



Australian Government
Department of Agriculture

Internal review into the 2016 to 2020 Rural Financial Counselling Service program



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Summary

The Rural Financial Counselling Service (RFCS) has a long history of assisting Australian primary producers and related small businesses when they are facing financial hardship. The RFCS provides free financial counselling to eligible clients and helps them to make positive changes and take control of their financial situation. The service is highly valued by rural and regional communities and is primarily funded by the Australian Government.

The Department of Agriculture conducted an internal review into the 2016 to 2020 RFCS program. This involved nationwide consultations to consider the efficiency and effectiveness of the current program prior to the next funding round.

The review panel found that the 12 service providers currently delivering the national program were committed to providing quality services for clients. However, there were significant variations in their approach to service delivery and case management to drive behavioural change. The level of demand and types of clients also varied considerably, with different service regions operating in a diverse range of geographic, climatic and local business profiles. This affected stakeholder views on program settings.

The review panel gave considerable attention to the views of rural financial counsellors, and noted that most were passionate about their role and desire to assist clients. However, counsellor fatigue and welfare was a significant issue in regions where demand had spiked dramatically over the last 18 months. Other concerns related to the evolving role of the counsellor and obstacles to counsellors being 'change agents' in the agricultural sector.

The review panel also considered areas for improvement in program design and administration.

Key findings

- The current program objectives do not adequately emphasise the importance of driving behavioural change.
- High caseloads of clients seeking 'transactional assistance' (help applying for immediate relief through Australian and state government programs) was limiting or precluding effective case management during peak periods in many regions.
- Governments characterising and promoting the RFCS as 'form-fillers' was unhelpful and did not encourage clients to enter the service wanting to make long-term changes to improve their situation. However, where clients had an open attitude, transactional assistance could be an effective hook to begin broader conversations with clients.
- There was a recognised gap in the market and a willingness by counsellors to take on a larger role in preparedness—improving financial literacy and business skills before clients are in hardship. However, this was contingent on service capacity.
- In affected regions, service providers expressed concern about rationalising the number of service regions, suggesting this could be detrimental to local connectedness, as well as trust and credibility. Significant change during a period of high demand presents risks to the continuity and quality of service.

- Some funding deed requirements are creating an undue administrative burden on providers and government with limited benefit to program oversight and accountability.
- Flexible funding arrangements were designed to address fluctuating demand but uncertainty of total funding for providers makes business planning difficult. This uncertainty was a reason for some providers to offer short-term employment contracts, affecting staff attraction and retention.
- Contingency funding was helpful to meet unexpected demand but is a time-consuming process for providers and for government. Delays in obtaining funds created stress and uncertainty about how to deal with immediate problems of accelerating demand.
- Frequent requests for additional funding encourages service providers to be reliant on government rather than innovating to meet fluctuations in demand.
- State funding for the program has not been reviewed appropriately for some time and there is limited coordination between state and Australian Government funding.
- Approaches to service delivery and case management of clients varied considerably between regions. There was not always consistency within a service provider on how counsellors approached case management.
- There was a universal view among service providers that early referrals to the service are highly beneficial to clients, providing counsellors with more options to assist clients to improve their financial circumstances.
- The quality of the RFCS is reflected in the quality, skills, training and qualifications of counsellors. Counsellors are seeking more training and resources to develop skills and service their clients better.
- There were mixed views on the Diploma of Financial Counselling (Rural), but counsellors consistently commented that they would benefit from improved training and professional development.
- Employment conditions such as contract length and training requirements are key factors in attracting and retaining quality staff. Some providers were opting for short-term staff contracts for all staff regardless of when they were engaged in the funding round.
- In some regions, counsellor fatigue and burnout was occurring due to continually high caseloads.
- Approaches to dealing with high demand varied but included employing relief counsellors or support staff and using technology to deliver services. Appropriately trained support staff appear to be assisting clients to effectively apply for government assistance.
- The reporting of client data using the Rural Financial Counselling Portal is time-consuming and taking resources away from servicing clients. There are misconceptions by providers about the use of data by government. The reliability of portal data and output reports is questionable, with service providers employing inconsistent data-entry methods and recording client type and interactions differently. The portal was raised by all service providers as a major concern.

Program improvements

Recommendations in this report aim to:

- formally reflect the complete role of the RFCS, including servicing transactional clients, but ensure all RFCS activities lead clients onto a pathway of case management to drive behavioural change
- enable service providers to engage in more proactive work (in periods of lower demand) to assist with preparedness
- provide increased funding certainty to help providers meet changing levels of demand, service a broader role and attract and retain staff. Contingency funds should only be for unforeseen emergency events
- allow any structural change to happen organically by increasing competition through relaxed grant eligibility settings and continuing to allow cross-region bidding for program delivery
- reduce reporting requirements for service providers and employ alternative methods to determine compliance and performance (for example, an independent audit regime) to increase accountability
- improve training and development of counsellors by facilitating collaboration between service regions at counsellor levels and by engaging in the review of the diploma
- improve national consistency on messaging for the program
- reduce the administrative burden for service providers, counsellors and government by reducing the collection and reporting of unnecessary data.

The panel acknowledges that driving behavioural change is not easy. However, building a more profitable and resilient agricultural sector in Australia requires change at an individual level. Counsellors are asked to use their knowledge to support and empower clients to make positive changes to their financial situation. Hard conversations are often required for clients to consider how to improve their business or exit the industry through the sale of assets or implementing succession plans.

The review recommendations aim to foster a professional RFCS workforce and target RFCS activities at an individual level to effect industry scale change. Proposed changes to program settings are designed to improve service delivery and administration, with an emphasis on increasing boots on the ground to driving positive, long-term client outcomes.

Review recommendations

Role of the RFCS

- 1) That program objectives be amended to clearly reflect the role of the RFCS as change agents. All RFCS activities should point towards case management and the broader policy outcome of behavioural change to improve the resilience of Australia's primary production industries.
- 2) That guidelines formally recognise the role of the RFCS in providing transactional assistance—help applying for immediate relief through Australian and state government

programs—and that there are flexible staffing profiles to achieve this. Transactional assistance should be used as a means to lead clients onto a pathway of case management.

- 3) That the next RFCS funding round does not commence until after the Farm Household Allowance (FHA) review has been considered by government and any changes to the role of the RFCS (in the context of the government's response to that review) are incorporated into the next RFCS program.
- 4) That the role of the RFCS more explicitly allows for preparedness and resilience activities, as capacity of the service permits. Client eligibility should be broadened to those 'at risk' of financial hardship (rather than only those 'at imminent risk' of financial hardship), as well as core clients who are already experiencing financial hardship.

Service structure

- 5) That a reduction in the number of service regions will not be mandated in the next funding round. Guidelines should allow for a competitive grants process whereby applicants can compete for one or more service areas in their funding application.
- 6) That governance restrictions on boards be revisited in the next funding round. In particular, that the need for a separate board be removed and regulation of board composition be reconsidered. The commitment to skills-based and merit-selected boards must be retained to provide strong corporate governance, strategic direction and innovation.

Funding arrangements

- 7) That states be encouraged to review their funding commitments to the RFCS to take into consideration current RFCS activities and demand for state-based programs.
- 8) That the Australian, state and territory governments work more collaboratively in determining funding levels and timing of contingency and top-up amounts.
- 9) That the proportion of core funding is at least 90% of total funding to allow service providers more flexibility to manage peak demand and to allow them to embrace an expanded role.
- 10) That contingency funds are only provided to cover unforeseen emergency events (that is, not drought conditions) and are requested according to a set process.
- 11) That the formula to determine core funding per region at the commencement of the funding round considers recovery periods following climatic events and industry crises.
- 12) That new or expanding government programs that leverage the RFCS provide adequate funding for any expansion of the service.
- 13) That the next funding round offers 4-year contracts with options to roll over deeds in any or all regions.

Service delivery

- 14) That a nationally consistent service delivery model is not prescribed and future funding rounds allow flexibility in service delivery—noting that one-on-one, face-to-face counselling remains the standard approach to engaging with case-managed clients.

- 15) That each service provider implements a client engagement strategy and case management model that is applied consistently by their service—including plans for triaging demand and converting transactional clients to case-managed clients.
- 16) That program settings encourage service providers to be more innovative in trialling alternative methods of delivery, particularly to manage periods of high demand and to attract and service a broader client group.
- 17) That the Diploma of Financial Counselling (Rural) remains the minimum qualification for counsellors, and that the department—with service providers and Financial Counselling Australia (FCA)—actively engages in the proposed review of the diploma to improve its relevance for a rural and agricultural context.
- 18) That service providers place an emphasis on broader professional development opportunities for counsellors to supplement formal training and promote the professionalism of the service.

Coordination and support

- 19) That the department continues to encourage and, where appropriate, facilitate further collaboration between providers—including sharing of information between counsellors and training by subject matter specialists, as well as cross-region conferences.
- 20) That the Australian, state and territory governments deliver training on their assistance measures and provide timely information and resources to support program announcements.
- 21) That the department commits resources to consider levels of government support for communication activities, including determining the value of national brand and identity, streamlining referral processes (national 1800 number and website) and instilling consistent and clear program messages.
- 22) That all communications about the RFCS emphasise case management activities and the broader policy goal of behavioural change.
- 23) That government encourages rural lenders to support early referrals to the RFCS to reach clients who are in early stages of financial distress.
- 24) That RFCS partner relationships be strengthened, including with Farm Household Case Officers (FHCOs), the Regional Investment Corporation (RIC) and financial institutions.
- 25) That the department establishes direct communication with counsellors for timely and consistent national messaging, support and two-way feedback.
- 26) That service providers implement strategies and structures to promote the physical and mental health of counsellors, including combatting fatigue and burnout.

Monitoring and evaluation

- 27) That the department commits resources to assess and rationalise current monitoring and evaluation activities to strengthen the link between provider performance and client outcomes.
- 28) That the department closely consults with service providers on any changes to monitoring and evaluation, ensuring a stronger focus on counsellor input.

- 29) That data collection and reporting be adapted to provide meaningful analysis of service provider performance and program effectiveness while reducing administrative burden on service providers and counsellors. Further qualitative data collection and analysis should be explored to provide insight into client outcomes.
- 30) That the department considers an audit regime (in lieu of current reporting requirements) to assess provider compliance and performance. The audit regime should also measure against agreed strategies for client engagement and application of case management models. A graduated compliance regime should be considered to increase accountability for performance.

Proposed action plan

To address the recommendations of this report, the review panel suggests the department dedicate resources to consider improvements to 3 critical areas before the next funding round:

- governance requirements for service providers
- supporting communication and coordination activities
- monitoring and evaluation.

The current funding deeds should be rolled over until 30 June 2021 to provide certainty for current service providers while work is undertaken to address key issues.

The next RFCS program would commence on 1 July 2021 and would also take into account:

- the outcomes of the FHA review and any resultant changes made to the role of the RFCS
- another full year of trialling the current performance and assessment framework.

Applications for the next funding round should open by July 2020 with the results announced before December 2020—giving service providers 6 months' notice to provide certainty for employment arrangements and sufficient time for business planning and transition.

1 Terms of reference

In March 2019 the department commenced an internal review into the operation and structure of the RFCS program to assess the efficiency and effectiveness of funding, services and administration in meeting the 2016 to 2020 program objectives.

A review panel was formed to undertake an independent assessment of the program. The panel comprised departmental staff who were separate to the current program administrators.

The review focused on 6 main themes:

- The role of the RFCS—including objectives, activities, and client eligibility
- Service structure—including number, geographic spread and type of providers, and provider governance arrangements
- Funding arrangements—including criteria for allocation of core and contingency funding
- Service delivery—including approaches to case management and counsellor training
- Coordination and support—including national initiatives and partner relationships
- Monitoring and evaluation—including data collection and reporting systems

The review panel also considered where internal administrative and program management changes are required to best achieve program objectives, client outcomes, funding value for money and alignment with broader Australian Government rural support policy.

The review did not include:

- an assessment of the overall need for, or satisfaction levels of, the service
- consideration of services or funding in the financial counselling sector outside rural Australia.

Outcomes and recommendations from this review will inform the government's decisions on program design and funding arrangements for the next RFCS funding round.

2 Consultation

The review included targeted and public consultation between April and June 2019. A discussion paper was provided to stakeholders and made publicly available to guide contributions to the review.

The review panel conducted face-to-face meetings with all current RFCS providers. The panel talked directly with counsellors and non-executive staff, as well as boards and executive officers. In most cases, providers encouraged their staff to contribute freely and provide confidential feedback to the review.

The review panel also consulted:

- state and territory governments
- other stakeholders, including peak bodies such as the National Farmers' Federation and FCA
- within the department
- other Australian Government departments.

Written submissions were encouraged using the department's Have Your Say web page. Most service providers made written submissions, as did individual counsellors and clients. Feedback focused on the key themes outlined in the review discussion paper. However, the review panel also received feedback on a range of related matters—such as internal workplace conditions and general drought policy. This feedback was outside the scope of this review but the panel has noted the feedback.

In total, the review panel spoke with approximately 150 individuals and received 34 written submissions.

All stakeholders were positive about the contribution the RFCS program makes to individual clients, as well as to rural and regional communities.

3 Introduction

For more than 35 years, the RFCS has provided free financial counselling to Australia's farmers, fishing enterprises, forestry growers and harvesters, and small, related businesses in—or at imminent risk of—financial hardship. The program was created in response to increased financial difficulties across the rural sector, such as the compounding effects of high interest rates, the deregulation of the financial sector, drought and depressed commodity prices.

The objective of the RFCS program is to assist clients to understand their financial position and the viability of their enterprise, and to develop and implement plans to become financially self-sufficient. This assistance is expected to help businesses become more resilient to risks, or to take steps to exit the industry with dignity if long-term viability is not achievable.

The RFCS is an ongoing Australian Government program, administered by the department. It is principally funded by the Australian Government, with additional funding provided by the states and territories for their respective services.

The program has existed since 1986 in various forms. Funding rounds and approaches have been reviewed continually. These reviews have focused on improving the performance of the program and driving efficiencies, to support the agricultural sector in times of stress.

3.1 Snapshot of the 2016 to 2020 RFCS program

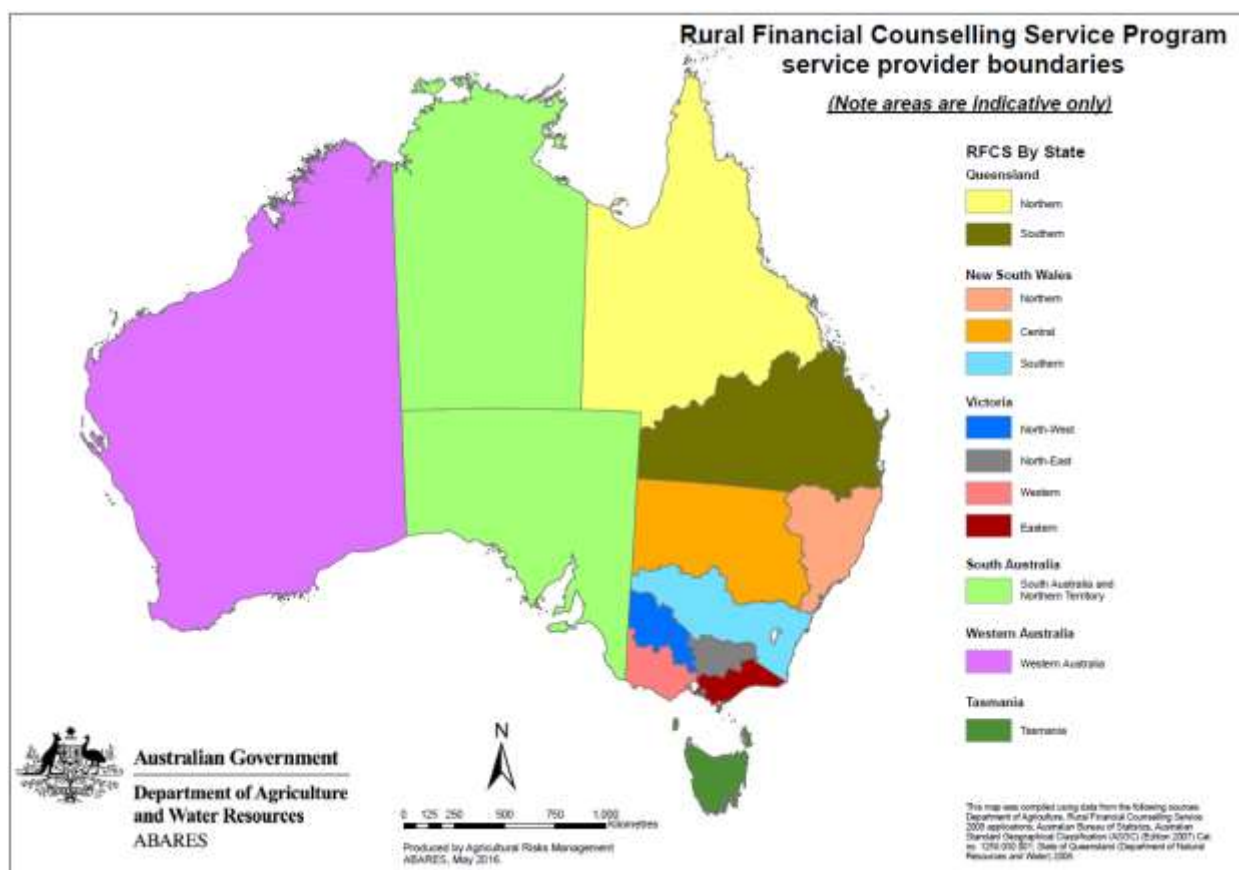
3.1.1 RFCS providers

The RFCS is currently delivered by 12 service providers. Service regions cover all states and territories and are defined by state boundaries or local government areas (LGAs) within a state (Map 1).

The service providers are all not-for-profit organisations that successfully obtained a grant to provide rural financial counselling services from the Australian Government following a competitive process. They are bound by a funding deed which sets out program requirements, consistent with the current program guidelines.

There are approximately 120 counsellors employed by the 12 providers, with additional client-facing and administrative support staff.

Map 1 RFCS defined service regions



Source: Australian Bureau of Agricultural and Resource Economics and Sciences

3.1.2 Funding

By 30 June 2020 the Australian Government will have allocated more than \$77 million to the 2016 to 2020 RFCS program. At 30 June 2019, \$76.2 million had been allocated (Table 1). The funding is provided through a mix of core program funding and contingency funding. Consistent with the recommendations of the 2014 National Rural Advisory Council (NRAC) review, contingency funding is used to provide government with funding flexibility and allows additional funds to be provided to the RFCS as needed.

Table 1 Australian Government funding by RFCS region

Service region	Core funding (\$)	Contingency funding (\$)	Total funding (\$)
NSW Central	4,946,124	2,265,000	7,211,124
NSW Northern	6,305,997	2,912,000	9,217,997
NSW Southern	5,982,629	1,460,000	7,442,629
Queensland Northern	4,079,040	1,932,000	6,011,040
Queensland Southern	7,144,633	2,596,000	9,740,633
South Australia and Northern Territory	6,441,807	1,480,000	7,921,807
Tasmania	2,114,423	665,000	2,779,423
Victoria Eastern	3,087,296	790,000	3,877,296
Victoria North-East	3,333,222	1,930,000	5,263,222
Victoria North-West	3,103,689	1,975,000	5,078,689

Service region	Core funding (\$)	Contingency funding (\$)	Total funding (\$)
Victoria Western	4,520,734	605,000	5,125,734
Western Australia	5,901,253	640,000	6,541,253
Total	56,960,847	19,250,000	76,210,847

3.1.3 Services

The RFCS delivers an important and useful service to rural communities through free financial counselling to eligible clients. The services the RFCS provides include:

- identifying financial and business options
- preparing for meetings with lenders
- providing information about other assistance schemes
- helping people apply for FHA and supporting them to reach their goals while on payment
- providing referrals to accountants, agricultural advisers, educational services and mental health services.

Rural financial counsellors are prohibited from providing financial advice, succession planning or family, emotional or social counselling. They can, however, provide referrals to appropriate professionals and information on how to prepare for discussions with relevant experts.

3.1.4 Expected program outcomes

The current program guidelines outline the expected outcomes of the RFCS program:

- The majority of clients will exit the service within 3 years, having come to understand their financial position and having achieved their client plan or objectives towards financial self-sufficiency.
- Clients will be aware of, and have ready access to, rural financial counselling services in their region. Waiting times for clients to receive services will be short.
- Providers will manage counselling services to meet client needs within acceptable response times and provide timely and effective reporting to the department. From information supplied to it by grantees, the department will be able to assess the impact of the service on clients and compliance with Australian Government requirements.
- The department will be responsive to providers and efficiently administer the program and the portal.

3.1.5 Clients

Between 1 April 2016 and 30 June 2019 the RFCS assisted a total of 10,090 active clients across all regions. During this period, the national monthly average of active clients was 3,270, noting that many clients stay with the service for many months or years. The highest national monthly average of active clients was recorded in 2018–19, with more than 3,800 clients per month.

The majority of RFCS service uptake occurs across Queensland, New South Wales and Victoria (Table 2).

Table 2 Active clients in each RFCS service region, by financial year

Region	2016-17	2017-18	2018-19
NSW Central	457	517	675
NSW Northern	605	584	687
NSW Southern	356	450	784
Queensland Northern	174	176	219
Queensland Southern	379	397	822
South Australia and Northern Territory	420	383	556
Tasmania	137	132	118
Victoria Eastern	328	268	369
Victoria North-East	339	347	344
Victoria North-West	401	321	304
Victoria Western	570	713	794
Western Australia	536	478	447
Nationally	4,702	4,766	6,119

Note: Active client numbers may vary depending on how clients interact with their counsellor and whether more than one farmer per business is counted as a client. Most clients who were active in the period of April to June 2016 would have continued as clients into the 2016-17 financial year. Annual numbers cannot be summed from year to year. Active clients may reappear in annual counts.

3.2 Previous reviews of the RFCS

The RFCS program has been reviewed many times, both internally and independently.

3.2.1 National Rural Advisory Council review

In the last comprehensive review of the RFCS, conducted in 2014, NRAC provided 33 recommendations to improve administration and delivery of the service. The government accepted in full 26 of NRAC's recommendations, including ongoing support for the program. Four recommendations were accepted in part and 3 were rejected. The rejected recommendations concerned:

- co-funding by financial institutions, which benefit from the RFCS's work
- having a single provider per state
- a total budget reduction of 20%.

The changes arising from the NRAC review were incorporated into the 2016 to 2020 RFCS funding round.

While NRAC considered the RFCS program to be functional and well designed, improvements were identified. Key recommendations included:

- moving to a state-based delivery model
- improving professionalism and quality of service provider boards
- gaining greater clarity in the governance roles and responsibilities of the Australian Government and service providers

- making funding arrangements more responsive to demand
- increasing flexibility in the RFCS workforce
- introducing more robust eligibility criteria.

To monitor the ongoing performance of the RFCS program and the success of changes implemented, NRAC also recommended more structured monitoring and evaluation, supported by an improved data collection tool.

The current review considered the success of the accepted NRAC recommendations, as well as the continued relevance of outstanding recommendations.

3.2.2 Related reviews

There have been 2 other recent reviews that relate directly to the RFCS.

Farm Household Allowance review 2018

The FHA program provides eligible farmers with up to 4 cumulative years of support, training and planning assistance to make long-term financial improvements. An independent review was undertaken at the end of 2018 to assess FHA program settings and administration.

The review explored FHA client interactions with the RFCS providers. It broadly considered how the FHA program prepared people to cope with ongoing financial hardship.

The FHA review made recommendations to the government in February 2019 and the report was released in April 2019. The government has not yet provided a comprehensive response to the report's recommendations. The review panel notes that the outcome of the FHA review will be highly relevant for any future RFCS program design.

Review of the coordination and funding of financial counselling services across Australia

In February 2019 the government announced its intention to hold an independent review into the coordination and funding of financial counselling services across Australia. This was in response to Commissioner Hayne's observations about the importance of financial counselling services, in the Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

The independent review was supported by the Department of Social Services in consultation with the Treasury and the Department of the Prime Minister and Cabinet.

The review reported to government in April 2019. Although the RFCS was noted as part of the review, funding arrangements for the service were not considered.

4 Role of the RFCS

The review panel considered the current role of the RFCS and expectations placed on providers and counsellors. Discussion with stakeholders focused on whether the current deeds adequately capture the activities performed by the RFCS and the effectiveness of RFCS activities in achieving client outcomes. A potentially expanded role to either deliver preparedness training or to assist small, rural and regional businesses was also discussed.

With some rural and regional areas facing ongoing adverse conditions, the panel was particularly interested in investigating how providers were prioritising their time and activities and using funding to meet program expectations during periods of high demand.

4.1 Program objectives

The core activity funded by the RFCS program is free, independent financial counselling to assist eligible clients plan for the future. RFCS services are regionally based, trusted, and deploy a unique blend of local knowledge and agribusiness understanding while they provide professional counselling.

Under the guidelines, the program objective is to help clients, through the provision of rural financial counselling services, understand their financial position and the viability of their enterprise, and to develop and implement plans to become financially self-sufficient.

The deed provides that the program objectives are:

- a) to assist Eligible Clients, through the provision of Rural Financial Counselling Services, [to] understand their financial position and the viability of their enterprise;
- b) to assist Eligible Clients identify options and develop and implement plans to improve their financial self-sufficiency; and
- c) to deliver an effective, responsive and flexible service to Eligible Clients.

While case management remains the focus of the RFCS program, the panel heard that from 2018 there was a marked increase in demand for the RFCS to help clients access government assistance programs—particularly in areas experiencing prolonged drought conditions. Servicing this transactional assistance has come at the cost of traditional case management in some areas as they struggled to keep up with demand.

While government programs aim to provide immediate relief, the need for assistance is often indicative of broader underlying issues. As such, clients can benefit from a case-managed relationship with a counsellor to work on behavioural change and improved self-sufficiency, as soon as caseloads permit.

State governments were supportive of re-establishing a focus on preparedness for the RFCS service.

Future program settings need to recognise and address the tension between high transactional workloads and assisting case-managed clients to make change. Program settings and communications also need to reflect that case management is the goal of the program. Other

activities such as general enquiries and transactional assistance have value when directly connected to case management and longer-term outcomes for the client.

At a national level, transformational change to improve the profitability and resilience of the sector is only possible if agricultural businesses are:

- actively addressing and overcoming financial difficulties
- undergoing succession or
- transitioning into alternative career paths if current businesses are unviable.

Influencing and supporting change should be the core philosophy of the RFCS program. Where clients demonstrate an ongoing unwillingness or inability to engage with change, RFCS resources should be concentrated on others who are able to get the most out of a case management model.

Recommendation 1

That program objectives be amended to clearly reflect the role of the RFCS as change agents. All RFCS activities should point towards case management and the broader policy outcome of behavioural change to improve the resilience of Australia's primary production industries.

4.2 RFCS activities

RFCS providers undertake a range of activities to support the objectives of the program. Broadly, existing client-facing activities fall into 3 categories:

- general enquiries
- transactional assistance
- intensive case management.

Organisations also undertake a number of corporate and administrative activities to support the business. These activities require adequate resourcing, including payroll, accounting, outreach, networking and communications.

The panel notes that not all providers use counsellor-only staffing models to deliver services. For example, several service providers hire support staff to assist with transactional activities, allowing counsellors to concentrate on case-managed relationships. This was particularly the case with the contingency funds approved in September 2018 to deal with the anticipated spike in demand due to changes to FHA.

4.2.1 Initial contact and triage

In most regions, client contact is first made with the service provider via a general enquiries line typically handled by administration or support staff. In some cases, however, calls are made directly to counsellors. Providers had similar models for triaging clients—prioritising urgent work, such as farm debt mediation or immediate assistance for clients experiencing severe financial difficulty. Clients who requested assistance to apply for government programs were generally given higher priority than those wishing to access a longer-term, case-managed relationship, especially when demand was high.

Where clients are making a general enquiry or seeking a referral to related services, support staff could provide relevant information in order to save counsellor time. It is noted that any client contact is an opportunity to develop a long-term relationship. Where possible, potentially eligible clients should be followed up to see if it could lead to a longer term, case managed relationship.

4.2.2 Transactional assistance

Some providers have experienced a significant increase in demand for appointments with counsellors, largely associated with assistance to access government programs. Demand was particularly high across Queensland, New South Wales, South Australia and Victoria.

The review panel received mixed feedback on the value of assisting clients to access government support. Counsellors identified that form-filling can be a useful tool to develop an understanding of a client's financial circumstances and to establish a relationship, while others found the role administratively burdensome and distracting from the core work of the service—case-managed financial counselling. Some counsellors believed that providing assistance to access government support was inconsistent with the role of the RFCS.

Some clients of the service provided feedback that they accessed the RFCS purely for the purpose of gaining access to government assistance.

The review panel also noted that service providers undertaking high levels of transactional activities managed increased demand differently. Several providers reported handling increased transactional demand by recruiting support officers. These officers were able to ease the workload of counsellors by assisting clients at the front end of their engagement. For example, by collecting basic personal and financial information prior to the client meeting with a counsellor. Support staff were provided with on-the-job training, although some stakeholders expressed concerns about the adequacy of training and stressed the importance of support staff not straying into counselling. In practice, this approach provided capacity for trained counsellors to focus more time on activities that require a higher level of financial or agricultural expertise—in particular long-term case management, farm debt mediation or access to RIC loan products.

Several providers noted that some administrative or support officers were commencing, or were intending to commence, diploma-level training with the goal of becoming engaged as financial counsellors. Although not a common situation, it was noted that this may assist succession planning in the service and promote staff retention through career progression opportunities.

Several counsellors, particularly from regions experiencing less demand for transactional assistance, found the engagement useful as a hook to develop trust and to better understand the client's broader financial position. This was seen as beneficial when the client converted to an ongoing case management arrangement.

The panel received broadly consistent feedback from executive officers, who noted that conducting longer-term, case-managed financial counselling activities was difficult during times of increased demand for assistance measures.

The panel acknowledges the benefits of recruiting support officers in regions experiencing high transactional workloads. For example, it can take several months to recruit a trained counsellor,

but only a few weeks to recruit support officers. In times of sudden surging demand this could have significant consequences for client wait times and existing counsellor fatigue.

It is important, however, that any supporting role be backed by adequate training and development to ensure clients receive competent assistance. The panel also observed that different providers experience different levels and types of demand for accessing government programs. The panel notes that taking a flexible approach to provider staffing is beneficial, and commends innovative ways to manage transactional demand—including through the use of technology.

Recommendation 2

That guidelines formally recognise the role of the RFCS in providing transactional assistance—help applying for immediate relief through Australian and state government programs—and that there are flexible staffing profiles to achieve this. Transactional assistance should be used as a means to lead clients onto a pathway of case management.

Farm debt mediation

Farm debt mediation frameworks differ between jurisdictions. Some states employ mandatory statutory regimes (Queensland, Victoria, New South Wales), while others offer voluntary schemes (South Australia and Western Australia). The territories and Tasmania currently have no formal scheme in place, although Tasmania does offer mediation services through their RFCS provider.

In states that have farm debt mediation frameworks, counsellors are frequently involved in preparing financial documentation for farmers and providing general support throughout the mediation process. Service providers are often contacted when farm debt mediation is about to commence or has already commenced. Legal Aid stakeholders indicated that they have close relationships with local counsellors and rely on them to assist in preparing for farm debt mediation.

When farm debt mediation work arises, it is typically urgent and requires priority attention from counsellors. The panel notes that mediation requires specialised financial and legal literacy skills by an experienced counsellor. Some counsellors indicated that they did not feel appropriately skilled to assist with farm debt mediation, having received little or no formal training.

Farm debt mediation does not always result in longer-term, case-managed relationships. Counsellors are often presented with clients who have significant, unserviceable debt. In these circumstances, it is difficult for counsellors to provide ongoing support as recovery or dignified exit options are limited. However, it is important that service providers follow-up and present the option of longer-term assistance to farm debt mediation clients, where possible and appropriate.

It was widely recognised that most clients would benefit greatly from financial counselling prior to farm debt mediation being triggered. Early referrals are critical to give clients more options and time to make decisions. It would also enable counsellors to manage workloads more effectively with less urgent and critical cases presenting. The panel acknowledges the work of several providers in developing early referral pathways with local financial institutions and notes this could be encouraged by government at a national level.

It is also noted that in the Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry it was recommended that a national scheme for farm debt mediation be established.

Farm Household Allowance

Counsellors are heavily involved in preparing applications for FHA. While the assistance itself is of great benefit to clients who are suffering financial hardship, the application process is detailed and time-consuming. Many clients are unable to complete applications themselves but most counsellors find the process frustrating too.

In October 2018 the government engaged an external panel to review the FHA program. The external review has recommended some significant changes, which are currently under consideration by government.

In the course of this review, the panel received strong feedback that counsellors are concerned about an increased official role of the RFCS in the FHA program. Counsellors noted that it may compromise the independence of service. Counsellors and the Department of Human Services (DHS) expressed concern about the need for counsellors to receive more training on the FHA.

This review makes no recommendations regarding the role of the RFCS in the FHA program, but notes this is an important issue that should be resolved prior to the next funding round.

Recommendation 3

That the next RFCS funding round does not commence until after the FHA review has been considered by government and any changes to the role of the RFCS (in the context of the government's response to that review) are incorporated into the next RFCS program.

4.2.3 Case management

Program guidelines require that all service providers use a case management approach for providing rural financial counselling services.

All service providers indicated they had implemented a case management approach for longer-term client relationships. Some providers displayed a strong commitment to using a consistent, clearly articulated case management framework for all counsellors, but others had ill-defined case management processes or provided counsellors with broad discretion. Some counsellors valued their autonomy, noting the diversity of approaches helped providers to try different styles with clients with different needs.

Although different case management styles have varying levels of success with different clients, it is unclear if greater discretion in case management introduces risks to the integrity of the program. Where there was no well-articulated, consistent case management style, newer counsellors indicated that they found it difficult to learn their role. Client experiences were also variable.

Case management models varied depending on service provider philosophy, industry considerations and provider capacity. The review panel did not examine, or determine, the appropriateness of particular case management approaches. The panel is of the view that the department does not need to mandate a particular case management approach at this stage, but

encourages the pursuit of improved case management models. Service providers should develop, invest in, own and drive their own case management models so that they are consistently applied in their region.

Structural adjustment and exit options

Counsellors provided mixed feedback on the role of the RFCS in promoting industry exit for unviable clients. Some counsellors believed that exiting primary production was a decision best identified—and made—by the client, rather than suggested by counsellors at the beginning of client engagement.

Some counsellors noted that a conversation about industry exit would naturally arise where warranted. This often occurred after working on a client's financial literacy, as well as developing cash flows, profit and loss statements and other business planning documents. Other counsellors indicated a willingness to proactively drive conversations on industry exit as a legitimate and potentially positive outcome.

Counsellors noted that exit conversations were often difficult because many clients who access the RFCS intend to improve their financial position, regardless of the likelihood of recovery. Exit conversations were further complicated by social and emotional issues related to identity and dignity.

Mental health and financial counselling

The panel received feedback from some executive officers and counsellors that opportunities exist for the RFCS to take on—and be funded for—an expanded role delivering discreet mental health counselling services. The panel heard that regional providers have difficulty accessing reliable, local mental health services for their clients and broader communities.

The review panel also heard that farmers facing mental health challenges are less likely to fully engage in long-term business planning and decision-making with their counsellor without mental health support.

Counsellors acknowledged the role of the RFCS was strictly financial in its objective and purpose. However, they noted that, as a trusted independent adviser, they often found themselves providing mental-health support before—or in the absence of—a successful referral to professional mental health services.

While the department does not hold policy responsibility for rural mental health, the panel notes that significant inroads are being made by the Australian Government's Primary Health Networks, which has mental health as one of its key priority areas.

4.3 Eligible clients and activities

During consultations, the panel sought views about a potential expansion of eligible clients and activities, particularly small business engagement and preparedness activities.

The deed defines an eligible client as an individual:

- a) who is a recipient of the Farm Household Allowance; or
- b) who has an interest in a Primary Production Enterprise; and

- c) who contributes a significant part of his or her labour and capital to the enterprise; and
- d) who, in the opinion of a Rural Financial Counsellor is, or is at imminent risk of, experiencing financial hardship.

It does not mean an individual who supplies goods or services to a primary production enterprise.

The review panel received mixed feedback on how the RFCS providers would cope with an increased scope to client eligibility. Generally, stakeholders were supportive of providing case management services to businesses in rural or regional areas. They also supported earlier engagement with clients to decrease the risk of financial hardship, through the provision of preparedness and resilience workshops.

4.3.1 Small business support

The panel heard there was a clear need for financial counselling tailored for small businesses in rural areas. It is well known that primary producers are intrinsically linked with their local communities. When local industries face a downturn, small rural businesses also experience hardship. Several counsellors noted that small rural or regional businesses are often the last creditors to receive payment from struggling farm businesses.

The panel received mixed views on the ability of counsellors to service other small rural businesses. Some felt that RFCS skillsets are more appropriately suited to servicing primary producers. Others suggested that assisting a business with basic financial skills would be a natural fit for the RFCS. In many cases, the capacity to service higher demand in peak times was of concern rather than the capability of counsellors.

Several state governments indicated that they are currently engaging local RFCS providers to run rural and regional non-farm business counselling pilots through additional funding for specialist small business counsellors. Early indications of the expanded service role were positive, but pilots were still in the early stages of implementation.

ANZ, in partnership with the Financial Counselling Foundation, is also funding specialist counselling services for small rural businesses through a limited program across several RFCS regions.

Some counsellors noted that small businesses—unlike primary producers—would have limited access to government support measures, restricting the options available to clients in hardship.

The review panel notes that the Australian Government made a commitment during the 2019 election campaign to fund additional financial counselling services for small rural and regional businesses. No recommendations are made on this issue.

4.3.2 Preparedness

The review panel was particularly interested in opportunities for RFCS services to engage further in preparedness and resilience activities, noting the department's goal of creating a more competitive and resilient agricultural sector.

Current program settings allow for clients that are 'at imminent risk of' financial hardship; however, service providers interpreted this narrowly.

Stakeholders supported broadened eligibility. Early intervention would provide counsellors more options when servicing new clients. It could also increase farmer resilience by improving financial literacy, promoting long-term business planning and following up on previous clients to ensure they are continuing to make improvements. Stakeholders indicated that delivery could be flexible, from financial literacy training in small groups to one-on-one coaching over a limited period.

Competitive neutrality with similar fee-for-service providers was raised as a concern if the RFCS program increased eligibility. That is, if the government provided subsidised financial counselling to profitable or semi-profitable primary producers, the program may impact on the private professional services market. Some service providers indicated that this would not represent a significant problem in regional areas, because the availability of such education services is more limited. However, the panel noted that the RFCS was not the only delivery option and such services could be funded and delivered separately.

The Future Drought Fund will support Australian farmers and communities to become more prepared for—and resilient to—the effects of drought, through a variety of programs. From 1 July 2020, \$100 million will be available annually to fund grants or other programs in line with the Drought Resilience Funding Plan (to be developed following a public consultation process).

It is the panel's view that that RFCS is well placed to deliver early intervention and broad financial literacy activities to clients who may experience hardship. The terms of the current funding round cover some of these activities by allowing for those who are at 'imminent risk of financial hardship. However, this has not translated to many on-the-ground activities, including through case management. This group would need to be carefully screened for eligibility to ensure clients who are capable of paying for professional support are not gaining access to the government-funded support. This delineation is also important to ensure the RFCS program competes fairly with fee-for-service providers.

Recommendation 4

That the role of the RFCS more explicitly allows for preparedness and resilience activities, as capacity of the service permits. Client eligibility should be broadened to those 'at risk' of financial hardship (rather than only those 'at imminent risk' of financial hardship), as well as core clients who are already experiencing financial hardship.

5 Service structure

Over the 3 decades that the RFCS has operated, there has been significant change in the structure of the service. In the 2004 to 2006 grant funding round, there were 68 community-based RFCS groups employing more than 80 full-time equivalent counsellors. This reduced to 16 service providers in the 2006 to 2008 grant funding round and then 14 service providers in the 2008 to 2011 and 2011 to 2016 funding rounds. Rationalisation of the service over these periods was driven by government in an effort to increase efficiencies and improve service quality and consistency.

In 2014 the NRAC review recommended moving to a state-based delivery model. This was not adopted by the government. However, in the 2016 to 2020 funding round the RFCS was reduced to 12 regions.

5.1 Current service structure

5.1.1 Region boundaries

The geographic boundaries of the current service regions were predetermined by the Australian Government in consultation with the states and territories, and were released with the current program guidelines. The boundaries used state lines and LGAs as reference points and took into consideration the potential RFCS client base in each region.

There are now 2 single-state providers (Western Australia and Tasmania) and 1 provider that jointly services South Australia and the Northern Territory. Queensland is serviced by 2 providers, New South Wales is serviced by 3 providers and Victoria is serviced by 4 providers (Map 1).

Until 2013 the Northern Territory was not included in the RFCS footprint. A trial was undertaken by the South Australian service where clients were supported through a fly-in fly-out model, supported by telephone counselling. From 2016 the Northern Territory Government became a financial supporter of the program. A decision was taken to include the Northern Territory in South Australia's area from April 2016.

5.1.2 Service providers

The current service providers are well established and have been offering rural financial counselling services for many years on a not-for-profit basis. Many providers have board members, executive officers and counsellors that have served in the RFCS for significant periods of time.

The current group of service providers represents an evolution of historical arrangements. There are other organisations that provide generalist financial counselling across Australia, but having the requisite agricultural knowledge and rural community links may make it difficult for new players entering the market to provide the same quality, or type, of services. Highly experienced generalist financial counsellors who routinely help clients deal with personal debt problems would require significant upskilling to assist agribusiness clients. Current board governance arrangements may also be limiting competition in the market for RFCS program grants.

5.1.3 Impact of service rationalisation to date

At the beginning of the current grant round, RFCS regions in Victoria reduced from 5 to 4, and the New South Wales regions reduced from 4 to 3. Two service providers (RFCS Victoria North Central and RFCS NSW Bourke) ceased servicing clients on 31 March 2016. Some regions in Victoria, New South Wales and Queensland also had significant boundary changes as part of the transition to the current arrangements.

Providers were consulted about the proposed changes to regional boundaries and were constructive in implementing the changes, which affected some staff arrangements and client caseloads. High staff turnover occurred in affected regions with counsellors changing employers and encountering differences in workplace culture, management styles, employment conditions, approaches to case management and the overall philosophy of the service.

These changes affected continuity and quality of service to clients through the period of transition.

5.1.4 Potential changes to service structure

Potential advantages

The case for further rationalising the service centres on achieving efficiencies that would lead to improved client outcomes. The potential advantages include:

- consistency—providing a more standardised approach to service delivery with successful case management models and measureable outcomes
- cost-saving—with reduced board fees, executive officer salaries and consolidated corporate services (e.g. finance, payroll)
- efficiency—in program administration and stakeholder management for the Australian and state and territory governments, with fewer grantees and a more unified voice
- better governance and service provision—through healthy competition and renewal of organisational management.

The review panel tested these ideas with stakeholders and discussed potential effects of further rationalisation.

In New South Wales and Queensland, high farm numbers, diversity of agricultural industries, and geographically large service regions were emphasised as critical reasons to avoid further consolidation, particularly to a single state provider model. Regional hubs would be needed to manage the high levels of demand and the large number of counsellors required to service clients. These regional hubs would likely need a senior counsellor or manager to assist with staff and client management.

In Victoria, while the service regions were smaller (with smaller farm numbers, client numbers and counsellor levels) there was a particular reluctance to consider further consolidation. Service providers and state government officials reflected that counselling services were being delivered effectively under the current arrangements and further consolidation would introduce risks to service delivery.

Potential risks

All service providers stressed the need for embedded counsellors in local communities so as to be seen as a trusted source of information. Some counsellors felt that a large organisation could jeopardise this position. Others thought that as long as local offices were maintained, a single state provider could be effective.

Providers recognised the potential for some cost-saving and administrative efficiencies (mainly for program administration). These efficiencies were anticipated to be modest and potentially offset by the cost of additional layers of management and increased travel costs for the executive.

The potential risks identified by service providers include:

- loss of local connections, recognition and trust built through local partnerships—affecting the potential client base and board membership
- reduced quality of reporting and advice to government (based on local or regional intel), particularly in times of drought, natural disaster and industry downturn
- staff turnover due to cultural differences between providers—particular problems were anticipated if staff were automatically transferred to another service
- boards and executive with reduced local knowledge of the diverse agricultural sectors they are servicing
- concerns that counsellors would not be embedded in areas of need
- creating extra levels of bureaucracy and layers of management within the service
- increased travel costs and time for board members and executive officers
- service disruption for clients during transition.

Process

If service regions were to be consolidated further, providers requested a formal, well-managed consultation process with ample time to prepare and transition. Stakeholders stressed that counsellors would still need to be regionally based, operating out of local offices or hubs to retain local connections.

In Victoria, there was a strong preference for the status quo; however, stakeholders believed a reduction to 2 providers would work better than a single-state provider. Stakeholders suggested the logical split would be eastern and western regions via a north-south boundary through the middle of Victoria. There was not a consensus position in New South Wales on whether a reduction of the service to 2 providers or a single state provider would be more effective.

Discussion

The panel considered the views of stakeholders along with NRAC's previous recommendation that the RFCS move to a state-based delivery model. It is the panel's view that there was a greater rationale to retain the status quo and not to mandate a reduction in the number of service regions at this time. Although some efficiencies could be gained through a change to the service structure, one of the key strengths of the RFCS is its diversity and strong local connections. The timing of making a significant structural change to the service when it was

currently under stress from high demand in several regions would pose significant risks to service quality and continuity. However, it is noted that should rationalisation occur in the next funding round(s) through an open competitive process, this could be beneficial for the RFCS in the long term.

Recommendation 5

That a reduction in the number of service regions will not be mandated in the next funding round. Guidelines should allow for a competitive grants process whereby applicants can compete for one or more service areas in their funding application.

5.2 Governance

5.2.1 Deed requirements

The 2014 NRAC review focused on improving the corporate governance of service providers. Under the deed, boards are held accountable for governance and service delivery through annual and progress reporting as well as review meetings.

Providers understood that they should be complying with the deed and demonstrating accountability for spending public money. However, most providers considered the deed to be overly prescriptive about their operational and corporate affairs.

From a government perspective, the administrative burden of managing the RFCS program has historically been high and, to some extent, out of sync with broader grants management. Streamlining of both financial and performance reporting has been implemented in the current grant round, particularly in the 2018–19 financial year. There are still onerous aspects of program administration, with the department needing to approve activities and check compliance. Streamlining these matters would help both parties but may need to be underpinned by an audit mechanism and graduated compliance regime. Double handling also exists for program administration with some grants management activities duplicated by the department and the Community Grants Hub.

The deed requires service providers to be incorporated organisations and to run the service on a not-for-profit basis. In addition to the governance requirements set out in the guidelines and deed, most not-for-profit entities are registered under the *Australian Charities and Not-for-profits Commission Act 2012* and are subject to the governance requirements in the regulations to that Act. Incorporated entities are also subject to either the *Corporations Act 2001* (for Commonwealth corporations) or relevant state legislation (for state-based incorporated entities).

Moving forward, the review panel's aspirations for service governance arrangements are to:

- reduce administration and streamline the relationship, providing efficiency for both providers and government
- increase independence and autonomy of providers, backed up by suitable compliance measures
- limit reporting to critical matters.

In future funding rounds, the government must be clear in its expectations and hold providers accountable for their results.

Specific issues related to performance, assessment and reporting are discussed in Monitoring and evaluation.

5.2.2 Governance arrangements for boards

One of NRAC's key recommendations in 2014 was to improve the professionalism of RFCS boards so they are skills-based, experienced and capable of providing strategic direction and corporate governance. The detail of this recommendation was agreed in part by the government and implemented in the 2016 to 2020 funding round. NRAC's recommendations had a focus on delineating the role of boards and the required skills or competencies of board members. The current program guidelines required that the organisations must:

- be incorporated with a separate board to govern program delivery
- have a maximum of 7 board members
- receive reimbursement for a maximum of \$66,000 per year for board costs
- use merit selection for boards
- not exceed remuneration limits prescribed by the Remuneration Tribunal for the Chair and other members.

In 2014 NRAC found a substantial variation in the skills base, professionalism and operations of RFCS boards. By recommending an increased focus on the skills and selection of board members, NRAC sought to improve the capacity of the board to apply sound corporate governance and strategic direction to the organisation.

The review panel noted that several boards stressed their commitment to ensuring strong corporate governance in their organisation and that they understood all their obligations under the deed. Some boards were strategic in their focus while others had an active interest in the operational affairs of their organisation. It appears that corporate governance standards for RFCS boards have lifted. However, this is in combination with strong oversight of their operations by the department.

Competition and board renewal

Some of the measures aimed at strengthening board governance arrangements in the 2016 to 2020 program have had a limiting effect on competition to provide services, as well as board renewal.

The need for a separate board and the strict requirements on the composition of boards and skillsets of board members are a deterrent for other regionally based organisations who could compete in funding rounds to deliver services effectively. While there is unlikely to be a flood of new entrants bidding to deliver RFCS services, the panel notes that renewal of boards and management in existing providers is likely to invigorate organisations, increase professionalism and encourage innovation in service delivery.

The 2014 NRAC review recommended time-limited tenure for all board members. However, this was not accepted by government. Adherence to strong governance principles guides length of

tenure and places high value on renewal. Service providers that experienced turnover in board members or executive officers in recent years highlighted that the fresh perspective and skills brought to the service has directly benefited clients. Rejuvenation of boards may occur naturally, particularly if the number of service regions decreases in the future.

The panel notes that any easing of governance requirements on boards should not be seen as promoting weaker corporate governance standards. Skills-based boards are important and must be merit selected. Boards must continue to deliver strong corporate governance for their organisation, as well as strategic direction and innovation. The panel supports the retention of a maximum spend on board costs, with a focus on more boots on the ground and maximising funding for client outcomes.

Recommendation 6

That governance restrictions on boards be revisited in the next funding round. In particular, that the need for a separate board be removed and regulation of board composition be reconsidered. The commitment to skills-based and merit-selected boards must be retained to provide strong corporate governance, strategic direction and innovation.

6 Funding arrangements

6.1 Funding sources

Service providers have multiple sources of revenue to fund their activities. These arrangements are more complex for those service providers that deliver additional programs:

- The Australian Government determines the funding levels per region and provides the majority of funding for the RFCS program, subject to the funding deed.
- State and territory governments contribute varying amounts of funding for the program. A separate deed between the service provider and the state or territory governs the use of these funds and cross references the Australian Government's funding deed. States also contribute additional funds to some organisations to run complementary programs.
- Most service providers also receive funding through charities or community schemes such as Rotary, the Country Women's Association (CWA) and Australian Red Cross. Other businesses also provide funding to directly or indirectly support RFCS services. These funding streams may pay for additional counsellors or corporate costs, such as leasing vehicles. Some charities also use the RFCS to distribute assistance to clients in hardship (for example, gift vouchers for the purchase of groceries). Some corporations fund complementary programs with dedicated personnel, such as ANZ working in collaboration with the Financial Counselling Foundation.
- Some providers, through separate arms of their business, also have commercial revenue streams.

6.1.1 Australian Government funding

Over the period 2016 to 2020 the Australian Government will have invested more than \$77 million in the RFCS program. At 30 June 2019 the actual funding committed was \$76.2 million.

Under its terms of reference, the review panel did not consider the adequacy of the current funding. However, it is noted that when the current program guidelines were launched, the funding was projected at approximately \$15–16 million per year. On 5 August 2018, the Australian Government made a significant injection of \$5 million of additional funding for the RFCS to meet demand associated with drought assistance. Funding levels in each of the coming 3 years will be approximately \$17 million (Table 3). Service providers will need to manage staff and client engagement as the funding boost comes to an end.

Table 3 Total Australian Government RFCS program funding

2019–20 Budget (\$m)	2020–21 forward estimate (\$m)	2021–22 forward estimate (\$m)	2022–23 forward estimate (\$m)
16.940	17.229	17.522	17.819

Source: 2019–20 Portfolio Budget Statements

Australian Government funding is discussed in Funding parameters.

6.1.2 State and territory funding

State and territory funding levels for the various service providers vary, with the highest contribution representing approximately 27% of total program funding for that jurisdiction.

In most cases, state and territory funding reflects historic levels of investment rather than a recent assessment of the value or cost of the service. Some state payments do not account for indexation. Some states drive demand for the service through their own assistance measures and directly refer enquiries from state departments to the RFCS. States should consider what programs require RFCS assistance and whether these referrals provide an effective hook to steer clients onto a pathway to case management, as per the objectives of the program. States and territories should also consider increasing their proportion of funding to the service in light of current demand in their jurisdiction.

Some providers have indicated that entering into a separate deed and payment arrangement with each state and territory creates a high administrative burden. There were also complaints that state payments are frequently delayed—in one case, payments amounting to 75% of the total annual funding were delayed. Such delays make it difficult for providers to plan, make financial commitments and deploy staff.

States enter into a non-financial bilateral agreement with the Australian Government that underlines each party's commitment to the program. It also acknowledges that the Australian Government has responsibility for the administration of the program, by virtue of its principal funding position. However, from a program administration perspective, the Australian Government does not have current visibility of the state and territory investment in the program without requesting data from the government or service provider. State governments have also indicated some concerns about providers frequently requesting funds from all levels of government. Better efforts could be made to coordinate funding between the levels of government.

Recommendation 7

That states be encouraged to review their funding commitments to the RFCS to take into consideration current RFCS activities and demand for state-based programs.

Recommendation 8

That the Australian, state and territory governments work more collaboratively in determining funding levels and timing of contingency and top up amounts.

6.1.3 Other sources of funding

The existence of separate funding streams raises questions about appropriate separation of accounting for funding sources. Where the provider receives separate funding for a different program they must keep separate financial records and use RFCS program resources only for RFCS services. Some stakeholders anonymously raised concerns that there has already been some crossover of resourcing. Any conflict of interest or inappropriate use of funding is a serious matter and may result in legal consequences.

6.2 Funding parameters

6.2.1 Funding allocation

At the outset of the 2016 to 2020 program Australian Government funding was divided into 2 components:

- 90% of the funding was distributed between the 12 regions as core funding
- 10% of the yearly allocation was reserved as contingency funding to provide additional counselling resources in regions experiencing unforeseen, increased demand that could not be met by core funding. This was designed as a competitive process between providers.

This funding split was in response to the findings of the 2014 NRAC review, which observed that the funding model at the time (2008 to 2015) had resulted in some service regions being significantly over-resourced and others under-resourced. In that model, around 98% of funding was allocated each year, leaving around \$300,000 for the minister to allocate as contingency. Services had little or no capacity to cope with a surge in demand and the process to obtain additional funds for the program was lengthy.

The current program guidelines gave estimates of core funding per region for the duration of the program. The executed funding deeds confirmed core funding and milestones for payment, providing 3 years of certainty for providers. The process for managing contingency funds required service providers to request funds and provide business cases for additional funding. There have been 8 separate processes to allocate contingency funds.

With additional drought funding being provided by government over the course of the current funding round, contingency funding now represents close to 20% of total funding.

6.2.2 Stakeholder feedback

Feedback from service providers about the funding allocation has been mixed. Some providers have managed well with their core funding to meet demand in their region. Others have consistently received significant contingency funds in response to spikes in demand, driven by natural disasters, prolonged drought and industry crises, and in response to new government assistance measures. Some service providers suggested that their allocation of core funding was insufficient to meet demand for normal services in their regions. This was a minority view.

Most service providers support an increase to core funding to aid business planning—primarily to employ and retain trained staff and be ready to respond to spikes in demand. However, providers expressed that contingency funding was essential to deal with unpredictable adverse events. Those that have received significant portions of contingency funding indicated it has been vital to cope with sustained and surging demand. Those providers operating on significant portions of contingency funding were typically operating in crisis mode, prioritising immediate transactional client needs.

6.2.3 Process for contingency funding

Substantial feedback was received about the process for obtaining contingency funds. Some providers were confused about how and when to request these funds. Several providers requested a more standardised process with set time frames and templates to apply for contingency funding. From a departmental perspective, each time contingency funding is

provided it must be run as a full grants process—requiring substantial resources to assess business cases, provide recommendations, prepare deed variations and work with the Community Grants Hub to make payments. The review panel heard from providers that the timeliness of receiving additional funds was a significant problem, with delays of up to 5 months to obtain funds. This in turn causes delays for recruiting and training new staff to respond to surges in demand.

Providers have also commented that business planning and managing client expectations in this environment can be difficult. Business planning can only be based on core funding and updated as contingency funds are approved. Eight rounds of contingency funding, as well as multiple funding milestones for core funding, compounds this problem.

6.2.4 Split between core and contingency funding

The review panel discussed with providers the current split between core and contingency funding; in particular, the tension between providing certainty or flexibility in future funding rounds. Responses again were mixed. Providing more core funding increases the burden on the department to get the formula right at the outset. It would, however, provide space in the service provider's budget to plan and recruit for additional capacity. Importantly, it should also allow proactive work and intense case management to occur in quieter times.

Providers could quarantine funds for dealing with peaks and troughs in demand in their region, if they are given more flexibility in managing their budgets. Quarantined funding could be deployed to hire support staff—who are quicker to employ and train—to ease the burden on counsellors in times when demand for transactional assistance is high. Alternatively, service providers could leverage the national workforce of counsellors and offer immediate secondments from other providers to assist with a crisis.

Increasing core funding would put the responsibility back on service providers to manage demand and be less reliant on the government for additional funding. They would also spend less time on administration by minimising the requirement to engage in a competitive funding round. Contingency funds should be reserved for natural disasters or major unforeseen events, rather than in response to drought conditions. However, enabling providers to be more independent in their operations would require more accountability and credible consequences for providers that are not sufficiently meeting the program's objectives, or that are not in compliance with their funding deed. The panel understands this method has been employed with success at different times.

The panel also received feedback from state governments that a greater degree of certainty in Australian government funding across the long term would allow them to better plan their allocations to service providers, which would increase coordination in funding. Higher core funding allocations across program terms would allow for this.

6.2.5 Future funding rounds

Implementation of a 90:10 split of funds or an increase to a 95:5 ratio would give the provider more flexibility to match resources to client demand in their region. A larger contingency fund increases the need for a well-defined process and better coordination with the states to administer these funds. Contingency requests could be routinely submitted using a standard

template and take into consideration local industry pressures, impacts of natural disasters or other major unforeseen circumstances.

The panel suggests a formal process that includes liaising with the states and territories about regional pressures and coordinating federal and state funding. Consistency and transparency in the process is important. For emergency situations, service providers should be able to submit a request outside of the contingency cycle and there should be a set process around its assessment.

Recommendation 9

That the proportion of core funding is at least 90% of total funding to allow service providers more flexibility to manage peak demand and to allow them to embrace an expanded role.

Recommendation 10

That contingency funds are only provided to cover unforeseen emergency events (that is, not drought conditions) and are requested according to a set process.

6.2.6 Australian Government core funding formula

In the 2016 to 2020 funding round, the formula to determine each region's funding was based on data regarding farm numbers, low cash income farms and debt profiles.

In the 2008 to 2016 funding rounds, the total number of clients and total number of client assistance hours had been used to determine funding levels. NRAC found that this methodology did not suitably take into consideration changes over time and could not respond adequately for a demand-driven program. In addition, some service providers that were overfunded had accrued large surpluses by the end of the period that could have been utilised in areas experiencing high demand.

Feedback from service providers is that, by and large, the formula used to determine the 2016 to 2020 core funding was sufficient, particularly when taking into account the availability of contingency to correct or address difficulties in meeting future demand. A small number of providers considered that their initial 2016 to 2020 funding was inadequate and client numbers should have been used as the proxy to determine ongoing funding levels.

The formula for future rounds of core funding was discussed with stakeholders and the following options were identified as possible bases for the funding calculation:

- farm numbers—recognising the potential eligible cohort
- proportion of farms in financial difficulty—recognising the eligible cohort
- current case-managed clients—recognising current demand and the backlog of clients following current spikes in demand
- current transactional clients—recognising future demand, and the desire that existing transactional clients should be encouraged into case management
- density of farming and geographical size of region—recognising travel requirements to reach to clients

- climate forecasting—recognising areas expected to be impacted by prolonged drought and other adverse weather events
- industry forecasting—recognising industries that are currently experiencing downturn, which may increase their financial vulnerability.

Demand for the service

Using current client numbers to determine future funding would be problematic. Firstly, the data supporting current caseloads is unreliable as different service providers have different approaches to reporting their data. The panel also recognises that demand fluctuates. However, there has been a significant increase in transactional caseloads in eastern Australia over the last 18 months. The review panel is conscious that several providers are currently working with caseloads of up to 90 clients per counsellor—far beyond the number that could be actively case-managed. If these transactional clients are to be encouraged into case management, there is likely to be an 18-month to 24-month time lag as they recover. It is expected that demand in these areas will remain high for some time.

Another factor to consider is whether perverse incentives could be created, so as to potentially reward inefficient providers. High client numbers may indicate a provider has been unable to drive change (and has kept clients on the books for too long), or has adopted reporting practices that may affect active client numbers.

There are challenges in obtaining a perfect funding solution when setting core funds: the demand for the program is not static, the factors that drive demand are often unpredictable and the data to support the analysis is imprecise. If the proportion of core funds increases, the formula must be robust and the objectives of the program (and therefore valid uses of the funding) must be clear.

Demand driven by government programs

Demand is also driven by the promotion of new assistance packages by governments. Recent spikes in demand in New South Wales and Queensland were due not only to worsening drought conditions, but also to the extension of FHA and other state programs. The RFCS was promoted as the primary support service for those wanting to apply.

The RFCS is often considered to be well placed to support delivery of new programs for governments. Governments should be mindful of the additional burden being placed on service providers and ensure that appropriate funding is allocated to support any broadening in the scope of RFCS activities and any unforeseen demand. The panel notes that following the government's drought assistance announcement on 5 August 2019, \$5 million was added to the contingency fund to support RFCS.

Recommendation 11

That the formula to determine core funding per region at the commencement of the funding round considers recovery periods following climatic events and industry crises.

Recommendation 12

That new or expanding government programs that leverage the RFCS provide adequate funding for any expansion of the service.

6.2.7 Funding term

The current funding round originally covered 3 and a quarter years, with an option to extend for a further year. Several providers suggested that longer-term contracts would provide more certainty for business planning and would facilitate longer staff contracts—helping with attraction, retention and training of staff. Longer-term contracts would also reduce government administration but would lock in the proposed funding formula for a longer period.

The capacity to roll over contracts for another funding period, or part thereof, could provide stable service delivery and assist with supporting staff arrangements. If there were concerns about the funding formula or program parameters it is likely that the government could consider a new competitive funding round for all service regions. However, if there were concerns about the performance of one or more service providers, or the need to rationalise the number of service regions, the government may prefer a competitive funding round only in certain regions. This would allow deeds for unaffected regions to be rolled over.

Recommendation 13

That the next funding round offers 4-year contracts with options to roll over deeds in any or all regions.

7 Service delivery

7.1 Delivery models

7.1.1 Client engagement

To manage consistently high levels of demand or a potentially expanded role, service providers will need to consider delivery models that offer increased efficiency. They will also need to consider whether different delivery models will ensure positive client outcomes.

One-on-one, face-to-face counselling

Service providers consistently expressed that one-on-one, face-to-face counselling was the most effective way to engage with case-managed clients. Developing a trusted relationship was critical for the client to be able to share personal and financial information and for a counsellor to work with them to help them understand their financial position. The personal connection with the counsellor was acknowledged to be essential in guiding a case-managed client to identify options to improve their situation and to support them in making decisions.

Most service providers had a policy of meeting face-to-face with case-managed clients whenever possible, with a preference for meeting on farm. Some stakeholders suggested that once a sufficient relationship had formed, more remote engagement methods (such as phone calls or video conferencing) could be just as effective.

On-farm visits

A majority of counsellors reported that conducting on-farm visits was an important part of understanding and assisting case-managed clients. The panel heard that being exposed to a client's home, family and work environment helped to develop trust and provided a more accurate picture of the state of the farm, family dynamics and—in many cases—the client's mental health. These underlying non-financial factors influence the complexity of a client's situation and affect their capacity to make positive decisions. Some counsellors regretted that they were unable to routinely engage face-to-face with clients, as they couldn't always afford the time to make on-farm visits due to high caseloads. It was their opinion that this did affect client outcomes, particularly for case-managed clients.

Service providers recognised the importance of counsellor welfare for on-farm visits, with a focus on training and systems to mitigate risks to personal safety.

Alternative approaches

Despite the benefits of traditional one-on-one, face-to-face counselling for clients, alternative methods of engagement should be considered to create efficiencies in progressing the broader client group.

The use of technology, such as conducting meetings using platforms like Skype or Zoom, provides opportunities to engage confidentially with clients while saving travel time. However, clients require access to, and an understanding of, such technology. For that reason, technology-based solutions may not suit all clients—particularly those of an older generation, or with a poor internet connection. Some providers having been trialling these approaches with success, particularly in completing FHA applications.

Group information sessions or workshops may also benefit clients with common transactional needs. For example, those in a similar industry who have experienced a similar climatic event or are interested in a particular form of government assistance. Group formats may also be appropriate for preparedness activities such as developing financial literacy skills. While some counsellors were skilled and eager to undertake this work, others were more reserved about their capability and capacity to run such events. There were also concerns about uptake, privacy of participants and whether group-based sessions could provide meaningful assistance to clients.

The stigma associated with counselling remains a concern for some delivery models. Clients can be reluctant to engage with the RFCS in a group or public setting. Despite this, the review panel heard that some providers have had success in assisting groups of transactional clients to complete assistance forms in a social environment—for example, completing FHA forms as a group with morning tea from the local CWA. Concerns about stigma appeared variable, with some counsellors reporting that the issue is reducing in their particular region or among certain demographics.

The review panel notes that while a positive association may have been created by counsellor interactions in these alternative approaches, a trusted relationship may not necessarily have been formed. Proactive work by counsellors may be required to encourage such clients to consider one-on-one case management where their broader financial situation could be discussed confidentially.

Although alternative methods of delivery can be useful, they may be better suited to servicing bulk transactional enquiries or preparedness activities—targeting clients that are not yet experiencing financial hardship. Service providers are encouraged to be innovative in their approaches to alternative delivery methods and the use of support staff, to free up trained counsellors to focus on case management.

7.1.2 Case management approaches

Since 2008, service providers have been expected to use a comprehensive case management approach. This was emphasised in the current program guidelines and featured as part of the funding selection process. Funding deeds do not mandate a nationally consistent approach to case management. Providers can determine the most appropriate approach and tools for clients in their service area. It is, however, an objective of the program that a majority of clients will exit the service within 3 years with a better understanding of their financial position and having achieved their goals towards financial self-sufficiency.

The panel found various approaches to service delivery and case management across regions—from structured methodical models applied consistently by all counsellors in a service region, to unstructured case management applied flexibly by counsellors.

There are benefits to flexibility in approaches to case management. However, the panel observed service providers that follow a formalised case management model could more readily demonstrate a consistent approach to managing the progress of individual clients, as well as larger caseloads. These service providers could also show a link from client activities and behavioural change to the program objectives and desired outcomes.

The panel considers that implementing formalised case management models within service regions could provide significant benefits, including structured and consistent client experiences and uniform staff development—particularly for newly employed counsellors.

Consistent application of case management approaches could also be an appropriate service provider performance measure, as part of an improved monitoring and evaluation framework.

Imposing a national, standardised case management approach across all regions would not likely be feasible—and may potentially be disruptive—considering the effectiveness of well-established (albeit varied) methodologies. Providers indicated that significant philosophical differences between providers was not the only factor affecting different approaches to case management. Local industries and cultural differences between regions also affected the way clients engaged with their local provider and what approach may be most effective. The panel is of the view that there are benefits in a diversity of case management methodologies. Boards and executive officers need to own and drive consistency in the methodology applied by their service for it to be effective.

For service providers looking to develop or improve their formal methodologies, regions were willing to collaborate and share learnings on their approaches to case management—including tools and systems. Several providers have already piloted holding inter-service training and development activities, with some success. Many counsellors indicated that they would support increased collaboration between service providers.

Recommendation 14

That a nationally consistent service delivery model is not prescribed and future funding rounds allow flexibility in service delivery—noting that one-on-one, face-to-face counselling remains the standard approach to engaging with case-managed clients.

Recommendation 15

That each service provider implements a client engagement strategy and case management model that is applied consistently by their service—including plans for triaging demand and converting transactional clients to case-managed clients.

Recommendation 16

That program settings encourage service providers to be more innovative in trialling alternative methods of delivery, particularly to manage periods of high demand and to attract and service a broader client group.

7.2 Counsellor training and professional development

7.2.1 Core skills and knowledge

Service providers are directly responsible for the employment, training and professional development of their staff in compliance with the deed. The role of rural financial counsellor attracts people from a wide range of backgrounds and the skill levels for such counsellors can differ greatly. There is variation in the skill and employee mix for different providers, but the 3 core skill and knowledge areas for counsellors are:

- technical skills—financial and business
- industry skills—agriculture, primary production and related rural industries

- soft skills—counselling techniques and interpersonal skills, including emotional and mental health awareness.

7.2.2 Deed requirements

The funding deed provides that, as a minimum qualification, counsellors hold a Diploma of Financial Counselling (Rural) and provide new counsellors on-the-job training and mentoring. New counsellors can commence employment with a service provider without the minimum qualification provided they begin the diploma within 6 months. Staff who fail to obtain the minimum qualification within 2 years can no longer be employed by the service as a counsellor.

7.2.3 Diploma of Financial Counselling (Rural)

The diploma consists of 14 core units of study and at least 3 specialisation electives. It is delivered by a number of registered training organisations nationally. The course can be completed in 1 year of full-time study or over 2 years part-time. Candidates must also participate in 220 hours of on-the-job experience.

The diploma does not cover work performed by financial planners or financial advisers who require a financial services licence under the *National Consumer Credit Protection Act 2009*. The Australian Securities and Investment Commission (ASIC) exempts RFCS providers from Australian credit licencing requirements by meeting the conditions of ASIC Credit (Financial Counselling Agencies) Instrument 2017/793.

There was near-universal agreement that counsellors should hold formal qualifications, but the panel received mixed feedback on the value and relevance of the diploma.

Some service providers indicated that the current diploma was useful as a base-level qualification covering core competencies expected of counsellors, particularly the soft skills of counselling. The providers that were most comfortable with the diploma viewed it as one component in a holistic approach to a counsellor's professional development.

Other service providers questioned the relevance of some core units within the current diploma and the limited amount of rural or agriculture-specific content. Numerous counsellors expressed concern that the diploma did not equip them to do their job as a rural financial counsellor. They saw the diploma (and the study materials) as too focused on generalist financial counsellors who provide assistance to people with consumer debt problems. It was not as relevant to rural financial counsellors who need to consider complex business structures, significant assets and business planning, as well as complex social and legal issues.

It was strongly recommended by some that a separate, specialised diploma of rural financial counselling or an additional external course addressing the shortcomings of the current diploma be developed.

Stakeholders also raised the issue of the timing and duration of the diploma and the challenges it presents for staff employed on short-term contracts. Many new counsellors were engaged without holding the diploma and therefore needed to commence their qualification within 6 months to comply with the deed. Some providers complained that the diploma was expensive (typically between \$5,000 and \$8,000), particularly for counsellors who were employed for a period of less than 2 years and may not finish the qualification within their employment period.

Counsellors who did not commence their diploma immediately on entering the service could find it challenging to complete the study within the 2-year period.

The review panel considers the diploma to be an appropriate qualification, providing credibility and assurance to clients on the professional expertise of counsellors. The time period to commence the diploma also appears appropriate given that counsellors would already be in the field engaging with clients. However, there is value in considering some changes to the diploma, particularly given it is scheduled for review by June 2020. Areas for consideration include:

- increased rural or agriculture-specific content
- prioritisation of core or rural elective units to ensure counsellors have the most relevant skills as soon as possible
- time frames to complete full course requirements
- recognition of prior learning
- increasing exposure of generalist financial counsellors to rural financial counselling issues, providing a broader pool of new talent.

The panel notes that FCA represents the financial counselling industry on the industry skills council that oversees the diploma. FCA does not represent all RFCS providers, so the department and or other service providers may also need to engage in this review.

7.2.4 Broader continuous professional development

The limitations of the current diploma create a need for supplementary professional development tailored to the individual. This professional development is not standardised or centrally coordinated, but handled discretely by individual service providers as part of their employer obligations. There is evidence that professional development is constrained by operational budgets and time and could improve.

Opportunities exist to collaborate between service regions to efficiently provide professional development for staff. There is a potential role for government in facilitating the sharing of information or training through events (e.g. conferences) or training resources (e.g. through SharePoint, webinars or factsheets).

Specific training requests identified by stakeholders include:

- induction content—such as program or funding deed requirements (including training on data and government reporting requirements)
- monitoring and evaluation—training to use the portal
- upskilling on government assistance programs—where the RFCS plays a key role in promoting, referring, or assisting clients to access those programs (for example, FHA or RIC loan products)
- farm debt mediation—noting this requires state-specific content
- mental health first aid courses—as a first point of contact and trusted source of referral, counsellors need a base-level understanding of mental health issues and to feel comfortable discussing these issues with clients. Like physical first aid, mental health first aid is given to minimise immediate safety concerns until the person receives professional help

- domestic and family violence response courses—counsellors may have contact with clients experiencing domestic violence. This training focuses on how to recognise and respond appropriately to domestic and family violence.

Several service providers have current memberships with their state-based financial counselling association, which have requirements for ongoing professional development. Professional associations can also assist with up-to-date training on current industry issues and changes to the law. Membership with FCA provides access to online training modules and webinars relevant for the broader financial counselling sector.

Recommendation 17

That the Diploma of Financial Counselling (Rural) remains the minimum qualification for counsellors, and that the department—with service providers and FCA—actively engages in the proposed review of the diploma to improve its relevance for a rural and agricultural context.

Recommendation 18

That service providers place an emphasis on broader professional development opportunities for counsellors to supplement formal training and promote the professionalism of the service.

8 Coordination and support

During consultations, the review panel sought views on how service providers and counsellors might be better supported so they could concentrate on client outcomes. Discussions focused on 3 main themes:

- the effectiveness of coordinating certain activities
- ways to improve RFCS partner relationships
- ways to support counsellor retention and manage fatigue.

8.1 National coordination

Most service providers were cautious of the idea of centralising aspects of the service. Although national consistency was important for some aspects of program delivery, local connections and independence from government were continually referred to as key strengths of the service providers—and the counter argument for any national coordination. The most effective areas for national coordination seemed to be assisting services to connect better at the counsellor level, particularly regarding training, and to assist in national communications.

8.1.1 Counsellor-level collaboration

There was evidence that the 12 service providers could collaborate, but relationships between services were concentrated at the executive officer or board level. Strong inter-service relationships between counsellors were less obvious. The exception is the joint annual conference held by the 3 New South Wales providers and the southern Queensland provider. In 2019 the northern Queensland service joined for the first time. In the last 2 to 3 years invitations have been extended to all executive officers and uptake has been increasing.

Strong feedback was received that counsellors would value more opportunities to collaborate with colleagues from other service regions, to share experiences and draw on each other's strengths and knowledge. In June 2019, for the first time all counsellors were extended an invitation to attend a joint conference with FHCO. Approximately 60 counsellors and 70 FHCOs attended, along with departmental staff. This provided an opportunity for cross-agency and counsellor collaboration and networking.

Several regions have undertaken a range of ad hoc activities to facilitate cross-service learning, often with neighbouring providers. Counsellors spoke of these opportunities as valuable to building a network of contacts, considering different case management approaches and learning from counsellors with different backgrounds or expertise.

The department could assist counsellors to connect with each other better and to share information using a variety of mechanisms. For example, using a SharePoint site to distribute information and host webinar-type videos—delivering training from experienced counsellors on topics such as farm debt mediation, succession planning or industry issues. Other possibilities include facilitating optional video conferences or national counsellor conferences.

The department could also assist in delivering other common training such as induction on RFCS program settings, government reporting requirements and to facilitate training and information

on government assistance programs. Counsellors felt they were not adequately trained to provide assistance on government programs with complex assessment criteria and were mostly self-taught.

Counsellors also stressed that they often had little notice or information when a new form of government assistance was launched and were caught off guard when clients heard about the new program and called to seek help. It is not helpful to clients or the reputation of the service if they are ill equipped to perform their role.

Recommendation 19

That the department continues to encourage and, where appropriate, facilitates further collaboration between providers—including sharing of information between counsellors and training by subject matter specialists, as well as cross-region conferences.

Recommendation 20

That the Australian, state and territory governments deliver training on their assistance measures and provide timely information and resources to support program announcements.

8.1.2 Communications

The review also explored the potential for coordinating national communications.

Public communication remains an ongoing activity, as providers are required to promote the RFCS and increase community awareness in accordance with the deed. The RFCS National Communications Strategy was developed by service provider representatives with some input by the department. Under this strategy, a committee was established to consider national communications activities—including branding and messaging—and to develop a national website. Outputs from the committee have been slow but it is understood that the national website is approaching completion. A national website was considered by most stakeholders as an important tool to promote consistent messaging and a streamlined referral process into the RFCS.

Stakeholders also expressed that consideration should be given to a national hotline for incoming calls to the RFCS. Currently, a national phone number directed to the department's program administration team is used in media announcements and for service providers to contact the RFCS program administration team. Departmental staff answer incoming phone calls, which in most cases are potential clients seeking general information about the service and wanting to speak to a local counsellor. Staff can redirect calls to the appropriate service provider; however, by the time the caller speaks with a counsellor they may have been redirected multiple times—potentially creating confusion and frustration. The process is time-consuming for departmental staff and they too require training to appropriately handle distressed callers.

Priority should be given to establishing a more streamlined approach. For example, using a caller's geographic location to automatically redirect the call to the appropriate region and ensure clients experience a more efficient referral service.

The national communications committee is also considering national branding. Some providers are concerned about swapping recognised local brands for nationally consistent branding. Counsellors also said that the term 'counselling' could be a barrier for potential clients who view

the term negatively or incorrectly associate it with personal, emotional or mental health counselling. Not all clients may want to be 'counselled', but the term appropriately reflects the professional skillset employed by financial counsellors. The issue of stigma varies across (and within) service regions and client demographics. An increased role in preparedness and financial literacy coaching, as well as servicing small businesses, may also continue to change perceptions of the RFCS.

The panel noted that some of the messages sent by services or counsellors were not consistent with the program's key messages. There are opportunities to increase consistency in messaging and communication on the program objectives, available services and government support measures.

The service needs to focus on case-managed relationships and supporting clients to make positive behavioural changes. All communication activities should be focused on these messages.

Recommendation 21

That the department commits resources to consider levels of government support for communication activities, including determining the value of national brand and identity, streamlining referral processes (national 1800 number and website) and instilling consistent and clear program messages.

Recommendation 22

That all communications about the RFCS emphasise case management activities and the broader policy goal of behavioural change.

8.1.3 Farm Liaison Officer pilot

In June 2018 the government funded a 2-year pilot for 2, Farm Liaison Officers (FLOs) to help connect farmers and communities with the RFCS and with assistance measures in Queensland and the central and northern regions of New South Wales. The FLOs were employed by a service provider in each state, but worked across multiple regions and submitted reports directly to the department.

The review received mixed feedback on the FLO pilot, with many counsellors confused about the purpose and role of the position and some stakeholders noting that the FLO appeared to share responsibilities of executive officers and board members. Some service providers did not feel they had gained significant value from the FLOs and noted that they did not have direct control or input into their activities or reporting. Stakeholders noted that the FLOs had had a positive impact on public knowledge of the service and had covered a significant geographical area. Several counsellors also noted that having a FLO undertake community engagement in peak periods was useful because it allowed counsellors to focus on clients.

Some counsellors suggested a need for stronger communication channels directly between counsellors and FLOs, with FLOs being a conduit between counsellors and the Department. The review panel notes that some counsellors were concerned executive officers were not forwarding their feedback directly to the department.

The panel understands that the department intends to review the FLO role at the conclusion of the pilot period and makes no recommendations.

8.2 Partner relationships

To effectively undertake their role, service providers need strong community partnerships with stakeholders that interact with or influence current and potential clients. These include connections with local banks, professional service providers (such as accountants and agronomists), Primary Health Network providers, FHCOs, Centrelink staff, legal aid commission staff and charities. They also need to work effectively with the department, DHS, state governments and their assistance authorities, as well as the RIC.

8.2.1 Financial institutions

Counsellors consistently reported that early referrals from local financial institutions were critical to assist clients before options to improve their situation became more limited. This is particularly important to help them avoid triggering formal farm debt mediation processes. Many counsellors stressed that they worked hard to establish relationships to promote awareness of the service and to encourage referrals. In some cases, these relationships were working effectively and providing mutually beneficial solutions for both clients and financial institutions so that identified problems did not escalate.

Several counsellors mentioned that it would be helpful if there was broader recognition of the RFCS through the bank hierarchy, encouraging referrals for clients who are in early stages of financial distress. The panel notes the recommendation to engage early and offer farm debt mediation as soon as an agricultural loan is in distress, put forward by the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

The department engages with financial institutions, as well as the Australian Banking Association, and has found them to be knowledgeable and supportive of the RFCS. Further work is needed to strengthen relationships between the RFCS and banks at a branch and local level to increase early referrals and negate the need for mediation.

8.2.2 Farm Household Case Officers and Department of Human Services

Counsellors often work with FHCOs and have interactions with other officers from DHS when assisting clients to lodge an application for FHA.

The panel received strong feedback from counsellors that the FHA application process could be difficult and relationships between FHCOs and counsellors varied significantly between service regions. The most successful relationships occurred where both a counsellor and an FHCO clearly understood their roles, their client's objectives and were able to work cooperatively toward a common goal. Sometimes practical difficulties arose when scheduling appointments between a client, the local FHCO and the counsellor. Many services spoke about how they were working to improve the relationships with FHCOs.

Many counsellors reported difficulties in assisting FHA applicants, because they lacked FHA training and could not communicate directly with DHS application assessors. Several counsellors noted that contacting DHS via the Farmer Assistance Hotline was time-consuming and frustrating as hotline staff sometimes had a poor understanding of the FHA program. The review panel also heard that reasons for a client being rejected from the program were not communicated to clients or counsellors. Many counsellors stated that they could have avoided

their client being rejected for FHA if DHS assessors were able to discuss the case or request information directly from counsellors during assessment.

Counsellors highlighted the need for formal training on FHA. DHS provided similar feedback on counsellor training, noting that their interactions indicated that counsellors often had an inaccurate or incomplete understanding of the social security system.

8.2.3 Regional Investment Corporation

Some counsellors provided feedback about their relationship with the RIC. They noted that several clients had applied for concessional loans with the RIC and had experienced lengthy delays in the approval process, with clients contacted for additional or updated information weeks or months after submitting their original application. Counsellors also noted low levels of communication about the status of their applications.

The RIC has now reduced approval time frames and implemented a comprehensive call-back program for clients so that they know the status of their application every 2 weeks. However, incomplete applications have made timely service delivery difficult for the RIC. The RIC has recently analysed incoming applications and found that only 10% of applications met mandatory document requirements at first attempt, despite 80% of customers spending time with an RFCS counsellor prior to submitting an application.

This statistic reinforces both the RIC and RFCS views that counsellors need to be trained on how to apply for RIC loans, including application requirements, to reduce application delays and time-consuming follow ups.

Both the RIC and counsellors expressed a need for the RFCS to be trained on how to apply for RIC loans, including application requirements. There is a limited tolerance for errors in the RIC application process, particularly considering the sums of money and mortgages on legal property. In contrast, the panel heard anecdotally that—unlike the RIC—some state assistance agencies prefer clients to submit applications quickly (albeit incomplete). The agency then provides assistance to help clients through the process.

Some counsellors indicated their clients had experienced lengthy delays post-approval, while the RIC liaised with banks to determine deeds of priority. Counsellors and clients could provide early notice to their banks so they are prepared to discuss security for the loans and avoid further delays.

Establishing and maintaining lines of communication between the RIC and counsellors helps RFCS clients effectively apply for RIC products. Training is required to streamline the application process for all parties.

8.2.4 Department of Agriculture

Through their boards and executive officers, service providers have substantial interactions with the department about the RFCS program. Engagement relates to compliance matters and funding, as well as requests for case studies, information regarding the outcomes of the program, and feedback about how local agricultural issues are affecting clients. Service providers also participate in national conferences.

Counsellors have infrequent direct contact with the department, usually related to technical assistance with the portal. Although it is normally appropriate for counsellors to be represented by their organisation, the review panel found a significant disconnect between departmental expectations and counsellor knowledge. Some counsellors were not aware of fundamental program information, messaging or objectives.

Direct contact between the department and counsellors would facilitate consistent national messaging about the service and faster information for counsellors on announcements or changes in Australian Government programs.

8.2.5 Peak body representation

Some service providers supported the development of an independent, professional peak body to represent the interests of the RFCS. It was suggested that a peak body could assist in determining best practice, developing marketing materials and delivering training, and would provide a single voice back to government. The panel noted that some service providers were already members of state financial counselling associations. FCA, as the peak national body for financial counsellors, strongly advocated for all service providers to become members of their state association—allowing access to professional development and up-to-date training.

Membership of a peak body could increase professionalism and consistency in the service. Any training and professional standards should be consistent with the objectives of the RFCS program and be appropriate for rural financial counsellors. The review panel is of the view that service providers are free to collaborate and pursue membership with any relevant professional organisation. The government does not need to fund or coordinate peak body representation.

Recommendation 23

That government encourages rural lenders to support early referrals to the RFCS to reach clients who are in early stages of financial distress.

Recommendation 24

That RFCS partner relationships be strengthened, including with FHCs, the RIC and financial institutions.

Recommendation 25

That the department establishes direct communication with counsellors for timely and consistent national messaging, support and two-way feedback.

8.3 Counsellor support

8.3.1 Wellbeing

In regions where demand has spiked, counsellors are struggling to cope with an increased volume of transactional work. Many counsellors and executive officers reported that they have felt unable to take reasonable leave to disconnect from their work. Counsellors found it emotionally and physically draining to constantly operate in crisis mode, particularly where they struggled to see their case-managed work translate into positive change for their clients. Several service providers indicated that they were experiencing high staff turnover and had concerns for the mental health of their counsellors.

Services providers have addressed counsellor wellbeing in various ways. Some require all counsellors to attend a minimum number of psychologist appointments each year to allow them

to debrief. Others have employed relief counsellors to facilitate existing staff to take leave. In emergency events, services have redeployed or loaned counsellors to meet immediate needs. Some have employed support staff, who are quicker to recruit and train and may be more appropriate in areas experiencing crisis or significant transactional workloads. Some counsellors are employed on a part-time basis with the capacity to increase hours to meet high demand.

Increased collaboration between service providers could also assist. For example, sharing relief counsellors between regions or establishing a register of trained counsellors (previously employed by a service) who may be interested in providing casual assistance—allowing for surge capacity and relief counselling. An increase to core funding should enable service providers to better plan their workforce capacity, providing certainty of employment terms and freedom to consider flexible arrangements.

8.3.2 Workplace health and safety

Service providers addressed physical wellbeing concerns in various ways, including GPS tracking systems, scheduled checks and policies and procedures aimed to manage risks—particular those relating to farm visits.

Recommendation 26

That service providers implement strategies and structures to promote the physical and mental health of counsellors, including combatting fatigue and burnout.

9 Monitoring and evaluation

The review panel sought feedback from stakeholders on the appropriateness and relevance of the current performance and assessment framework, including key performance indicators. The panel also explored ways to improve data collection and analysis for the benefit of government and services providers.

The department has a particular interest in:

- assessing the ongoing performance and deed compliance of service providers
- improving monitoring and evaluation to assess overall program effectiveness—through the collection of meaningful data.

Service providers held strong views on the current framework. Although most providers were satisfied with the use of key performance indicators to measure their performance, almost all counsellors expressed concern that the primary mechanism used for data collection and reporting—the portal—is problematic and taking significant time away from clients.

The department and service providers agree that an appropriate balance needs to be struck between strong accountability and decreased administrative burden on counsellors.

9.1 Performance and assessment framework

At the start of the current funding round, the department implemented a monitoring and evaluation framework to better inform both government and service providers of client progress towards an improved financial position. The framework consisted of 15 key performance indicators (KPIs) and aimed to assess:

- the impact of the service on clients
- the achievement of program objectives
- compliance with the deed
- the effectiveness of the directives, policies and constraints in enabling service providers and the department to meet the program's objectives.

At the same time, the department launched the portal as the primary data collection tool to inform the KPIs. The portal replaced the ARC system, which was used for data reporting in previous iterations of the RFCS program.

The initial framework was designed to assess the overall effectiveness of the program and identify performance improvement opportunities. However, it was later determined that additional work was needed to streamline the reporting requirements and provide a more meaningful link between KPIs and the outcomes of client activities.

Between April and September 2017 the framework was reviewed by a small working group and an expert consultant to identify opportunities for improvement and to help the department and service providers generate a shared understanding of the framework. The project produced a new, more succinct framework that included clearer measurement of KPIs. The framework was supported by the working group and endorsed by the chairs of RFCS boards.

The new RFCS performance and assessment framework commenced on 1 July 2018 with refined KPIs covering client outcomes, service provider governance and departmental program management. Under the framework, KPIs are measured against a series of metrics and targets with data collected from the portal, an annual client survey and other annual reporting and assessment mechanisms.

9.1.1 Key performance indicators

For the department, considering service provider success against the current program KPIs helps to inform performance discussions. However, stakeholders expressed mixed views on the suitability of the current KPIs. Some service providers reflected that the metrics and targets accurately measured the effectiveness of service provider activities. Others felt that overall counsellor workload was not appropriately measured, particularly in relation to recording client numbers and types—with large volumes of transactional clients affecting client outcome KPIs.

Broader feedback suggested that correlating qualitative client outcome KPIs to quantitative service provider activities is difficult, because there are too many external factors to appropriately assess provider performance against client behaviour. Nationally, assessing trends of behavioural change using qualitative assessments for individual cases is also challenging. Although the KPIs seek to reflect the expected client outcomes achieved as a result of the program, metrics do not exist to specifically measure:

- the effectiveness and consistent application of individual case management approaches
- provider efforts to streamline client engagement and progress through a case management approach.

The panel received feedback that performance against the governance KPIs does not adequately inform executive officer management practices when considering staff management or the operational effectiveness of an organisation as a whole. Some providers also indicated that it would be helpful to have more guidance from the department on what is considered to be 'good governance'.

The 2 departmental program management KPIs appear to be unnecessary, since the department has a vested interest in meeting obligations under the deed. The review panel understands that effective program management against these KPIs is under consideration by the department in line with other internal monitoring, evaluation and audit mechanisms.

The panel notes that the RFCS program is jointly administered by the department and the Community Grants Hub, under service level agreements. The department's relationship with the Community Grants Hub is outside the scope of this review and has not been considered by the panel.

9.2 Data collection and reporting

9.2.1 Rural Financial Counselling Portal

Interaction with the portal was raised by counsellors and executive officers as the most significant issue impacting service delivery. There was a common acknowledgement of the importance for government to collect data for program monitoring and evaluation. However, most counsellors expressed that the administrative burden placed on them by the portal was excessive and potentially detrimental to client engagement.

A few service providers saw data entry into the portal as a routine part of their service delivery, even though they received limited benefit from the system. Other service providers questioned whether the portal had any benefit to service delivery or genuine connection with effective program management. All feedback recognised the need to improve the portal's functionality, usability and usefulness.

The portal was initially designed to collect data for analysis by the department, but additional system capability was also made available to service providers that wanted to use the portal as a customer relationship management (CRM) system or staff management tool. The department has invested significant time and resources to manage and develop the portal to enable these secondary uses. However, it is clear that due to the portal's limitations it is not possible to meet all functionality requests for every user.

The panel noted that some providers were also running their own basic CRM systems which appeared to be effective for the providers' purposes and were used in addition to the portal. Some stakeholders requested that the portal be replaced with a standardised CRM that is used across the service.

Feedback also suggested there has been insufficient ongoing guidance to service providers on the mandatory data inputs required by the department and the data that service providers can input and use at their discretion.

Stakeholder feedback on the portal extensive, but can be summarised as:

- Low utility, high burden—counsellors do not value the portal, but spend a significant amount of time inputting large amounts of data into an unintuitive, cumbersome system. This takes time away from clients.
- Technical challenges—as a web-based program, the portal's performance is highly dependent on the connectivity and bandwidth of users. Some counsellors in remote areas experience significant loading and drop-out issues.
- Integrity of data—differences in how data is recorded across service regions and between counsellors means aspects of analysis and reporting are unreliable. Due to these inconsistencies, service providers are reluctant to use portal data for their own reporting and management purposes.
- Purpose of data—there is uncertainty and concern around why the department is capturing large amounts of data, much of which does not seem directly related to monitoring and evaluating the current service providers.
- Usability—limited training has been provided on the functionality of the portal. This has resulted in variations in data entry methods (leading to inconsistent reporting) and a steep learning curve for new users.
- Improvements and consultation—there are mixed views on how to proceed with improvements to the portal—repair, replace, or do nothing for fear of a worse product being developed. However, there are strong views on the need for consultation to ensure future systems are fit for purpose, if the department proceeds with an alternative approach.

The majority of data collection feedback was on the functionality, usability and usefulness of the portal. However, concerns were also raised by some counsellors that they were being instructed

by their management to prioritise data entry methods and effort to enable the service provider to better demonstrate success against program KPIs. The panel considers that additional risks to data integrity are likely if priority is placed on using data entry to provide evidence against KPIs rather than accurately reflecting all counsellor activities.

A large portion of counsellor time spent interacting with the portal raises concerns about the effective use of public resources, especially when some data may not be linked to client progress. Future program design should closely consider any administrative burden placed on client-facing staff and the need to be clear about data entry requirements so they are consistently applied by all service providers.

9.2.2 Client surveys

With the implementation of the revised performance and assessment framework, an RFCS annual client survey was introduced to contribute data towards the client outcome KPIs. Most surveys are returned directly to the department with some collected and returned via service providers.

Qualitative assessment is seen as the best way to determine client outcomes and client surveys are an ideal tool to gather qualitative data. However, some service providers questioned whether the timing of the survey led to the best available data. Clients entering the service or those just receiving transactional assistance were less likely to provide meaningful insights into their progress and outcomes compared to those who had exited the service.

The panel received other feedback that clients do not understand the meaning of questions on the survey forms and may be responding generally, or they may have an inaccurate view of their progress towards an improved financial situation. Service providers also reported difficulty motivating clients to provide responses.

It may be useful for surveys to reflect 2 points in time and cover active clients and exiting clients, with the survey format and questions tailored for each cohort. Collection of before and after responses from clients may also be useful to measure desired qualitative outcomes, such as confidence in decision-making, improvements in financial understanding and behavioural change.

Some executive officers expressed a need for increased transparency with survey data—that is, greater access to all responses—to enable them to have additional input into counsellor performance or to assess how the service is tracking. This feedback may no longer be applicable because the department has recently undertaken efforts to provide full quantitative and qualitative data from surveys to executive officers—except where redacted for de-identification purposes. Some services continue to use their own surveys, while others have stopped this practice due to the imposition it places on clients. To avoid this duplication, the panel understands the department allows region-specific add-on questions to be included in the survey. Four providers have taken up this option.

9.2.3 Reporting requirements

As the RFCS program has evolved, so has the government's approach to service provider reporting requirements. The RFCS has moved towards more efficient processes, allowing service

providers to manage their organisations with greater autonomy. This demonstrates continual improvement by service providers of their governance and program accountability.

Since the start of the 2016 to 2020 program reporting requirements have significantly reduced and now consist of an income declaration and spending intention, a mid-year budget position, an annual report and an annual compliance statement. Board chairs and executive officers must also be available to meet with the department for annual performance discussions.

Despite streamlined reporting requirements, questions were raised about whether there are better mechanisms available to achieve the department's requirements. Independent audits were suggested, as well as using regulatory reporting channels to eliminate duplication—such as existing reports provided by service providers to ASIC or the Australian Charities and Not-for-profits Commission.

Under the current reporting requirements, several service providers requested a standardised and routine reporting regime. For the 2018–19 reporting period, the department is trialling the provision of pre-populated annual report templates. These templates include KPI results calculated by the department from the portal and client surveys, along with the data used to inform these calculations. This aims to reduce the reporting burden and allow providers to reflect on performance.

The annual performance review meetings provide valuable qualitative information on provider performance and an opportunity to clarify written reports. Face-to-face meetings were also useful for discussing service delivery challenges and opportunities, and to meet board members—who are often unseen by the department.

The department is considering alternative ways to make this process more effective and efficient, including a more structured format and using technology such as video conferencing to supplement face-to-face meetings. Regular performance discussions could also play a critical role in an improved compliance regime.

9.2.4 Benchmarking

Some service providers raised benchmarking as a way of accessing service-wide data to assess their own performance against other providers. The panel understands that de-identified, region-specific data was available to providers in earlier funding rounds.

The panel supports a service dedicated to self-improvement. However, data would need to be provided in a way that assists in driving improved client outcomes without compromising commercial sensitivities of service providers.

9.3 Compliance

As with any government program, accountability for expending grant funds and delivering on program objectives is important. The current compliance model provides for monitoring through reporting and audit. It also includes potential enforcement options such as funding suspension and cancellation, which are likely to be reserved for serious breaches.

The panel has a preference for rationalising the current monitoring and evaluation activities. However, this cannot mitigate the department's accountability for appropriately administering grant funding. Stronger emphasis on audit and weaker emphasis on continual reporting may

assist in getting the balance right for accountability and oversight. If noncompliance occurs, credible, graduated, compliance measures will be required. For example, increasing reporting requirements for a particular provider until the government is satisfied that issues have been rectified. Positive reinforcement measures may also be appropriate.

9.4 Discussion

It is the panel's view that the performance and assessment framework—including data collection methods and analysis, and reporting mechanisms—is largely geared towards assessing the compliance and performance of service providers. This is relevant to delivering contractual requirements but it is not an adequate proxy for determining successful client outcomes or overall program effectiveness.

There is high demand for RFCS services and most service providers are at or near capacity. However, reports on capacity and outputs (demonstrating 'busyness') do not show whether the program settings, service provider activities or monitoring efforts are driving broad, structural, behaviour-based change across agriculture and related industries. Understanding current program effectiveness is needed to make ongoing program improvements.

Further, the administration requirements of service providers and the department do not appear to be commensurate with the benefits of data outputs and analysis.

The panel understands that work is being undertaken in the department to improve aspects of the framework within the current funding round, including:

- functionality and usefulness of the portal—particularly around reporting capability
- changes to client surveys to account for clients at different stages of a case management process.

However, service providers have different views on priority improvement work and the department has limited resources that can be used to accommodate the various requests.

9.5 Future monitoring and evaluation

The review panel acknowledges that monitoring and evaluation is complex, but recognises the need for fundamental changes to the way performance is assessed and how the program is monitored and evaluated.

Program monitoring and evaluation needs further consideration, including input from service providers to deliver a fit-for-purpose system that aligns the program objectives with service provider activities and client outcomes. Meaningful data should be collected to assess provider and program performance and inform future policy development. Service providers may be able to use data for self-evaluation for resource planning and ongoing service improvement.

Arrangements under the current framework should remain in place for the remainder of the funding round, with the department maintaining a continuous improvement approach wherever possible. Data collected over the remainder of the program should inform the development of future frameworks.

Improving monitoring and evaluation to ensure all RFCS activities drive behavioural change and decision-making should be a primary area of focus. Unnecessary administration should be

reduced so service providers can concentrate resources where they have the greatest impact for clients.

Recommendation 27

That the department commits resources to assess and rationalise current monitoring and evaluation activities to strengthen the link between provider performance and client outcomes.

Recommendation 28

That the department closely consults with service providers on any changes to monitoring and evaluation, ensuring a stronger focus on counsellor input.

Recommendation 29

That data collection and reporting be appropriately adapted to provide more meaningful analysis of service provider performance and program effectiveness while reducing administrative burden on service providers and counsellors. Further qualitative data collection and analysis should be explored to provide insight into client outcomes.

Recommendation 30

That the department considers an audit regime (in lieu of current reporting requirements) to assess provider compliance and performance. The audit regime should also measure against agreed strategies for client engagement and application of case management models. A graduated compliance regime should be considered to increase accountability for performance.

Abbreviations

Term	Definition
ASIC	Australian Securities and Investments Commission
CWA	Country Women's Association
DHS	Department of Human Services
FCA	Financial Counselling Australia
FHA	Farm Household Allowance
FHCO	Farm Household Case Officer
FLO	Farm Liaison Officer
LGA	Local government area
NRAC	National Rural Advisory Council
RFCS	Rural Financial Counselling Service
RIC	Regional Investment Corporation
