationships with partners and children have improved,[115] and one study attributed about 70 per cent of the improvements to debt advice.[116]

A New Zealand study found that financial counselling delivered through child and maternal health services led to small to moderate improvements in children's school attendance, lower use of health services, and higher rates of positive parenting practices.[117] An Australian evaluation of family and children's programs funded by the Commonwealth Government found that improved family functioning can be worth about $24,000 per child in lifetime health and productivity improvements,[118] highlighting the potentially large benefits that interventions can have.

114 Brackertz (2012).
115 Pleasance et al (2007); Clifford et al (2014).
116 Pleasance et al (2007).
117 Fergusson (2005, 2006) cited in Burley et al (2022).
118 Centre for International Economics (2023).

Gambling harm

Problem gambling has significant financial, social and health consequences, and can lead to severe debt, employment instability, relationship breakdown, family violence, and mental health issues. Recent Australian research has found that women with gambling problems have lower life satisfaction and are more likely to be heavy drinkers, while men with gambling problems suffer from worse mental health and greater financial stress, compared to the general population.[119]

The social and economic costs of gambling in Victoria have been estimated at $2.4 billion in 2014, which is equivalent to $3.1 billion today.[120] This includes the costs on individuals as well as their families, lower workforce productivity, and increased use of government services. Problem gambling has also been linked to increased reliance on welfare services, higher engagement with emergency relief providers, and a greater risk of homelessness.[121]

Financial counselling is a crucial support for problem gamblers and their families to regain control of their financial situation and their lives. Financial counselling is often delivered to problem gamblers in conjunction with other services (such as therapeutic counselling), in recognition of the reality that gambling harm is often intertwined with broader mental health and substance addiction issues. In Victoria, many of these services are delivered through the Gambler's Help program administered by the Victorian Department of Health.

The integrated nature of supports and services for problem gamblers is appropriate given the complex and overlapping issues that these clients often have in their lives. However, this also makes it very difficult to isolate the impact that financial counselling is having. This difficulty is further complicated by the fact that clients may not seek help until their gambling has become a serious problem. Evidence from the United Kingdom shows that clients who receive debt advice to help address their gambling problems are over twice as likely to gamble frequently compared to gamblers who have not sought advice.[122]

119 Melbourne Institute (2024).

120 Victorian Responsible Gambling Foundation (2017). Converted to 2024 dollars using the Consumer Price Index.

121 NSW Department of Justice (2016).

122 Europe Economics (2018).

Insights from the case file data

Relatively few clients in the case file data were supported through gambling-specific programs. Only 11 clients (4 per cent) were supported through the Gambler's Help Financial Counselling program (compared to 7 per cent in the agency survey), and 5 of these clients were also receiving other gambling support services. While the 'affected by gambling' (self or family member) client categories were not selected for any of the clients in the case file data, these categories were selected for 7 per cent and 5 per cent (respectively) of clients in the agency survey.

The economic benefits of reduced problem gambling have not been quantified in this report. This is because of the small sample sizes in the case file data, a lack of estimates in the international literature, and the likely large degree of overlap in outcomes from other domains. The latter means that some of the benefits financial counsellors deliver to clients affected by problem gambling will be captured elsewhere (e.g. in the debt, health and workforce estimates).

Disaster recovery

Natural disasters impose significant financial burdens on individuals and communities. The impacts range from the destruction of homes, vehicles and businesses to long-term economic and community disruption. In the aftermath of a disaster, people can be particularly vulnerable to financial stress, with the risks exacerbated for people who do not secure government assistance or do not receive insurance payouts promptly (if they have insurance).

Financial counsellors can play a critical role by helping disaster-affected clients to secure the insurance payouts they are entitled to, for example, by navigating the claims process and pushing back on low-ball offers and delays from insurers. Financial Counselling Victoria has previously found that financial counselling led to a 77 per cent increase in claim amounts (an average of $83,000 per client) following the 2022 major flood events.[123] Higher claim payouts can help people to rebuild their homes and get on top of their debts, avoiding the disruption and economic costs associated with displacement, finding a new place to live and (potentially) homelessness. These outcomes reduce the costs to government of providing emergency housing and homelessness supports.

Financial counsellors can also help disaster-affected clients to claim entitlements (such as disaster relief grants and payments) and to access other supports they need to recover. Financial counsellors also assist disaster-affected small businesses to cope with the disruption.

123 Financial Counselling Victoria (2024c).

Insights from the case file data

Only 16 clients (6 per cent) in the case file data were recorded as being affected by natural disaster. Four of these clients were supported through Consumer Affairs Victoria's Flood Recovery Response Program and 10 were supported through the small business program (discussed in the next section). Only five of the clients affected by natural disaster were seeking help with an insurance claim issue, and only one of these clients was recorded as securing an increased general insurance payout as a result of financial counselling. Overall, only 12 clients (5 per cent) presented with an insurance claim issue of any sort.

Due to these small sample sizes, the economic benefits of improved disaster recovery have not been quantified in this report. In addition, similar estimates could not be found in the international literature.

As noted earlier, the seasonality of disaster events and the timing of when the case file data were collected mean the data do not provide a good reflection of the work done by the sector in the aftermath of a major disaster (such as a flood or bushfire), when a much greater number of clients may be facing issues such as general insurance claims.

Case Study: Disaster Recovery Impact

Karen, a 47-year-old woman and mother of three, lost her home in the 2019-20 bushfires in East Gippsland. More than two years later, her family remained in a rental property while preparing to move into a short-term modular home placed on their land. Despite receiving documentation that electricity would be connected within 21 days, six weeks had passed without connection, leaving the new home uninhabitable.

Karen was working full-time, while her husband was unable to work due to mental health issues stemming from the trauma of the bushfires and the recent loss of his father. The family was relying on a single income and continuing to pay rent, draining funds intended for their rebuild. The delay in power connection left Karen feeling overwhelmed and financially stretched.

A financial counsellor stepped in to assist. They followed up with both the energy retailer and distributor, uncovering that the application had been delayed due to poor communication between the two. The counsellor escalated the matter to the Energy and Water Ombudsman Victoria, arguing that the delay had caused significant financial harm and that the reconnection fee should never have been charged.

Following the complaint, power was finally connected. The ombudsman ordered the energy distributor to compensate Karen $1,200 for rent paid during the delay, and to refund the $320 reconnection fee.

With electricity restored, Karen and her family were able to move back onto their property and continue their recovery. She expressed deep gratitude for the financial counsellor's support, which resolved an issue that had previously felt insurmountable.

Name changed for privacy.

Small business

Many small business owners are sole traders, which means their business finances are intermingled with their personal finances. When their business faces problems such as poor sales, unpaid suppliers or tax debts, the client's personal finances can also be affected. Some may over-extend themselves personally (e.g. by mortgaging their home) to fund their business.

Financial counsellors can help these individuals to better manage their overall finances and to regain control over their businesses, which could include returning to a more profitable operating pattern or winding up the business. In the United Kingdom, a dedicated debt advice service for small businesses has been found to improve outcomes for business owners, with almost 90 per cent saying they have partially or fully resolved their debt problems after 9 to 18 months, and a similar proportion saying they found the advice helpful in improving their skills to manage money and manage debts. Two-third reported improved wellbeing.[124]

The improved small business productivity and continuity that financial counsellors help to deliver offers a range of potential economic benefits. It can reduce disruption to the lives of customers and employees, particularly in regional and remote areas where they may have few alternatives. It can help innovative businesses to regain their viability and find new ways to meet customer needs. And when businesses are genuinely unviable and need to wind up, financial counsellors can facilitate this happening in an efficient manner that reduces the costs incurred by the business's creditors in collecting debts and reduces the impacts on business owner's health, wellbeing and living situation.

124 Business Debtline survey results in Europe Economics (2018).

Insights from the case file data

About 15 per cent of clients in the case file data were recorded as being small business owners. Almost three-quarters of these clients (11 per cent of the total) were assisted through the Partners in Wellbeing (Small Business Financial Counselling) program funded by the Victorian Department of Health and Department of Jobs, Skills, Industries and Regions. Clients supported under this program generally received a greater level of support from financial counsellors than clients under other programs, with an average of 40.4 staff hours per case (compared to 24.1 hours across the entire sample). Most of the remaining small business owner clients were supported through the generalist Financial Counselling Program.

However, fewer clients were recorded as presenting with small business issues, with 11 per cent of all clients having at least one out of four small business issues recorded (of which 69 per cent were supported through the Partners in Wellbeing program). Three-quarters of these clients presented with small business debt and the remainder had issues with leases and insurance.

Across the eight outcome measures relating to small businesses, 12 per cent of all clients were recorded as achieving at least one outcome (see Table 6). The most common outcomes were avoided insolvency, negotiated payment plans (with an average value of $700,000) and improved cashflow management.

Although the economic benefits of improved small business outcomes are potentially significant, they are not quantified in this report due to the small sample sizes for each outcome in the case file data and the varied nature of these outcomes. In addition, similar estimates could not be found in the international literature.

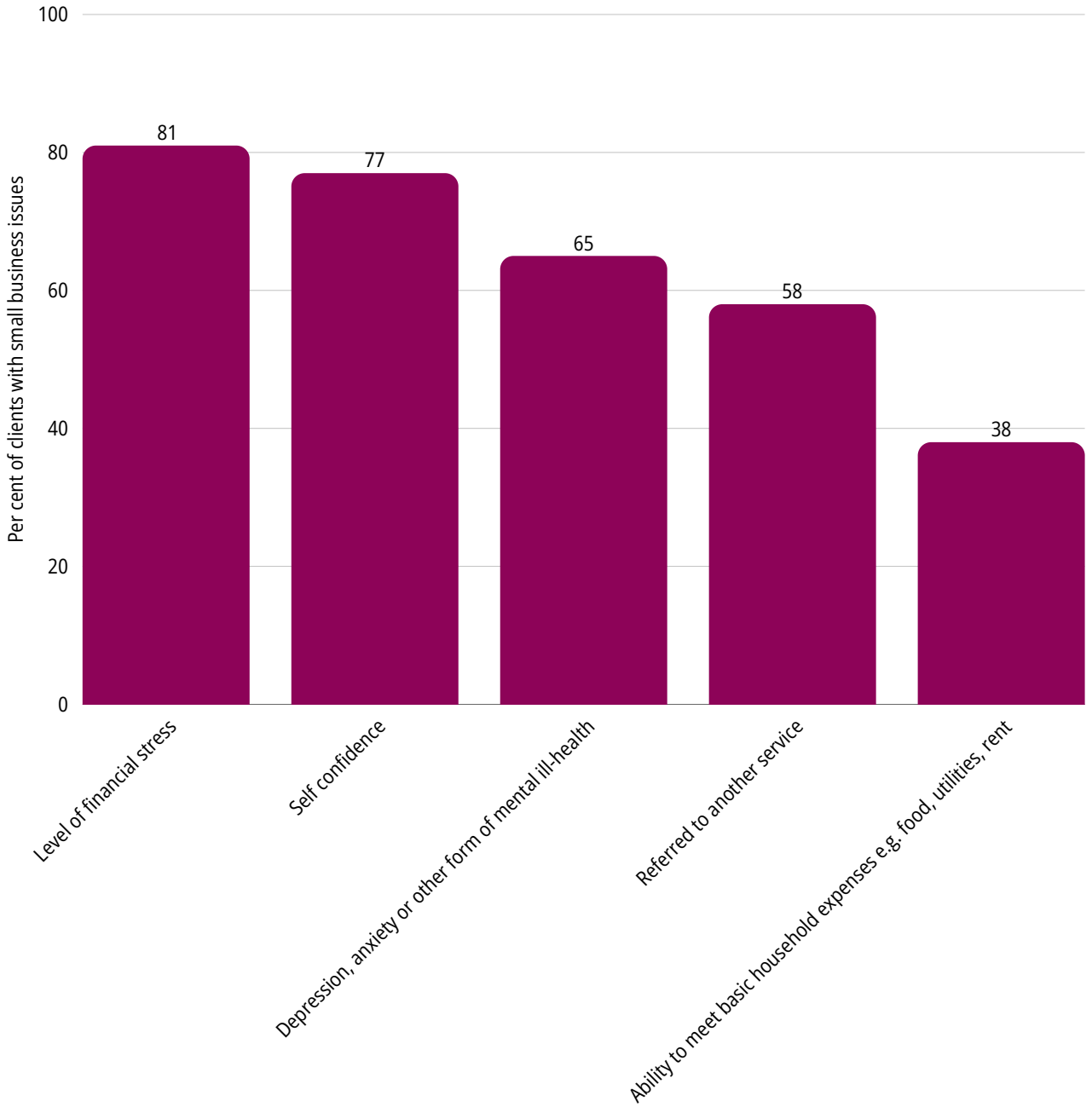
Table 6: Small business outcomes in the case file data

Outcome	No. clients	Per cent of all clients
Avoided insolvency / loss of business	13	5.3%
Negotiated payment plan with creditors for business debt	11	4.5%
Improved cashflow management for the business	11	4.5%
Legal representation obtained for small business issues	10	4.0%
Supported superannuation/Tax Office debt paid/ payment plan arrangement for the business	9	3.6%
Negotiated better lease arrangements for the business	2	0.8%
Increased general insurance payout for small business	1	0.4%
Secured grant(s) for the small business	0	-
Any small business outcome	**30**	**12%**

Small business owners may also receive assistance through the Small Business Debt Helpline service. However, the benefits delivered through this service are not captured in this report.

Financial counselling can also deliver other positive outcomes for small business owners, such as better management of their personal debts and improved mental health. About 85 per cent of clients in the case file data with a small business presenting issue also had at least one non-small-business presenting issue. Many of these small business clients experienced positive non-business outcomes, including reduced financial stress, improved self-confidence and better mental health outcomes (see Chart 10).

Chart 10: Most common outcomes for clients with at least one small business presenting issue (n=26)



Other economic benefits

Financial counselling may deliver a wide range of other economic benefits, according to the literature. These other benefits are difficult to measure and could not be quantified in this report. They include:

- Reduced rates of crime by people who are facing unmanageable debts or who have previously been incarcerated.
- Reduced impacts on older people, such as delaying a move into residential care early (because they cannot afford the rent or upkeep on their home) or helping them to reduce their exposure to elder abuse.
- Improved customer retention for banks, utilities and other firms when clients with problem debt can get back to normal, as well as improved reputational benefits when they do not have to enforce bankruptcy or other actions on creditors.[125]

Finally, the financial counselling sector benefits all consumers through its advocacy to shape firms' practices (such as their terms and conditions or hardship policies), to hold them to their commitments to customers, and through sustained efforts to influence policy and regulatory settings to deliver better consumer outcomes. This includes drawing public attention to the issues clients face when systems and policies fail them. The sector's advocacy work delivers immense public benefit.

125 These other categories of benefits are discussed in Europe Economics (2018) and Clifford et al (2014).

Summary of results

Impact Economics and Policy estimates that financial counselling services in Victoria delivered a social return on investment of between 3.7 and 5.3 in 2023-24 (excluding the National Debt Helpline and Small Business Debt Helpline services). This means that each dollar spent on providing services generated $3.70 to $5.30 in benefits. Table 7 summarises the benefit estimates across domains where it was possible to quantify benefits.

Table 7: Estimates by domain

Domain	Lower bound ($m)	Upper bound ($m)
Debt	$34	$42
Financial resilience	$8	$16
Health	$15	$25
Workforce	$18	$29
Housing	$21	$28
Family violence	$30	$39
Total benefits	**$126**	**$179**
Total costs	**$33.5**	**$33.5**
Social return on investment	*3.7*	*5.3*

Social return on investment for key client groups

We planned to estimate the social return on investment separately for selected Victorian Government specialist programs to identify whether the benefits and costs of providing financial counselling were materially different across specialisations such as family violence, gambling and small business financial counselling. However, relatively small sample sizes for most of the specialist programs (especially once the sample was further disaggregated into groups of clients with improvements in each domain) meant that this could not be done reliably.

Instead, the costs and benefits have been separately estimated for three key client groups with a material proportion of clients in the case file data: clients affected by family violence (34 per cent of clients), small business owners (15 per cent of clients) and clients with disability (23 per cent of clients).

The analysis uses the estimated number of clients in each sub-group, combined with the proportion of clients with each type of outcome in the sub-group (for example, 44 per cent of clients affected by family violence secured a debt waiver, compared to 32 per cent of all clients). However, the alternative proportions are only used for sub-groups where the proportion is statistically significantly different (at the 90 per cent level) to the corresponding proportion for clients not in the sub-group—for example, comparing clients affected by family violence with clients not affected by family violence. Table 8 indicates where significant differences were found.

Table 8: Statistically significant differences in the proportion of clients with various outcome measures

Outcome measure	All clients (%)	Affected by family violence (%)	Small business owner (%)	With disability (%)
Debt waived	32%	44%	-	50%
Negotiated moratorium of debt	28%	-	-	45%
Established negotiated payment plan	29%	37%	-	46%
Avoided imminent bankruptcy	7%	-	21%	-
Avoided imminent homelessness	8%	14%	-	-
Risk/exposure to family violence	15%	41%	-	-
Ability to develop a household/ personal budget	66%	-	43%	-
Ability to meet basic household expenses	74%	86%	51%	82%
Level of financial stress	86%	94%	-	-
Financial literacy	62%	-	43%	-

Note: Only outcome measures used to model economic benefits are shown in the table. No figure is shown for sub-groups where the relevant proportion is not significantly different.

The cost estimates are based on a simple apportionment of the sector-wide cost estimate based on the share of clients in each sub-group. There were no statistically significant differences in average staff hours per case among clients in each sub-group compared to the corresponding group of clients not in the-sub group.

Tables 9, 10 and 11 show the results of the sub-group analysis.

Table 9: Estimates for clients affected by family violence

Domain	Lower bound ($m)	Upper bound ($m)
Debt*	$13	$16
Financial resilience*	$3	$6
Health	$5	$8
Workforce	$6	$10
Housing*	$10	$14
Family violence*	$30	$39
Total benefits	**$67**	**$93**
Total costs	**$11.4**	**$11.4**
Social return on investment	*5.9*	*8.1*

* Uses sub-group specific inputs.

Table 10: Estimates for small business owners

Domain	Lower bound ($m)	Upper bound ($m)
Debt*	$13	$17
Financial resilience*	$1	$2
Health	$2	$4
Workforce	$3	$4
Housing	$3	$4
Family violence	$5	$6
Total benefits	**$27**	**$38**
Total costs	**$5.2**	**$5.2**
Social return on investment	*5.3*	*7.4*

* Uses sub-group specific inputs.

Table 11: Estimates for clients with disability

Domain	Lower bound ($m)	Upper bound ($m)
Debt*	$11	$14
Financial resilience*	$2	$4
Health	$3	$6
Workforce	$4	$6
Housing	$5	$6
Family violence	$7	$9
Total benefits	**$32**	**$45**
Total costs	**$7.6**	**$7.6**
Social return on investment	*4.2*	*5.9*

* Uses sub-group specific inputs.

Limitations of the estimates

The estimated economic benefits in this report are illustrative and rely on conservative assumptions. The estimates also rely on data provided by financial counselling agencies. Although financial counsellors will have a good sense of what outcomes their clients are likely to achieve as a result of receiving financial counselling, there are limits to what they are able to observe. Some outcomes might only become apparent some time after a financial counselling case has been closed, or may be difficult for a financial counsellor to observe through the course of their work (e.g. changes in mental health or family violence, which clients may feel uncomfortable or ashamed to disclose to a financial counsellor).

We also recognise that while many agencies and individual counsellors devoted considerable time to completing our questionnaires, some were not able to provide data for every question because of limitations in record keeping systems as well as time and resourcing constraints. Inconsistency across agencies in how data items were defined, recorded and stored also made it challenging to collect comparable information, especially in the agency survey.

Constraints faced by financial counsellors and agencies also bear on client outcomes. The estimates in this report reflect only what financial counsellors were able to achieve in the available time and resources, and only capture the benefits for people who agencies had the capacity to take on as clients.

Next steps for the sector and government

By highlighting the domains and issues where financial counsellors have the most impact, the estimates in the report provide valuable insights for the *Victorian Workforce Strategy*. These estimates highlight the social and economic outcomes the Victorian financial counselling sector is delivering, especially for many vulnerable consumers.

The strong social return on investment for financial counselling means there is a compelling case for sustained investment in the sector, through both government and industry funding. The estimates also highlight the potential for realising significant social and economic benefits by investing in expanded service delivery to meet unmet need.

There is also a case for greater investment in data collection and recording across the sector so that client outcomes and characteristics can be measured across the entire sector and over time. This would allow government funders and the sector itself to better identify which specialisations are having the most impact, how outcomes vary across different types of clients and geographic areas, and how outcomes are changing over time (including how outcomes relate to changes in broader economic factors such as the cost of living or unemployment rates). More consistent reporting systems would also facilitate more consistent service delivery across the sector, while helping to target funding where the benefits are greatest and facilitate better investment in staff training and workforce development.

While some agencies already have systems for recording outcomes data, data collection across the sector is patchy and often incomplete. Financial Counselling Australia's recent initiative to develop a National Minimum Data Set—which includes several outcome performance indicators—is a positive development. However, we understand that only agencies that receive Commonwealth funding will be required to record data using the new standards. Agencies receiving funding from the Victorian Government or other sources will still need to continue recording data in line with those funders' various requirements (in addition to the minimum standards).

We recommend that the Commonwealth, State and Territory Governments jointly invest in a single data collection, and single set of reporting requirements, across all financial counselling funding programs. This could build on the new National Minimum Data Set over time to capture a greater range of outcome indicators. Ideally, the new collection would ensure that data are systematically captured for measures of met and unmet demand for financial counselling. The national approach used in the specialist homelessness services sector, administered by the Australian Institute of Health and Welfare, offers a useful model.[126] Governments should also ensure that agencies are provided with sufficient funding to cover the administrative costs of complying with reporting requirements.

Further, the sector would benefit from enhanced measurement of the social and economic outcomes delivered through:

- the National Debt Helpline and Small Business Debt Helpline services; and
- the sector's broader advocacy work to influence industry practices and strengthen policy and regulatory settings.

While these outcomes can be difficult to measure, the ability to demonstrate the quantum of these outcomes could help the sector to attract further investment in these key activities.

Finally, the sector should undertake a detailed review of its economic and social impacts at least every five years. Future reviews would ideally be able to draw on an uplifted sector-wide data collection.

126 Australian Institute of Health and Welfare (2025a).

Appendix A: Conceptual and measurement challenges

Previous studies of the impacts of financial counselling (and comparable services in other countries) have identified a range of conceptual and measurement challenges associated with quantifying economic benefits.

Not all impacts are easily valued in dollar terms. Some impacts of financial counselling are relatively straightforward to value in dollar terms because they are dollar-based measures, such as the costs of delivering services or reduced costs on the health system when clients achieve better health outcomes. Other impacts, such as improved wellbeing and reduced risks of family violence, are more complex to value. Economists value these impacts using a range of methods, including statistical techniques that look at how much income people are willing to give up for a small wellbeing improvement. There are many estimates of these sorts of values in the literature, which have been used in this report to estimate the dollar value of impacts.

Not all financial flows are economic benefits in their own right. Economists measure costs and benefits in terms of the resources that are produced and consumed—for instance, the labour and materials used to provide a service or tangible outcomes such as better health and workforce participation. Some financial flows such as government payments, debt waivers and insurance payouts are transfers of money which should not be counted as true economic benefits. Rather, the tangible outcomes they lead to should be captured as economic benefits.

Measured outcomes are often influenced by a range of factors. While financial counselling could lead to improve mental health for a client, a client's mental health will also be influenced by other factors such as changes in their work or family situation, or health interventions they receive. The impact attributable to financial counselling is the total change less what would have otherwise occurred without financial counselling—economists call this 'additionality'.

People who seek financial counselling have different characteristics to other people. The literature shows that people tend to be more likely to seek help from a financial counsellor when they are already in significant financial difficulty and are less able to keep up with their bills and commitments. This can sometimes mean that their outcomes appear to deteriorate while they are receiving financial counselling, even if the financial counselling will deliver an improvement in the longer term.[127] Conversely, the sorts of people who demonstrate improved outcomes after receiving financial counselling may be the types of people who would have experienced better outcomes anyway.[128] Economists call these selection effects, and use statistical methods to control for different characteristics of service users and non-users to distinguish between outcomes that are attributable to financial counselling and outcomes that would have occurred in its absence.

Reverse causality means financial counselling may sometimes be unable to address the root causes of problems. Some people may experience mental health issues which are caused by being in financial difficulty. By helping these people to better manage their debts, financial counsellors can therefore improve their mental health. But reverse causality is possible, where people have pre-existing mental health issues and these issues cause them to fall into financial difficulty. In this situation, financial counselling may not have measurable impacts on mental health outcomes.

Some benefits may be temporary and others may be longer lived. There is little consensus in the literature on how long the benefits of financial counselling last—for example, if financial counselling leads to improved health and family outcomes because it helps someone to get out of problem debt, the benefits will not last forever if the person would have otherwise eventually got out of debt—or, at the other extreme, if they re-enter problem debt in the near future.

127 Fumagalli et al (2021); Europe Economics (2018); Roll and Moulton 2016.

128 For example Elliehausen et al (2007).

Some types of benefits overlap, raising the risk of double counting. For example, financial counselling has been found to improve clients' mental health outcomes and boost their workforce participation. But if most of the increase in workforce participation occurs because of the improved mental health, separately counting these benefits would overstate the true impacts. Economists adjust for this by identifying where benefits overlap and excluding or discounting some of the benefits in the calculations.

Collecting data about people's outcomes can be difficult. Primary studies in the literature have run into a range of practical difficulties in collecting data on the outcomes of financial counselling. These include:

- Selection biases. People may not be willing to participate in a survey or research activity if they have complex personal issues, are experiencing a crisis, are unwilling to share information about sensitive issues like their health and family relationships, or do not feel they received valuable outcomes from financial counselling. This means the people who respond to a survey may not be representative of all clients. Many surveys of financial counselling clients have had very low response rates—for example, just 19 per cent in an earlier Australian study.[129] Surveys of financial counsellors have been less affected and generally have much higher response rates.
- Attrition and non-response biases. People drop out of surveys and fail to complete follow-up exercises because they have changed address, lost interest, or are simply unwilling to disclose sensitive information. For example, one Australian study had to abandon a survey exercise because of very low response rates to follow-up questionnaires.[130] Attrition and non-response biases make it very difficult to measure long-term outcomes from financial counselling.
- Recall and optimism biases. When people are asked about things that happened to them in the past as part of a survey on financial counselling, they may overestimate the changes that are due to financial counselling and underestimate the changes that arose due to other factors. Also, some people may simply not remember all the details of what happened in the past.

129 Brackertz (2012).

130 Price et al (2023).

- Information gaps. People may not have a good understanding of the way that financial counselling has influenced their outcomes. Previous studies where clients were asked to self-report the impacts that financial counselling had on them tend to find much larger impacts than studies which asked financial counsellors to estimate the impacts on clients.[131] This could be due, in part, to the inability of counsellors to observe all the outcomes, or because some outcomes only emerge after the counsellor-client relationship has ended.
- Finding appropriate control groups. In an ideal study, people with similar characteristics would be randomly allocated to receive financial counselling or not, so that differences in outcomes of the two groups reflect the impact of the financial counselling and not other factors (known as a randomised control trial). In practice, people in the control groups are usually put on a wait list which means they can only access financial counselling after the study has concluded. However, in some studies, some people in the control group have ended up obtaining financial counselling outside of the study, and some people in the treatment group have refused to participate in financial counselling.[132] These behaviours makes the outcomes much more difficult to interpret and more difficult to attribute to financial counselling as opposed to differences between people.

These challenges, and the methodological choices researchers have made to get around them, appear to be a major reason why there is such a large variation in social return on investment estimates in the existing literature.

131 e.g. Brackertz estimates much higher than Mahmoudi on a lot of measures.

132 Pleasance et al (2007).

Appendix B: Agency survey

Methodology

The Financial Counselling Agency Survey was designed to collect aggregate data on financial counselling service provision, client outcomes, and sector-wide costs in Victoria. The survey was administered through Google Forms and a Word document option, allowing agencies flexibility in response format.

The survey was distributed via email on Monday, 10 February 2025, by Financial Counselling Victoria to the Financial Counselling Victoria agency managers' network, comprising representatives from 44 agencies. Responding agencies were asked to report data covering the 2023-24 financial year. The survey remained open for four weeks, closing on Friday 7 March 2025. A total of 22 responses were received.

Each agency was asked to provide de-identified aggregated data on client numbers, service delivery, funding sources, and financial outcomes. Agencies that deliver other services in addition to financial counselling, or which operate in multiple jurisdictions, were asked to provide data only in relation to their financial counselling operations in Victoria.

The survey included a combination of mandatory and optional questions, with response formats including multiple-choice, numeric entry and open-ended responses.

Agencies were instructed to rely on existing reporting or to make estimates, rather than manually reviewing individual case files. Agencies were not required to provide individual client data, and all responses were voluntary and de-identified before analysis.

The dataset may be subject to response bias, particularly where agencies estimated figures rather than extracting them from administrative records. Due to variability in reporting practices across agencies, some data harmonisation was required to ensure comparability across different funding streams and service types.

Data was collected through the agency survey from Consumer Action Law Centre (CALC), which is one of the providers of the National Debt Helpline service in Victoria. CALC is not included in the sector-wide aggregated survey results below but is reported on separately below.

Results

Geographic coverage

The 21 agencies (excluding CALC) that responded to the agency survey operate across a broad range of Victorian regions. The most commonly serviced area was Melbourne, with 12 agencies (57 per cent) operating in the metropolitan area. Regional coverage was also strong, with many agencies operating in multiple regions:

Which region(s) do you operate in?	Count	% of agencies
Melbourne	12	57%
Loddon Campaspe Mallee	10	48%
Great South Coast Barwon	9	43%
Wimmera Southern Mallee Central Highlands	8	38%
Gippsland	8	38%
Goulburn Ovens Murray	7	33%

Most agencies reported operating in multiple regions, demonstrating that the financial counselling workforce in Victoria is significantly embedded in regional communities.

Working arrangements

About half of the agencies (52 per cent) reported that their financial counsellors work in a blended model, combining onsite and remote work. About 29 per cent of agencies reported staff working across multiple sites, while 14 per cent indicated that their counsellors were located at a single site.

Where do your financial counsellors work?	Count	% of agencies
Blended - work from home and onsite	11	52%
Multiple sites	6	29%
Single site	3	14%
Remote only (e.g. by telephone)	1	5%

The survey captured information on the number of full-time equivalent (FTE) financial counsellors employed. Across the 21 responding agencies, there were a total of 111 FTE financial counsellors, with an average of 5.3 FTE per agency. This points to a sector largely made up of small to medium teams, with significant variation in workforce size across services.

Client numbers

The 21 agencies reported assisting 14,533 clients in 2023-24.

Agencies were also asked to report the number of clients supported under different Victorian Government-funded financial counselling programs (noting that not all clients were covered under these programs, so the percentages in the table do not sum to 100 per cent).

How many financial counselling clients did your organisation assist?	Number of clients	% of all clients
Financial Counselling Program, Generalist Program (Consumer Affairs Victoria)	6,510	45%
Family Violence Financial Counselling (Consumer Affairs Victoria)	2,429	17%
Gambler's Help Financial Counselling (Victorian Department of Health)	1,075	7%
Partners in Wellbeing (Victorian Department of Health)	491	3.4%
Flood Recovery Response Program (Consumer Affairs Victoria)	193	1.3%
Financial Counselling Services (Court Services Victoria)	0	0%
Other Victorian Government Funded program (please include description)	67	0.5%

The highest client volume was seen in the generalist program, reflecting its broad accessibility and central role in the sector. Other specialist programs also played a substantial role, particularly in supporting clients experiencing family violence and gambling harm.

Agencies reported a total of 1,207 clients who did not attend a scheduled meeting in 2023-24, highlighting a challenge in client engagement and retention.

Service delivery costs and funding

In total, the 21 agencies spent $15.3 million on delivering financial counselling services in 2023-24, including staff costs, overheads and other related costs. Agencies also provided data on costs incurred delivering services under Victorian Government programs. In total, 56 per cent of the sector's costs were associated with delivering financial counselling services under these programs.

What were your organisation's total costs for providing financial counselling in Victoria?	$m	% of total
Financial Counselling Program, Generalist Program (Consumer Affairs Victoria)	4.10	27%
Family Violence Financial Counselling (Consumer Affairs Victoria)	1.59	10%
Partners in Wellbeing (Small Business Financial Counselling)	1.59	10%
Gambler's Help Financial Counselling (Victorian Department of Health)	1.26	8%
All costs	**15.32**	**100%**

Note: No data was provided for the Flood Recovery Program (Consumer Affairs Victoria) or the Financial Counselling Services (Court Services Victoria) program.

Agencies were asked to estimate what proportion of their total service delivery costs were covered by Victorian Government financial counselling funding streams. While individual responses varied, the average was 64 per cent among responding agencies (69 per cent when weighted by the organisation's total costs).

This shows that most agencies rely heavily on Victorian Government funding, but still need to source additional funds from Commonwealth programs, philanthropic sources, or internal cross-subsidisation.

Additional services provided

All 21 agencies also deliver one or more other services alongside financial counselling. Family and relationship supports were the most commonly provided additional service (offered by 76 per cent of agencies). Nearly half also offered housing and homelessness support (48 per cent), with smaller numbers providing other services.

Does your organisation also offer any of the following services?	Count	% of agencies
Family and relationship supports	16	76%
Housing and homelessness support	10	48%
Health or disability services	9	43%
Legal assistance	8	38%
Mental health services	8	38%
Gambling support services (e.g. psychologists/therapists)	8	38%
Crisis and emergency relief	8	38%
Employment and training services	3	14%
Welfare and income support	1	5%
Other	0	0%

Client presenting issues

Agencies provided aggregate counts of clients presenting with particular financial issues. The issue categories were based on Consumer Affairs Victoria's reporting categories. The most common were household debts (43 per cent of clients among those that provided a response to this item), utility debts (40 per cent) and housing arrears (32 per cent).

Most agencies were able provide data for some of the presenting issues, but some were unable to provide data for all presenting issues. As it was somewhat unclear whether a blank field indicated that zero clients had the relevant issue or that the agency did not have centrally collected data on the issue, percentages are reported in two different ways in the table below:

- The first column (% for agencies responding to the item) shows the percentage of clients with each presenting issue among agencies which provided a response to the relevant item (i.e. assuming that a blank field means no data was available).
- The second column shows the number (% for agencies responding to the section) shows the percentage of clients with each presenting issue among agencies which provided data for at least one issue (i.e. assuming that a blank field means zero clients).

We also understand that some agencies were unable to record more than three presenting issues per client, due to limitations in the reporting systems that major funders require them to use. This means that responses to this survey section may be biased towards the most major issues faced by clients and understate the prevalence of other issues.

Client presenting issue	Count	% for agencies responding to the item	% for agencies responding to the section	No. agencies
Household debts	3,648	43%	36%	12
Utility debts	3,907	40%	39%	13
Housing arrears	3,142	32%	31%	14
3rd tier lender (e.g payday loans, BNPL)	2,154	24%	21%	13
Credit card debt	1,850	19%	18%	13
Personal loans	1,388	16%	14%	13
Car loan / lease	1,354	16%	13%	12
Other	1,249	14%	12%	12
Unpaid fines	970	11%	10%	12
Centrelink debt	819	10%	8%	13
Tax debt	556	6%	6%	13
Insurance claim issues	529	6%	5%	11
Scams	240	3%	2%	12
Small business debt	229	3%	2%	12

Client characteristics

Agencies also reported on the prevalence of specific client experiences and backgrounds. The most commonly reported were being affected by family violence (28 per cent), living with disability (18 per cent) and English as a second language (15 per cent). Smaller proportions of clients were identified as affected by gambling—either personally (7 per cent) or through a family member (5 per cent), affected by substance addiction (8 per cent), and currently or recently incarcerated (4 per cent).

These results highlight the complexity of many financial counselling clients and the presence of intersecting forms of vulnerability and disadvantage, especially family violence, disability, mental health and social exclusion.

Client presenting issue	Count	% for agencies responding to the item	% for agencies responding to the section	No. agencies
Affected by family violence (i.e. victim-survivor)	2,832	28%	23%	15
Living with disability	1,637	18%	13%	13
English as a second language	1,025	15%	8%	12
Affected by substance addiction - client is partner/ family member	455	12%	4%	5
Affected by substance addiction (alcohol or other drugs) - self	484	8%	4%	9
Affected by natural disaster	477	8%	4%	9
Aged 70 years or older	756	7%	6%	17
Affected by gambling - self	568	7%	5%	11
Small business owner	267	6%	2%	7
First Nations	553	5%	4%	16
Affected by gambling - client is partner/family member	319	5%	3%	8
Incarcerated (currently or recently)	192	4%	2%	9

Client outcomes

When asked which outcomes their clients most commonly achieved, agencies overwhelmingly nominated reduced financial stress (74 per cent). Other common outcomes included improved financial literacy (64 per cent), improved budgeting (54 per cent), debts reduced/waived (49 per cent) and improved ability to meet household expenses (49 per cent). Fewer clients were recorded with outcomes relating to mental health (34 per cent), housing stability (25 per cent) and reduced exposure to family violence (40 per cent).

Only a minority of agencies were able to provide data for most or all of the outcome measures. Most agencies appeared to face major limitations in what could be extracted from their systems (without manually reviewing individual case files). Accordingly, the responses to this section are not considered to be reliable for making inferences about the sector as a whole.

Client presenting issue	Count	% for agencies responding to the item	% for agencies responding to the section	No. agencies
Reduced level of financial stress	4,559	74%	57%	10
Improved financial literacy	3,296	64%	41%	6
Improved ability to develop a household/personal budget	2,630	54%	33%	4
Debts reduced/waived	3,797	49%	48%	11
Improved ability to meet basic household expenses e.g. food, utilities, rent	2,172	49%	27%	5
Improved self-confidence	1,262	48%	16%	5
Referred to another service or secured access to support from other services	2,610	47%	33%	8
Reduced risk/exposure to family violence	1,023	40%	13%	4
Established negotiated payment plan with creditors	2,653	37%	33%	10
Negotiated moratorium on debt	2,574	36%	32%	9
Reduced level of depression, anxiety or other form of mental ill-health	967	34%	12%	5

Client presenting issue (Continued)	Count	% for agencies responding to the item	% for agencies responding to the section	No. agencies
Secured grant(s)	1,176	28%	15%	8
More stable housing	533	25%	7%	5
Avoided other imminent legal action	1,361	22%	17%	7
Avoided mortgage default/repossession of home	426	14%	5%	6
Avoided eviction	290	6%	4%	6
Avoided imminent homelessness	202	5%	3%	6
Accessed superannuation (including lost super)	315	5%	4%	8
Government benefits secured (e.g. Centrelink, Escaping Violence Payment)	279	4%	4%	8
Small Business - Negotiated payment plan with creditors	66	4%	1%	2
Secured general insurance payout	68	4%	1%	4
Small Business - Secured payment plan with Tax Office	40	2%	0%	2
Increased workforce participation	41	2%	1%	3
Small Business - Other	7	2%	0%	1
Secured life insurance payout	22	2%	0%	4
Avoided imminent bankruptcy	45	1%	1%	4
Small Business - Improved cashflow management	13	1%	0%	2
Small Business - Supported insolvency/closure of business	13	1%	0%	2
Changed savings buffer	0	0%	0%	2
Reduced level of substance abuse	0	0%	0%	1
Improved physical health	0	0%	0%	1
Improved job security (e.g. avoided dismissal)	0	0%	0%	1
Improved relationship with spouse/children/family	0	0%	0%	1
Small Business - Avoided insolvency/loss of business	0	0%	0%	1

National Debt Helpline (Consumer Action Law Centre)

Consumer Action Law Centre (CALC), which is one of the providers of the National Debt Helpline service in Victoria, provided detailed responses to the agency survey. As a telephone and web-chat advice service, the National Debt Helpline supports a high volume of users, with a distinctive model focused on information, advice, and referral rather than dedicated or ongoing casework. CALC supports about three-quarters of users of the National Debt Helpline in Victoria, with the remainder supported by a second organisation (Better Place Australia) at the time of drafting this report.

As most of CALC's clients are users of the high-volume National Debt Helpline, the agency survey results for CALC are reported separately. Given the high volume of National Debt Helpline callers and difficulty in tracking the outcomes for these people (e.g. in many cases the call operator will not know if the client acted on the advice they were given or what the outcome was), CALC was unable to report on the outcomes measure. In addition, CALC only participated in the case file data collection activity with respect to the small amount of one-on-one case work it does.

Funding and service delivery (CALC)

CALC delivers the National Debt Helpline and other financial counselling services across all regions of Victoria through a blended delivery model, with financial counsellors working both onsite and remotely. It employs 11 full-time equivalent (FTE) financial counsellors. It also provides legal assistance services and sector development and training activities.

In 2023–24, CALC assisted approximately 6,556 users via telephone and a further 6,230 clients via online chat, representing a total of 12,786 unique users. The cost of providing these services totalled $2.3 million. Victorian Government funding covered 81 per cent of these costs, mainly through the Generalist Financial Counselling Program (Consumer Affairs Victoria) with smaller amounts of funding through the Flood Recovery Response Program. CALC also receives funding from the Commonwealth Government, including for the National Debt Helpline chat service.

Presenting issues and client characteristics (CALC)

Presenting issue	Count	% of clients
Utility debts	2,053	16%
Housing arrears	1,906	15%
Household debts	1,185	9.3%
Credit card debt	1,123	8.8%
3rd tier lenders	860	6.7%
Personal loans	855	6.7%
Tax debt	602	4.7%
Car loan / lease	537	4.2%
Insurance claim issues	330	2.6%
Unpaid fines	304	2.4%
Small business debt	248	1.9%
Centrelink debt	167	1.3%
Scams	131	1.0%
Other (e.g. council rates, etc.)	-	-

CALC shared data on some selected client characteristics, noting that many are likely to be underreported as they are only recorded when a 'red flag' is present.

Characteristic	Count	% of clients
English as a second language	1,325	10%
Affected by family violence	407	3.2%
Aged 70 or older	245	1.9%
First Nations	154	1.2%
Affected by substance addiction (self)	71	0.6%
Affected by natural disaster	62	0.5%
Affected by gambling (self)	49	0.4%
Incarcerated	4	0.03%

Appendix C: Financial counselling case file data

Methodology

Selected financial counsellors were asked to provide granular information about client demographics, presenting issues and outcomes. Financial counsellors were asked to fill in a questionnaire for each client case that was closed over the six-week period from Monday 10 February to Friday 21 March 2025.

A total of 247 responses were received from financial counsellors working in 9 organisations (counting organisations that operate across multiple divisions or locations as a single organisation).

The questionnaire was loosely based on that used by Mahmoudi et al (2014), who also gathered information from financial counselling agencies about client cases. We used this method because previous studies have faced significant difficulties when surveying clients directly, including very low response rates and likely high rates of selection bias (see Appendix A). To reduce selection biases, we explicitly instructed financial counsellors to fill out the questionnaire for every case closed during the period (excluding clients who did not turn up for an appointment).

Financial counsellors were specifically asked not to disclose any information that could identity a client. All information collected was stored securely and is only reported in aggregated form. Financial counsellors that participated in the exercise were award Continuing Professional Development points by Financial Counselling Victoria.

The questionnaire asked financial counsellors to provide detail on each client and the issues they were seeking help with. It also collected data on a range of outcomes, which have been grouped into the categories of debt and resources, small business and wellbeing. Financial counsellors were asked to only record outcomes that were attributable to financial counselling and would not have otherwise arisen. For the wellbeing outcomes, financial counsellors were asked to indicate the approximate contribution that financial counselling made to the outcome (a score of 0, 20, 40, 60, 80 or 100 per cent).

Results

Client demographics

Is the client partnered?

Status	Count	% of sample
Partnered	77	31%
Single	167	68%
Unknown or no response	3	1%
Total	247	100%

Does the client have dependants? If so, how many?

Status	Count	% of sample
No dependants	126	51%
1 dependant	43	17%
2 dependants	52	21%
3+ dependants	23	9%
Unknown or no response	3	1%
Total	247	100%

Does the client financially support other non-dependant family members?

Status	Count	% of sample
Yes	39	16%
No	198	80%
Unknown or no response	10	4%
Total	247	100%

Does the client fall within any of the following categories? (select as many as apply)

The table below shows the distribution of clients across specific categories. The column on the right shows the proportions from the agency survey. Compared to the agency survey, the proportion of clients in the case file data is statistically significantly higher for clients affected by family violence, clients living with a disability, small business owners and clients currently or recently incarcerated. There are no observations in the case file data of clients affected by gambling or substance addition, even though modest proportions of these were recorded in the agency survey.

While the agency survey has a much greater sample size in terms of client data, data recording limitations mean that not all agencies had records of the number of clients in each of the client categories. Accordingly, the agency survey does not necessarily provide a more reliable indication of client characteristics than the case file data.

Category	Count	% of sample	% in agency survey
Affected by family violence (i.e. victim-survivor)	84	34%	*28%**
Living with disability	56	23%	*18%**
English as a second language	43	17%	*15%*
Small business owner	38	15%	*6%**
Incarcerated (currently or recently)	22	9%	*4%**
Affected by natural disaster	16	6%	*8%*
Aged 70 years or older	16	6%	*7%*
First Nations	11	4%	*5%*
Affected by gambling - self	0	0%	*7%**
Affected by gambling - client is partner/family member	0	0%	*5%**
Affected by substance addiction (alcohol or other drugs) - self	0	0%	*8%**
Affected by substance addiction - client is partner/family member	0	0%	*12%**
Any of the above	**206**	**83%**	**-**
None of the above	**41**	**17%**	**-**

* Difference is statistically significant at the 10 per cent level.

Which other supports was the client accessing while receiving financial counselling (whether from the same organisation or a different organisation)?

Support	Count	% of sample
Mental health services	63	26%
Family violence support	47	19%
Legal assistance	45	18%
Health or disability services	45	18%
Welfare and income support	36	15%
Housing and homelessness support	30	12%
Crisis and emergency relief	29	12%
Family and relationship support	24	10%
Employment and training services	9	4%
Gambling support services	6	2%
Alcohol/drug addiction services	4	2%
Unknown	12	5%
Any of the above	**170**	**69%**
None of the above	**77**	**31%**

Presenting issues

What issue(s) brought the client to seek assistance from a financial counsellor?

The table below shows the distribution of clients across presenting issues. The column on the right shows the proportions from the agency survey. Compared to the agency survey, the proportion of clients in the case file data is statistically significantly higher for personal loans, tax debt and small business debt. The proportion is lower in the case file data for household debts, credit card debt and Centrelink debt.

A more granular list of categories was used in the questionnaire for the case file data than in the agency survey. This may explain some of the differences in proportions for clients with household debts (for example, some clients in the case file data may have instead been recorded under mortgage repayments). In addition, data recording limitations mean that not all agencies had records of the number of clients for each of the presenting issues (e.g. some agencies only report the top three presenting issues for a client, rather than all issues).

Category	Count	% of sample	*% in agency survey*
Utility debts	94	38%	*40%*
Household debts	63	26%	*43%**
3rd tier lender (payday loans / BNPL / rent to buy / leases)	61	25%	*24%*
Personal loans	60	24%	*16%**
Mortgage repayments	51	21%	
Other	42	17%	*14%*
Tax debt	39	16%	*6%**
Credit card debt	35	14%	*19%**
Car loan / lease	32	13%	*16%*
Unpaid fines	29	12%	*11%*
Economic abuse	24	10%	
Small business debt	20	8%	*3%**
Rental arrears / eviction notice	18	7%	
Insurance claim issues	12	5%	*6%*
Centrelink debt	11	4%	*10%**
Small business leases	6	2%	
Centrelink payments suspended	5	2%	
Small business insurance	4	2%	
Scams	3	1%	*3%*
Child support debt	2	1%	
Small business grants	0	0%	
Housing arrears (not in case file data)	-	-	32%
Any of the above	**247**	**100%**	
One issue only	**82**	**33%**	**-**
Two issues	**64**	**26%**	**-**
Three issues	**52**	**21%**	**-**
Four issues	**28**	**11%**	**-**
Five or more issues	**21**	**9%**	**-**

* Difference is statistically significant at the 10 per cent level.

Provision of financial counselling

Was financial counselling provided to the client under a Victorian Government financial counselling program? If so, which one?

The column on the right shows the proportion of clients in the agency survey for comparison.

Program	Count	% of sample	*% in agency survey*
Financial Counselling Program (Consumer Affairs Victoria)	124	50%	*45%**
Family Violence Financial Counselling (Consumer Affairs Victoria)	33	13%	*17%*
Partners in Wellbeing (Small Business Financial Counselling) (Victorian Department of Health and Department of Jobs, Skills, Industries and Regions)	27	11%	*3%**
Gambler's Help Financial Counselling (Victorian Department of Health)	11	4%	*7%**
Financial Counselling Services (Court Services Victoria)	7	3%	*0%*
Flood Recovery Response Program (Consumer Affairs Victoria)	4	2%	*1%*
Other Victorian Government program	16	6%	*0%**
No (client not assisted under a Victorian Government program)	7	3%	-
Unknown	18	7%	-
Total	**247**	**100%**	**-**

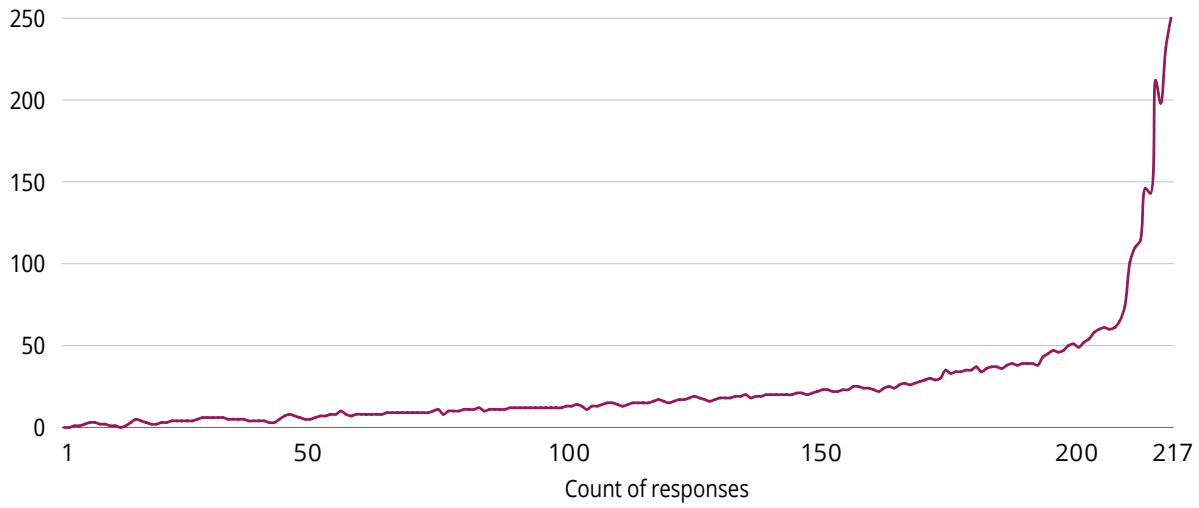
* Difference is statistically significant at the 10 per cent level.

Approximately how many staff hours did you (or your financial counselling colleagues) spend in total in delivering financial counselling to this client, including client meeting and follow-up/advocacy work?

The average (mean) number of staff hours per client case was 24.1 hours, with a median of 15 hours and standard deviation of 32 hours. 88 per cent of cases were completed in 50 hours or less. The average in the case file data is lower than the average in the Financial Counselling Victoria caseload survey reported (in draft form) by Bartley Consulting (34.4 hours) but the median is the same (15 hours).

Staff hours data was provided for 210 responses in the case file data. The summary statistics above exclude 27 responses with zero hours recorded and 10 responses which were outliers with an implausibly high number of hours (over 10,000 hours in one case). These outliers may be mis-recorded. We consider up to 250 hours for a case to be plausible (for a very complex case). Observations higher than 250 hours have been excluded when calculating the summary statistics. If these observations were to be included, the average across all cases with non-zero hours recorded would be 113.3 hours.

Distribution of staff hours per case (max 250 hours)

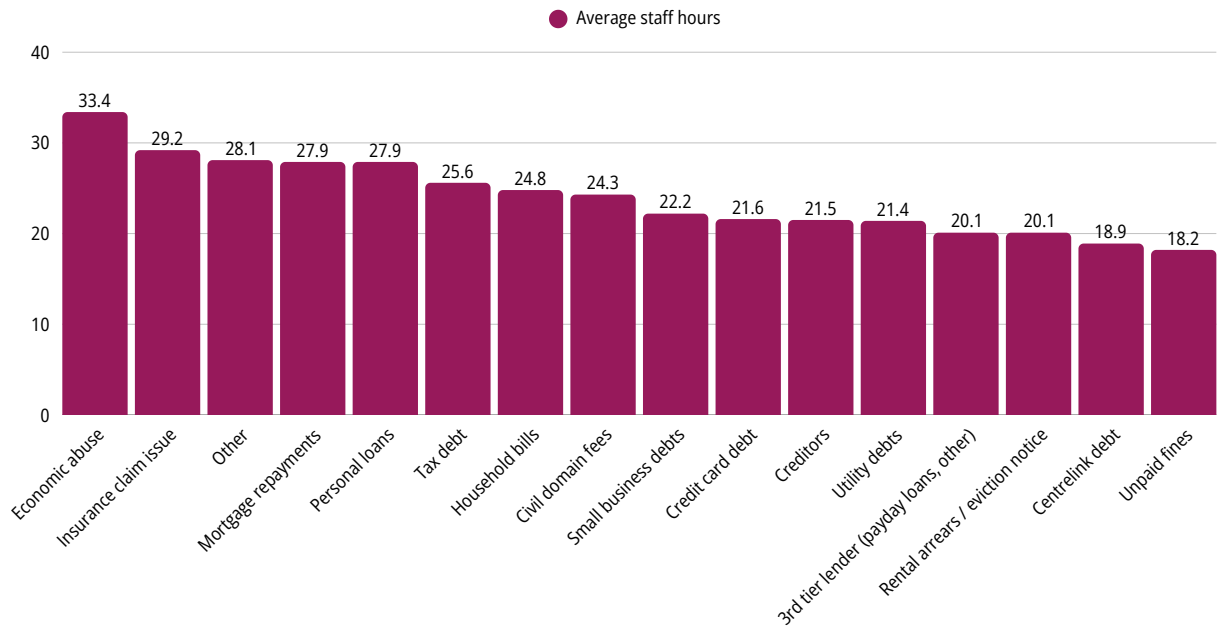


Average staff hours per case tended to be higher the greater number of presenting issues a client had.

Number of presenting issues	Average staff hours
One	19.6
Two	29.1
Three	20.1
Four	28.3
Five or more	29.9
Any	**24.1**

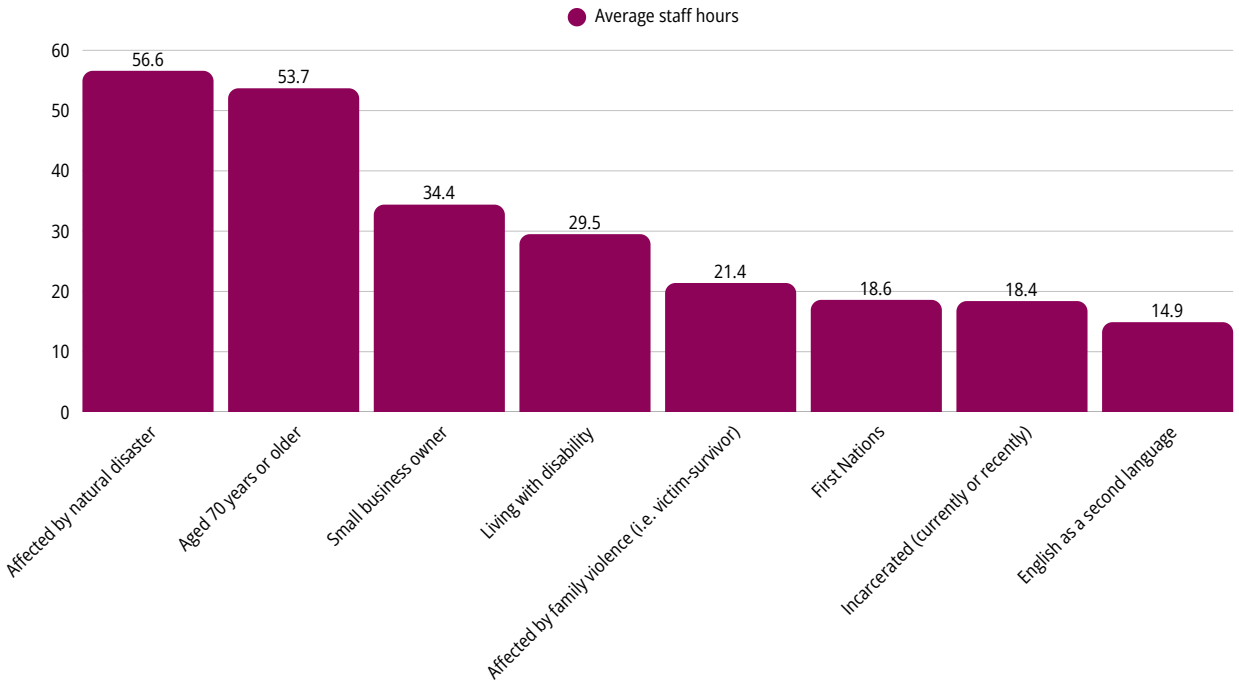
Average staff hours are broadly similar across the types of presenting issues (for which there were at least 10 observations in the sample), with the highest values for clients with economic abuse (33.4 hours) and insurance claim issues (29.2 hours).

Average staff hours by presenting issue



There was more variation in average staff hours across the client categories. Clients affected by natural disaster or aged 70 or older had much higher average staff hours (with each category exceeding an average of 50 hours) than clients in the other categories.

Average staff hours by client category (excluding categories with 10 or fewer observations)



How actively did the client participate in the counselling process?

Status	Count	% of sample
Very engaged	143	58%
Somewhat engaged	76	31%
Neutral	7	3%
Disengaged	15	6%
No response	6	2%
Total	**247**	**100%**

Client outcomes: Debt and resources

Which outcomes did the client achieve (or is likely to achieve) as a result of financial counselling?

One or more debt and resources outcomes were recorded for 194 clients (79 per cent of the full sample). The most common outcome was referral to another service. Excluding the 20 clients who were only referred to another service (and had none of the other outcomes recorded), one or more outcomes were recorded for 174 clients (70 per cent of the full sample).

Compared to the agency survey, the proportion of clients in the case file data is statistically significantly higher for securing government benefits, establishing a savings buffer and avoiding eviction, imminent homelessness or bankruptcy. The proportion is lower in the case file data for outcomes relating to referrals to another service, the three debt-specific outcomes, and increased general insurance payouts.

As there was considerable variation across agencies in the ability to provide data against each of the outcomes, the proportions from the agency survey are not necessarily a reliable reflection of the outcomes delivered across the sector.

Debt or resources outcome	Count	% of sample	Average staff hours	*% of clients in agency survey*
Referred to another service	94	38%	28.1	*47%**
Debt waived	78	32%	31.5	*49%**
Established negotiated payment plan	72	29%	29.2	*37%**
Negotiated moratorium on debt	69	28%	30.9	*36%**
Government benefits secured	60	24%	26.6	*4%**
Avoided other imminent legal action	47	19%	31.6	*22%*
Avoided mortgage default	44	18%	30.6	*14%*
Established a savings buffer	32	13%	17.1	*0%**
Avoided eviction	23	9%	33.9	*6%**
Avoided imminent homelessness	19	8%	27.3	*5%**
Avoided imminent bankruptcy	17	7%	58.6	*1%**
Accessed superannuation	13	5%	30.8	*5%*
Increased life insurance payout	5	2%	-	*2%*
Increased general insurance payout	1	0.4%	-	*4%**
Secured grants(s) (category not used in case file data)				*28%*
Any debt or resources outcome	**194**	**79%**	**26.0**	**-**
Any debt or resources outcome other than referred to another service	174	70%	25.6	-
No debt or resources outcome	53	21%	13.6	-

*Note: Average staff hours are not shown for categories with 10 or fewer observations. * Difference is statistically significant at the 10 per cent level.*

The following tables summarise responses to questions about the magnitude of financial outcomes. All averages are simple averages across survey responses, unless otherwise stated.

Debt waivers

Measure	Average
Amount waived - average	$16,023
Amount waived - median	$5,258
Percentage of total debt waived	75%
Percentage of total debt waived— weighted by implied average size of debt	51%
Implied average amount of total debt	**$31,624**

Moratoria on debt

Measure	Average
Amount of debt subject to moratorium - average	$106,690
Amount of debt subject to moratorium - median	$11,000
Length of moratorium(s) in weeks	20.3
Percentage of total debt subject to moratorium	71%
Percentage of total debt subject to moratorium — weighted by implied average size of debt	83%
Implied average amount of total debt	**$128,824**

For debt waivers and moratoria, the implied amount of total debt was calculated by dividing the amount of debt subject to the waiver/moratorium by the percentage of total debt subject to the waiver/moratorium. Where the percentage field was left blank, we applied the simple average across all responses with a positive value.

For moratoria, values for clients with multiple moratoria listed were converted into a single value (using the average across the inputted values). Responses entered as months or years were converted to weeks.

Negotiated payment plans

Measure	Average
Amount of debt subject to payment plan - average	$34,351
Amount of debt subject to payment plan - median	$3,975

Access to superannuation

Measure	Average
Amount of superannuation accessed - average	$9,545
Amount of superannuation accessed - median	$10,000

Government benefits secured

Type of benefit	Average annual benefits	Number of clients	% of clients with government benefits accessed
Fortnightly (e.g. JobSeeker)	$23,257	10	17%
Lump sum (e.g. Utility Relief Grant)	$1,666	43	72%
Not specified		7	12%
All benefits	$5,264	60	100%

Note: Client numbers and percentages are indicative only, as a small number of responses included both fortnightly and lump-sum benefits.

For clients who had received government benefits, each response was classified as a fortnightly or lump sum benefit based on the description entered. Fortnightly payments were converted into an annualised equivalent (by multiplying by 26), and it was assumed that lump sum benefits are one-off payments (i.e. received once in the year). Unknown or blank responses for the benefit type are not included in the averages.

The table below shows the top three most common debt and resources outcomes for clients with each of the presenting issues (excluding presenting issues with 10 or fewer clients in total, and outcomes with 5 or fewer observations). For each outcome, the number of clients with the outcome as a share of all clients with the relevant presenting issue is shown in parentheses.

Presenting issue	First (most common)	Second	Third
3rd tier lender (payday loans / BNPL / rent to buy / leases)	Debt waived (52%)	Established negotiated payment plan (39%)	Negotiated moratorium on debt (38%)[133]
Car loan / lease	Established negotiated payment plan (38%)	Referred to another service (38%)	Debt waived (34%)
Centrelink debt	Referred to another service (55%)	-	-
Credit card debt	Debt waived (49%)	Referred to another service (46%)	Established negotiated payment plan (37%)
Economic abuse	Referred to another service (67%)	Negotiated moratorium on debt (46%)	Government benefits secured (46%)
Household debts	Established negotiated payment plan (52%)	Referred to another service (52%)	Negotiated moratorium on debt (38%)[134]
Insurance claim issues	Referred to another service (58%)	Established negotiated payment plan (42%)	Government benefits secured (42%)[135]
Personal loans	Debt waived (42%)	Negotiated moratorium on debt (40%)	Established negotiated payment plan (35%)[136]
Mortgage repayments	Avoided mortgage default (67%)	Negotiated moratorium on debt (59%)	Established negotiated payment plan (45%)[137]
Rental arrears / eviction notice	Referred to another service (78%)	Government benefits secured (61%)	Negotiated moratorium on debt (44%)[138]
Small business debt	Referred to another service (50%)	Avoided other imminent legal action (35%)	-
Tax debt	Referred to another service (46%)	Negotiated moratorium on debt (31%)	Avoided other imminent legal action (31%)
Unpaid fines	Referred to another service (45%)	Debt waived (38%)	Established negotiated payment plan (31%)
Utility debts	Established negotiated payment plan (44%)	Government benefits secured (40%)	Debt waived (39%)
Other	Referred to another service (40%)	Debt waived (33%)	Established negotiated payment plan (33%)

133 Tied with Referred to another service.

134 Tied with Government benefits secured.

135 Tied with Avoided mortgage default.

136 Tied with Referred to another service.

137 Tied with Referred to another service.

138 Tied with Avoided imminent homelessness and avoided eviction.

Client outcomes: Small business

Which outcomes did the client achieve (or is likely to achieve) as a result of financial counselling?

One or more small business outcomes were recorded for 30 clients (12 per cent of the full sample). Compared to the agency survey, the proportion of clients in the case file data was statistically significantly higher for avoided insolvency and improved cashflow management. Overall sample sizes were very low for the outcome categories in both surveys.

Outcome	No. clients	Percentage of all clients	Average value	*% in agency survey*
Avoided insolvency / loss of business	13	5%		0%*
Negotiated payment plan with creditors for business debt	11	4%	$703,878	4%
Improved cashflow management for the business	11	4%		1%*
Legal representation obtained for small business issues	10	4%		
Supported superannuation/Tax Office debt paid/ payment plan arrangement for the business	9	4%		2%
Negotiated better lease arrangements for the business	2	1%	-	
Increased general insurance payout for small business	1	0%	-	
Secured grant(s) for the small business	0	0%		
Small Business – Supported insolvency/closure of business (category not used in case file data)				1%
Small Business – Other (category not used in case file data)				2%
Any small business outcome	**30**	**12%**		

*Note: Average staff hours are not shown for categories with 10 or fewer observations. * Difference is statistically significant at the 10 per cent level.*

As indicated above, relatively few clients had a small-business-specific presenting issue recorded. A total of 26 clients (11 per cent of the sample) had at least one small business-specific presenting issue recorded, and 22 clients (9 per cent) had at least one small-business-specific issue and at least one other presenting issue recorded.

Client outcomes: Wellbeing

Which outcomes did the client achieve (or is likely to achieve)?

What percentage of these outcomes can be attributed to financial counselling? (0%, 20%, 40%, 60%, 80% or 100%?)

This section was left completely blank in some questionnaire responses (43 responses, or 17 per cent). These responses have been removed from the counts below. All responses with data inputted for at least one of the wellbeing outcomes (204 responses) are included in the denominator for sample coverage percentages.

A change in one or more wellbeing outcomes was recorded for 194 clients (95 per cent). This means that one of the categories 'deteriorated', 'small improvement', 'modest improvement' or 'significant improvement' was selected for at least one outcome measure ('not applicable' and 'no change' are excluded). An improved outcome (any of the 'improvement' categories) was recorded for 191 clients (94 per cent).

The percentage of clients with an improved welling outcome was statistically significantly different in the case file data to the agency survey data across all outcomes except financial literacy. However, as there was considerable variation across agencies in the ability to provide data against each of the outcomes, the proportions in the agency survey are not necessarily a reliable reflection of the wellbeing outcomes delivered across the sector.

The table opposite summarises responses to the wellbeing questions in the case file data. The percentage of outcomes due to financial counselling (% due to FC) column is the average of responses to the question about the percentage of outcomes that can be attributed to financial counselling, weighted by the number of responses in each category.

Outcome	Deteriorated	Small improvt	Modest improvt	Significant improvt	Any improvt	% due to FC	Modest or significant improvt	% due to FC	*% in agency survey*
Relationship with spouse/ children/family	2	36	28	9	73 (36%)	55%	37 (18%)	63%	*0%**
Risk/exposure to family violence	2	7	13	10	30 (15%)	47%	23 (11%)	46%	*40%**
Ability to develop a household/personal budget	1	43	55	36	134 (66%)	72%	91 (45%)	75%	*54%**
Ability to meet basic household expenses e.g. food, utilities, rent	1	48	52	50	150 (74%)	74%	102 (50%)	77%	*49%**
Level of financial stress	4	47	48	81	176 (86%)	77%	129 (63%)	83%	*74%**
Financial literacy	1	49	53	25	127 (62%)	71%	78 (38%)	79%	*64%*
Housing stability	0	28	30	45	103 (50%)	68%	75 (37%)	76%	*25%**
Workforce participation	0	22	11	9	42 (21%)	56%	20 (10%)	68%	*2%**
Job security (e.g. avoided dismissal)	0	12	8	2	22 (11%)	56%	10 (5%)	66%	*0%**
Depression, anxiety or other form of mental ill-health	3	61	56	34	151 (74%)	64%	90 (44%)	71%	*34%**
Self confidence	2	57	57	27	141 (69%)	63%	84 (41%)	71%	*48%**
Substance abuse	0	5	2	2	9 (4%)	51%	4 (2%)	40%	*0%**
Physical health	4	22	17	4	43 (21%)	49%	21 (10%)	52%	*0%**

** Difference is statistically significant at the 10 per cent level.*

The table below shows the top three most common wellbeing outcomes, based on the share of clients with an improvement recorded, for clients with each of the presenting issues (excluding presenting issues with 10 or fewer clients in total, and outcomes with 5 or fewer observations). For each outcome, the number of clients with the outcome as a share of all clients with the relevant presenting issue is shown in parentheses.

Presenting issue	First (most common)	Second	Third
3rd tier lender (payday loans / BNPL / rent to buy / leases)	Level of financial stress (92%)	Ability to meet basic household expenses e.g. food, utilities, rent (82%)	Depression, anxiety or other form of mental ill-health (78%)
Car loan / lease	Level of financial stress (88%)	Ability to meet basic household expenses e.g. food, utilities, rent (80%)	Depression, anxiety or other form of mental ill-health (80%)
Credit card debt	Level of financial stress (91%)	Ability to meet basic household expenses e.g. food, utilities, rent (84%)	Depression, anxiety or other form of mental ill-health (84%)
Economic abuse	Housing stability (90%)	Ability to meet basic household expenses e.g. food, utilities, rent (85%)	Level of financial stress (85%)
Household debts	Level of financial stress (90%)	Ability to meet basic household expenses e.g. food, utilities, rent (87%)	Self confidence (83%)
Insurance claim issues	Self confidence (91%)	Ability to meet basic household expenses e.g. food, utilities, rent (82%)	Level of financial stress (82%)[139]
Personal loans	Level of financial stress (92%)	Depression, anxiety or other form of mental ill-health (87%)	Ability to meet basic household expenses e.g. food, utilities, rent (83%)[140]
Mortgage repayments	Level of financial stress (90%)	Ability to develop a household/personal budget (88%)	Housing stability (88%)[141]
Rental arrears / eviction notice	Level of financial stress (82%)	Housing stability (82%)	Depression, anxiety or other form of mental ill-health (82%)[142]
Small business debt	Level of financial stress (84%)	Self confidence (84%)	Depression, anxiety or other form of mental ill-health (79%)
Tax debt	Level of financial stress (82%)	Depression, anxiety or other form of mental ill-health (82%)	Self confidence (76%)

139 Tied with Financial literacy.

140 Tied with Self confidence.

141 Tied with Ability to meet basic household expenses e.g. food, utilities, rent.

142 Tied with Self confidence.

Presenting issue	First (most common)	Second	Third
Unpaid fines	Level of financial stress (92%)	Depression, anxiety or other form of mental ill-health (81%)	Ability to meet basic household expenses e.g. food, utilities, rent (77%)
Utility debts	Level of financial stress (89%)	Ability to meet basic household expenses e.g. food, utilities, rent (87%)	Ability to develop a household/personal budget (81%)
Other	Level of financial stress (80%)	Ability to meet basic household expenses e.g. food, utilities, rent (66%)	Ability to develop a household/personal budget (63%)[143]

143 Tied with Self confidence

References

AMP (2020)

—Financial Wellness in the Australian Workplace

ANROWS (2022)

—Economic insecurity and intimate partner violence in Australia during the COVID-19 pandemic

Atfield, Lindley and Orton (2016)

—Living with debt after advice: A longitudinal study of people on low incomes

Australian Bureau of Statistics (2023)

—Personal safety survey

Australian Bureau of Statistics (2024a)

—Average Weekly Earnings, Australia

Australian Bureau of Statistics (2024b)

—Patient experiences

Australian Financial Security Authority (2020)

—Registered trustee remuneration in the personal insolvency system, Best practice report 2020

Australian Financial Security Authority (2025)

—Fees and Charges, Available: https://www.afsa.gov.au/professionals/resource-hub/fees-and-charges

Australian Housing and Urban Research Institute (2022)

—How supporting people at risk of homelessness helps reduce other costs

Australian Institute of Health and Welfare (2024a)

—Mothers and their children

Australian Institute of Health and Welfare (2024b)

—Medicare-subsidised GP, allied health and specialist health care across local areas

Australian Institute of Health and Welfare (2024c)

—Health expenditure Australia 2022–23

Australian Institute of Health and Welfare (2025a)

—Specialist Homelessness Services

Australian Institute of Health and Welfare (2025b)

—Expenditure on mental health services

Benwell, Mohr, Wallberg, Kouadio and Ince (2022)

— "Psychiatrically relevant signatures of domain-general decision-making and metacognition in the general population", npj Mental Health Research, vol. 1, no. 10

Brackertz (2012)

—I wish I'd known sooner: The impact of financial counselling on debt resolution and personal wellbeing

Bubonya, Cobb-Clark and Ribar (2017)

—The bilateral relationship between depressive symptoms and employment status

Business.gov.au (nd)

—Debt collection services

Cai and Kalb (2004)

—Health status and labour force participation: Evidence from the HILDA data

Carrick, Burton and Barclay (2017)

—Forecast Social Return on Investment Analysis on the Co-location of Advice Workers with Consensual Access to Individual Medical Records in Medical Practices

Centre for International Economics (2014)

—Family and Relationship Services Economic Evaluation

Clifford, Ward, Coram and Ross (2014)

—Social Impact Evaluation of certain projects using Social Return on Investment

Consumer Action Law Centre (2021)

—Evaluation of Consumer Action's Telephone Financial Counselling

Consumer Action Law Centre (2024)

—2023-24 Impact Report

Consumer Action Law Centre and Victorian Aboriginal Legal Service (2024)

—Money Yarns, Stronger Futures

Consumer Affairs Victoria (2023)

—Financial Counselling Program Case Studies July 2022 – June 2023

Consumer Affairs Victoria (2024)

—Annual Report 2023–24

Crime Statistics Agency (2024)

—Family Incidents

Doran (2019)

—A review of the economic impact of mental illness

Department of Social Services (2019)

—The Countervailing Power

Department of the Prime Minister and Cabinet (2024)

—Value of statistical life

Elliehausen, Lundquist and Staten (2007)

—The Impact of Credit Counseling on Subsequent Borrower Behavior

Europe Economics (2018)

—The Economic Impact of Debt Advice

Evans and McAteer (2011)

—Does debt advice pay? A business case for social landlords

Financial Counselling Victoria (2020a)

—Financial Counselling in Victoria: The First 40 Years

Financial Counselling Victoria (2020b)

—Counting the Costs: report on financial counsellor stress and work overload

Financial Counselling Victoria (2024a)

—2024/25 Victorian State Budget Submission

Financial Counselling Victoria (2024b)

—Submission to the Consumer Affairs Victoria Financial Counselling Services Review

Financial Counselling Victoria (2024c)

—Unsettled: Climate Risk and Cash Settlements in Home Insurance.

Fitch, Hamilton, Bassett and Davey (2011)

—The relationship between personal debt and mental health: a systematic review

Fumagalli, Lynn and Muñoz-Bugarin (2021)

—The Effect of Formal Debt Advice on Financial Management and Knowledge: Insights from a New Longitudinal Study in Britain

Frijters, Johnston and Shields (2010)

—Mental Health and Labour Market Participation: Evidence from IV Panel Data Models

Guan, Guariglia, Moore, Xu and Janabi (2022)

—Financial stress and depression in adults: A systematic review

Hilton, Scuffham, Sheridan, Cleary and Whiteford (2008)

—Mental ill-health and the differential effect of employee type on absenteeism and presenteeism

Impact Economics and Policy (2024)

—Lasting Impacts: The Economic Costs of Child Poverty in New South Wales

James, Davis and Lymer (2024)

—Physical and mental health and financial wellbeing: a rapid evidence review

KPMG (2016)

—Cost of family violence in Victoria

Lin, Postmus, Hu and Stylianou (2022)

—IPV Experiences and Financial Strain Over Time: Insights from the Blinder-Oaxaca Decomposition Analysis

Magistrate's Court of Victoria (2025)

—Court Fees and Costs Ready Reckoner

Mahmoudi, Hordacre and Spoehr (2014)

—Paying it forward: Cost benefit analysis of the Wyatt Trust funded financial counselling services

Mallee Family Care (2024)

—Financial Counselling Outcomes Report 2023/24 FY

McDonald and Jupp (2024)

—In Brief – Mental distress and experience of legal problems.

Melbourne Institute (2024)

—2024 HILDA Statistical Report

National Debt Helpline (2025)

— Data Portal, Available: https://ndh.org.au/ndh-data-portal/

NSW Department of Communities and Justice (2020)

—Social Return on Investment Approach Guide

NSW Department of Justice (2016)

—The Impact of Gambling Help Services on problem gambling in NSW

O'Neill, Prawitz, Sorhaindo, Kim and Garman (2006)

—Changes in Health, Negative Financial Events, and Financial Distress/Financial Well-Being for Debt Management Program Clients

Parliament of Australia (2024)

—Parliamentary Cost of Living Committee Second Interim Report

Pleasence, Buck, Balmer and Williams (2007)

—A Helping Hand: The Impact of Debt Advice on People's Lives

Price, White, Burley, Zhu, Contreras-Suarez, et al (2023)

—Feasibility of linking universal child and family healthcare and financial counselling: findings from the Australian Healthier Wealthier Families mixed-methods study

Productivity Commission (2025)

—Report on Government Services

PWC (2015)

—A high price to pay

Roll and Moulton (2016)

—The Impact of Credit Counseling on Consumer Outcomes: Evidence from a National Demonstration Program

Ryu and Fan (2023)

—"The Relationship Between Financial Worries and Psychological Distress Among U.S. Adults", Journal of Family and Economic Issues, vol. 44, pp. 16-33

Schofield, Shrestha and Percival (2011)

—The personal and national costs of mental health conditions: impacts on income, taxes, government support payments due to lost labour force participation

Social Security Rights Victoria (2023)

—Demand for financial counselling services now outstripping supply

SGS Economics and Planning (2022)

—Give Me Shelter: The long-term costs of underproviding public, social and affordable housing

Steen and MacKenzie (2013)

—Financial Stress, Financial Literacy, Counselling and the Risk of Homelessness

Step Change (2020)

—Paths to recovery: Understanding client outcomes 15 months after debt advice

Summers (2022)

—The Choice Violence or Poverty: Domestic violence and its consequences in Australia today

Summers (2025)

—The Cost of Domestic Violence

Taylor Fry (2021)

—Pathways to Homelessness, New South Wales

Tenants' Union NSW (2022)

—The true cost of eviction

Theodos, Simms, Treskon, Stacy, Brash, Emam, Daniels and Collazos (2015)

—An Evaluation of the Impacts and Implementation Approaches of Financial Coaching Programs

Turunen and Hiilamo (2014)

—Health effects of indebtedness: a systematic review

UK Citizens Advice Bureau (2014)

—Making the case: The value to society of the Citizens Advice service

Vásquez-Vera, Palència, Magna, Mena, Neira and Borrell (2017)

—The threat of home eviction and its effects on health through the equity lens: A systematic review

Victorian Government (2025)

—2024-25 Department Performance Statement

Victorian Responsible Gambling Foundation (2017)

—The social cost of gambling to Victoria

Victorian Responsible Gambling Foundation (2023)

FCVic Financial Counselling Victoria Inc.

VICTORIA State Government